



Highway to Sustainable Growth

HALF YEARLY REPORT 2023-24

HIGHWAYS
INFRASTRUCTURE TRUST

CORPORATE INFORMATION



Highways Infrastructure Trust

2nd Floor, Piramal Tower
Peninsula Corporate Park, Lower Parel
Mumbai - 400 013, Maharashtra, India
SEBI registration number: IN/InvIT/21-22/0019
Date of registration with the SEBI: December 23, 2021

Website: www.highwaystrust.com
Tel: +91 7506333447
E-mail: Compliance.highwaysinvit@highwayconcessions.com

Correspondence Address

601-602, 6th Floor, Windsor House, Off CST Road, Kalina,
Santacruz (East), Mumbai, Maharashtra – 400098.

Board of Directors

NAME OF MEMBER	DESIGNATION
Mr. Hardik Bhadrik Shah	NON-EXECUTIVE DIRECTOR
Ms. Ami Momaya	NON-EXECUTIVE DIRECTOR
Mr. Neeraj Sanghi	CEO CUM WHOLE-TIME DIRECTOR
Mr. Janakiraman Subramanian	INDEPENDENT DIRECTOR
Ms. Sudha Krishnan	INDEPENDENT DIRECTOR
Mr. Manish Agarwal	INDEPENDENT DIRECTOR

Key Managerial Team

Mr. Neeraj Sanghi
CHIEF EXECUTIVE OFFICER CUM
WHOLE-TIME DIRECTOR

Mr. Narayanan Doraiswamy
CHIEF FINANCIAL OFFICER

Dr. Zafar Khan
CHIEF OPERATING OFFICER

Mr. Gaurav Chandna
HEAD - STRATEGIC FINANCE

Ms. Meghana Singh
GENERAL COUNSEL

Compliance Officer

Ms. Kunjal Shah
COMPANY SECRETARY AND
COMPLIANCE OFFICER
Tel: +91 7506333447
E-mail: kunjal.shah@highwayconcessions.com

InvIT Trustee



Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli
Mumbai - 400 025
Maharashtra, India
Contact Person: Mr. Anil Grover
E-mail: debenturetrustee@axistrustee.in
Tel: +91 22 6230 0451

Securities Information



Units listed on National Stock Exchange (NSE)
Scrip Symbol: HIGHWAYS
ISIN: INE0KXY23015



Debentures listed on BSE Limited (BSE)
Scrip Code: 974227
ISIN: INE0KXY07018

Scrip Code: 974228
ISIN: INE0KXY07026

Commercial Papers listed on BSE: Script Code:725795

Registrar and Unit Transfer Agent



Link Intime India Private Limited
247 Park, C-101
1st Floor, L B S Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India

Tel: +91 22 4918 6000
E-mail: ajit.patankar@linkintime.co.in

SEBI registration number: INR000004058
Contact person: Ajit Patankar
Website: www.linkintime.co.in
Investor grievance e-mail: bonds.helpdesk@linkintime.co.in

Report for Highways Infrastructure Trust for the half year ended September 30, 2023

The following report is prepared by Highway Concessions One Private Limited ("**Investment Manager**"), Investment Manager of Highways Infrastructure Trust ("**HIT or the 'Trust'**") for the half-year ended September 30, 2023 in compliance with Regulation 23 of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 and other circulars and guidelines issued thereunder from time to time ("**SEBI InvIT Regulations**").

1. Investment Manager's brief report on the activities of the Trust and summary of un-audited consolidated financial statements for the half year of the Trust.

The Trust was settled on December 3, 2021, as an irrevocable trust under the provisions of the Indian Trusts Act, 1882, and was registered as an infrastructure investment trust under the SEBI InvIT Regulations on December 23, 2021 (holding registration certificate bearing registration number IN/InvIT/21-22/0019.) Axis Trustee Services Limited acts as the trustee to the Trust ("**Trustee**"). The investment objectives of the Trust are to carry on the activities of an Infrastructure Investment Trust as permissible under the SEBI InvIT Regulations, and as stated in the private placement memorandum dated August, 22, 2022, and includes the following:

- To raise funds in accordance with applicable law, for the purpose of attaining the investment objectives and purpose of the Trust;
- To make investments or re-investments in accordance with the Trust Deed dated December 3, 2021 (the "**Trust Deed**"), the Investment Management Agreement dated October 20, 2022 and any other document with respect to the Trust or the units thereof and applicable law; and
- To make distributions to the unitholders in the manner set out in the Trust Deed.

On August 23, 2022, the Trust acquired 100% of the issued equity shares of 6 special purpose vehicles ("**SPV**"), which are engaged in the business of operating and maintaining road assets under toll and annuity models.

Set put below are the updates in Trust's activities since March 31, 2023:-

i. New Acquisitions

Post the annual report for the financial year ended March 31, 2023¹, the Trust (acting through the Trustee) has entered into two share purchase agreements as set out below:-

- share purchase agreement dated July 28, 2023 for the acquisition of: - (i) up to 83.61% of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited ("**GRICL**") owned by M/s. MAIF Investments India Pte. Ltd. ("**MAIF 1**") and other shareholders of GRICL; and (ii) 100% of equity share capital in M/s. Swarna Tollway Private Limited ("**STPL**"), owned by M/s. MAIF Investments India 3 Pte. Ltd ("**MAIF 2**").
- share purchase agreement dated August 30, 2023 for the acquisition of one hundred (100%) percent equity shareholding in one or more tranches in Bangalore Elevated Tollway Private Limited from Galaxy Investments II Pte. Ltd (the "**Sponsor**").

The reporting on the share purchase agreements is set put below under paragraph 6 below. Further reporting on the entities under acquisition is set out under paragraph 2 below. Completion of the above mentioned acquisition transaction is subject to receipt of relevant approvals (including unitholder approval, where

applicable) and satisfaction of relevant conditions.

ii. Details of the Rights issue: -

The Trust had on September 25, 2023, in accordance with the SEBI InvIT Regulations (including circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/10 dated January 17, 2020 entitled "Guidelines for Rights Issue of Units by a listed Infrastructure Investment Trusts, read with the circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/36 issued by SEBI dated March 13, 2020 entitled the "Amendments to guidelines for rights issue, preferential issue and institutional placement of units by a listed InvIT"), and any other provisions of applicable law, filed a Letter of Offer with National Stock Exchange of India Limited ("**Stock Exchange**") and the SEBI for the issue of upto 6,59,52,380 units of the Trust for cash at a price of ₹ 77.96 per unit (the "**Issue Price**"), aggregating up to approximately 5,141.65 million to the eligible unitholders of the Trust ("**Eligible Unitholders**") on a rights basis (the "**Rights Issue**"). The issue was made in the ratio of 10 units for every 63 units (each lot comprising 2,56,542 units) held by Eligible Unitholders on the record date (being September 29, 2023).

The Rights Issue was opened for subscription on October 9, 2023 and closed on October 12, 2023, and on October 13, 2023, the InvIT Committee of the Investment Manager approved the allotment of 6,59,31,294 Units at ₹ 77.96 per unit to the Eligible Unitholders of the Trust in terms of the Letter of Offer (read with the addendums thereto) based on the basis of allotment determined in consultation with the authorized representative of the Stock Exchange along with Axis Capital Limited, the Lead Manager. The units issued pursuant to the Rights Issue were listed on the Stock Exchange with effect from October 17, 2023.

All the disclosures were circulated with the Trustee and to the stock exchange(s) immediately and the intimations are available at the Trust's website at <https://highwaystrust.com/units-issue-2/>.

iii. Details of additional credit facilities availed: -

As on the reporting date, pursuant to the applicable provisions of the SEBI InvIT Regulations , applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI LODR Regulations**") and other applicable regulations, the Board of Directors of the Investment Manager, at its meeting held on October 20, 2023 has approved the (i) Issuance of listed, rated, unsecured, Commercial Papers ("**CPs**") aggregating upto INR 2,75,00,00,000 (Rupees Two Hundred and Seventy-Five Crore only) in one or more series or tranches on a private placement basis to the eligible investors; and (ii) availing additional rupee term loan facility upto INR 19,00,00,00,000 (Rupees One Thousand Nine Hundred Crore).

With respect to issuance of CPs, as per agreed terms deal confirmation/contract note signed by the CP holder and the Trust, the Board of Directors of the Investment Manager has approved the allotment of 5,500 CPs to the CP holder on October 31, 2023. The CPs was listed with Bombay Stock Exchange Limited with effect from October 31, 2023.

iv. Unitholders' approval obtained through Postal Ballot during period under review:-

Since March 31, 2023, the Investment Manager has approached the unitholders of the Trust through postal ballot route for seeking their approval for the following matters:

Matter	Date of Initiating Postal Ballot	Result Date	Outcome
Variation in terms of the proceeds raised from the initial offer of units made by HIT	June 12, 2023	July 4, 2023	Approved

¹ The details of acquisitions of a (i) road project owned by Navayuga Road Projects Private Limited (NRPL) and Navayuga Engineering Company Limited (NECL)- the transaction has closed as on date of this report; and (ii) hybrid annuity road projects owned by H.G. Infra Engineering Limited covered in the Annual report.

Matter	Date of Initiating Postal Ballot	Result Date	Outcome
The aggregate consolidated borrowing and deferred payments of HIT to be more than 25% and up to 49% of the value of the assets of HIT.	June 12, 2023	July 4, 2023	Approved
Acquisition of the following entities:- 1. H.G. Ateli Narnaul Highway Private Limited ("ANHPL"), 2. H.G. Rewari Ateli Highway Private Limited ("RAHPL"), 3. Gurgaon Sohna Highway Private Limited ("GG SPL"), and 4. H.G. Rewari Bypass Private Limited ("RBPL")	October 7, 2023	October 30, 2023	Approved

The Postal Ballot Notice for each matter and the results are available on the Trust's website at www.highwaystrust.com and on website of the Stock Exchange at www.nseindia.com.

v. Nomination rights to the eligible unitholders

In compliance with the requirements under Regulation 4(2)(h) of SEBI InvIT Regulations read with circular no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated September 11, 2023 (the "Circular"), the Investment Manager on October 9, 2023 adopted the policy for 'Policy on qualifications and criteria for appointment of Unitholders Nominee Directors on the Board' ("Nomination Policy").

Further the Investment Manager sent a written intimation to all unitholders on their email address(es) registered with the Investment Manager or with any depository within the stipulated time provided under the Circular on October 9, 2023, requesting them to inform the Investment Manager if any Eligible Unitholder(s) (as defined under the Circular) wish to exercise the right to nominate a Unitholder Nominee Director, however, the Investment Manager has not received any nomination from the unitholder(s) till the cut-off date as indicated in the Notice of Nomination sent the Unitholder(s), being October, 20, 2023.

A copy of the Nomination Policy is available on <https://highwaystrust.com/key-policies/>.

vi. Financial information: -

Summary of un-audited standalone and consolidated financial information of the Trust for the quarter and half year ended September 30, 2023 is annexed as **Annexure 1**

vii. Acquisition of Navayuga Udupi Tollway Private Limited (NUTPL)-

Upon receipt of relevant approvals and completion of all contractual obligations, NUTPL is a special purpose vehicle of the Trust with effect from November 02, 2023.

2. Brief details of all the assets of the Trust, project-wise

As on September 30, 2023, the Trust owned the following 6 special purpose vehicles:

- Ulundurpet Expressways Private Limited ("UEPL")
- Dewas Bhopal Corridor Private Limited ("DBCPL")
- Godhra Expressways Private Limited ("GEPL")
- Jodhpur Pali Expressway Private Limited ("JPEPL")
- Nirmal BOT Limited ("NBL")
- Shillong Expressway Private Limited ("SEPL")

together the 'Project SPVs'.

The Project SPVs consist of portfolio of four toll projects and two annuity projects located across six States in India aggregating to 1710 lane Kms. The details of Project SPVs is annexed as **Annexure 2**.

Additionally, the Trust has entered into binding agreements for acquisition of the following special purpose vehicles ("Target SPVs"):

S No	Name of the Special Purpose Vehicle	Percentage of Acquisition
1	Bangalore Elevated Tollway Private Limited	100
2	Gujarat Road & Infrastructure Company Limited	83.61
3	Swarna Tollway Private Limited	100
4	H.G. Rewari Ateli Highway Private Limited	100
5	H.G. Ateli Narnaul Highway Private Limited	100
6	H.G. Rewari Bypass Private Limited	100
7	Gurgaon Sohna Highway Private Limited	100
8	Navayuga Udupi Tollway Private Limited	100

Details of the Target SPVs is annexed as **Annexure 3**. Further please note update about NUTPL set out above, which occurred post the period under review.

3. Details of revenue for the six months ending on September 30, 2023, project-wise from the underlying projects

For the half year ended September 30, 2023, below are the revenue details* for the Project SPVs:-

(Rs. Mn)		
S. No	Project	Revenue for Half year ended 30 September 2023
1	UEPL	931.59
2	NBL **	126.28
3	DBCPL	1,222.01
4	GEPL	771.01
5	JPEPL	351.10
6	SEPL**	128.75
	Total Revenue	3,430.74

* Revenue includes change of scope income and other incomes

** Revenue as per Ind As

4. Brief summary of valuation as per valuation report:

Post Annual report for the FY 2022-23, valuation of the Project SPVs and Target SPV was undertaken in accordance with SEBI InvIT Regulations. The valuation reports were issued by independent valuer of the Trust, Mr. S Sundararaman(having IBBI Registration Number IBBI/RV/06/2018/10238) on October 27, 2023.

The valuation reports of the Project SPVs as on September 30, 2023 and Target SPVs are enclosed as **Annexure 4.**

5. Any information or report pertaining to a specific sector or sub-sector that may be relevant for an investor to invest in units of the InvIT.

All the technical and traffic report for the Project SPVs are available at the below link :-

<https://highwaystrust.com/traffic-reports/>
<https://highwaystrust.com/technical-reports/>

During the half year ended September 30, 2023, the Trust has filed the letter of offer with the Stock Exchange and SEBI on September 25, 2023 for the Rights Issue as set out under Section 1 (i) above and the information related to specific sector or sub-sector that may be relevant for an investor to invest in units of the InvIT has been disclosed in the letter of offer. The letter of offer filed is available at the website of the Trust at www.highwaystrust.com.

6. Details of changes during the half-year ended September 30, 2023 pertaining to

a. Addition and divestment of assets including the identity of the buyers or sellers, purchase or sale prices and brief details of valuation for such transactions:

Post Annual report for the FY 2022-23, the Investment manager of the Trust has approved the execution of share purchase agreements by the Trust for the acquisition of the following entities: -

Sl. No.	Date of Board Approval	Particulars
1	July 28, 2023	(i) up to 83.61% of equity share capital in Gujarat Road and Infrastructure Company Limited; and (ii) 100% of equity share capital in Swarna Tollway Private Limited.
2	August 30, 2023	One hundred (100%) percent equity shareholding and economic interest, in one or more tranches in Bangalore Elevated Tollway Private Limited from Galaxy Investments II Pte. Ltd. ("Galaxy" or the "Sponsor") of the Trust.

The outcome of the Board approval and the details of the entities proposed to be acquired are also available on website of the Trust at www.highwaystrust.com.

Brief details of the entities proposed to be acquired are enclosed in **Annexure 3.**

During the reporting period, the Trust has not divested any of its special purpose vehicles.

b. Updated Valuation report by the Valuer taking into account any material developments during the previous half-year

The details are provided under paragraph 4 above.

c. Borrowings or repayment of borrowings (standalone and consolidated) as on September 30, 2023.

Transaction	Rs. Mn)	
	Trust Standalone	Trust Consolidated
Rupee term loan taken from Bank (Principal outstanding as on April 1, 2023)	7,889.03	7,889.03
NCD (Principal outstanding as on April 1, 2023)	6,467.50	6,467.50
Repayment of Rupee Term loan (During FY 23-24; upto September 30, 2023)	112.50	112.50
Principal outstanding as on September 30, 2023	14,244.03	14,244.03

1. The repayment of rupee term loan (RTL) and NCD above is for the period from April 1, 2023 to September 30, 2023.
2. The Trust had extended term loan to Project SPVs out of the loans raised from RTL and NCD. Repayment of loan by Project SPVs has not been considered above.
3. Closing balance as on September 30, 2023 does not include Ind As adjustments.
4. Unsecured borrowings in the books of UEPL includes INR 530.59 million payable to GMR Highways Ltd. which as per IndAS is not considered in Consolidated borrowings above.

d. Credit rating

The details of latest credit ratings of the Trust is available at the below link :-

<https://highwaystrust.com/credit-rating/>

In summary, the Trust continues to hold AAA and A1+ rating from CRISIL and India Ratings and Research.

e. Sponsor, Investment Manager, Trustee, Valuer, Directors of the Trustee or Investment Manager or Sponsors, etc.

(i) Sponsor: Galaxy Investment II Pte Limited

The Sponsor was incorporated on June 11, 2021 in Singapore with registration number 202120533M. The Sponsor is a private company limited by shares. The current registered office of the sponsor is at 12 Marina View, #11-01 Asia Square Tower 2, Singapore 018961 with effect from September 14, 2022.

Directors of the Sponsor

The details of Board of Directors of the Sponsor as on September 30, 2023, are mentioned below:

S. No.	Name of Director	Date of Appointment
1.	Madhura Narawane	January 26, 2022
2.	Tang Jin Rong	June 11, 2021
3.	Ping Hao Goh	August 25, 2023

Save as set out above, there have been no other material changes in the Sponsor since the last reporting.

(ii) Sponsor Group

The following entities form part of the Sponsor Group of the Trust in addition to the Sponsor:

- i. Galaxy Investments Pte. Ltd
- ii. KKR Asia Pacific Infrastructure Holdings Pte Ltd
- iii. KKR Asia Pacific Infrastructure Investors SCSp
- iv. KKR Associates AP Infrastructure SCSp
- v. KKR AP Infrastructure S.à r.l

(iii) Investment Manager

Highway Concessions One Private Limited (the “Investment Manager”) was appointed as the Investment Manager on November 23, 2022 and is the Investment Manager for the Trust during the period under review. The Investment Manager was incorporated on September 23, 2010 under the Companies Act, 1956, as a private limited company.

During the reporting period, Investment Manager has changed its registered office address to Unit No. 601-602, 6th Floor, Windsor House, off CST Road, Kalina, Santacruz (East), Mumbai - 400098 on August 11, 2023.

Board of Directors of the Investment Manager as on September 30, 2023

Please see below the details in relation of the board of directors of the Investment Manager:-

Sr. No.	DIN	Name of Director	Designation	Date of Appointment
1	05110400	Neeraj Sanghi	Whole -Time Director	17.12.2021
2	05299205	Janakiraman Subramanian	Independent Director	04.03.2022
3	09730028	Manish Agarwal	Independent Director	14.09.2022
4	02885630	Sudha Krishnan	Independent Director	14.09.2022
5	06836758	Ami Momaya	Non-Executive Director	24.01.2022
6	06648474	Hardik Shah	Non-Executive Director	17.12.2021

There has been no change in the committee constituted by the Investment manager since information disclosed in the Annual Report FY 2022-23.

(iv) Details of the Trustee

Axis Trustee Services Limited is the Trustee of the Trust (“Trustee”). The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee having registration number IND000000494 which is valid until suspended or cancelled. The Trustee’s registered office is situated at Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 and corporate office is situated at The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West,

Mumbai - 400 028. The Trustee is a wholly-owned subsidiary of Axis Bank Limited.

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

Board of Directors of the Trustee

There has been no change in the Directors of the Trustee during the half year ended September 30, 2023. Details of the Board of Directors of the Trustee as on September 30, 2023 and as on the date of this Report, are mentioned below:

Sr. No.	Name of Director	DIN	Date of appointment
1.	Mr. Deepa Rath	09163254	01.05.2021
2.	Mr. Rajesh Kumar Dahiya	07508588	11.07.2018
3.	Mr. Ganesh Sankaran	07580955	18.04.2019

(v) **Clauses in the Trust Deed, Investment Manager agreement or any other agreement entered into pertaining to the activities of the InvIT**

(a) Trust Deed

The Trust Deed dated December 3, 2021 was executed between the Sponsor, Virescent Investment Manager Private Limited (settlor of the Trust), and the Trustee, in respect of the establishment of the InvIT (“Trust Deed”). The key terms of the Trust Deed have been set out in the Placement Memorandum filed with SEBI and also available on Trust website.

As per the disclosures provided in the Annual Report FY 2022-23 on Clauses of Trust deed, there have been no changes in the clauses in the Trust Deed entered into pertaining to activities of the InvIT save for the deemed changes introduced by way of the Circular SEBI/HO/DDHS-PoD-2/P/CIR/2023/153 dated September 11, 2023 issued by SEBI. The formal amendment to the Trust Deed will be undertaken within a period of 6 months (i.e. by March 11, 2024) as mandated by the circular.

(b) Investment Management Agreement

As per the disclosures provided in the Annual Report FY 2022-23 on clauses of investment management agreement or any other agreement entered into pertaining to the activities of the InvIT, there have been no changes in the clauses in the Investment Management Agreement.

In view of the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2023 notified on August 18, 2023 and the Circular, the Trust Deed and investment management agreement shall stand amended or be deemed to incorporate provisions to provide board nomination rights to eligible unitholder(s) in the manner specified in the Circular.

Further, the Trustee and the Investment Manager is required, within a period of six months from the date of the Circular, to ensure that the Trust Deed and the Investment Management Agreement of the Trust are amended to provide for nomination and appointment of Unitholder

Nominee Directors on the Board of Directors of the Investment Manager by eligible unitholder (as defined in the Circular).

(c) Project Management Agreement

As per the disclosures provided in the Annual Report FY 2022-23 on Clauses of Project Management Agreement executed on October 20, 2022, there have been no changes in the clauses in the Project Management Agreement entered into pertaining to activities of the InvIT.

(d) Key terms of the Securities Purchase Agreement

The key terms of the Securities Purchase Agreement for the Target SPVs are disclosed in the letter of offer for rights issue which was filed with the Stock Exchange and SEBI on September 25, 2023. The letter of offer is also available on the website of the Trust at <https://highwaystrust.com/units-issue-2/>.

(vi) Any regulatory changes that has impacted or may impact cash flows of the underlying projects

Not Applicable

(vii) Changes in material contracts or any new risk in performance of any contract pertaining to Trust

Not applicable.

(viii) Any legal proceedings which may have significant bearing on the activities or revenues or cash flows of the Trust.

There are no legal proceeding against the Trust. The material litigations against the Project SPVs have been disclosed in the letter of offer and available at <https://highwaystrust.com/units-issue-2/>.

(ix) Any other material changes during the half year ending September 30, 2023

1. Right Issue

Trust allotted 6,59,31,294 Units at ₹ 77.96 per unit to the eligible unitholders of the Trust in terms of the Letter of Offer and addendum to the letter of offer based on the basis of allotment on October 13, 2023. In-principle approval for listing of the above units was received on October 16, 2023 from the stock exchange and the units were admitted to on the Stock Exchange w.e.f October 17, 2023.

2. Listing of Commercial Papers (CPs)

With respect to issuance of CPs, as per agreed terms deal confirmation/contract note signed by the CP holder and the Trust, the Board of Directors of the Investment Manager allotted 5,500 CPs to the CP holder on October 31, 2023. The CPs were listed with Bombay Stock Exchange Limited w.e.f. October 31, 2023.

7. Revenue of the InvIT for the last 5 years, project-wise

The Trust was formed on December 3, 2021 and was registered as an Infrastructure Investment Trust under SEBI InvIT Regulations on December 23, 2021. Accordingly, revenue details for the last 5 years is not applicable for the Trust.

Consolidated revenue and other income for the Trust as set out in the limited review accounts from December 23, 2021 (being the date of registration) has been given below:

(Rs. Mn)

	Half year ended September 30, 2022	Half year ended September 30, 2023	Year ended March 31, 2023
Revenue from operations	2,987.58	3,377.15	6,152.35
Other Income	129.19	89.15	278.72
Total Income	3,116.77	3,466.30	6,431.07

8. Update on the development of under-construction projects, if any –

Not Applicable

9. Details of outstanding borrowings and deferred payments of the Trust including any credit rating(s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at September 30, 2023

Refer Unaudited Financial Results for the quarter and half year ended at September 30, 2023 enclosed as **Annexure 1.**

10. The total operating expenses of the InvIT along with the detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the half year ended September 30, 2023.

Key operating expenses of HIT standalone during the half year ended September 30, 2023, are as follows:

(Rs. Mn)

Particulars	Amount
Legal & Professional Fees	160.65
Investment Manager Fees	32.72
Trustee Fees	0.92
Payment to Auditors	10.46
Valuation Expenses	0.43
Rating Fees	4.45
Other Expenses	10.71
Bank Charges	0.52
Total	220.86

11. Past performance of the InvIT with respect to unit price, distributions made and yield for the last 5 years, as applicable.

The Trust was formed on December 3, 2021 and was registered as an Infrastructure Investment Trust under SEBI InvIT Regulations on December 23, 2021. It completed its first investment on August 24, 2022. Accordingly, past performance of the InvIT with respect to unit price and yield for the last 5 years is not applicable.

Since its formation the Trust has undertaken the following distributions:-

Period	Announcement Date	Record Date	Total Distribution (per unit)
Q1 FY 2024	August 11, 2023	August 19, 2023	2.65
Q4 FY 2023	May 19, 2023	May 27, 2023	1.69
Q3 FY 2023	Mar 08, 2023	Mar 19, 2023	4.84

Q3 FY 2023	Feb 08, 2023	Feb 15, 2023	4.84
Q2 FY 2023	Nov 11, 2022	Nov 19, 2022	4.84

As per the Distribution Policy adopted in the Placement Memorandum, the Investment Manager of the Trust has to make timely declaration of distributions to the unitholders, pursuant to the provisions of SEBI InvIT Regulations.

12. Unit price quoted on the exchange at the beginning and the end of the half year ended September 30, 2023, the highest and the lowest unit price and the average daily volume traded during the half year ended as on September 30, 2023

The details of the Unit Capital as at September 30, 2023 is mentioned as below: -

(INR in Million)

Particulars	As at March 23, 2023	As at October 30, 2023
Unit Capital		
Opening Balance	41,550	41,550
Add: Units Issued during the Year	-	6,593*
TOTAL	41,550	48,143

*6,59,31,294 Units at INR 77.96/- each were allotted by way of rights issue on October 13, 2023.

13. Other details

(1) Details of all related party transactions during the year, the value of which exceeds five percent of value of the InvIT assets.

Details of all related party transactions entered into by the InvIT during the half year ended September 30, 2023, refer note f(iii) of the Unaudited Financial Results for the Financial quarter and half year ended at September 30, 2023 enclosed as **Annexure 1**

(2) Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle in which it has investment in.

Trust has lent Loan to the SPVs (special purpose vehicle) in which it has investment in., outstanding loan as on September 30, 2023 is INR 13,071.45 million

14. Details of issue and buyback of units during the half year ended September 30, 2023, if any.

Please refer to section 1(ii) for disclosures in connection with the units issued by the Trust on a rights basis.

There was no buyback of Units by the Trust during the half year ended September 30, 2023, and till the date of this report.

15. Brief details of material and price sensitive information.

During the reporting period the Trust has been providing details of all material and price sensitive information to the Stock Exchange in accordance with the InvIT Regulations. The material and price sensitive information were disclosed to the stock exchange(s) and the Trustee immediately on the occurrence of the event and such intimations are available on the website of the Trust at <https://highwaystrust.com/>.

16. Brief details of material litigations and regulatory actions against the InvIT, Sponsor, Investment Manager, Project Manager, Trustee and any of their associates, at the end of half year ended September 30, 2023.

Material litigation and regulatory actions against the Trust, Sponsor, Investment Manager, Project Manager and Trustee are set out below:-

- Trustee- There is no material litigation or any outstanding criminal litigation or non-ordinary course regulatory actions against the Trustee.
- Sponsor and its affiliates:

Details of Outstanding Material Litigation and Regulatory Action

The disclosures with respect to material litigations and non-ordinary course regulatory actions relating to the Sponsor and its Associates and the Sponsor Group (other than the Highways Trust and its Associates, the Project SPVs, the Investment Manager, and the Project Manager and their Associates), have been made solely on the basis of the public disclosures made by KKR & Co. Inc. ("KKR & Co.") in the most recent quarterly report on Form 10-Q filed with U.S. Securities and Exchange Commission on August 8, 2023 relating to the quarter ended September 30, 2023 with respect to all entities, which are consolidated for financial reporting purposes with KKR & Co., which is listed on the New York Stock Exchange. In accordance with applicable securities law and stock exchange rules, KKR & Co., is required to disclose material litigations through applicable securities filings and KKR & Co., and has made no public filings after August 8, 2023 which materially changes the disclosures made in that regard in such quarterly report. The threshold for identifying material litigations in such disclosures is based, among other considerations, on management judgment and periodically reviewed thresholds applied by the independent auditor of KKR & Co., in expressing its opinion on the financial statements.

In accordance with the above mentioned, except as stated below, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Sponsor and its Associates and the Sponsor Group (other than the Highways Trust and its Associates, the Project SPVs, the Investment Manager, and the Project Manager and their Associates) solely on the basis described.

In December 2017, KKR & Co. L.P. (which is now KKR Group Co. Inc.) and its then Co-Chief Executive Officers were named as defendants in a lawsuit filed in Kentucky state court alleging, among other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals was appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to

intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it. On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its then Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General's lawsuit on behalf of the Commonwealth.

On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20, 2021 complaint by the Tier 3 plaintiffs, whose motions are awaiting a decision from the Kentucky state court. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned. On December 9, 2022, the new judge issued an order that held in abeyance the motions to dismiss filed by KKR and other defendants pending the outcome of appeals which challenge the trial court's December 28, 2020 order granting the Attorney General's motion to intervene. On April 14, 2023, the Kentucky Court of Appeals ruled in favor of KKR and the other defendants in their appeal of the trial court's December 28, 2020 order granting the Kentucky Attorney General's motion to intervene in the 2017 action, including that the trial court should have dismissed the entire 2017 action after the Kentucky Supreme Court's 2020 decision. On May 4, 2023, the Attorney General filed a petition for rehearing with the Court of Appeals. The Court of Appeals denied the petition for rehearing. On July 6, 2023, the Attorney General filed with the Kentucky Supreme Court a motion for discretionary review of the Court of Appeals' decision. The Court of Appeals' April 14, 2023 decision does not dismiss the Kentucky Attorney General's standalone lawsuit filed on July 21, 2020.

KKR (including Global Atlantic) currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the SEC, U.S. Department of Justice, U.S. state attorney generals, Financial Industry Regulatory Authority, the U.K. Financial Conduct Authority, Central Bank of Ireland, Monetary Authority of Singapore, U.S. state insurance regulatory authorities, and the Bermuda Monetary Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel. KKR is presently subject to civil investigations and inquiries by the U.S. Department of Justice related to antitrust matters and by the SEC related to business-related electronic communications. KKR is currently cooperating with these civil investigations and inquiries.

Moreover, in the ordinary course of business, KKR (including Global Atlantic) is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other events. Such lawsuits may involve claims that adversely affect the value of certain

investments owned by KKR's funds and Global Atlantic's insurance companies.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including among others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupportable, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such as contributions and/or indemnity, which may reduce any ultimate loss. KKR has included in its financial statements the reserve for regulatory, litigation and related matters that Global Atlantic includes in its financial statements, including with respect to matters arising from the conversion of life insurance policies from systems previously managed by Athene Holdings Limited to the platform of one of Global Atlantic's third party service providers, Alliance-One, a subsidiary of DXC Technology Company.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. Based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

- (c) Investment Manager and Project Manager- there are no litigations pending against Investment Manager and Project Manager.
- (d) Details of material litigation of Project SPVs are provided in [Annexure 7](#).

17. Risk Factors

Risk factors as set out in the letter of offer for rights issue shall continue to apply as on September 30, 2023. The copy of letter of offer capturing the risk factors is available at website of the Trust at <https://highwaystrust.com/units-issue-2/>.

18. Information of Contact Person of the Trust:

Kunjal Shah
 Company Secretary and Compliance Officer
Address: A: Unit No. 601-602, 6th Floor, Windsor House, off CST Road, Kalina, Santacruz (East), Mumbai -400098
Phone No.: +91 7506333447
Email: kunjal.shah@highwayconcessions.com

19. Unaudited Standalone and Consolidated Financial Information along with limited review report for the six months September 30, 2023

Refer [Annexure 1](#).

20. Any other Material Event during the half year ended September 30, 2023

There have been no material events during the half year ended September 30, 2023 except as reported to the Stock Exchange from time to time and as disclosed in this Report.

For Highways Infrastructure Trust
(acting through the Investment Manager Highway Concessions One Private Limited)

Kunjal Shah
Company Secretary and Compliance Officer

Date: November 09,2023
Place: Mumbai

Annexure 1

Summary of un-audited standalone and consolidated financial information of the Trust for the quarter and half year ended September 30, 2023:

Particulars	(INR in Mn)		
	Standalone		
	Six months ended September 30, 2023	Six months ended March 31, 2023	Six months ended September 30, 2022
Total Income	2,039.64	3,105.84	161.05
Total Expenditure	804.33	715.22	62.35
Profit / (Loss) before tax	1,235.31	2,390.62	98.70
Exceptional items	1,417.91	1,879.71	164.88
Profit / (Loss) before tax	(182.60)	510.91	(66.18)
Less: Provision for tax			
Current tax	14.24	16.88	1.39
Deferred tax	-	-	-
Profit/(Loss) for the period	(196.84)	494.03	(67.57)
Other comprehensive income	-	-	-
Total comprehensive income/(Loss) for the period	(196.84)	494.03	(67.57)

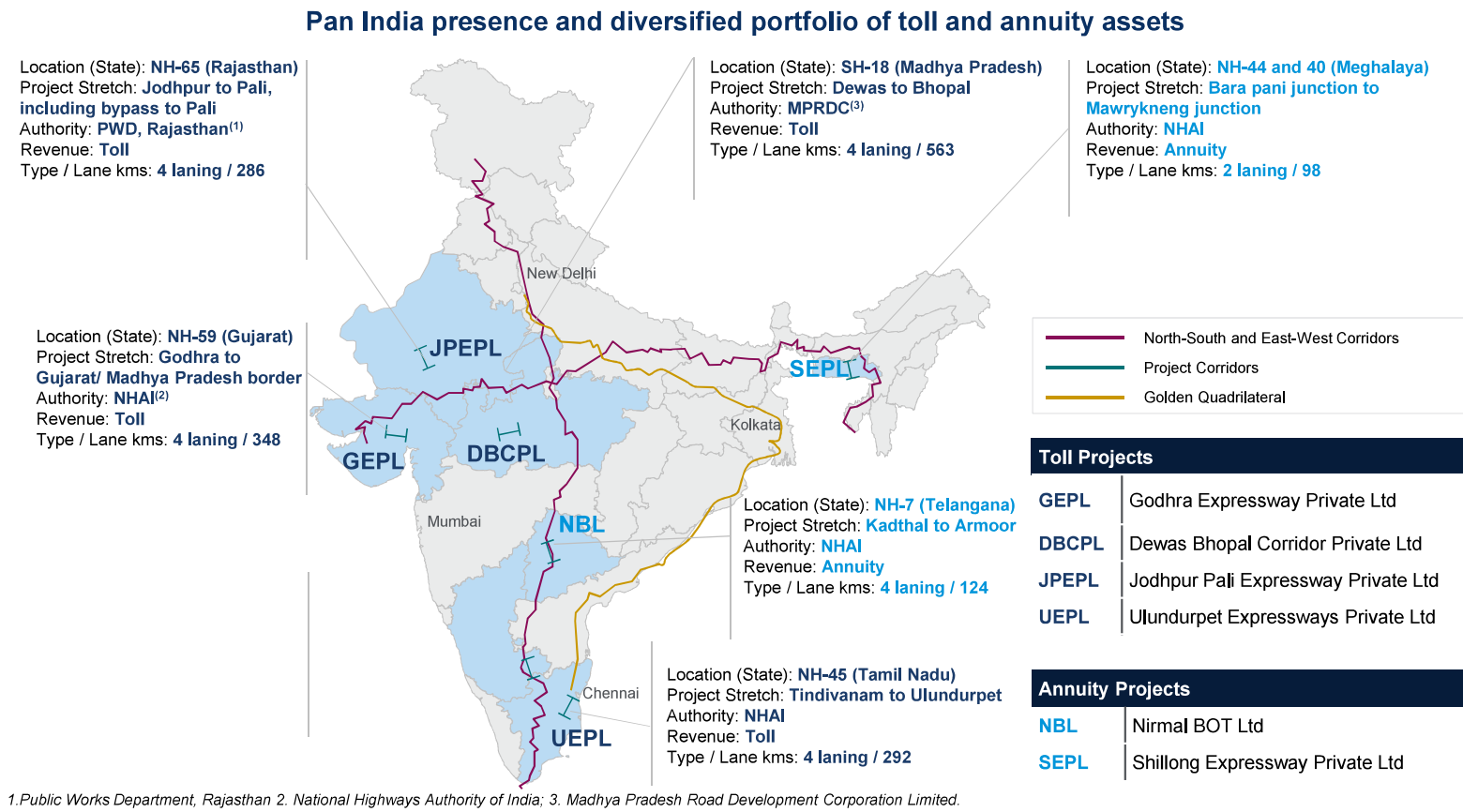
Particulars	(INR in Mn)		
	Consolidated		
	Six months ended September 30, 2023	Six months ended March 31, 2023	Six months ended September 30, 2022
Total Income	3,466.30	3,314.30	3,116.77
Total Expenditure	2,516.27	2,513.98	2,952.61
Profit / (Loss) before tax	950.03	800.32	164.16
Less: Provision for tax			
Current tax	141.29	111.12	114.55
Deferred tax	(105.17)	(12.24)	409.06

Profit/(Loss) for the period	913.91	701.44	(359.45)
Other comprehensive income	(0.15)	(0.06)	0.96
Total comprehensive income/(Loss) for the period	913.76	701.38	(358.49)

Further, the unaudited standalone and consolidated financial information of the Trust for the quarter and half year ended September 30, 2023, along with the Limited Review Reports of the Auditors, as approved by the Audit Committee and the Board of Directors of Investment Manager of the Trust at its meeting held on November 09, 2023, together with limited review report from the auditors is attached.

Portfolio Overview

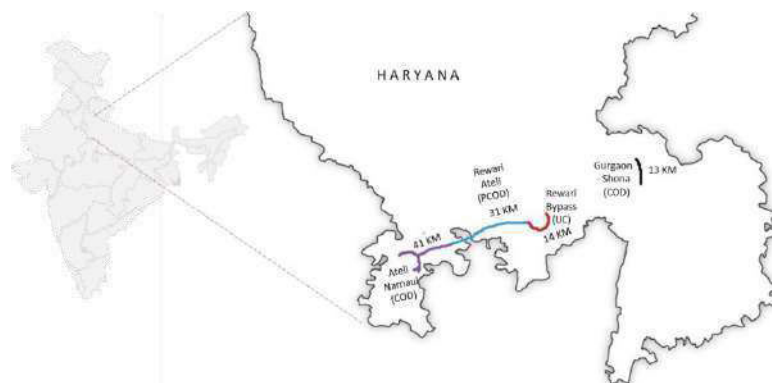
Annexure 2



Details of the Target SPVs

1. HG HAM Portfolio

The Trust has entered into a share purchase agreement H.G. Infra Engineering Limited to acquire the following four special purpose vehicles holding road assets (under hybrid annuity model).



(i) H.G. Ateli Narnaul Highway Private Limited ("ANHPL")

ANHPL was incorporated on April 4, 2019 as a private limited company under the name of "H.G. Ateli Narnaul Highway Private Limited" under the Companies Act, 2013 at Manesar. The registered office of ANHPL is situated at 14 Panchwati Colony, Ratanada, Jodhpur, Rajasthan 342 001. Its CIN is U45500RJ2019PTC064538. ANHPL has constructed and operates the Narnaul Bypass (design length 24.0km) and Ateli Mandi to Narnaul section of NH-11 from km 43.445 to km 56.900 (design length 14.0 km) on Hybrid Annuity basis ("ANHPL Project"). The ANHPL Project achieved its COD w.e.f. March 11, 2022 and the certificate was issued on September 9, 2022.

(ii) H.G. Rewari Ateli Highway Private Limited ("RAHPL")

RAHPL was incorporated on April 8, 2019 as a private limited company under the name of "H.G. Rewari Ateli Highway Private Limited" under the Companies Act, 2013 at Manesar. The registered office of RAHPL is situated at 14 Panchwati Colony, Ratanada, Jodhpur, Rajasthan 342 001. Its CIN is U45400RJ2019PTC064546. RAHPL has constructed and operates the Rewari Ateli Mandi section of NH 11 (design length 30.5 Km) on Hybrid Annuity basis ("RAHPL Project"). The RAHPL Project achieved its COD w.e.f. November 15, 2021.

(iii) Gurgaon Sohna Highway Private Limited ("GGSPL")

GGSPL was incorporated on April 6, 2018 as a private limited company under the name of "Gurgaon Sohna Highway Private Limited" under the Companies Act, 2013 at Manesar. The registered office of GGSPL is situated at 14 Panchwati Colony, Ratanada, Jodhpur, Rajasthan 342 001. Its CIN is U45400RJ2018PTC060833. GGSPL has constructed and operates the section commencing from 11.7 KM to 24.4 Km on NH 248A (design length of 12.8 Km) on Hybrid Annuity basis ("GGSPL Project"). The GGSPL Project achieved its COD w.e.f. February 25, 2022.

(iv) H.G. Rewari Bypass Private Limited ("RBPL")

RBPL was incorporated on May 1, 2020 as a private limited company under the name of "H.G. Rewari Bypass Private Limited" under the Companies Act, 2013 at Manesar. The registered office of RBPL is situated at 14 Panchwati Colony, Ratanada, Jodhpur, Rajasthan 342 001. Its CIN is U45203RJ2020PTC068748. RBPL is undertaking construction of Rewari Bypass (Length- 14.4

km) on NH 11 on Hybrid Annuity basis ("RBPL Project"). The RBPL Project is achieved its COD w.e.f. May 25, 2023.

2. Toll Assets from MAIF Investments India Pte. Ltd (MAIF 1) and MAIF Investments India 3 Pte. Ltd (MAIF 2)

The Trust has entered into a share purchase agreement with MAIF Investments India Pte. Ltd (MAIF 1) and MAIF Investments India 3 Pte. Ltd (MAIF 2) to acquire the following two special purpose vehicles holding road assets (under toll model).

(i) Gujarat Road & Infrastructure Company Limited ("GRICL")

Ahmedabad Mahesana Toll Road Company Limited (AMTRL) was incorporated on May 12, 1999 under the Companies Act, 1956. AMTRL has constructed the road section of SH 41 between Ahmedabad and Mahesana on Build Own Operate Transfer (BOOT) basis ("AM Project"). The AM Project achieved its COD w.e.f. February 20, 2003.

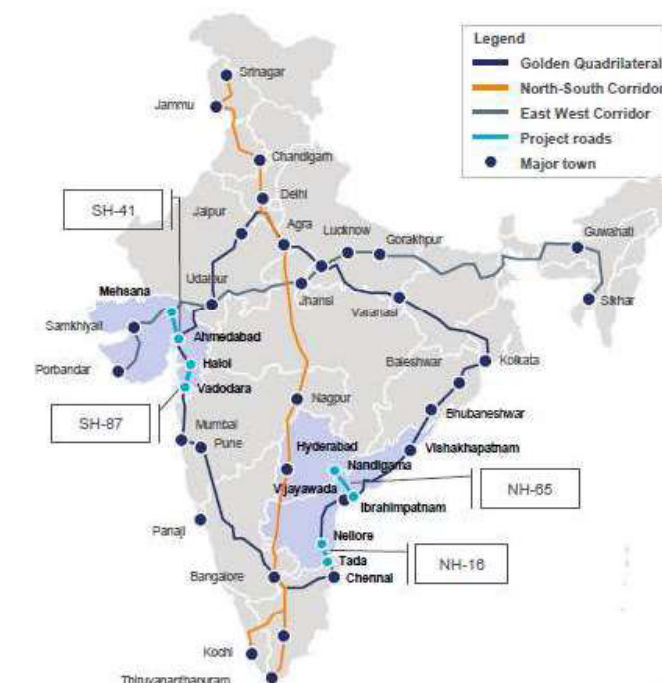
Vadodara Halol Toll Road Company Limited (VHTRL) was incorporated on October 17, 1998 under the Companies Act, 1956. VHTRL has constructed the road section of SH 87 between Vadodara and Halol on Build Own Operate Transfer (BOOT) basis ("VH Project"). The VA Project achieved its COD w.e.f. October 24, 2000.

The AMTRL and VHTRL subsequently merged with Gujarat Road & Infrastructure Company Limited ("GRICL") w.e.f. October 1, 2003 and all the assets and liabilities of ANHPL and VHTRL have been vested with GRICL.

(ii) Swarna Tollway Private Limited ("STPL")

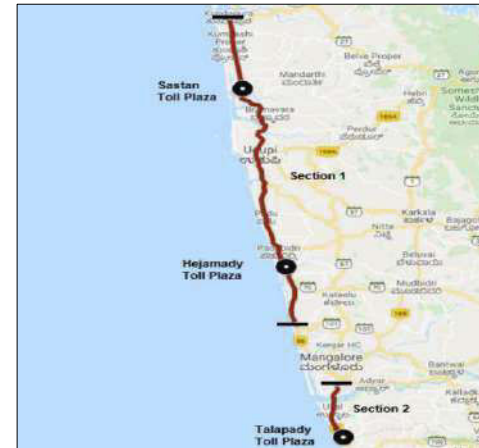
CIDBI had entered into the Concession Agreement with the Authority for the (a) widening of existing two lanes to four lanes and rehabilitating (i) the Tada – Nellore section of NH 5 (new national highway 16) from Km. 52.800 to Km. 163.600 ("TN Project"); and (ii) the Nandigama – Ibrahimpatnam section of NH 9 (new national highway 65) from Km. 217 to Km. 252; and (b) operating, maintaining and collecting fees on the Ibrahimpatnam - Vijayawada section of NH 9 from Km. 253 to Km. 265, on build, operate and transfer basis ("NI Project"). CIDBI's rights and obligations under the Concession Agreement were subsequently assigned and transferred to Swarna Tollway Private Limited.

The TN Project and NI Project achieved its COD w.e.f. May 21, 2004 and September 12, 2004 respectively.



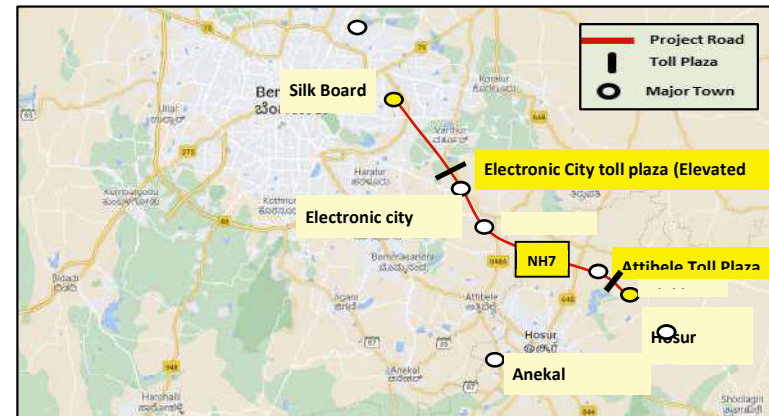
3. Toll Asset from Navayuga Road Projects Private Limited (NRPL) and Navayuga Engineering Company Limited (NECL)

Navyuga Udupi Tollways Private Limited (“NUTPL”) was incorporated on December 4, 2009 as a private limited company under the name of “Navyuga Udupi Tollways Private Limited” under the Companies Act, 1956. The registered office of GGSPL is situated at H.No. 8-2-293/82/A/379 & 379/A, 2nd Floor, Plot No. 379, Road No.10, Jubilee Hills, Hyderabad-500 033. India. NUTPL has constructed and operates Kundapur to Suratkal section of NH-17 and Mangalore to Kerala border (total length 90.08 Km) on Design, Built, Finance, Operate and Transfer (DBFOT) basis. The NUTPL Project achieved its COD w.e.f. January 30, 2017.



4. Toll Asset from Galaxy Investments II Pte. Ltd.

Bangalore Elevated Tollway Private Limited was incorporated on December 4, 2009 as a private limited company under the name of “Navyuga Udupi Tollways Private Limited” under the Companies Act, 1956. The registered office of GGSPL is situated at []India. BETPL has constructed and operates a toll road project in Karnataka which is part of new NH-44 (Old NH-7) connecting Srinagar – Kanyakumari on Design, Built, Finance, Operate and Transfer (DBFOT) basis (“**BETPL Project**”). Project stretch starts from Silk Board Junction ending at Attibele with total tollable length of 24.4 km. The BETPL Project achieved its COD w.e.f. April 1, 2011.



Prepared for:
Highways Infrastructure Trust (“the Trust”)

Highway Concessions One Private Limited
 (“the Investment Manager”)

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

Fair Enterprise Valuation

Valuation Date: 30th September 2023

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

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

RV/SSR/R/2024/21 Date: 27th October 2023

Highways Infrastructure Trust
2nd 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, 6th 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 6th October 2023 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by **Highway Concessions One Private Limited** (“**HC One**” or “**the Investment Manager**”) acting as the investment manager for **Highways Infrastructure Trust** (“**the Trust**” or “**Highways InvIT**”), for the purpose of the financial valuation of the special purpose vehicle (defined below and hereinafter referred to as “**the SPV**”) owned by Galaxy Investments II Pte. Ltd. (the “**Sponsor**” of the Trust). The SPV to be valued is proposed to be transferred to the Trust. The SPV is to be valued in accordance with the Master Circular for Infrastructure Investment Trusts vide master circular no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 6th July, 2023 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time.

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

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

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

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

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

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

Sr. No.	Name of the SPVs	Abbreviation	Asset Type	COD
1	Bangalore Elevated Tollway Private Limited	BETPL	TOLL	1 st April,2011

(Hereinafter referred to as “**the SPV**”)

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: 2023.10.27
21:07:10 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIO8118

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BETPL	Bangalore Elevated Tollway Private Limited
BOT	Build, Operate and Transfer
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
CTM	Comparable Transactions Multiples
DBFOT	Design, Build, Finance, Operate and Transfer
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
ETC	Electronic Toll Collection
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31 st March
GQ	Golden Quadrilateral
HAM	Hybrid Annuity Model
INR	Indian Rupees
Investment Manager/HC One	Highway Concessions One Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometers
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NS-EW	North- South and East-West Corridors
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. Ltd.
SPV	Special Purpose Vehicle
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 3rd December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India (“SEBI”) with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the SEBI InvIT Regulations”).
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private Placement. The object and purpose of the Highways 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 6 road projects in the Indian states of Maharashtra, Gujarat, Madhya Pradesh, Telangana, Meghalaya, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India (“NHAI”), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited.
- 1.1.4. The unitholding of the Trust as on 30th September 2023 is as follows:

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	89.99 %
2	2452991 Ontario Limited	3,12,00,000	7.51 %
3	Others	1,04,00,000	2.50%
Total		41,55,00,000	100.00 %

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 11th 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. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.
- 1.1.7. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US\$ 519 billion of assets under management as of 30th June 2023 that offers alternative asset management as well as capital markets and insurance solutions.
- 1.1.8. Axis Trustee Services Limited (“the Trustee”) has been appointed as the Trustee of the Highways InvIT. Highway Concessions One Private Limited (“HC One” or “the Investment Manager”) has been appointed as the Investment Manager of the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

The Investment Manager and the Project Manager

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

1.1.10. Shareholding Pattern of the Investment Manager as at 30th September 2023 is as follows:

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

* as a nominee of Galaxy Investments II Pte. Ltd.
Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at 30th September 2023 is as follows:

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

* as a nominee of Highway Concessions One Private Limited
Source: Investment Manager

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

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	Bangalore Elevated Tollway Private Limited	BETPL

(Hereinafter referred to as “the SPV”)

I understand that the Trust, which is currently not a publicly offered InvIT and it is contemplating to acquire 100% equity stake / economic interest in the SPV from the existing shareholders i.e. sponsor of the Trust including its nominee shareholders. (“Proposed Transaction”)

1.3. Purpose of Valuation

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

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

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

Registered Valuer declares that:

- i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- ii. The RV is independent and has prepared the Valuation Report (“the Report”) on a fair and unbiased basis;
- iii. RV has valued the SPV 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 or cash equivalents to meet those liabilities.

1.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, I have determined the fair value of the SPV 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 30th September 2023 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30th September 2023. The RV is not aware of any other events having occurred since 30th September 2023 till date of this Report which he deems to be significant for his valuation analysis.

1.8. Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPV 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 stand-alone basis by using the Discounted Cash Flow (“DCF”) method under the income approach. Following table summarizes my explanation on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for a certain period of years as provided by Ramboll India Private Ltd. in its Traffic Study Report. As the SPV under considerations have executed project under the DBFOT model, the ownership of the underlying assets shall be transferred after the expiry of the concession period. In case of BETPL, the total concession period is from 24 th July 2006 to 10 th September 2026. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
	Market 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.
Market Approach	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 Provisional Financial Statements as at 30th September 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and 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 executed projects under the DBFOT 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	Adjusted Enterprise Value
1	BETPL	10.1%	3,767	5,773

(Refer Appendix 1 & 2 for the detailed workings)

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

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

- 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.
- 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.
- Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
 - WACC by increasing / decreasing it by 0.5%
 - WACC by increasing / decreasing it by 1.0%
 - Revenue by increasing / decreasing it by 10%
 - Expenses by increasing / decreasing it by 20%

Sensitivity Analysis of Enterprise Value

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

INR Mn							
Sr. No.	SPV	WACC + 0.5%	EV	Base WACC	Base EV	WACC - 0.5%	EV
1	BETPL	10.60%	3,744	10.10%	3,767	9.60%	3,790

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

INR Mn							
Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	Base EV	WACC - 1.0%	EV
1	BETPL	11.10%	3,721	10.10%	3,767	9.10%	3,814

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

Sr. No.	SPV	EV at Revenue + 10%	EV at Base Revenue	EV at revenue - 10%
1	BETPL	4,227	3,767	3,307

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

INR Mn				
Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	BETPL	3,614	3,767	3,920

The above represents reasonable range of Fair enterprise Valuation.

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2. Procedures adopted for current valuation exercise

- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 (“**IVS**”) issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

2.2.1. Requested and received financial and qualitative information relating to the 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 value of the EV of the SPV on a going concern basis at the Valuation Date.

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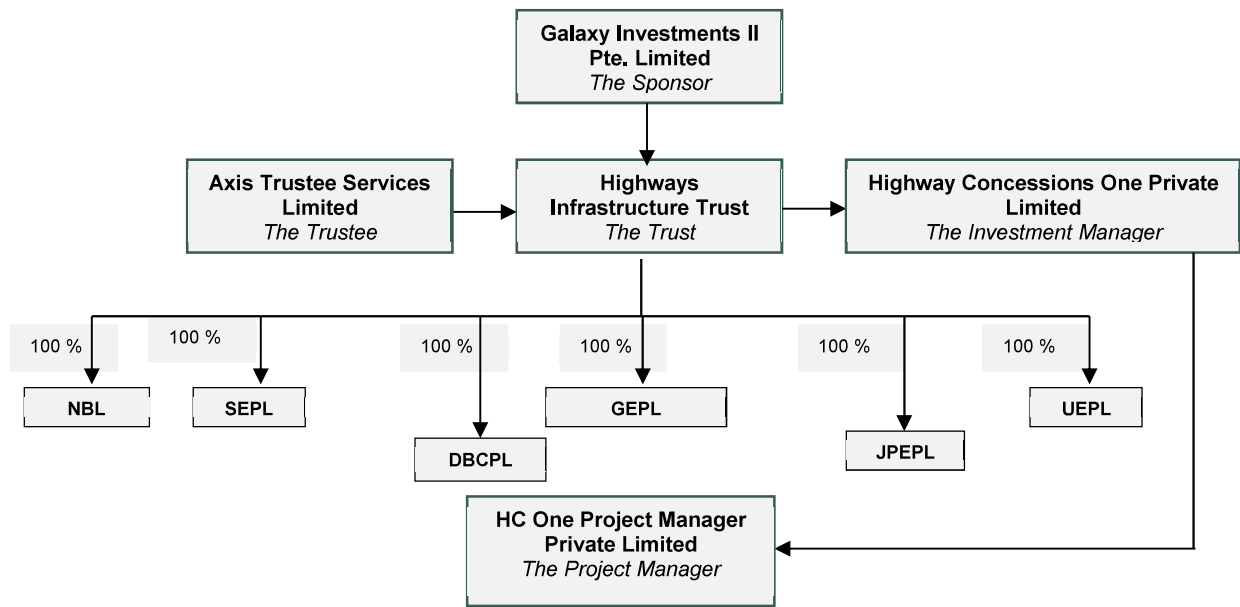
3. Overview of InvIT and SPV

The Trust

- 3.1. Galaxy Investments II Pte. Ltd. is the Sponsor of the Highways Trust. The Sponsor was incorporated on 11th 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\$519 billion in assets under management as of 30th June, 2023, 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 :

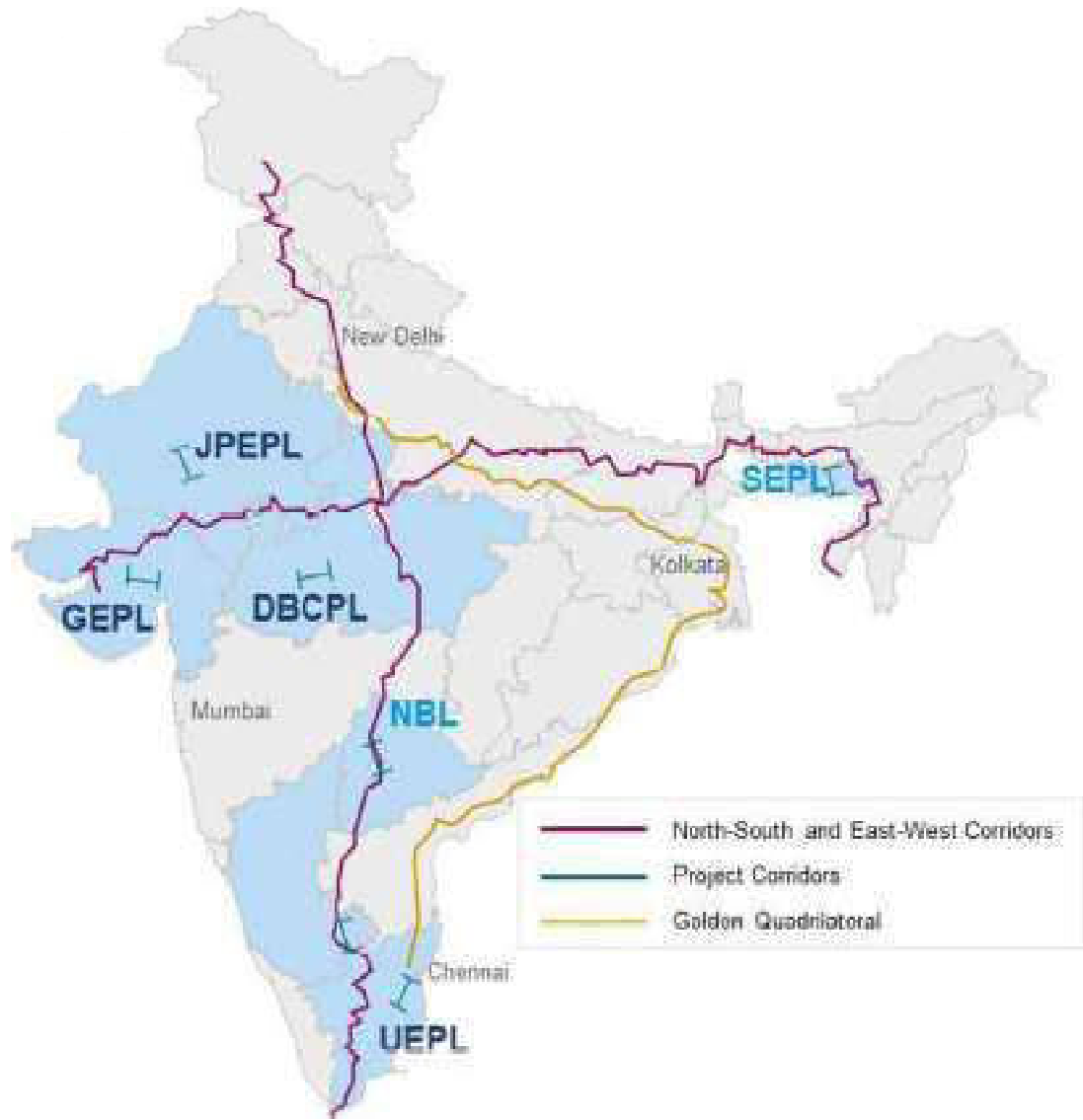
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	23 rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23 rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23 rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23 rd Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23 rd Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23 rd Aug, 2022	3,005

- 3.5. Following is the Structure of the Trust as at 30th September 2023.



Source: Investment Manager

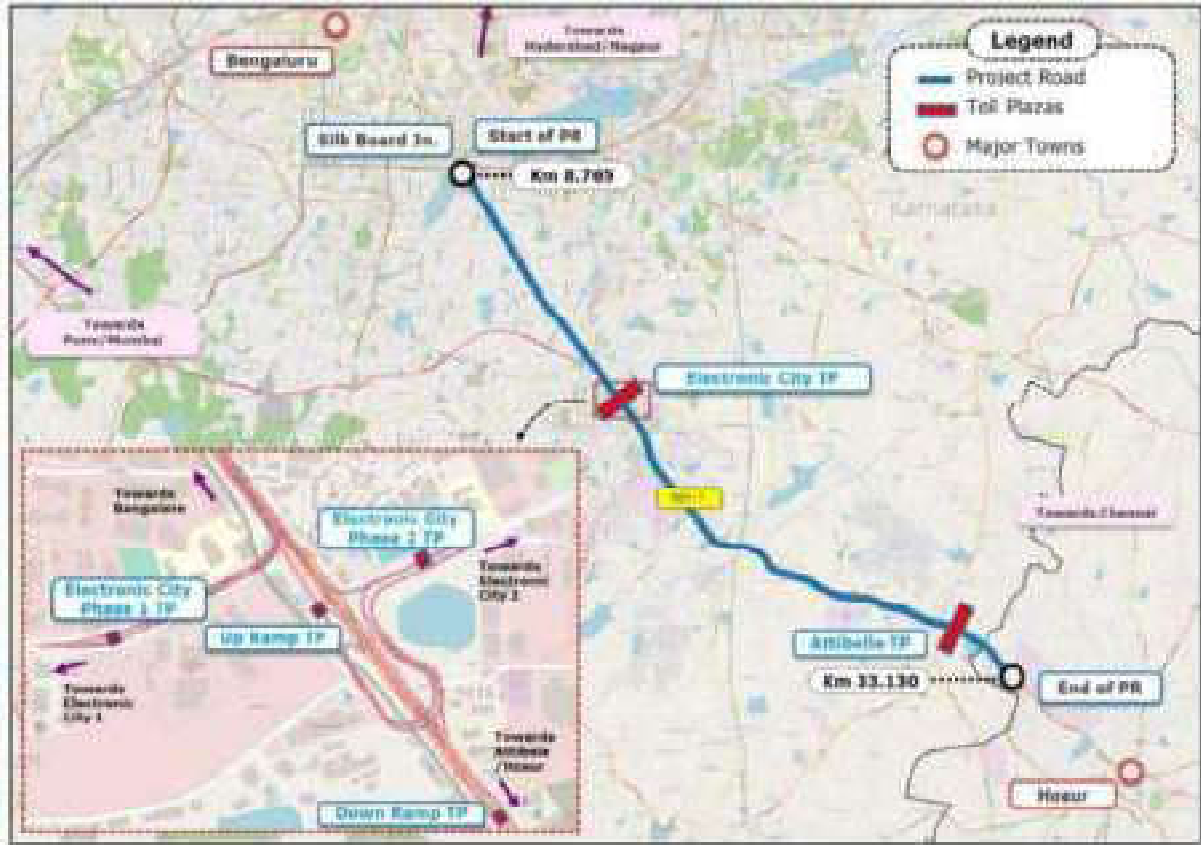
- 3.6. A map depicting the respective location of the existing project SPVs of the Trust is provided below:



Background of the SPV

Bangalore Elevated Tollway Private Limited (“BETPL”)

- 3.7. Bangalore Elevated Tollway Private Limited (BETPL) was incorporated on 26th December 2005. The SPV entered into the concession agreement dated 25th January, 2006 with NHAI. The project was awarded to the consortium comprising of Soma Enterprise Limited, Nagarjuna Construction Company Limited and Maytas infra Private Limited by NHAI for 20 years of operation & maintenance period from the Appointed Date i.e. 24th July 2006. The project has successfully achieved its COD on 1st April 2011.
- 3.8. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

- 3.9. Summary of project details of BETPL are as follows:

Parameters	Details
Total Length	189.13 Lane Kms
Nos. of Lanes	4/6
NH / SH	NH-7
State Covered	Karnataka
Area (Start and End)	Silk Board Junction to Hosur
Project Cost	INR 9,747 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	1 st April 2011
Original Concession Period	20 years from Appointed Date
Extension (If any)	48 days (23 days on account of demonetization and 25 days in lieu of toll suspension due to COVID-19)
Likely End of Concession Period	10 September 2026

Source: Investment Manager

- 3.10. The Project Road includes (i) construction of Elevated Highway Project of Bangalore-Hosur section of NH-7 from Silk Board Junction to Electronic City between 9/5 km and 18/750 km, (ii) improvement of the grade section between 8/765 km and 18/750, (iii) expansion of section between 18/750 km and 33/130 km to six lanes. The Project Road has a length of 24.365 km.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Flexible Pavement	9.250 Km
2	Total Length of Main Carriageway 6 Lane with Flexible Pavement	24.365 Km
3	Total length of Service Roads	46.796 Km
4	Toll Plaza	1 at Attibelle and 4 Loop plazas at Electronic city
5	Bus Shelters	32
6	Bus Bays with Shelters	32
7	Truck Lay Bays	2
8	No of Rest Areas	-
9	Major Junction	6
10	Minor Junctions	7
11	No of Vehicular underpasses	3
12	No of Vehicular overpasses	-
13	No of Flyovers	-
14	Pedestrian/Cattle Underpass	8
15	Road Under Bridge	1
16	Major Bridges	-
17	Minor Bridges	1
18	Box/Slab Culverts	27
19	Pipe Culverts	13

Source: Investment Manager

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

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte. Ltd.	2,15,91,278	100.00%
2	Vidyadhar S. Dabholkar*	1	0.00%
Total		2,15,91,279	100.00%

*As a nominee of Galaxy Investments II Pte. Ltd.

Source: Investment Manager

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

- 3.12. My team had conducted physical site visit for BETPL on 19th October, 2023. Following are the pictures of the plant site:



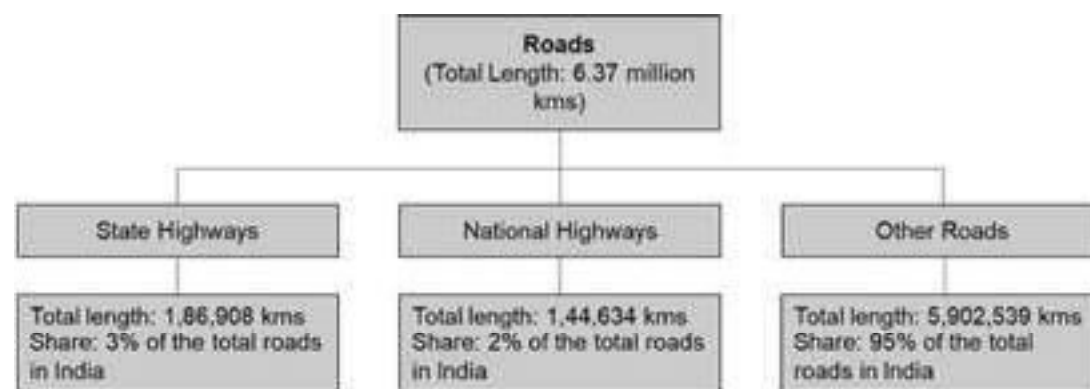
4. Overview of the Industry

4.1 Introduction

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

4.2 Road Network in India

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



Source: IBEF Roads Report, February 2023

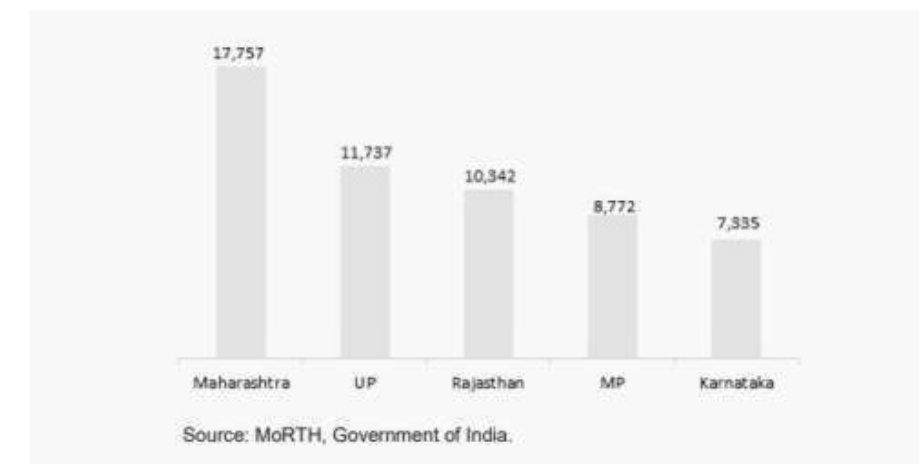
- 4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar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

4.3 Government Agencies for Road Development

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

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

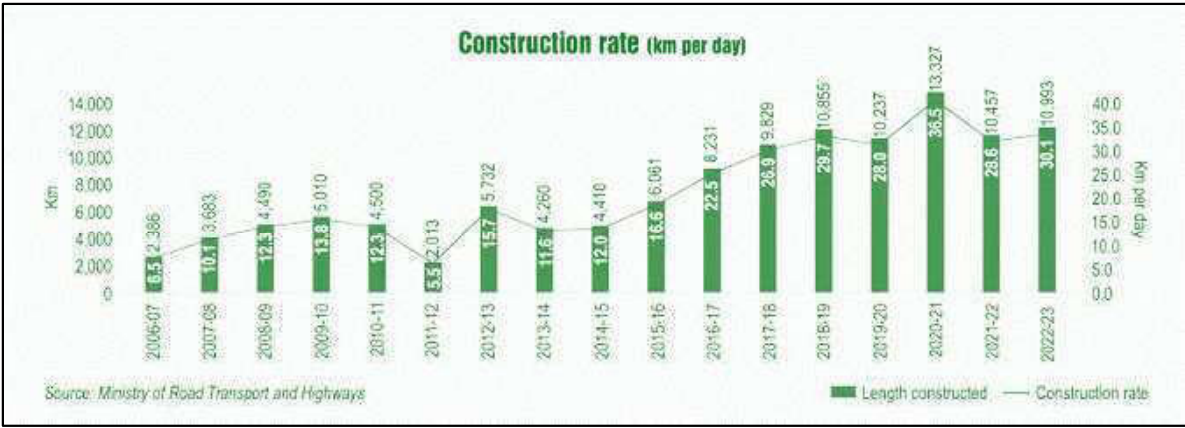
Top 5 states by length of NHs in India (in Km)



4.4 Trend of Road and Highways Construction

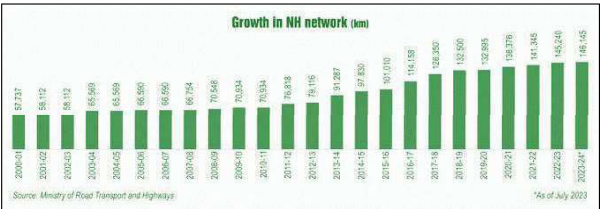
- 4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.4.2 The current rate of road construction is almost three times that in 2007-08.
- 4.4.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity,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

Details of National Highway network:



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

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



4.5 Implementation of important projects and expressways:

4.5.1 Bharatmala Pariyojana

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

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

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

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

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

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

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

4.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

4.5.3 Eastern peripheral and western peripheral expressway

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

4.5.4 Setu Bharatam:

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

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

- 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- 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.
- 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.
- National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

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

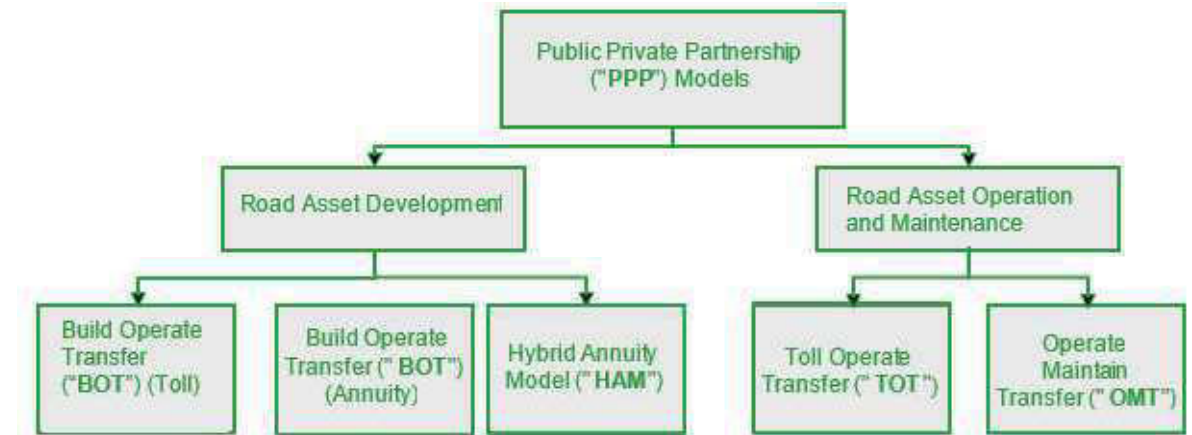
4.7 Public Private Partnership (“PPP”) Models of road development and maintenance in India

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

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

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

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



4.7.4. Road Asset Development Models

• BOT Toll

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

• BOT Annuity

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

• HAM

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

4.8 Government Investment in the Sector

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

- 4.8.2 The Government aims to increase the toll revenue to INR 1.3 Trillion by 2030. In 2014, the waiting time at the toll plazas was 734 seconds, whereas in the 2023 this has reduced to 47 seconds. We are hopeful that we will bring it down to 30 seconds soon.

- 4.8.3 NHAI is in the process to raise Rs. 40,000 crore (US\$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT).

4.9 Recent Initiatives by Government

4.9.1 Bhoomi Rashi – Land Acquisition Portal

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

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

4.9.2 FASTag – Electronic Toll Collection

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

4.9.3 Revival of languishing projects

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

4.9.4 Rural development

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

4.9.5 International Tie-ups

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

4.9.6 Encourage private funding to reduce finance constraints

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

4.10 Outlook

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

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

4.10.3 The major initiatives undertaken by the Government such as National Infrastructure Pipeline (NIP) and the PM Gati Shakti National Master Plan will raise productivity, and accelerate economic growth and sustainable development.

4.10.4 The highways sector in India has been at the forefront of performance and innovation. The government is committed towards expanding the National Highway network to 2 lakh kilometres by 2025 emphasizing the construction of the World Class Road infrastructure in time bound & target oriented way. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector.

4.10.5 The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

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

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5. Valuation Methodology and Approach

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

Cost Approach

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

Net Asset Value ("NAV") Method

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

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

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

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

Market Approach

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

Income Approach

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

DCF Method

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

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

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

Conclusion on Cost Approach

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

SPV	Book EV (INR Mn)
BETPL	2,635

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

Conclusion on Market Approach

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

Conclusion on Income Approach

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

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

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

- 5.17. Currently, the SPV is 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

- 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 or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.
- 6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the 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 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 is responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the SPV. The SPV earns revenue primarily in the form of toll revenue.
- 6.6. **Toll Revenue:** As per the concession agreements for the Toll 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.
- 6.7. **Concession Period**
- The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mention in their respective concession agreement. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for BETPL will end on 10th September, 2026.

SPV	Concession Period End Date		Extension period	
	Original	Revised	For Traffic Variance	For Other Reasons
BETPL	24-Jul-26	10-Sep-26	NIL	48*

*23 days on account of demonetization and 25 days in lieu of toll suspension due to COVID-19

According to the concession agreement, NHAI shall extend the concession period in the event of force majeure occurrences that may happen after obtaining the final completion certificate. NHAI, through their official orders, has extended the SPV's concession period due to demonetization and COVID-19-related lockdowns citing these as force majeure events.

I have considered the projection period for the current valuation exercise based on the balance concession period as represented by the Investment Manager, wherein expected demonitization and COVID-19 related extensions are considered for the SPV, as final approval from authorities has been received.

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

6.9. **Toll Rates**

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

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

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

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

Operation and Maintenance Costs (Routine) ("O&M Costs")

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

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.

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.

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

6.11. **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.

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

6.13. **Direct Taxes:** As per the discussions with the Investment Manager, the SPV has considered new tax regime under section 115BAA (with a base rate of tax of 22%, surcharge of 10%).

6.14. **Working Capital:**

The Investment Manager has provided projected Working Capital information for the SPV. I have relied on the same.

6.15. **Impact of Ongoing Litigation on Valuation**

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

Calculation of Weighted Average Cost of Capital for the SPV

6.16. **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_f = risk free rate

ERP = Equity Risk Premium

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

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

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

6.17. **Risk Free Rate:**

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

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

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

6.19. **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.

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

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

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

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

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

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

6.20. **Company Specific Risk Premium (“CSRP”):**

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

6.21. **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 8.35%, as represented by the Investment Manager.

6.22. **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).

6.23. **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 asset as on Valuation Date. To discount back the projections we use the Cash Accrual Factor (“CAF”). The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue.

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,

$$CF = \text{Cash Flows,}$$

$$CAF = \text{Cash accrual factor for particular period}$$

$$R = \text{Discount Rate (i.e. WACC)}$$

6.24. 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 is not expected to generate cash flow after the expiry of the concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, in this valuation exercise.

7. **Valuation Conclusion**

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the 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	Adjusted Enterprise Value
BETPL	10-Sep-26	~ 2 Years 11 Months	3,767	5,773

(Refer Appendix 1 for detailed workings)

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

Sensitivity Analysis of Enterprise Value

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

INR Mn							
Sr. No.	SPV	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	BETPL	10.60%	3,744	10.10%	3,767	9.60%	3,790

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

INR Mn							
Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	BETPL	11.10%	3,721	10.10%	3,767	9.10%	3,814

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

Sr. No.	SPV	EV at Revenue + 10%	EV at Base Revenue	EV at revenue - 10%
1	BETPL	4,227	3,767	3,307

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

INR Mn				
Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	BETPL	3,614	3,767	3,920

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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:

The list of sanctions/ approvals obtained by the SPV till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPV for which approval is pending as on 30th September 2023.

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 30th September 2023.

C. Statement of assets included:

The details of assets in INR Mn of the SPV as at 30th September 2023 are as mentioned below:

INR Mn					
Sr. No.	SPV	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	BETPL	46	3,123	663	1,367

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.

Forecasted major repairs

SPV	FY 24	FY 25	FY 26	FY 27
BETPL	72	586	-	498

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, the status of arbitration matters and status of tax assessments are updated in Appendix 4.

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

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

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

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

9. Sources of Information

- 9.1 For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:

i. Audited Financial Statements of the SPV for Financial Year ("FY") ended 31st March 2021, 31st March 2022 and 31st March 2023.

ii. Provisional Financial Statements of the SPV for the period ended 30th September 2023.

iii. Projected financial information for the remaining project life for the SPV;

iv. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);

v. Traffic Study Report dated October 2023 prepared by Ramboll India Private Ltd. for the SPV;

vi. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31st March 2023;

vii. Concession Agreement of the SPV with the respective authority including the supplementary agreement;

viii. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPV;

ix. Shareholding pattern as on 30th September 2023 of the SPV and other entities mentioned in this Report;

x. Management Representation Letter by the Investment Manager dated 27th October, 2023;

xi. 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

- 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 30th September 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3 This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPV till 30th September 2023. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 30th September 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 30th September 2023 and the Report date.
- 10.4 The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the 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
SUNDARARAM
AN

Digitally signed by
SWAMINATHAN
SUNDARARAMAN
Date: 2023.10.27
21:08:46 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIO8118

Appendix 1 – Valuation of SPV as on 30th September 2023

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

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Appendix 1 – Valuation of BETPL as on 30th September 2023 under the DCF Method

WACC		10.1%											INR Mn	
Year	Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF		
	A	B	C	D	E	F		G=A-B-C-D-E-F			H	I=G*H		
FY24	1,057	776	66	(72)			-	769	0.25	10.1%	0.98	751		
FY25	2,304	1,671	270	(586)			-	1,355	1.00	10.1%	0.91	1,230		
FY26	2,491	2,106	-	-			211	1,895	2.00	10.1%	0.82	1,563		
FY27	1,105	420	498	(498)			48	373	2.72	10.1%	0.77	287		
Enterprise Value												3,832		
(+) Present Value of Working Capital Release												(65)		
Enterprise Value												3,767		
(+) Closing cash or cash equivalents as at the Valuation Date												2,006		
Adjusted Enterprise Value												5,773		

Appendix 2 – Weighted Average Cost of Capital of the NHAI Toll SPV as on 30th September 2023

Particulars	BETPL	Remarks
Risk free return (Rf)	7.16%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.78	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	12.63%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)		Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	12.63%	Adjusted Ke = Rf + (β x ERP) + CSRP
Pre-tax Cost of Debt (Kd)	8.35%	As represented by the Investment Manager
Tax rate of SPV	9.65%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	7.55%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	50.00%	Debt : Equity ratio computed as [D/(D+E)]
WACC	10.10%	WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]

Appendix 3 – BETPL: Summary of approval and licences

Sr. No.	Approvals	Date of Issue	Validity	Issuing Authority
1	Grant of consent to operate to BETPL	06-04-2010	23-07-2026	NHAI
2	Application for consent to operate under section 21 of Air (Prevention and Control of Pollution) Act, 1981,	23-08-2006	30-06-2007	Karnataka State Pollution Contol Board
3	Permission of Environment Ministry for cutting of trees	20-10-2005		Deputy Conservator of Forests, Bangalore
4	Inspection Certificate for Static Weight Bridge at various Toll Plazas (Legal Metrology)	27-11-2020	05-12-2023	Department of Legal Metrology
5	Inspection Certificate for WIM installed at various Toll Plazas	27-11-2020	05-12-2023	Department of Legal Metrology
	62.5 KVA at Main base camp	27-07-2021		Electrical Inspector, BESCOM
	62.5 KVA at electronic city phase-1	27-07-2021		
	15KVA at electronic city phase-2	27-07-2021		
	15KVA at Bommasandra Base camp	05-08-2021		
	125KVA	16-07-2021		
6	Employee State Insurance Code number	02-06-2010		ESIC- Bangalore South (Bommasandra)
7	Huskur Village Panchayat approval for batching plant	04-11-2006		Huskur village Panchayat
8	Kudlugate Panchayat approval for operation (Stock Yard and diesel Bunk)	13-09-2006		Kudlugate Panchayat
9	Mayasandra village Panchayat approval for casting yard	03-05-2006		Mayasandra Village Panchayat
10	Certificate of registration under Building and other construction workers Act to Maytas	10-07-2006		Ministry of labour
11	Permit for Boiler	30-11-2006		Department of Factories, boilers, Indsutrial Safety and health
12	Permit for boreholes	06-12-2019		Dsistrict Groundwater Office
13	Permit for Mechanical Broom with Blower	08-12-2010		NHAI
14	Permit for Bobcat Skid Steer Loader	08-12-2010		NHAI
15	Permit for casting yard	03-05-2006		
16	Permit for crusher	29-08-2006		Bangalore Zilla Panchayat
17	Permit for storing diesel	07-11-2006	07-11-2007	Petroleum and explosives safety organisation(PESO)
18	Certificate of registration under Building and other construction workers Act to Soma Enterprises	06-07-2006		Ministry of labour
19	Employees Provident fund Code Number	26-10-2009		Office of the Regional PF commissioner-AP Hyderabad
20	Professional Tax	17-06-2010		Govt.Of Karnataka -Commercial Tax Dept.
21	Labour licenses (issued by local Labour Commissioner)	20-12-2022	23-12-2023	Ministry of Labour & Employment

Source: Investment Manager

Appendix 4 – BETPL: Summary of Ongoing Litigations

S. No.	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil	Judicial Magistrate	Background of the case: Cheque Bouncing: BETPL Vs, Steel Rock INC, Case/ complaint has been filled by BETPL on 13 July 2017 under section 138 of Negotiable Instruments Act, 1881 and under Section 200 of The Code Of Criminal Procedure, 1973 for bouncing of cheque provided by the contractor as security against advance payment made. Current Status : Case filed on 13 July 2017, Last hearing in this matter was on 29 September 2023 but the interim Judicial Magistrate was on leave, Considering above, the hearing has been adjourned to 18 October 2023.	INR 2.5 Mn
2	Civil	Delhi High Court	Background of the case: Prolongation: BETPL Vs, NHAI Claim for additional cost incurred due to extension of Construction Period, COS etc, On 27 November 2019, AT by majority (2/3) has awarded claim of INR 250.86 Cr, plus interest on awarded amount at the rate of SBI PLR + 2% from 4 April 2013 up to date of Award in favor of BETPL, AT on 12 March 2020 has further passed an order with few corrections in award which are mainly typographical corrections. Current Status : NHAI has filed an application in Delhi High Court for setting aside AT award dated 27 November 2019, (OMP (COMM) 39/2021), As per Order dated 05 October 2023, the next hearing in this matter is scheduled for 30 January 2024, BETPL 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 04 July 2023.	INR 4920 Mn
3	Civil	Karnataka High Court	Background of the case: Applicability of Zone – A - Order from Deputy labour commissioner dated 11 Jul 2022 classifying Attibele TP as located in Zone-A instead of Zone-C with effect from 10 Apr 2019 and thus determining minimum wages of workers at TP applicable to Zone – A instead of Zone - C. There are 105 workers at Attibele TP. Workers are on contractor's payrolls (Markoline Infra Pvt. Ltd. - Markoline) Current Status - Markoline and BETPL have filed writ petition on 8 Aug 2022 before Karnataka High Court against the order, Petition refers to the notification of Govt of India which identifies areas under the various zones to be read along with the Bruhat Bengaluru Mahanagara Palike (BBMP) ward limits specified by the Govt of Karnataka, Given that Attibele TP is 18.3 km from the BBMP ward limits, that area falls under Zone C classification for purpose of determining minimum wages	-
4	Civil	Arbitral Tribunal	Background of the case : Revenue loss at Attibele (Partial pass through): BETPL Vs, NHAI and Govt. of Karnataka [NR 54.60 Cr, (Up to 31 Dec, 2018) GOK has filed an application under Section 34 of the Arbitration and Conciliations Act, 1996 (A&C Act) for setting aside aforesaid award, (OMP (COMM) 378/2021), Page 3 Claim under State Support Agreement for toll revenue loss due to refusal of Toll Fee by Locals at Attibelle toll plaza Arbitral Tribunal (AT) on 12 February 2021 has awarded claim of INR 54.60 Cr. in BETPL favour, This amount is pertaining to revenue loss from May 2010 i.e, from COD to December 2018, For further period i.e, from January 2019 onwards, BETPL is entitled to approach NHAI to determine and certify the revenue loss and forward the same to GOK, Alternatively, the BETPL may adopt any other mode of redressal for this period in accordance with Law. Current Status :GOK has filed an application under Section 34 of the Arbitration and Conciliations Act, 1996 (A&C Act) for setting aside aforesaid award, (OMP (COMM) 378/2021) In hearing dated 14 January 2022 the Court had directed GOK for deposition of awarded amount of INR 54.60 Cr, with Registry of the Court. In the hearing dated 21 November 2022, GOK has informed the Court that it has deposited the aforesaid amount on 17 November 2022. During last hearing on 11 May 2023, GOK has informed that it has filed the rejoinder in response to BETPL defense, Next hearing in this matter is scheduled on 29 November 2023.	INR 546.0 Mn (Up to 31 Dec, 2018)

Source: Investment Manager

<< End of Report >>

S. SUNDARARAMAN

Registered Valuer

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

RV/SSR/R/2024/20

Date: 27th October, 2023

Highways Infrastructure Trust

2nd 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, 6th Floor, Windsor House,
Off CST Road, Kalina,
Santacruz (East), Mumbai – 400 098

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

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman (“Registered Valuer” or “RV” or “I” or “My” or “Me”) bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 16th October 2023 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by Highway Concessions One Private Limited (“HC One” or “the Investment Manager”) acting as the investment manager for Highways Infrastructure Trust (“the Trust” or “Highways InvIT”), an infrastructure investment trust, registered with the Securities Exchange Board of India (“SEBI”) with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019 and Axis Trustee Services Limited (“the Trustee”) acting on behalf of the Trust. For the purpose of determination of the financial valuation of the special purpose vehicles (defined below and hereinafter together referred as “the SPVs”) of InvIT Asset held by Highways Infrastructure Trust as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (“SEBI InvIT Regulations”). The SPVs are to be valued as per Regulation 21 of SEBI (Infrastructure Investment Trust) Regulations 2014 (“SEBI InvIT Regulations”) as amended from time to time, where HC One is acting as the Investment Manager.

I am enclosing the independent valuation Report providing opinion on the fair enterprise value of the SPVs as defined hereinafter on a going concern basis as at 30th September 2023 (“Valuation Date”).

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPVs as at 30th September 2023, where the adjusted enterprise value (“Adjusted EV”) is derived as EV as defined above plus cash or cash equivalents of the SPVs as at 30th September 2023.

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

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

Prepared for:
Highways Infrastructure Trust (“the Trust”)

Highway Concessions One Private Limited
 (“the Investment Manager”)

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

Fair Enterprise Valuation

Valuation Date: 30th September 2023

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

Following Special Purpose Vehicles are proposed to be acquired by the Trust:

Sr. No.	Name of the SPVs	Term	COD	Group
1	Nirmal BOT Limited	NBL	3 rd October 2018	Annuity SPVs
2	Shillong Expressway Private Limited	SEPL	28 th February 2013	
3	Dewas Bhopal Corridor Private Limited	DBCPL	10 th February 2009	Toll SPVs
4	Godhra Expressways Private Limited	GEPL	31 st October 2013	
5	Jodhpur Pali Expressway Private Limited	JPEPL	31 st October 2014	
6	Ulundurpet Expressways Private Limited	UEPL	23 rd July 2009	

(Hereinafter referred to as “the SPVs”)

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

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

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

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

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

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
SUNDARARAMAN
AN

Digitally signed by
SWAMINATHAN
SUNDARARAMAN
Date: 2023.10.27
20:36:30 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIN9944

Definition, abbreviation & glossary of terms

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

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1. Executive Summary

1.1. Background

The Trust

- 1.1.1. Highways Infrastructure Trust (“the Trust” or “InvIT”) was established on 3rd December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India (“SEBI”) with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the SEBI InvIT Regulations”).
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private placement. The object and purpose of the Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Trust, including incidental and ancillary matters thereto.
- 1.1.3. The InvIT currently involved in owning, operating and maintaining a portfolio of 6 road projects in the Indian states of Maharashtra, Gujarat, Madhya Pradesh, Telangana, Meghalaya, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India (“NHAI”), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited (“MPRDC”).
- 1.1.4. The unitholding of the Trust as on the 30th September 2023 is as under :

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	89.99 %
2	2452991 Ontario Limited	3,12,00,000	7.51 %
3	Others	1,04,00,000	2.50%
Total		41,55,00,000	100.00 %

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

The Investment Manager and the Project Manager

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

1.1.10. Shareholding Pattern of the Investment Manager as at 30th September 2023 is as follows:

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

* as a nominee of Galaxy Investments II Pte. Ltd.
Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at 30th September 2023 is as follows:

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

* as a nominee of Highway Concessions One Private Limited
Source: Investment Manager

1.1.12. I understand that the management of the Trust is desirous of undertaking financial valuation of 6 SPVs. In this regards, I have been mandated to determine the fair enterprise value of 6 SPVs as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of SPVs as on 30th September 2023.

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Scope and Purpose of Valuation

1.2. Financial Asset to be Valued

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

Sr. No.	Name of the SPVs	Term
1	Nirmal BOT Limited	NBL
2	Shillong Expressway Private Limited	SEPL
3	Dewas Bhopal Corridor Private Limited	DBCPL
4	Godhra Expressways Private Limited	GEPL
5	Jodhpur Pali Expressway Private Limited	JPEPL
6	Ulundurpet Expressways Private Limited	UEPL

(Hereinafter referred to as “the SPVs”)

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

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

1.3. Nature of the Asset to be Valued

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

1.4. Valuation Base

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

Fair Value

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

1.5. Valuation Date

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

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

1.6. Premise of Value

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

Going Concern Value

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

1.7. Summary of Valuation

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

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

Under the DCF Method, the Free Cash Flow to Firm (“FCFF”) has been used for the purpose of valuation of the SPVs. In order to arrive at the fair EV of the SPVs under the DCF Method, I have relied on Provisional Financial Statements for the period ended 30th September 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPVs provided to me by the Investment Manager as at the Valuation Date.

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

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

Sr. No.	SPVs	Last Date	Enterprise Value (INR Mn)	Adjusted Enterprise Value (INR Mn)
1	NBL	29-Oct-27	969	1,134
2	SEPL	06-Feb-26	82	293
3	DBCPL	02-Dec-33	15,683	15,900
4	GEPL	03-Sep-43	21,789	21,861
5	JPEPL	13-Nov-43	6,763	6,829
6	UEPL	25-Mar-27	3,802	4,184
Total			49,089	50,201

(Refer Appendix 1 & 2 for the detailed workings)

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

- 1.8. The fair EV of the SPVs is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.
- 1.9. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 1.10. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:
1. WACC by increasing / decreasing it by 0.5%
 2. WACC by increasing / decreasing it by 1.0%
 3. Expenses by increasing / decreasing it by 20%
 4. Revenue of Toll SPVs by increasing / decreasing it by 10%

Sensitivity Analysis of Enterprise Value

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

INR Mn

Sr. No.	SPVs	WACC +0.50%	EV	Base WACC	EV	WACC -0.50%	EV
1	NBL	8.8%	957	8.3%	969	7.8%	982
2	SEPL	8.8%	81	8.3%	82	7.8%	83
3	DBCPL	11.2%	15,328	10.7%	15,683	10.2%	16,050
4	GEPL	11.1%	20,864	10.6%	21,789	10.1%	22,774
5	JPEPL	11.1%	6,474	10.6%	6,763	10.1%	7,072
6	UEPL	10.7%	3,768	10.2%	3,802	9.7%	3,837
Total			47,473		49,089		50,797

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

INR Mn

Sr. No.	SPVs	WACC +1.00%	EV	Base WACC	EV	WACC -1.00%	EV
1	NBL	9.3%	945	8.3%	969	7.3%	994
2	SEPL	9.3%	80	8.3%	82	7.3%	84
3	DBCPL	11.7%	14,986	10.7%	15,683	9.7%	16,431
4	GEPL	11.6%	19,995	10.6%	21,789	9.6%	23,824
5	JPEPL	11.6%	6,202	10.6%	6,763	9.6%	7,401
6	UEPL	11.2%	3,734	10.2%	3,802	9.2%	3,872
Total			45,943		49,089		52,606

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

INR Mn

Sr. No.	SPVs	EV at Expenses -20%	EV at Base Expenses	EV at Expenses +20%
1	NBL	1,030	969	908
2	SEPL	123	82	50
3	DBCPL	16,111	15,683	15,255
4	GEPL	22,179	21,789	21,398
5	JPEPL	7,106	6,763	6,421
6	UEPL	3,918	3,802	3,687
Total		50,467	49,089	47,719

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

INR Mn

Sr. No.	SPVs	EV at Revenue -10%	EV at Base Revenue	EV at Revenue +10%
1	NBL	NA	NA	NA
2	SEPL	NA	NA	NA
3	DBCPL	13,863	15,683	17,503
4	GEPL	19,260	21,789	26,847
5	JPEPL	5,796	6,763	7,730
6	UEPL	3,317	3,802	4,670
Total		42,236	48,037	56,750

The above represents reasonable range of Fair Enterprise Valuation.

2. Procedures adopted for current valuation exercise

2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 ("IVS") issued by the Institute of Chartered Accountants of India.

2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

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

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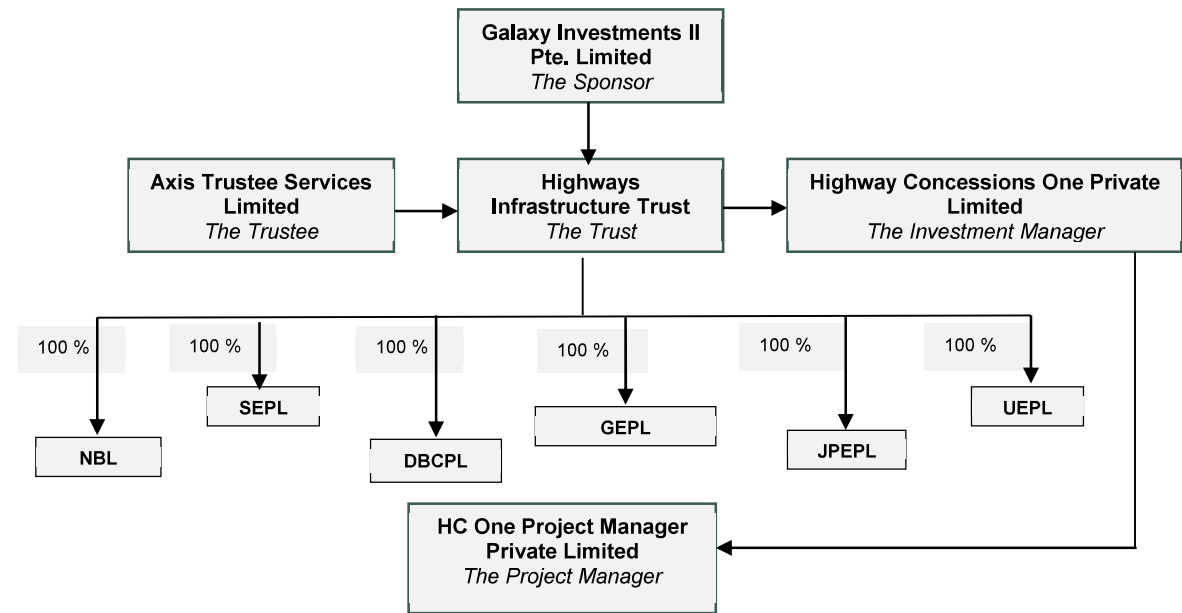
3. Overview of InvIT and SPVs

3.1. The Trust

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

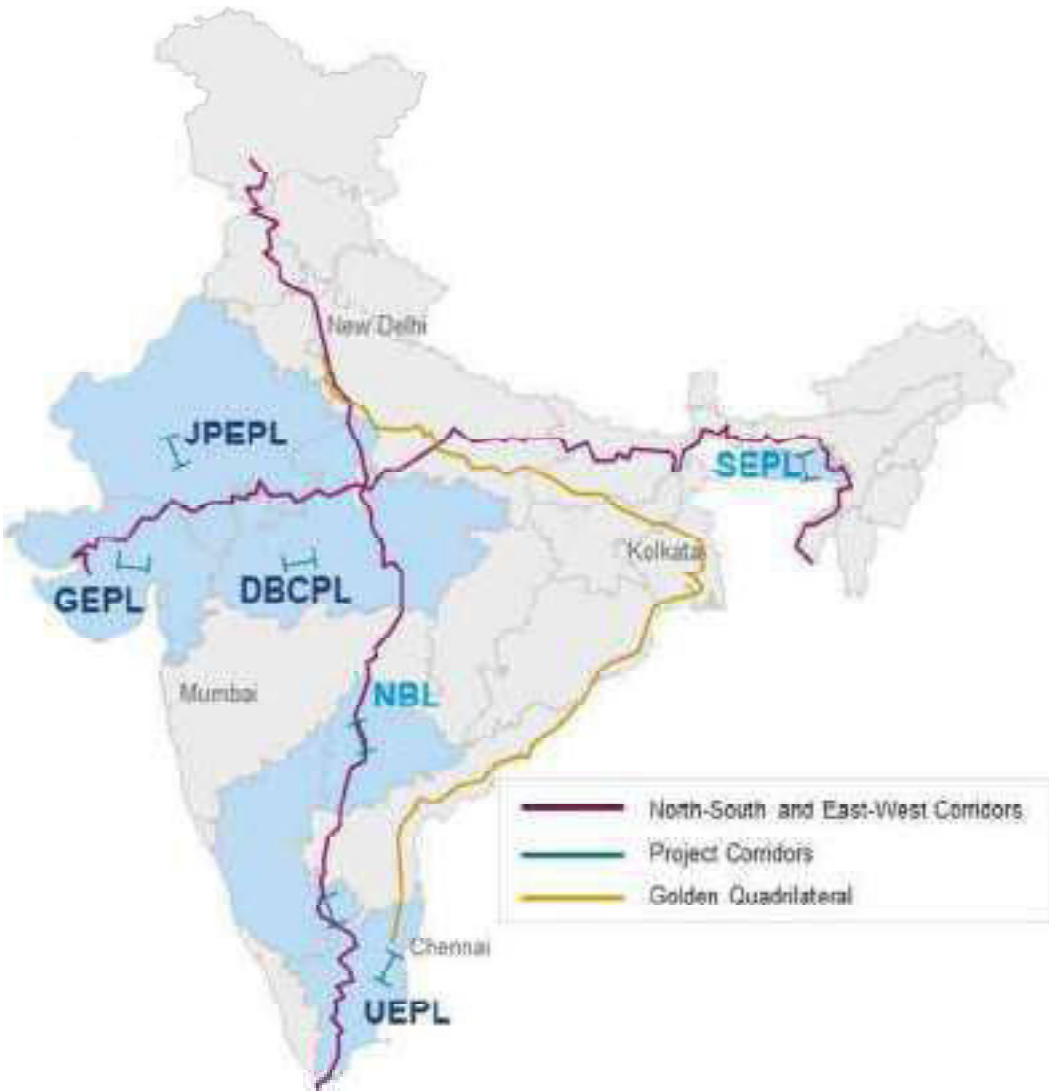
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	23 rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23 rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23 rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23 rd Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23 rd Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23 rd Aug, 2022	3,005

- 3.1.5. Following is the Structure of the Trust as at 30th September 2023:



Source: Investment Manager

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



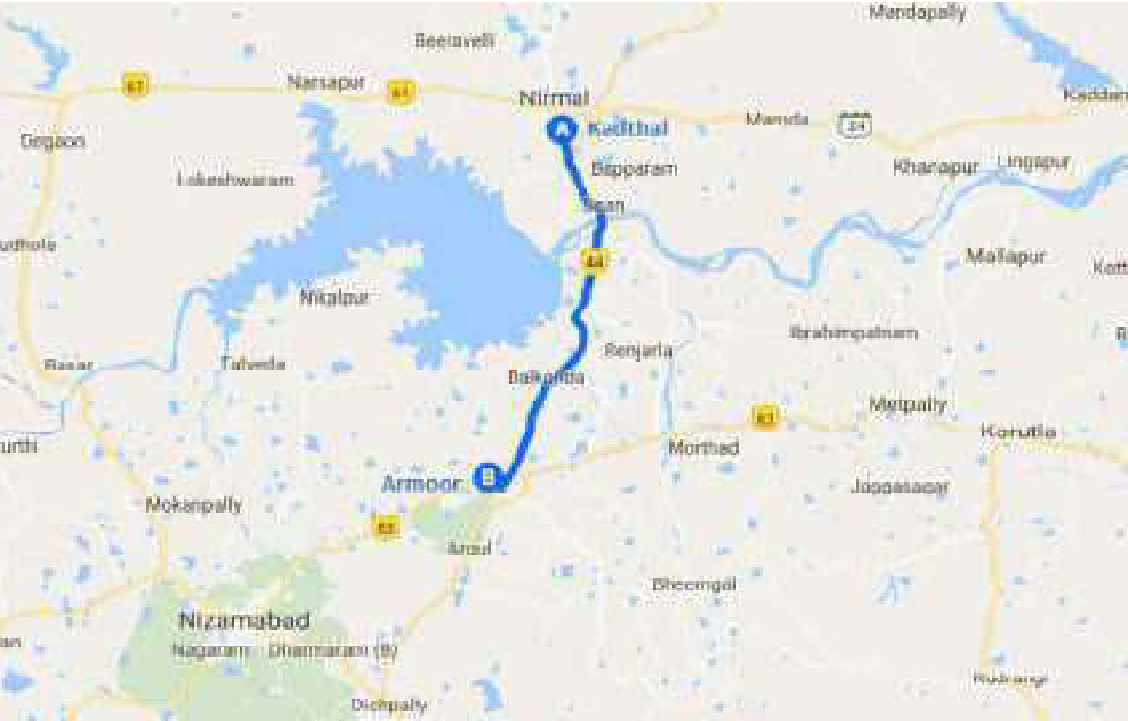
Background of the SPVs

3.2. Nirmal BOT Limited (“NBL”)

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

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

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



Source: Investment Manager

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

Parameters	Details
Total Length	123.56 Lane Kms
Nos. of Lanes	4
NH / SH	NH-7 (Now NH-44)
State Covered	Telangana
Area (Start and End)	Kadthal – Armur
Bid Project Cost	INR 3,150 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	26 th July 2009
Nos. of Annuities	36 (Semi-annual)
Annuity Amount	INR 8,658 Mn
Concession Period (CP)	20 years from commencement date

Source: Investment Manager

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

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

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	30.81 Kms
3	Total length of Service Roads	14.68 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	26
6	Number of Truck Lay Bays	4
7	No of Rest Areas	0
8	No of Major Junctions	3
9	No of Minor Junctions	8
10	No of Vehicular underpasses	4
11	No of Pedestrian underpasses	12
12	No of Major Bridges	2
13	No of Minor Bridges	6
14	No of Hume Pipe Culverts	55
15	No of Box / Slab Culverts	28

Source: Investment Manager

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

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

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

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

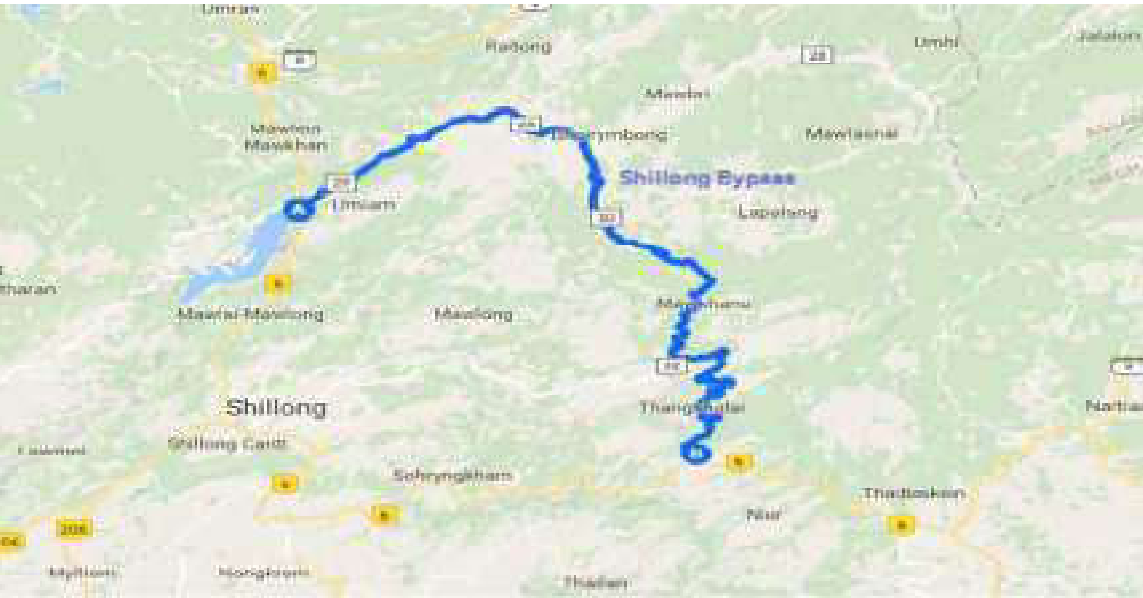


3.3. Shillong Expressway Private Limited (“SEPL”)

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

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

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



Source: Investment Manager

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

Parameters	Details
Total Length	97.52 Lane Kms
Nos. of Lanes	2
NH / SH	NH-6
State Covered	Joining NH-40 and NH-44 (Now joining NH-06)
Area (Start and End)	Umiam to Mawryngkneng
Bid Project Cost	INR 2,261 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	28 th February 13
Nos. of Annuities	24 (semi-annual)
Annuity Amount	INR 5,969 Mn
Concession Period (CP)	15 years from commencement date

Source: Investment Manager

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

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

Source: Investment Manager

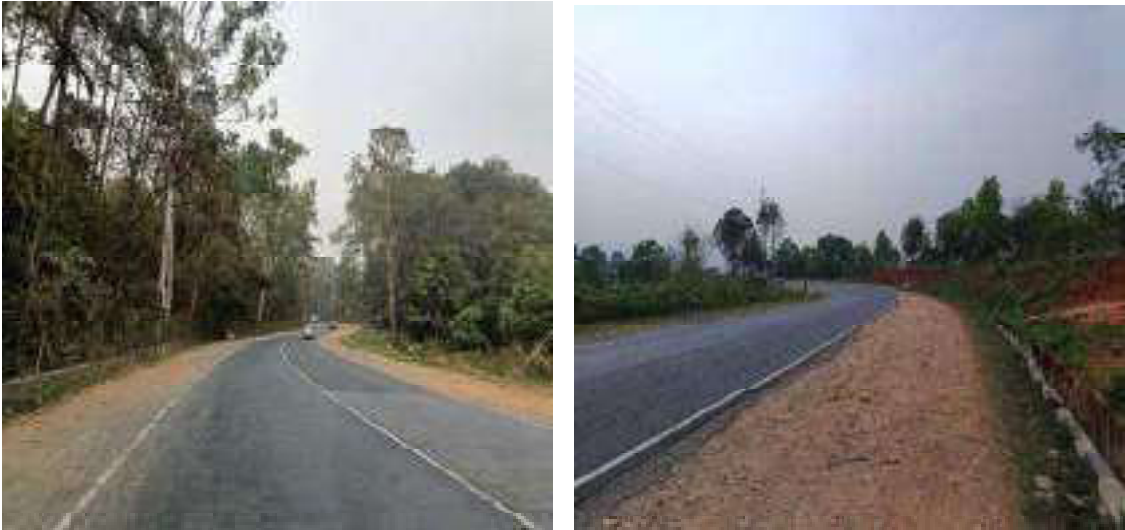
3.3.4. The shareholding of SEPL as on Valuation Date is as follows:

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

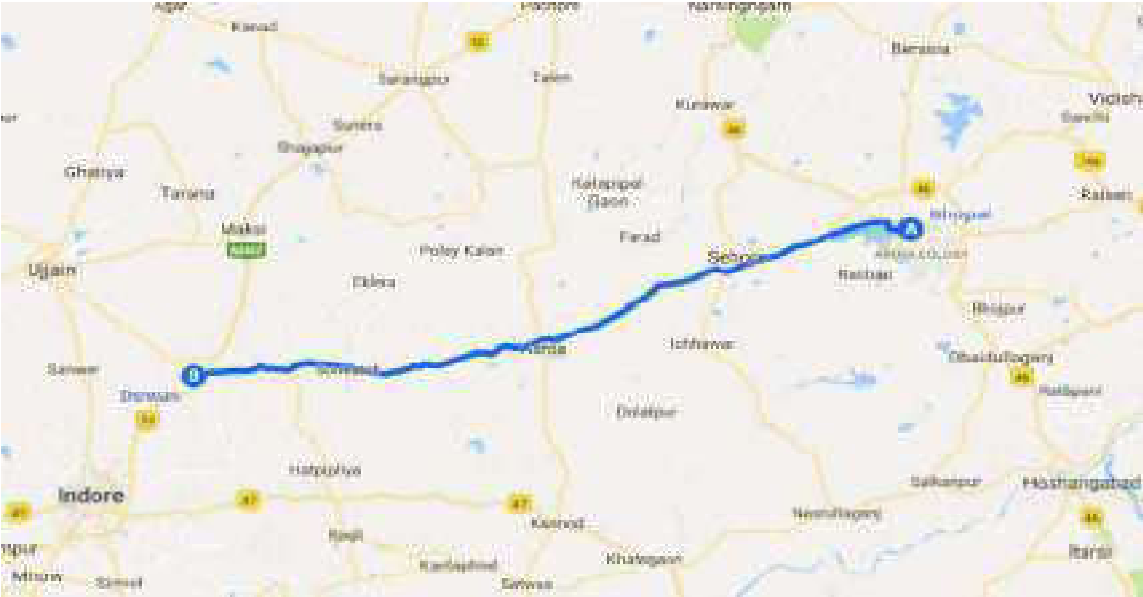
3.3.5. My team had conducted physical site visit of the road stretch of SEPL on 15th April 2023. Refer below for the pictures of the road stretch:



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

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

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



Source: Investment Manager

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

Parameters	Details
Total Length	563.1 Lane Kms
Nos. of Lanes	4
NH / SH	SH-18
State Covered	Madhya Pradesh
Area (Start and End)	Bhopal to Dewas
Bid Project Cost	INR 6020 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	MPRDC
COD Date	10 th February09
Appointed Date	20 th March 08
Original Concession Period (CP)	25 years
Extension (If any)	257.5 days
Likely End of CP	02 nd Dec 33

Source: Investment Manager

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

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	140.79 Kms
3	Total length of Service Roads	8.68 Kms
4	No of Toll Plazas	3
5	No of Bus Bays with Bus Shelters	3
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	19
9	No of Minor Junctions	70
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	0
12	No of Major Bridges	4
13	No of Minor Bridges	17
14	No of Hume Pipe Culverts	117
15	No of Box / Slab Culverts	53

Source: Investment Manager

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

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

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

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

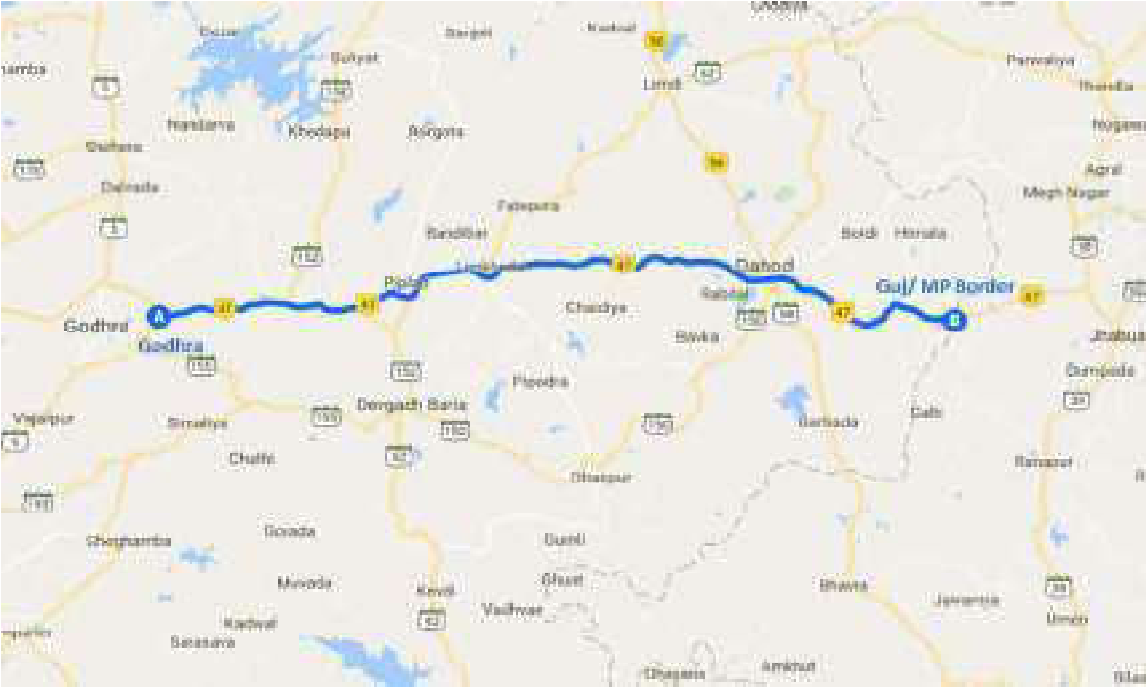
3.4.6. My team had conducted physical site visit of the road stretch of DBCPL on 15th April 2023. Refer below for the pictures of the road stretch:



3.5. Godhra Expressways Private Limited (“GEPL”)

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

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



Source: Investment Manager

3.5.2. Summary of project details of GEPL are as follow

Parameters	Details
Total Length	348.40 Lane Kms
Nos. of Lanes	4
NH / SH	NH-59 (Now NH-47)
State Covered	Gujarat
Area (Start and End)	Godhra to Gujarat/ MP Border
Project Cost	INR 7956 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	31 st October 13
Appointed Date	01 st March 11
Original Concession Period (CP)	27 years
Extension (If any)	1973 days
Likely End of CP	03 rd September 43

Source: Investment Manager

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

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

Source: Investment Manager

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

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

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

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

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

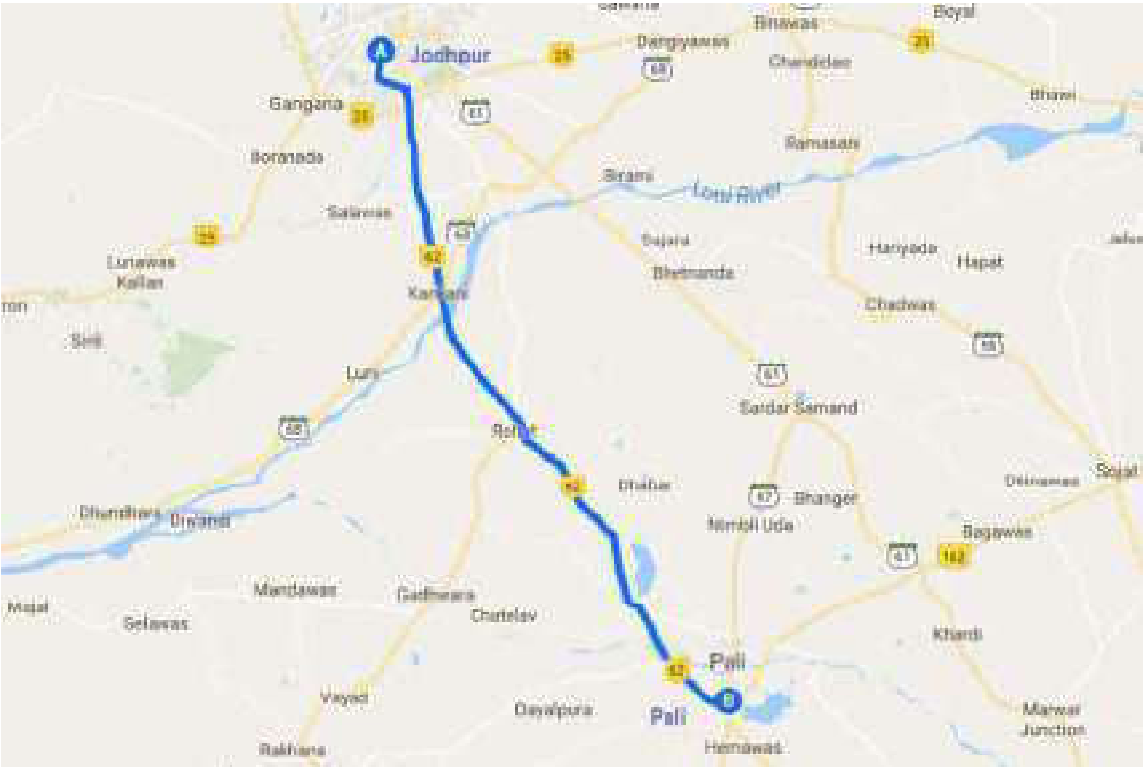
3.5.6. My team had conducted physical site visit of the road stretch of GEPL on 15th April 2023. Refer below for the pictures of the road stretch:



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

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

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



Source: Investment Manager

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

Parameters	Details
Total Length	286,14 Lane Kms
Nos. of Lanes	4
NH / SH	NH-62
State Covered	Rajasthan
Area (Start and End)	Jodhpur to Pali
Bid Project Cost	INR 4,140 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	Government of Rajasthan, Public Works Department
COD Date	31 st October 14
Appointed Date	16 th September 13
Original Concession Period (CP)	25 years
Extension (If any)	1886 days
Likely End of CP	14 th November 43

Source: Investment Manager

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

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	143.07Kms
3	Total length of Service Roads	11.57 Kms
4	No of Toll Plazas	2
5	No of Bus Bays with Bus Shelters	12
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	12
9	No of Minor Junctions	33
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	2
12	No of Major Bridges	6
13	No of Minor Bridges	6
14	No of Hume Pipe Culverts	50
15	No of Box / Slab Culverts	14

Source: Investment Manager

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

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

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

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

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

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

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

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

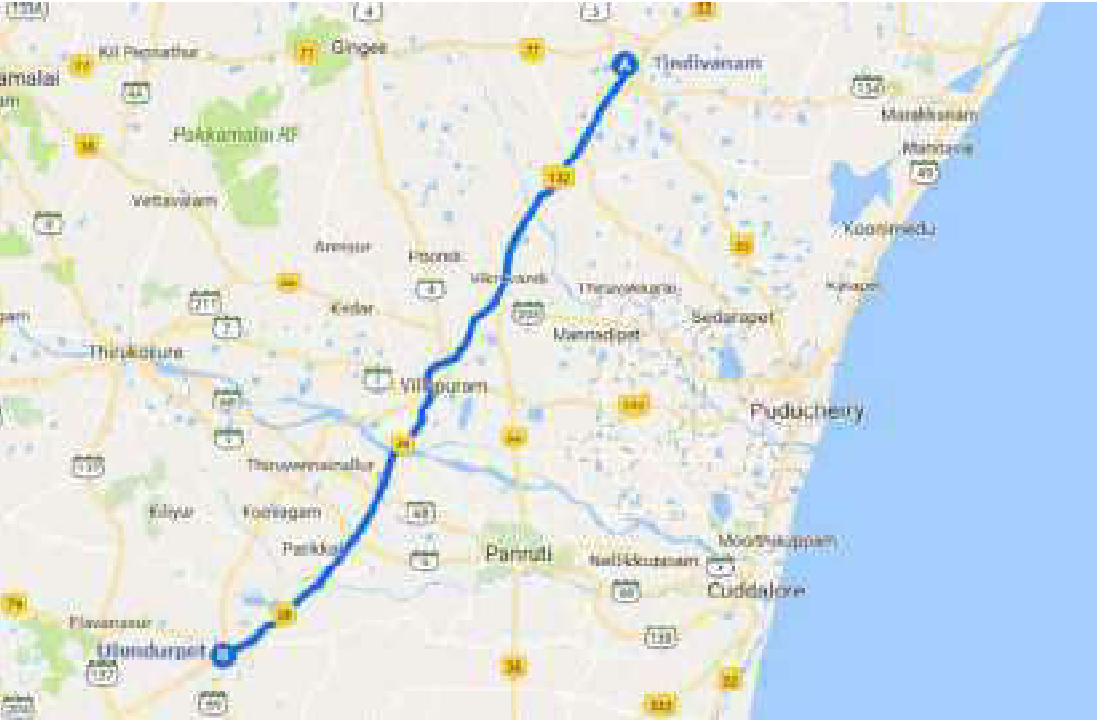


3.7. **Ulunderpet Expressways Private Limited (“UEPL”)**

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

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

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



Source: Investment Manager

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

Parameters	Details
Total Length	291.6 Lane Kms
Nos. of Lanes	4
NH / SH	NH-45
State Covered	Tamil Nadu
Area (Start and End)	Tindivanam to Ulundurpet
Bid Project Cost	INR 10,151 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	23 rd July 09
Appointed Date	16 th October 06
Original Concession Period (CP)	20 years
Extension (If any)	160 days
Likely End of CP	25-March 27

Source: Investment Manager

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

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	72.9 Kms
3	Total length of Service Roads	36.4 Kms
4	No of Toll Plazas	1w
5	No of Bus Bays with Bus Shelters	34
6	Number of Truck Lay Bays	3
7	No of Rest Areas	0
8	No of Major Junctions	4
9	No of Minor Junctions	97
10	No of Vehicular underpasses	3
11	No of Pedestrian underpasses	6
12	No of Major Bridges	6
13	No of Minor Bridges	14
14	No of Hume Pipe Culverts	56
15	No of Box / Slab Culverts	66

Source: Investment Manager

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

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

*Includes Shares held by nominees of HIT

Source: Investment Manager

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

- 98 days were extended by NHA on account of delay in toll notification vide order no. NHAI/11015//71/RO Chennai/2009/3811 dated 27th September 2013.
- 23 days were extended on account of demonetisation.
- 15 days on account of flood.
- 24 days were extended on account of force majeure event due to COVID-19.

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



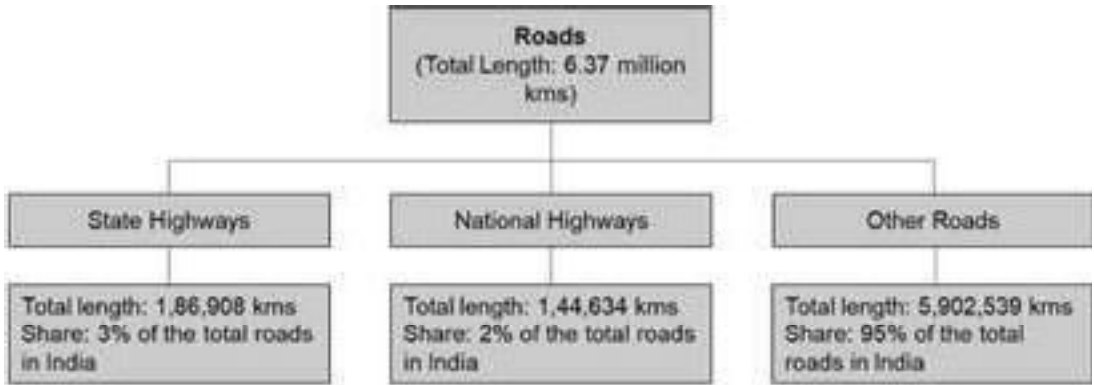
4. Overview of the Industry

4.1 Introduction

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

4.2 Road Network in India

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



Source: IBEF Roads Report, February 2023

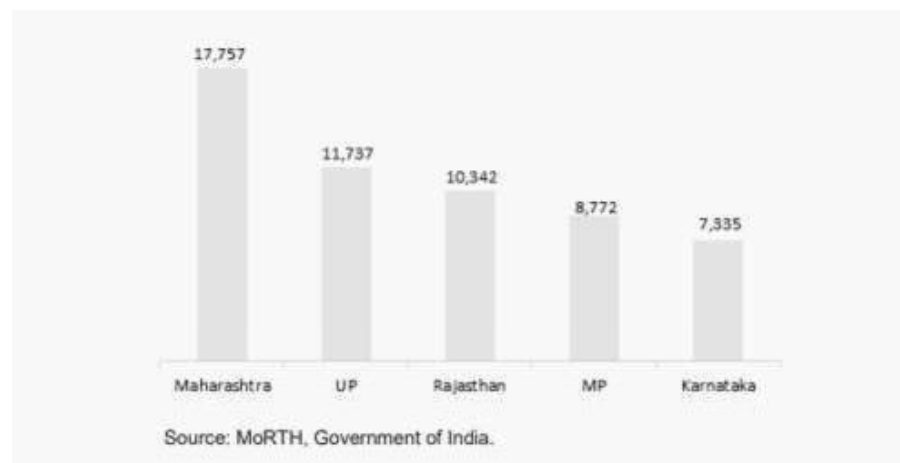
- 4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar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

4.3 Government Agencies for Road Development

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

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

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



4.4 Trend of Road and Highways Construction

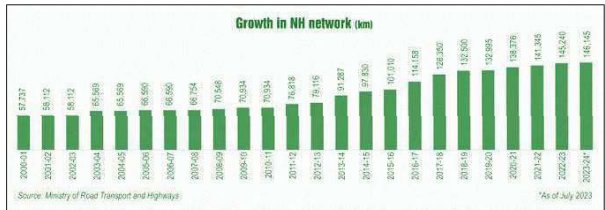
- 4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.4.2 The current rate of road construction is almost three times that in 2007-08.
- 4.4.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity,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

Details of National Highway network:



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

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



4.5 Implementation of important projects and expressways:

4.5.1 Bharatmala Pariyojna

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

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

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

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

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

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

The completion cost of Phase-I is now estimated 10,63 trillion (US\$ 130 billion) after factoring in cost escalations up to December 2021 and is 99% higher than the initial estimates owing to substantial rise in land acquisition cost, and steep increase in input costs. It is expected to be completed in FY2028, a delay of six years from the initial envisaged completion date of FY2022. During the last seven years, around 60% (20,632 km vs 34,800 km) of highway length has been awarded as of December 2021, and ~23% of the total length completed till March 2022

4.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

4.5.3 Eastern peripheral and western peripheral expressway

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

4.5.4 Setu Bharatam:

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

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

- 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- 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.
- 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.
- National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

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

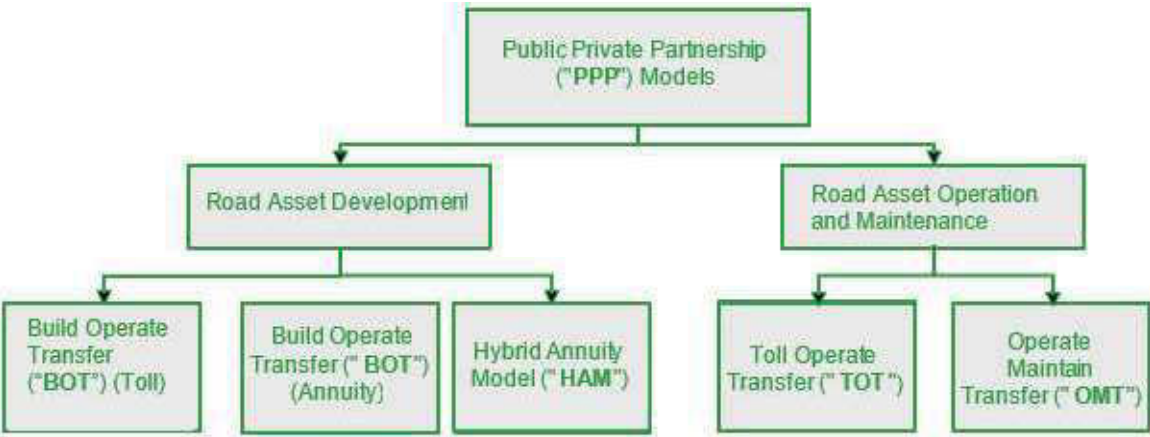
4.7 Public Private Partnership (“PPP”) Models of road development and maintenance in India

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

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

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

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



4.7.4. **Road Asset Development Models**

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

4.8 **Government Investment in the Sector**

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

4.9 **Recent Initiatives by Government**

4.9.1 **Bhoomi Rashi – Land Acquisition Portal**

The ministry has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitises the cumbersome land acquisition process, and also helps in processing notifications relating to land acquisition online. Processing time, which was earlier two to three months has come down to one to two weeks now.

4.9.2 **FASTag – Electronic Toll Collection**

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

4.9.3 **Revival of languishing projects**

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

4.9.4 **Rural development**

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

4.9.5 **International Tie-ups**

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

4.9.6 **Encourage private funding to reduce finance constraints**

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

4.10 **Outlook**

- 4.10.1 India's infrastructure sector is rapidly evolving and the key trends demonstrate positivity and optimism. The market for roads and highways in India is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing Government initiatives to improve transportation infrastructure in the country. For the period of 2016-17 to 2021-22, the CAGR stands at 20%.
- 4.10.2 Development and maintenance of road infrastructure is a key Government priority, the sector has received strong budgetary support over the years. During the past years, the standardized processes for Public Private Partnership & public funded projects and a clear policy framework relating to bidding and tolling have also been developed.
- 4.10.3 The major initiatives undertaken by the Government such as National Infrastructure Pipeline (NIP) and the PM Gati Shakti National Master Plan will raise productivity, and accelerate economic growth and sustainable development.
- 4.10.4 The highways sector in India has been at the forefront of performance and innovation. The government is committed towards expanding the National Highway network to 2 lakh kilometres by 2025

emphasizing the construction of the World Class Road infrastructure in time bound & target oriented way. India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector.

4.10.5 The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

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

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5. Valuation Methodology and Approach

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

Cost Approach

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

Net Asset Value ("NAV") Method

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

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

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

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

Market Approach

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

Income Approach

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

5.11. DCF Method

- 5.11.1. Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method (“FCFF”) or Free Cash Flow to Equity Method (“FCFE”). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the WACC. The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk by incorporating debt-equity ratio of the firm.
- 5.11.2. The perpetuity (terminal) value is calculated based on the business’ potential for further growth beyond the explicit forecast period. The “Constant Growth Model” is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business’ future operations. The EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

5.12. Conclusion on Cost Approach

- 5.12.1. The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the provisional unaudited financial statements as at 30th September 2023 prepared as per Indian Accounting Standards (Ind AS) are as under :

INR Mn	30st September 2023	
	Book EV	Adjusted Book EV
NBL	891	1,056
SEPL	23	234
DBCPL	3,837	4,054
GEPL	5,146	5,218
JPEPL	3,243	3,309
UEPL	2,717	3,099
Total	15,858	16,969

- 5.12.2. In the present case, the SPVs operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement(s). During the concession period, the SPVs operate and maintain the road asset and earn revenues either through: Annuity payments that are predetermined; or Charges, fees or tolls generated from the Toll SPVs.
- 5.12.3. The amount of annuity payments are pre-determined and the charges, fees or tolls that they may collect are notified by the relevant government authority, which are usually revised annually as specified in the relevant concessions and toll notifications. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.
- 5.12.4. In the present case, the SPVs operates and maintains the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPVs operates and maintains the road asset and earns revenue through annuity payments that are pre-determined as per the respective concession agreement. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.

5.13. Conclusion on Market Approach

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

5.14. Conclusion on Income Approach

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

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6. Valuation of the SPVs

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

Key Assumptions:

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

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

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

6.4.2. Revenue cash flows for the Toll SPVs:

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

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

Concession Period

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

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

*Subject to NHAI approval

** COVID-19 Extension

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

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

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

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

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

Traffic Volumes

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

Toll Rates

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

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

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

6.4.3. Operating and Maintenance Expenses:

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

Operation and Maintenance Costs (Routine) ("O&M Costs")

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, consumables, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPV is generally responsible for carrying out operation and maintenance activities at its toll road during its

concession period. Within the scope of such operation and maintenance obligations, the SPV may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure smooth and safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the project as may be required.

Major Maintenance and Repairs Costs (“MMR Costs”)

Estimating the MMR Costs

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

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

Provisions for MMR Costs and Cash Flow Adjustments

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

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

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

6.4.5. Revenue Share/ Premium payment: The revenues collected from the toll would be shared with NHAI (in case of GEPL) and Public Works Department, Government of Rajasthan (in case of JPEPL) in the form of a concession fee. The percentage of revenue that the SPV has to share with their respective appointing authority is defined in the Concession Agreement. This is applicable in case of GEPL and JPEPL only. Such Premium payment is reduced from the revenue of the respective SPV to arrive at FCFF for calculation of Enterprise Value.

6.4.6. Capital Expenditure (“Capex”): As represented by the Investment Manager, the maintenance Capex has already been factored in the Operations & Maintenance expenditure and Major maintenance expenditure for the projected period except for JPEPL. Capital Expenditure of **INR 24 Mn** for JPEPL is estimated to be incurred in FY 2024.

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

6.4.8. Working Capital:

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

6.5. Impact of Ongoing Material Litigation on Valuation

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

6.6. Calculation of Weighted Average Cost of Capital for the SPV

6.6.1. Cost of Equity:

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

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

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

Wherein:

K(e) = cost of equity

R_f = risk free rate

ERP = Equity Risk Premium

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

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

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

6.6.2. Risk Free Rate:

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

6.6.3. Equity Risk Premium (“ERP”):

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

6.6.4. Beta:

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

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

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

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

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

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

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

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

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

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

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

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

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

6.6.5. **Company Specific Risk Premium (“CSRP”):**

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

Sr. No.	SPVs	CSRP
1	NBL	0%
2	SEPL	0%
3	DBCPL	2%
4	GEPL	2%
5	JPEPL	2%
6	UEPL	1%

6.6.6. **Cost of Debt:**

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

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

6.6.6. Wherein:

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

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

6.6.6. For valuation exercise, pre-tax cost of debt has been considered as 8.35% for all the SPVs.

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

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

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

6.6.6. Formula for calculation of WACC:

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

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

6.6.6. *(Refer Appendix 2 for detailed workings).*

6.6.7. **Cash Accrual Factor (CAF):**

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

6.6.8. **Discounting Factor**

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

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

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = Discount Rate (i.e. WACC)

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

7. **Valuation Conclusion**

7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPVs.

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

(Refer Appendix 1 for detailed workings)

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

7.5. Adjusted Enterprise Value is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.

7.6. Adjusted Enterprise Value ("Adj. EV") is described as the Enterprise Value plus any closing cash or cash equivalents as at the date of valuation.

7.7. The fair EV of the SPVs are estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

7.8. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

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

- 1. WACC by increasing / decreasing it by 0.5%
- 2. WACC by increasing / decreasing it by 1.0%
- 3. Expenses by increasing / decreasing it by 20%
- 4. Revenue of Toll SPVs by increasing / decreasing it by 10%

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

INR Mn

Sr. No.	SPVs	WACC +0.50%	EV	Base WACC	EV	WACC -0.50%	EV
1	NBL	8.8%	957	8.3%	969	7.8%	982
2	SEPL	8.8%	81	8.3%	82	7.8%	83
3	DBCPL	11.7%	14,986	10.7%	15,683	9.7%	16,431
4	GEPL	11.1%	20,864	10.6%	21,789	10.1%	22,774
5	JPEPL	11.1%	6,474	10.6%	6,763	10.1%	7,072
6	UEPL	10.7%	3,768	10.2%	3,802	9.7%	3,837
Total			47,473		49,089		50,797

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

INR Mn

Sr. No.	SPVs	WACC +1.00%	EV	Base WACC	EV	WACC -1.00%	EV
1	NBL	9.3%	945	8.3%	969	7.3%	994
2	SEPL	9.3%	80	8.3%	82	7.3%	84
3	DBCPL	11.7%	14,986	10.7%	15,683	9.7%	16,431
4	GEPL	11.6%	19,995	10.6%	21,789	9.6%	23,824
5	JPEPL	11.6%	6,202	10.6%	6,763	9.6%	7,401
6	UEPL	11.2%	3,734	10.2%	3,802	9.2%	3,872
Total			45,943		49,089		52,606

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

INR Mn

Sr. No.	SPVs	EV at Expenses -20%	EV at Base Expenses	EV at Expenses +20%
1	NBL	1,030	969	908
2	SEPL	123	82	50
3	DBCPL	16,111	15,683	15,255
4	GEPL	22,179	21,789	21,398
5	JPEPL	7,106	6,763	6,421
6	UEPL	3,918	3,802	3,687
Total		50,467	49,089	47,719

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

INR Mn

Sr. No.	SPVs	EV at Revenue -10%	EV at Base Revenue	EV at Revenue +10%
1	NBL	NA	NA	NA
2	SEPL	NA	NA	NA
3	DBCPL	13,863	15,683	17,503
4	GEPL	19,260	21,789	26,847
5	JPEPL	5,796	6,763	7,730
6	UEPL	3,317	3,802	4,670
Total		42,236	48,037	56,750

The above represents reasonable range of Fair Enterprise Valuation.

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

8.1. Scope of Work

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

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

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

8.2. Limitations

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

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

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

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

Analysis of Additional Set of Disclosures for the SPVs

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPVs for which approval is pending as on 30th September 2023.

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

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

C. Statement of assets included:

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

Sr. No.	SPVs	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	NBL	7	-	430	661
2	SEPL	4	0	21	243
3	DBCPL	20	3,371	446	443
4	GEPL	15	8,049	3	97
5	JPEPL	47	3,843	2	97
6	UEPL	11	3,436	15	448
Total		104	18,698	917	1,989

Source: Investment Manager

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

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

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

Historical Major Repairs

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

Forecasted major repairs

SPVs	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34
NBL	206	212	-	-	13	-	-	-	-	-	-
SEPL	384	-	13	-	-	-	-	-	-	-	-
DBCPL	-	-	-	-	1,113	-	-	-	-	-	1,306
GEPL	-	-	-	-	-	411	-	-	-	-	-
JPEPL	5	-	-	-	-	1,386	-	-	-	-	-
UEPL	665	306	-	13	-	-	-	-	-	-	-

SPVs	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44
NBL	-	-	-	-	-	-	-	-	-	-
SEPL	-	-	-	-	-	-	-	-	-	-
DBCPL	-	-	-	-	-	-	-	-	-	-
GEPL	-	447	-	-	-	-	-	-	516	-
JPEPL	-	782	-	-	-	-	-	-	1,043	-
UEPL	-	-	-	-	-	-	-	-	-	-

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

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

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

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

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

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

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9. Sources of Information

- 9.1. For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:
- i. Audited Financial Statements of the SPVs for Financial Year (“FY”) ended 31st March 2021, 31st March 2022 and 31st March 2023.
 - ii. Provisional Financial Statements for period ended 30th September 2023.
 - iii. Projected financial information for the remaining project life for the SPVs;
 - iv. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
 - v. Technical Due Diligence Study Report dated 31st May, 2023 prepared by Resotech Consulting Private Limited for the SPVs;
 - vi. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31st March 2023;
 - vii. Concession Agreement of the SPVs with the respective authority;
 - viii. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPVs;
 - ix. Shareholding pattern as on 30th September 2023 of the SPVs and other entities mentioned in this Report;
 - x. Management Representation Letter by the Investment Manager dated 27th October 2023;
 - xi. Relevant data and information about the SPVs provided to us by the Investment Manager either in written or oral form or in the form of soft copy;
- 9.2. Information provided by leading database sources, market research reports and other published data.
- 9.3. The information provided to me by the Investment Manager in relation to the SPVs included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.
- 9.4. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.
- 9.5. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

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10. Exclusions and Limitations

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

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

Limitation of Liabilities

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

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

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

Yours faithfully,

**SWAMINATHAN
SUNDARARAM
AN**

Digitally signed by
SWAMINATHAN
SUNDARARAMAN
Date: 2023.10.27
20:37:45 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIN9944

Appendix 1 – Valuation of SPVs as on 30th September 2023

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

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Appendix 1.1 – Valuation of NBL as on 30th September 2023 under the DCF Method

WACC						8.3%						INR Mn
Year	Cash Annuity	Cash EBITDA	MM Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF	
		A	B	C	D	E	I = A-B-C-D-E			L	M=K*L	
FY24	238	181	206	-	-	11	-36	0.25	8.27%	0.98	(35)	
FY25	476	381	212	-	0	22	146	1.00	8.27%	0.92	135	
FY26	476	375	-	-	-	17	358	2.00	8.27%	0.85	306	
FY27	476	368	-	-	-	11	357	3.00	8.27%	0.79	281	
FY28*	476	405	13	-	-	4	388	3.79	8.27%	0.74	287	
Total of PVFCFF											974	
(+ Present Value of Working Capital Release											(5)	
Enterprise Value											969	
(+ Closing cash or cash equivalents as at the Valuation Date											164	
Adjusted Enterprise Value											1,134	
*Upto 29 October 2027												

Appendix 1.2 – Valuation of SEPL as on 30th September 2023 under the DCF Method

WACC 8.3%							INR Mn				
Year	Cash Annuity	Cash EBITDA	MMR	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E		K=F-G+H-I-J			L	M=K*L
FY24	249	191	384	-	-	24	(218)	0.25	8.27%	0.98	(214)
FY25	497	402	-	-	-	6	396	1.00	8.27%	0.92	366
FY26*	-	(86)	13	-	-	2	(100)	1.93	8.27%	0.86	(86)
Total of PVFCFF											66
(+ Present Value of Working Capital Release											15
Enterprise Value											82
(+ Closing cash or cash equivalents as at the Valuation Date											212
Adjusted Enterprise Value											293
*Upto 6 February 2026											

Appendix 1.3 – Valuation of UEPL as on 30th September 2023 under the DCF Method

WACC 10.2%							INR Mn				
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	DF	PVFCFF
	A	B	C	D	E	F		G=A-B-C-D-E-F		H	I=G*H
FY24	874	733	(23)	665	-	0	38	52	0.25	10.21%	0.98
FY25	1,866	1,347	(306)	306	-	-	70	1,277	1.00	10.21%	0.91
FY26	1,966	1,732	(6)	-	-	-	128	1,610	2.00	10.21%	0.82
FY27*	2,026	1,812	(6)	13	-	-	134	1,672	2.99	10.21%	0.75
Total of PVFCFF											3,786
(+ Present Value of Working Capital Release											17
Enterprise Value											3,802
(+ Closing cash or cash equivalents as at the Valuation Date											382
Adjusted Enterprise Value											4,184
*Upto 25 March 2027											

Appendix 1.4 – Valuation of DBCPL as on 30th September 2023 under the DCF Method

WACC		10.7%						INR Mn				
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
		A	B	C	D	E	F	G=A-B-C-D-E-F	G	H	I	J=G*I
FY24	1,008	759	(87)	-	-	-37	118	765	0.25	10.70%	0.97	746
FY25	2,366	1,899	(168)	-	-	8	297	1,762	1.00	10.70%	0.90	1,592
FY26	2,653	2,135	(185)	-	-	9	334	1,977	2.00	10.70%	0.82	1,613
FY27	2,965	2,387	(203)	-	-	10	373	2,207	3.00	10.70%	0.74	1,627
FY28	3,320	2,720	(223)	1,113	-	10	426	1,393	4.00	10.70%	0.67	928
FY29	3,693	3,149	(136)	-	-	11	496	2,778	5.00	10.70%	0.60	1,671
FY30	4,125	3,538	(150)	-	-	12	557	3,119	6.00	10.70%	0.54	1,695
FY31	4,599	3,965	(164)	-	-	13	625	3,491	7.00	10.70%	0.49	1,714
FY32	5,140	4,448	(181)	-	-	14	701	3,914	8.00	10.70%	0.44	1,735
FY33	5,704	4,952	(198)	-	-	15	1,103	4,032	9.00	10.70%	0.40	1,615
FY34*	4,271	3,435	(218)	1,306	-	11	550	1,785	9.84	10.70%	0.37	657
Enterprise Value												15,592
(+) Present Value of Working Capital Release												91
Enterprise Value												15,683
(+) Closing cash or cash equivalents as at the Valuation Date												217
Adjusted Enterprise Value												15,900
*Upto 2 December 2033												

Appendix 1.5 – Valuation of GEPL as on 30th September 2023 under the DCF Method

WACC		10.6%								INR Mn				
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	Premium Payment to NHAI	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF	
		A	B	C	D	E	F	G	H=A-B-C-D-E-F-G	I	J	K	L=H*K	
FY24	849	720	(28)	-	65	-	-	102	581	0.25	10.56%	0.98	566	
FY25	1,783	1,571	(47)	-	134	-	-	249	1,235	1.00	10.56%	0.90	1,117	
FY26	1,983	1,755	(52)	-	141	-	-	278	1,388	2.00	10.56%	0.82	1,135	
FY27	2,206	1,961	(57)	-	148	-	-	311	1,559	3.00	10.56%	0.74	1,153	
FY28	2,453	2,186	(62)	-	155	-	-	347	1,746	4.00	10.56%	0.67	1,169	
FY29	2,709	2,419	(68)	411	163	-	-	384	1,530	5.00	10.56%	0.61	926	
FY30	3,006	2,730	(36)	-	171	-	-	434	2,161	6.00	10.56%	0.55	1,183	
FY31	3,310	3,010	(40)	-	179	-	-	479	2,392	7.00	10.56%	0.50	1,184	
FY32	3,655	3,328	(44)	-	188	-	-	529	2,655	8.00	10.56%	0.45	1,189	
FY33	4,013	3,659	(48)	-	198	-	-	582	2,927	9.00	10.56%	0.41	1,186	
FY34	4,424	4,043	(53)	-	208	-	-	643	3,245	10.00	10.56%	0.37	1,189	
FY35	4,857	4,447	(58)	-	218	-	-	708	3,579	11.00	10.56%	0.33	1,186	
FY36	5,321	4,881	(64)	447	229	-	-	777	3,492	12.00	10.56%	0.30	1,046	
FY37	5,802	5,357	(42)	-	241	-	-	853	4,306	13.00	10.56%	0.27	1,167	
FY38	6,316	5,838	(46)	-	253	-	-	1,416	4,216	14.00	10.56%	0.25	1,033	
FY39	6,897	6,386	(51)	-	265	-	-	1,552	4,619	15.00	10.56%	0.22	1,024	
FY40	7,535	6,987	(56)	-	278	-	-	1,702	5,062	16.00	10.56%	0.20	1,015	
FY41	8,191	7,604	(61)	-	292	-	-	1,855	5,518	17.00	10.56%	0.18	1,001	
FY42	8,947	8,318	(67)	-	307	-	-	2,033	6,045	18.00	10.56%	0.16	992	
FY43	9,702	9,028	(74)	516	322	-	-	2,079	6,184	19.00	10.56%	0.15	917	
FY44*	4,520	4,160	-	-	141	-	-	1,011	3,007	19.71	10.56%	0.14	415	
Total of PVFCFF													21,793	
(+ Present Value of Working Capital Release													(5)	
Enterprise Value													21,789	
(+ Closing cash or cash equivalents as at the Valuation Date													72	
Adjusted Enterprise Value													21,861	
*Upto 3 September 2043														

Appendix 1.6 – Valuation of JPEPL as on 30th September 2023 under the DCF Method

WACC		10.6%								INR Mn				
Year	Book Revenue	EBITDA	MMR Provision	MMR Expense	PWD Premium Payable	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF	
		A	B	C	D	E	F	G	H=A-B-C-D-E-F-G	I	J	K	L=H*K	
FY24	356	189	(71)	5	8	24	67	25	131	0.25	10.60%	0.98	127	
FY25	736	376	(193)	-	18	-	-	49	503	1.00	10.60%	0.90	454	
FY26	805	416	(211)	-	18	-	-	55	554	2.00	10.60%	0.82	453	
FY27	880	458	(231)	-	19	-	-	61	610	3.00	10.60%	0.74	451	
FY28	967	510	(253)	-	20	-	-	68	675	4.00	10.60%	0.67	451	
FY29	1,059	567	(277)	1,386	21	-	-	76	-639	5.00	10.60%	0.60	-386	
FY30	1,163	872	(65)	-	22	-	-	127	787	6.00	10.60%	0.55	430	
FY31	1,272	961	(71)	-	24	-	-	140	868	7.00	10.60%	0.49	429	
FY32	1,388	1,057	(78)	-	25	-	-	155	955	8.00	10.60%	0.45	427	
FY33	1,506	1,153	(85)	-	26	-	-	169	1,043	9.00	10.60%	0.40	421	
FY34	1,644	1,268	(93)	-	27	-	-	187	1,147	10.00	10.60%	0.37	419	
FY35	1,784	1,382	(102)	-	29	-	-	204	1,252	11.00	10.60%	0.33	413	
FY36	1,937	1,507	(112)	782	30	-	-	222	584	12.00	10.60%	0.30	174	
FY37	2,098	1,671	(87)	-	32	-	-	248	1,478	13.00	10.60%	0.27	399	
FY38	2,262	1,803	(95)	-	33	-	-	268	1,597	14.00	10.60%	0.24	390	
FY39	2,449	1,956	(104)	-	35	-	-	388	1,636	15.00	10.60%	0.22	361	
FY40	2,661	2,131	(114)	-	37	-	-	521	1,687	16.00	10.60%	0.20	337	
FY41	2,867	2,296	(124)	-	38	-	-	565	1,817	17.00	10.60%	0.18	328	
FY42	3,111	2,499	(136)	-	40	-	-	618	1,976	18.00	10.60%	0.16	322	
FY43	3,363	2,707	(149)	1,043	42	-	-	411	1,359	19.00	10.60%	0.15	201	
FY44*	2,263	1,914	-	-	30	-	-	453	1,431	19.81	10.60%	0.14	195	
Total of PVFCFF													6,797	
(+ Present Value of Working Capital Release													(33)	
Enterprise Value													6,763	
(+ Closing cash or cash equivalents as at the Valuation Date													66	
Adjusted Enterprise Value													6,829	
*Upto 13 November 2043														

Appendix 2.1 – Weighted Average Cost of Capital of the SPV as on 30th September 2023- for Annuity SPVs.

Particulars	NBL	SEPL	Remarks
Risk free return (Rf)	7.2%	7.2%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCLL's website
Market Risk Premium (ERP)	7.0%	7.0%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.56	0.56	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	11.1%	11.1%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	0.0%	0.0%	Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	11.1%	11.1%	Adjusted Ke = Rf + (β x ERP) + CSRP
Pre-tax Cost of Debt (Kd)	8.50%	8.50%	As per the Existing Cost of Debt of the SPVs, as represented by the Investment Manager
Tax rate of SPV	16.8%	17.0%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	7.1%	7.1%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	70.0%	70.0%	Debt : Equity ratio computed as [D/(D+E)]
WACC	8.27%	8.27%	WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]

Appendix 2.2 – Weighted Average Cost of Capital of the SPV as on 30th September 2023- for Toll SPVs.

Particulars	DBCPL	GEPL	JPEPL	UEPL	Remarks
Risk free return (Rf)	7.2%	7.2%	7.2%	7.2%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.0%	7.0%	7.0%	7.0%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.74	0.74	0.74	0.75	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	12.4%	12.3%	12.3%	12.4%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	2.0%	2.0%	2.0%	1.0%	Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	14.4%	14.3%	14.3%	13.4%	Adjusted Ke = Rf + (β x ERP) + CSRP
Pre-tax Cost of Debt (Kd)	8.50%	8.50%	8.50%	8.50%	As represented by the Investment Manager
Tax rate of SPV	18.6%	20.0%	19.5%	17.5%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	6.9%	6.8%	6.8%	7.0%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	50.0%	50.0%	50.0%	50.0%	Debt : Equity ratio computed as [D/(D+E)]
WACC	10.70%	10.56%	10.60%	10.21%	WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]

Appendix 3.1 NBL– : Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Environmental Clearance No. 5-22/2007-IA-III (MH/AP to Armur, Andhra Pradesh) dated June 11,2007	Ministry of Environment & Forest (IA-III Division), NHAI	
	Registration under Shops and Establishments Act	Government of Telangana Labour departmnet	
2	Approval of Installation of DG set dated 08,09,2009	Government of Andhra Pradesh, Electrical Inspectorate	Lifetime
3	Bore well permit		
i	Lr No:107/TT/2019	Govt of Telengana Ground Water Dept.	Lifetime
ii	Lr No:107/TT/2019	Govt of Telengana Ground Water Dept.	Lifetime
iii	316/T4/Drinking/2019-20	Govt of Telengana Ground Water Dept.	Lifetime
4	Provisional completion certificate dated July 22, 2009	Aarvee Associates	
5	Completion certificate dated October 8, 2018	MSV International Inc.	
6	Registration certificate of establishment dated December 1, 2020	Labour Department, Government of Telangana	December 31, 2021

Source: Investment Manager

Appendix 3.2 – SEPL: Summary of approval and licences

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

Appendix 3.3 – DBCPL: Summary of approval and licences

Sr.no.	Description of the permits	Issuing Authority	Date of issue	Validity/ Current status	In PPM Or Not	Document
1	Envrionmental Clearance No. 5-43/2006-IA-III (Sehore bypass to Dewas bypass, Madhya Pradesh)	Ministry of Environment & Forest (IA-III Division), NHAI			yes	yes
2	Labour License No. SEHO230116CC000719 dated 19.01.2023 (For Amlhala Toll Plaza)	District Labour Officer Sehore, Government of Madhya Pradesh Labour Department	19-01-2023	31.12.2023	yes	yes
3	Labour License No. BHOP230116CC000722 dated 17.01.2023 (For Fanda Toll Plaza)	District Labour Officer Bhopal, Government of Madhya Pradesh Labour Department	17-01-2023	31.12.2023	yes	yes
4	Labour License No. DEWA230120CC000857 dated 20.01.2023 (For Bhourasa Toll Plaza)	District Labour Officer Dewas, Government of Madhya Pradesh Labour Department	20-01-2023	31.12.2023	yes	yes
5	Air (Prevention & Control of Pollution) Act, 1981				yes	yes
i	Fanda Toll Plaza CTE-68241	Government of Madhya Pradesh		24.06.2024	yes	yes
ii	Amlaha Toll Plaza CTE-68239	Government of Madhya Pradesh		24.06.2024	yes	yes
6	Applications for Issue of NOC to Abstract Ground Water (NOCAP)				No	yes
i	21-4/915/MP/INF/2020	Government of India (Ministry of Jal Shakti)		06.06.2027	No	yes
ii	21-4/911/MP/INF/2020	Government of India (Ministry of Jal Shakti)		03.07.2027	No	yes
iii	21-4/914/MP/INF/2020	Government of India (Ministry of Jal Shakti)		06.06.2024	No	yes
7	Provisional completion certificate dated February 10, 2009	MPRDC			yes	yes
8	Completion certificate dated August 7, 2009	MPRDC			yes	yes
9	Provisional completion certificate dated September 17, 2009	MPRDC			yes	yes
10	Completion certificate dated February 3, 2010	MPRDC			yes	yes
11	Provisional completion certificate dated April 30, 2009	MPRDC			yes	yes
Source: Investment Manager						

Appendix 3.4 – GEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of Issue	Validity
1	Environmental Clearance No. 5-27/2008-IA.III (Ahemdabad, Gujarat to Madhya Pradesh/Gujarat border.	Ministry of Environment & Forest (IA Division), NHAI		Lifetime
2	Labour License No. ALC/ADI/46(56)/2017 dated 28.02.2017	Office Asst Labour Commissioner(C) Ahmedabad		27.02.2024
3	DG installation certificate No/E/Nad/Certi/2716/2018	Office of the Electrical Inspector		Lifetime
4	WM and SWB Stamping certificate 1840241/DAH/2021/01	Govt. of Gujarat Legal Metrology Dept.		
4 Groundwater extraction NOC				
i	GWA/NOC/INF/ORIG/2020/9605	Central Ground Water Board West Central Region	25-12-2020	24.12.2025
ii	CGWA/NOC/INF/ORIG/2020/9551	Central Ground Water Board West Central Region	22-12-2020	21.12.2025
iii	CGWA/NOC/INF/ORIG/2021/10553	Central Ground Water Board West Central Region	29-01-2021	28.01.2026
iv	CGWA/NOC/INF/ORIG/2021/9755	Central Ground Water Board West Central Region	03-01-2021	02.01.2026
5	Provisional certificates dated (i) October 31, 2013 and (ii) September 25, 2015	Intercontinental Consultants and Technocrats Pvt. Ltd.		Lifetime
6	Completion certificate dated June 29, 2016	MSV International Inc.		Lifetime

Appendix 3.5 – JPEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of Issue	Validity/ Current status
1	Sanction of CRS for Launching Scheme of composite girder in Railway Portion in Rly, Jhodpur	Dy Chief Engineer/Const. North-Western Rly, Jhodpur		
2	Labour License No. AJ(L)412/2014/ ALC dated 25.11.2014	Licensing officer and Asst Labour Commissioner(C) Ajmer	18-11-2022	24.11.2023
3	Permission for Energisation of electrical installation No. EI/JDR/PP/2021-22/34C	Electrical Inspectorate, Rajasthan		
4	BOCW BOCW/ ALCAjmer/ 2019/R-24	Assistant Labour commissioner	Lifetime	
5	WIM & SWB stamping 018632, 018633, 018634 & 018690, 018691, 018692	Weights and Measures Department	Regarding WIM calibration, SPV has informed to the weights and measure dept. that calibration is not required for the non-operational WIM as per the circular no. WM/19/134/2018 dated 14.01.2019	Regarding WIM calibration, SPV has informed to the weights and measure dept. that calibration is not required for the non-operational WIM as per the circular no. WM/19/134/2018 dated 14.01.2019
7	Registration certificate No. AJ/R/2013 dated 13-11-2013 of principal employer			
8	Certification of incorporation	Ministry of Corporate Affairs	Lifetime	

Appendix 3.6 – UEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Date of issue	Validity/ Current status
1	Environmental Clearance No. 18-18/2004-IA-III (Tindivandam to Trichy bypass, Tamilnadu)	Ministry of Environment & Forest (IA Division), NHAI		
2	Certificate for registration of captive generating unit (Reg ID: CUD 59/2016-17/HT dated 22.09.2020	Government of Tamil Nadu, Electrical Inspector, Cuddalore		22.06.2025
3	Fire Service License (K.Ds.No : 6655/A2/2021 dated 27.09.2021)	Tamil Nadu Fire and Rescue Service Department		26.09.2023
4	Certificate of registration dated December 10, 2019	Ministry of Labour and Employment		31.12.2027
5	Certificate for registration of employer dated 1/11/2081 BOCW/ALCPUDUCHERRY/2018/R-24	Office of the registering officer		
6	Consent to establish for Air dated October 30, 2018	Tamil Nadu Pollution Control Board		Payment done till the end of Concession period i.e.2027. It's in process.
7	Consent to establish for Water dated October 30, 2018	Tamil Nadu Pollution Control Board		
8	Certificate of verification (WIM Stamping)	Legal Metrology Officer		31.12.2023
<u>NOC for Ground water</u>				
i	202/2020	Government of Tamil Nadu Public Works Department Water resource department	23.07.2023	23.07.2026
ii	203/2020	Government of Tamil Nadu Public Works Department Water resource department	23.07.2023	23.07.2026
iii	204/2020	Government of Tamil Nadu Public Works Department Water resource department	23.07.2023	23.07.2026
iv	205/2020	Government of Tamil Nadu Public Works Department Water resource department	23.07.2023	23.07.2026
9	Provisional completion certificate dated July 22, 2009	Intercontinental Consultants and Technocrats Pvt. Ltd.		
10	Completion certificate dated August 4, 2016	CDM Smith India Private Limited		
11	VPM/124/001866	Office of the assistant controller of Legal metrology	31-12-2022	30-12-2023
12	VPM/124/001867	Office of the assistant controller of Legal metrology	31-12-2022	30-12-2023
13	VPM/124/001868	Office of the assistant controller of Legal metrology	31-12-2022	30-12-2023
14	VPM/124/001869	Office of the assistant controller of Legal metrology	31-12-2022	30-12-2023
15	VPM/124/001870	Office of the assistant controller of Legal metrology	31-12-2022	30-12-2023
16	VPM/124/002056	Office of the assistant controller of Legal metrology	01-03-2023	29-02-2024
17	VPM/124/002057	Office of the assistant controller of Legal metrology	01-03-2023	29-02-2024
18	VPM/124/002058	Office of the assistant controller of Legal metrology	01-03-2023	29-02-2024
19	VPM/124/002059	Office of the assistant controller of Legal metrology	01-03-2023	29-02-2024
20	VPM/124/002060	Office of the assistant controller of Legal metrology	01-03-2023	29-02-2024
21	VPM/124/002310	Office of the assistant controller of Legal metrology	27-03-2023	26-03-2024
22	VPM/124/002311	Office of the assistant controller of Legal metrology	27-03-2023	26-03-2024
23	VPM/124/003405	Office of the assistant controller of Legal metrology	27-09-2023	26-09-2023
24	VPM/124/003406	Office of the assistant controller of Legal metrology	27-09-2023	26-09-2023

Appendix 4.1 – NBL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	High Court of Judicature, Andhra Pradesh	Background of the case: NBL has filed a writ petition before the High Court of Judicature, Andhra Pradesh at Hyderabad ("Court"), against The District Registrar and the Inspector General of Stamps and Registration in relation to payment of certain stamp duty on the NBL Concession Agreement. The District Registrar had called upon the Petitioner to pay an alleged deficit stamp duty amount of approximately ₹ 135.80 million in relation to the NBL Concession Agreement. The Petitioner prayed that the demand for such stamp duty be set aside by the Court as the same is not required to be paid on concession agreements. The Respondents have filed their response to the Petition. Simultaneously, the Petitioner has also filed an interim application praying for a stay in respect of all further proceedings in relation to recovery of the alleged deficit stamp duty and other amounts until the disposal of the Petition. Subsequently, the Court by way of its order dated June 9, 2011 granted a stay in respect of all further proceedings and in relation to recovery of a token amount of ₹ 0.5 million from the Petitioner. The matter is currently pending. Current Status: The matter is currently pending before the Telangana High Court.	135.8
2	Taxation Proceedings	1	Service Tax Demand	Background of the case: Based on ITR filed and service tax return filed, Tax Authorities observed that the Company declared turnover of Rs. 47,60,00,000 in ITR for FY 2015-16, however turnover declared in Service tax return was 'Zero'. The Company availed Mega Exemption Notification (No. 25/2012-ST dated 20th June, 2012, however, Tax Authorities have not extended the said notification benefit, and issued demand order is for following demands :- 1. Service tax demand of Rs.6,90,20,000/- including cess on taxable services and applicable interest 2. Penalty @100% of service tax liability for non payment of service tax liability 3. Penalty of Rs. 10,000 for non-payment of taxes electronically 4. Penalty of 10,000 for non-disclosure of exempt income in ST-3 returns for the period Current Status: Company has received demand order dated 26 April, 2022 on May 17, 2022 from the office of Princial Commissioner of CGST and Central Excise for FY 2015-2016. Company has filed an appeal against the same with CESTAT on August 14, 2022. via order dated July 24, 2023, appeal has been decided in favour of the company and demand has been dropped.	0.0

Source: Investment Manager

Appendix 4.2 – SEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	Delhi High Court	Background of the case: SEPL raised certain claims before the Arbitral Tribunal ("Tribunal"), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land ("Defaults"). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEL along with advancing the annuity dates as prayed by SEPL ("Award"). Subsequently, SEPL filed an execution petition dated October 26, 2018 ("Execution Petition") before the High Court of Delhi ("Court") for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by of its order dated November 2, 2018 ("Court Order"). Thereafter, NHAI filed an appeal dated January 7, 2019 ("NHAi Appeal") challenging the Court Order before the Commercial Appellate Divisional bench of the Court ("Appellate Bench"). The Appellate Bench by way of an interim order dated January 22, 2019 directed NHAI to deposit the amount towards additional bonus annuity i.e. ₹ 106.30 million with an additional interest amount of ₹ 37.20 million with the Court within a period of four weeks. Further the Court upheld the rest of the Award. The direction was complied with by NHAI. Current Status: The matter is currently pending before the Delahi High Court in respect to the Execution Petition and the NHAi Appeal.	143.5
2	Taxation Proceedings	1	CIT(Appeal)	Background of the case: Refund as per ITR filed was Rs. 122,90,600 against which Company received refund of Rs.20,58,450/- on July 5, 2020 Demand for Financial Year 2016-17 of Rs. 158,779/- adjusted against refund for Financial Year 2017-18. Scrutiny assessment proceeding have been completed by the AO after disallowance as per the 143(1)(a) adjustment proposed by CPC - for finance charges on preference shares - cash payment u/s40A(3) - double addition of transition amount in MAT computation - tax calculated @ 30% instead of 25% under normal provisions of the Act. The Company has filed as appeal with CIT (Appeal) for all above disallowances on March 16, 2021 vide acknowledgement number 292147381160321 Current Status: The matter is currently pending.	10.1

Source: Investment Manager

Appendix 4.3 – DBCPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil	1	MP High Court	Background of the case: DBCPL has filed writ petition (no. 10812 of 2011) in MP High Court against imposition of labor cess amounting INR 4.68 Cr. under Building and other construction workers Welfare Cess Act, 1996. Current Status: The matter is currently pending before the MP High Court.	46.8
2	Civil	1	Supreme Court	Background of the case: DBCPL has filed special leave petition (civil) (no. 14693 of 2010 - converted into Civil Appeal No. 8987 of 2013) in Supreme Court against final order passed by MP High Court on 11 Feb. 2010 in regards to applicability of 2% stamp duty (on TPC) on execution of Concession Agreement. Current Status: The matter is currently pending before the Supreme Court.	89
3	Civil	0	MP Arbitral Tribunal	Background of the case: Claim under Change in Law provisions of the Concession Agreement for actual toll revenue loss due to suspension of toll collection by MPRDC from 09 Nov. 2016 to 02 Dec. 2016 due to demonetization of specified bank notes by Govt. of India. Current Status: The matter has been disposed of by AT. Matter has been closed	60.9
4	Civil Suit	1	Labour Court Bhopal	Background of the case: Mukesh Chandravanshi and Manohar Singh Rajput (“Complainants”), erstwhile employees of DBCPL have filed two separate complaints before the Labour Court, Bhopal, in relation to wrongful termination of their employment by DBCPL. DBCPL claimed that the termination of Complainants was due to (i) the Complainants stopping toll collection at DBCPL’s toll plazas and allowing vehicles to cross without payment of toll on December 30, 2015, and (ii) misbehaviour of Complainants with other senior employees of DBCPL. Current Status: The matter is currently pending. Current status is same	Not quantifiable
5	Criminal Suit	1	L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas)	Background of the case: DBCPL has filed a criminal complaint before the court of L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas) against its erstwhile accountant, Sameer Kumar Jha under section s 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. Current status: The matter is currently pending. Current status is same	0.1
6	Taxation Proceedings	1	CIT (Appeal)	Background of the case: 1. Major Maintenance Expenses of INR 359.4 mn claimed as deduction was treated as capital expenditure and disallowed; it was allowed to be amortized over a period of 25 years, i.e. INR 14.38 mn was allowed for FY17. Hence, net disallowance of INR 345 mn. 2. Disallowance under section 14A of the ITA (Expenses incurred to earned exempt income) of INR 0.82 mn. 3. Demand of Rs. 10,30,84,559 as per Demand Order dated December 23, 2019. Current status: Appeal filledwith CIT(A)	345.8

Source: Investment Manager

Appendix 4.4 – GEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Taxation Proceedings	2	CIT(Appeal)	Background of the case: 1. Completed Assessment under section 143(3) ; the AO added INR 666.11 Mn being excess depreciation claim at the rate of 25% on intangible asset over amortization of the same over the life of the project. Subsequently, an appeal has been filled with CIT(A) 2. Completed Assessment under section 143(3) ; the AO added INR 417.55 Mn being excess depreciation claim at the rate of 25% on intangible asset over amortization of the same over the life of the project. Subsequently, an appeal has been filled with CIT(A) Current Status: The matter is currently pending.	1083.7
2	Taxation Proceedings	1	The erstwhile shareholder is in process of filing appeal before High Court by making request for condonation delay	Background of the case: The AO made following additions aggregating to INR 10.48mn and raising demand of INR 3.63mn: - Adding interest on investment of idle funds as IFOS instead of allowing adjustment against C-WIP– INR 8.78mn; and - Disallowing income-tax expense and interest on delayed payment of TDS – INR 1.70 mn, and charging the same as income, even though the said amounts were debited to C-WIP and not charged to profit and loss account. Application to stay of demand was filed with AO and an amount of Rs 0.54mn was deposited under protest , however, the balance demand amount was adjusted by tax department from the refund dues for subsequent years. On appeal before the CIT(A), the order of AO was upheld. Subsequently, an appeal has been preferred with the Hyderabad ITAT against the CIT(A) order; ITAT Order was received on 07.09.2021. No further appeal was initiated by the company Notice under sub-section (1) of Section 142 of the Income Tax Act, 1961 Received on 24 Feb 2023 for submitting additional documents in support to reasons recorded by AO :- Reply made on 15 March 2023 for submitting additional Documents Current Status: Notice of demand under section 156 of the Income-Tax Act, 1961 on 29 March 23 Amounting to Rs 40,31,620. Appeal is been filled against demand notice.	4.0

Source: Investment Manager

Appendix 4.5 – UEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	0	High Court of Judicature at Madras	Background of the case: 1. UEPL ("Petitioner") has filed a writ petition before the High Court of Judicature at Madras ("High Court"), against The Secretary (Transport), Government of Tamil Nadu ("Respondent") in relation to certain pending toll fees from the Respondent. UEPL alleged that the Respondent was involved in plying buses enrolled under the monthly passes issued by the Petitioner more frequently than permitted and also plying different busses other than those enrolled with the monthly passes. The amount involved in this matter is approximately ₹ 128 million, along with an interest amount of 18% p.a. for the period between July 2009 until December 2011, which allegedly remains unpaid in relation to three depots of the Petitioner. The last hearing in this matter was scheduled on November 23, 2022, wherein Court has appointed a mediator as per agreement between both the parties. Both the petitioner and the respondents are required to produce their accounts and arrive at a settlement and the Mediator is requested to conclude mediation proceedings within a period of four months. Accordingly, this Writ Petition is disposed off. Current Status: The Writ Petition is disposed off.	128.0
2	Civil Suit	0	Arbitral Tribunal	Background of the case: 1. Claim under Concession Agreement provisions for Material Default by NHAI for actual toll revenue loss due to suspension of toll collection by NHAI from 03 December 2015 to 18 December 2015 due to flood situation in State of Tamil Nadu. 2. Claim under Change in Law provisions of the CA for actual toll revenue loss due to suspension of toll collection by NHAI from 09 November 2016 to 02 December 2016 due to demonetization of specified bank notes by Govt. of India. Current Status: The matter has been settled.	123.9
3	Taxation Proceedings	1	CIT (Appeal)	Background of the case: The following items have been disallowed: (a) Rs. 17,869,492 under Section 14A of the IT Act (b) Mark to market gain on mutual fund of Rs. 709,554 (c) Interest expense of Rs. 172,20,000 under Section 36(1)(iii) of the IT Act Current Status: The matter is currently pending	35.8

Source: Investment Manager

Prepared for:
Highways Infrastructure Trust (“the Trust”)

Highway Concessions One Private Limited
 (“the Investment Manager”)

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

Fair Enterprise Valuation

Valuation Date: 30th September 2023

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

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

RV/SSR/R/2024/22 Date: 27th October 2023

Highways Infrastructure Trust
2nd 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, 6th 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 14th July 2023 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by Highway Concessions One Private Limited (“HC One” or “the Investment Manager”) acting as the investment manager for Highways Infrastructure Trust (“the Trust” or “Highways InvIT”), for the purpose of the financial valuation of the special purpose vehicle (defined below and hereinafter referred to as “the SPV”) proposed to be acquired by the InvIT. The SPV is to be valued in accordance with the Master Circular for Infrastructure Investment Trusts vide circular no. SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 6th July 2023 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV as defined hereinafter on a going concern basis as at 30th September 2023 (“Valuation Date”).

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

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

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

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

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

Sr. No.	Name of the SPV	Abbreviation	Asset Type	PCOD
1	Navayuga Udupi Tollway Private Limited	NUTPL	Toll	1 st Feb, 2017

(Hereinafter referred to as “the SPV”)

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
SUNDARARAM
AN

Digitally signed by
SWAMINATHAN
SUNDARARAMAN
Date: 2023.10.27
20:23:19 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIP2789

Definition, abbreviation & glossary of terms

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

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1. Executive Summary

1.1. Background
The Trust

- 1.1.1. Highways Infrastructure Trust (“the Trust” or “InvIT”) was established on 3rd December 2021 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India (“SEBI”) with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time (“the SEBI InvIT Regulations”).
- 1.1.2. The units of the Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private Placement. The object and purpose of the Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Trust, including incidental and ancillary matters thereto.
- 1.1.3. The InvIT currently involved in owning, operating and maintaining a portfolio of 6 road projects in the Indian states of Maharashtra, Gujarat, Madhya Pradesh, Telangana, Meghalaya, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India (“NHAI”), Ministry of Road Transport and Highways and Madhya Pradesh Road Development Corporation Limited
- 1.1.4. The unitholding of the Trust as on 30th September 2023 is as follows:

Sr. No.	Particulars	No. of units	%
1	Galaxy Investments II Pte. Ltd.	37,39,00,000	89.99 %
2	2452991 Ontario Limited	3,12,00,000	7.70 %
3	Others	1,04,00,000	2.50 %
Total		40,51,00,000	100.0 %

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

The Investment Manager and the Project Manager

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

1.1.10. Shareholding Pattern of the Investment Manager as at 30th September 2023 is as follows:

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

* as a nominee of Galaxy Investments II Pte. Ltd.
Source: Investment Manager

1.1.11. Shareholding Pattern of the Project Manager as at 30th September 2023 is as follows:

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

* as a nominee of Highway Concessions One Private Limited
Source: Investment Manager

1.1.12. I understand that the Investment Manager and the Trustee of the Trust is desirous of undertaking financial valuation of the SPV proposed to be acquired. 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 SPV as on 30th September 2023.

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Scope and Purpose of Valuation

1.2. Financial Asset to be Valued

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

Sr. No.	Name of the SPV	Abbreviation
1	Navayuga Udupi Tollway Private Limited	NUTPL

(Hereinafter referred to as “the SPV”)

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

1.3. Purpose of Valuation

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

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

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

Registered Valuer declares that:

- i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- ii. The RV is independent and has prepared the Valuation Report (“the Report”) on a fair and unbiased basis;
- iii. RV has valued the SPV 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 or cash equivalents to meet those liabilities.

1.6. Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, I have determined the fair value of the SPV 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 30th September 2023 (“Valuation Date”). The attached Report is drawn up by reference to accounting and financial information as on 30th September 2023. The RV is not aware of any other events having occurred since 30th September 2023 till date of this Report which he deems to be significant for his valuation analysis.

1.8. Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPV 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 stand-alone basis by using the Discounted Cash Flow (“DCF”) method under the income approach. Following table summarizes my explanation on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	The revenue of the projects are defined for a certain period of years on the basis of traffic volumes as provided by Investment Manager corroborated with traffic volumes as provided by M/s Steer in its Traffic Study Report and O&M expense and Major Maintenance expense as provided by M/s Sri Infotech in its Technical Due Diligence Report. As the SPV under consideration has executed project under the DBFOT model, the ownership of the underlying assets shall be transferred after the expiry of the concession period. In case of all NUTPL, the total tolling period is from 8 th Feb 2017 to 4 th Sep 2035. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm (“FCFF”) has been used for the purpose of valuation of the SPV. In order to arrive at the fair EV of the SPV under the DCF Method, I have relied on Provisional Financial Statements as at 30th September 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and 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 executed projects under the DBFOT 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	Adjusted Enterprise Value
1	NUTPL	10.5%	8,523	8,777

(Refer Appendix 1 & 2 for the detailed workings)

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

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

- 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 10%

4. Expenses by increasing / decreasing it by 20%

Sensitivity Analysis of Enterprise Value

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

INR Mn							
Sr. No.	SPV	WACC + 0.5%	EV	Base WACC	Base EV	WACC - 0.5%	EV
1	NUTPL	11.00%	8,287	10.50%	8,523	10.00%	8,768

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

INR Mn							
Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	Base EV	WACC - 1.0%	EV
1	NUTPL	11.50%	8,060	10.50%	8,523	9.50%	9,024

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

INR Mn				
Sr. No.	SPV	EV at Revenue + 10%	EV at Base Revenue	EV at Revenue - 10%
1	NUTPL	9,736	8,523	7,309

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

INR Mn				
Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	NUTPL	8,077	8,523	8,968

The above represents reasonable range of Fair Enterprise Valuation.

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2. Procedures adopted for current valuation exercise

- 2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 (“IVS”) issued by the Institute of Chartered Accountants of India.
- 2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

2.2.1. Requested and received financial and qualitative information relating to the 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 and Fair Adjusted EV of the SPV on a going concern basis at the Valuation Date.

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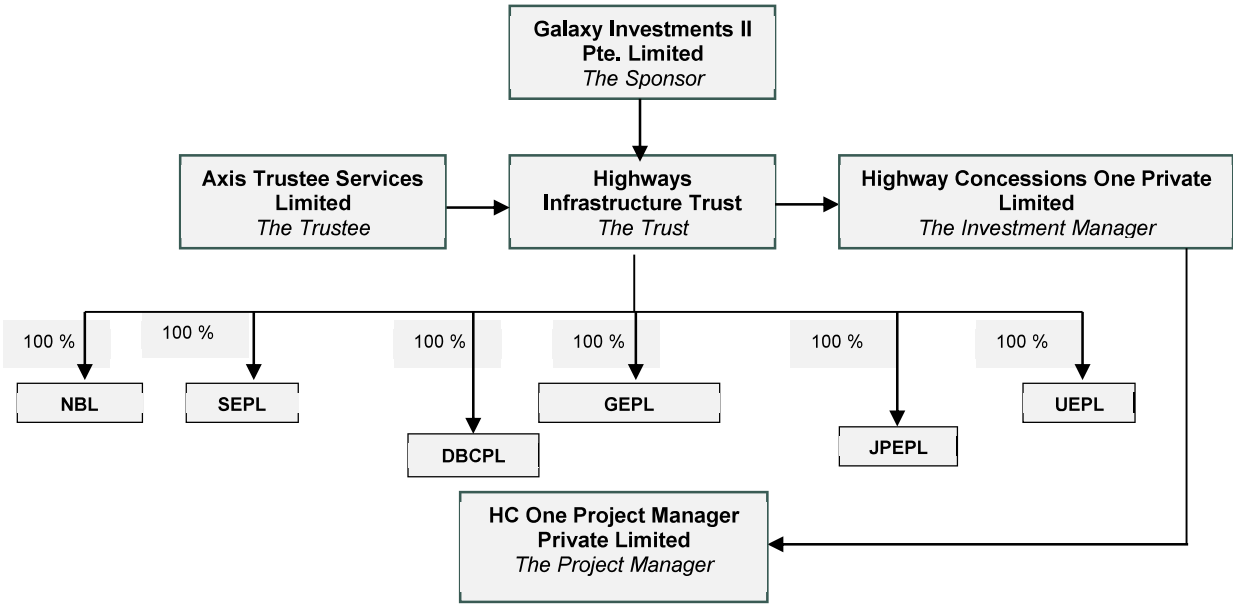
3. Overview of InvIT and SPV

The Trust

- 3.1. Galaxy Investments II Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on 11th 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\$519 billion in assets under management as of 30th June, 2023, 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 :

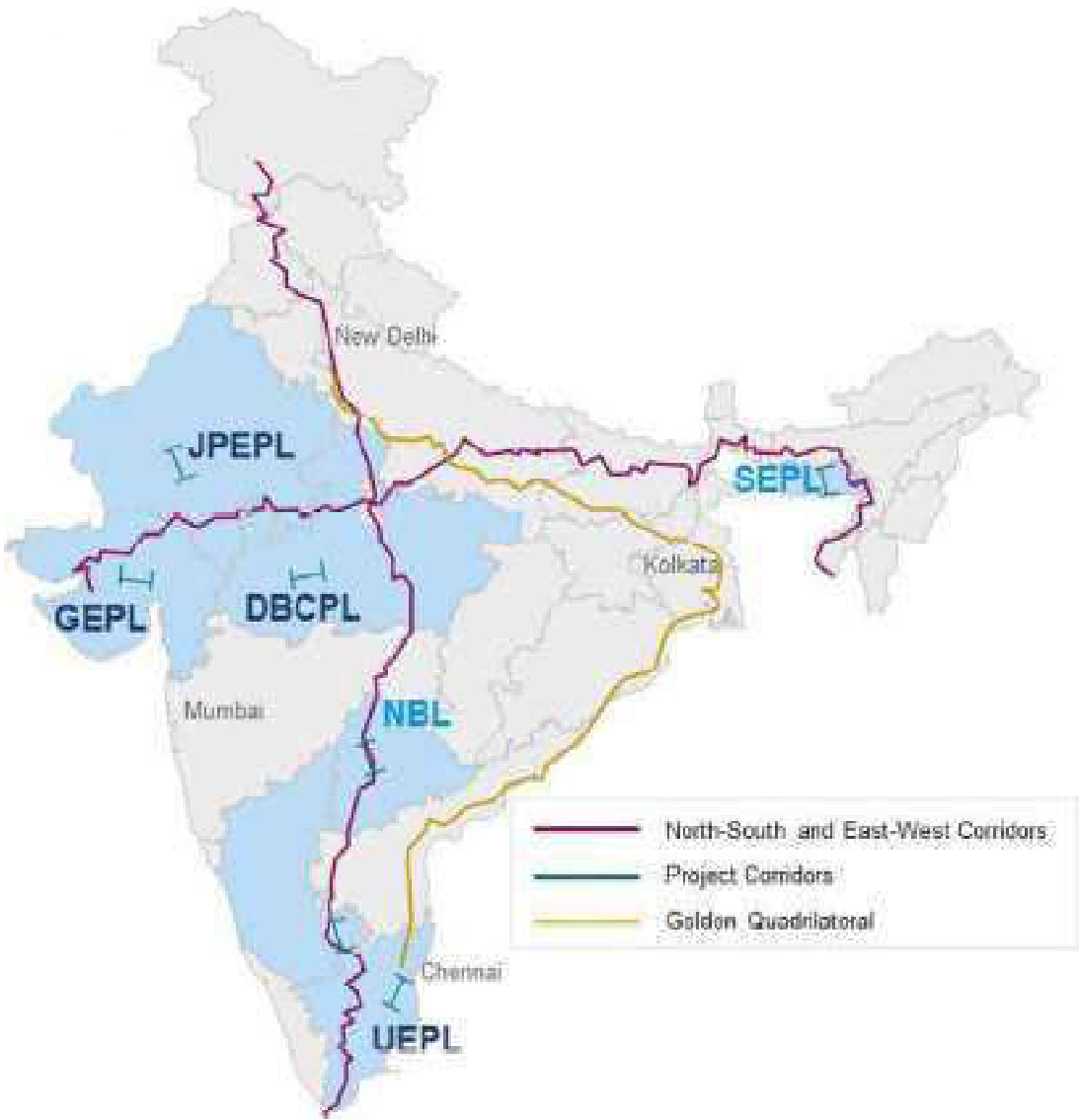
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	23 rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23 rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23 rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23 rd Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23 rd Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23 rd Aug, 2022	3,005

- 3.5. Following is the Structure of the Trust as at 30th September 2023.



Source: Investment Manager

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



Background of the SPV

Navayuga Udupi Tollway Private Limited (“NUTPL”)

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



Source: Investment Manager

- 3.9. Summary of project details of NUTPL are as follows:

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

Source: Investment Manager

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

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

Source: Investment Manager

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

Sr. No.	Particulars	No. of Shares	%
1	Navayuga Engineering Company Limited	21,83,787	59.00%
2	Navayuga Road Projects Private Limited	15,17,547	41.00%
Total		37,01,334	100.00%

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.

3.14. My team had conducted physical site visit for NUTPL on 26th July 2023. Following are the pictures of the plant site:



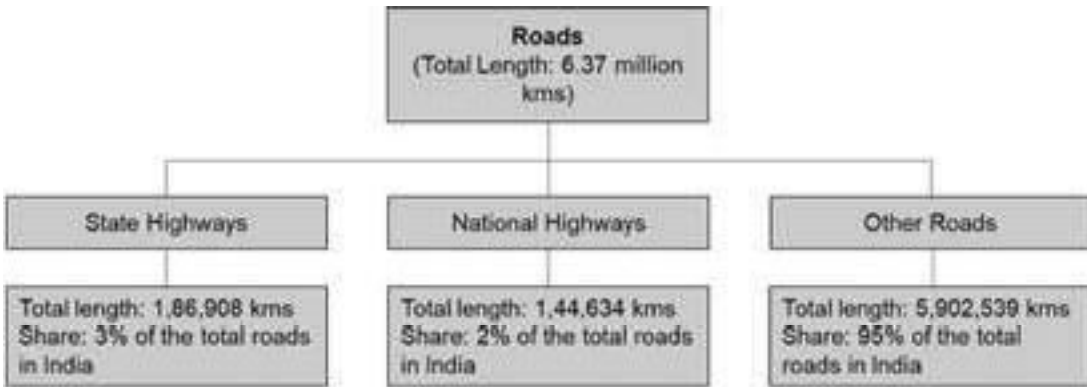
4. Overview of the Industry

4.1 Introduction

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

4.2 Road Network in India

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

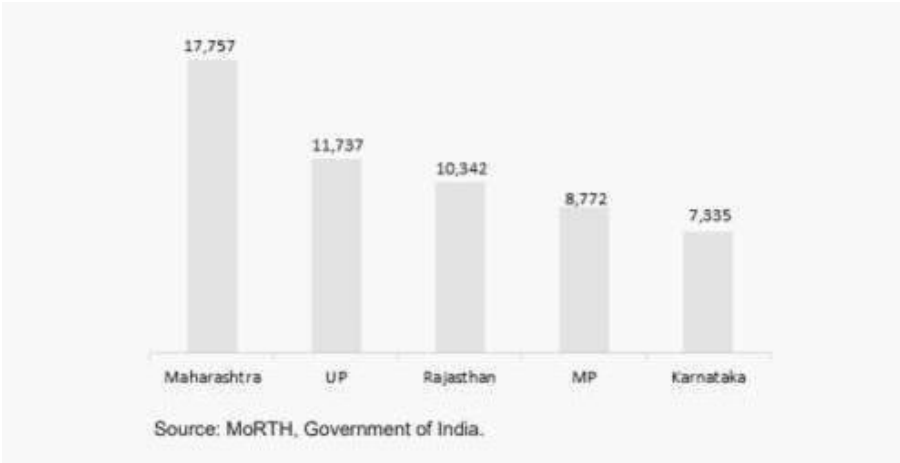


Source: IBEF Roads Report, February 2023

- 4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).
- 4.3 **Government Agencies for Road Development**
 - 4.3.1 The Ministry of Road Transport & Highway ("MoRTH") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.
 - 4.3.2 The National Highways Authority of India ("NHAI") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("NHDP").
 - 4.3.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, Bharatmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

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

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



4.4 **Trend of Road and Highways Construction**

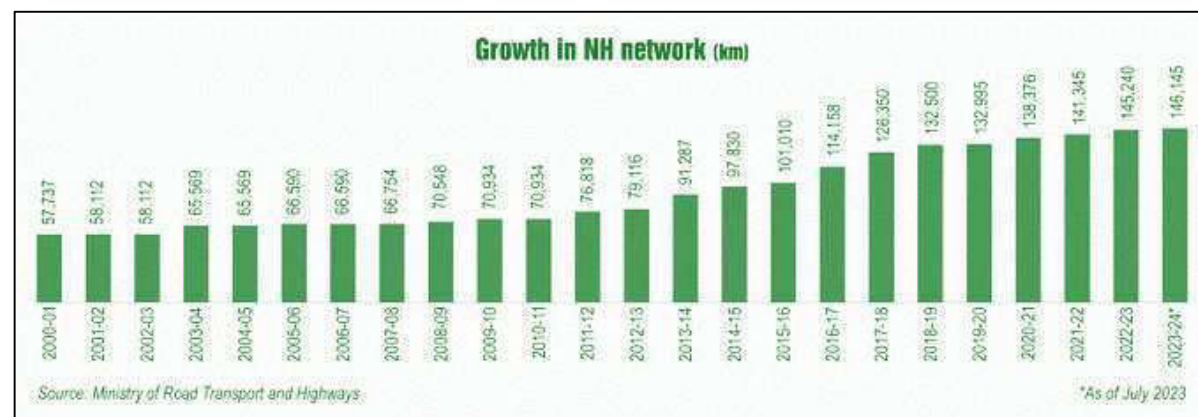
- 4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.
- 4.4.2 The current rate of road construction is almost three times that in 2007-08.
- 4.4.3 The launch of the Bharatmala Pariyojana in 2017 provided a big fillip to construction activity,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

Details of National Highway network:



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

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



4.5 Implementation of important projects and expressways:

4.5.1 Bharatmala Pariyojna

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

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

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

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

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

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

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

4.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

4.5.3 Eastern peripheral and western peripheral expressway

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

4.5.4 Setu Bharatam:

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

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

- 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- 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.
- 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.
- National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.
- In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

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

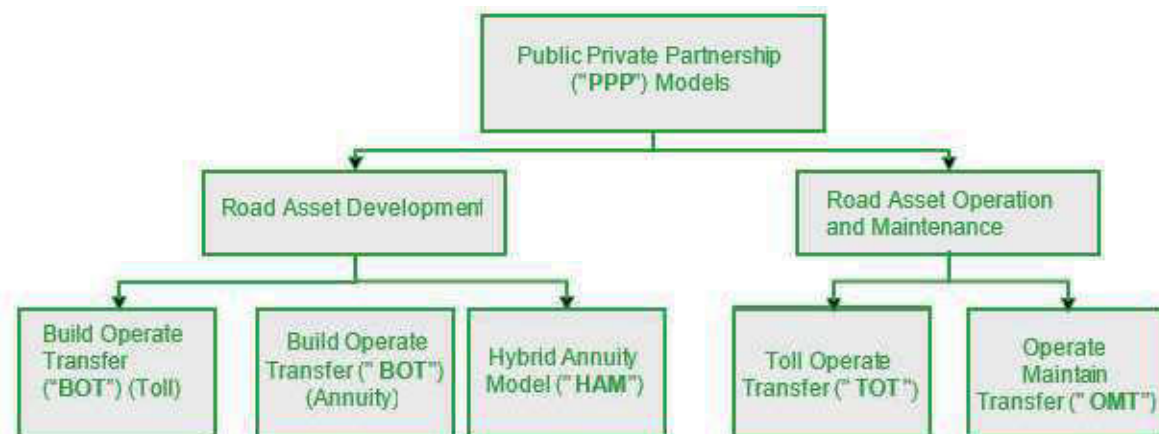
4.7 Public Private Partnership (“PPP”) Models of road development and maintenance in India

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

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

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

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



4.7.4. Road Asset Development Models

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

4.8 Government Investment in the Sector

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

4.9 Recent Initiatives by Government

4.9.1 Bhoomi Rashi – Land Acquisition Portal

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

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

4.9.2 FASTag – Electronic Toll Collection

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

4.9.3 Revival of languishing projects

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

4.9.4 Rural development

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

4.9.5 International Tie-ups

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

4.9.6 Encourage private funding to reduce finance constraints

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

4.10 Outlook

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

4.10.5 The Asian Development Bank ranked India at the first spot in PPP operational maturity and also designated India as a developed market for PPPs. The Hybrid Annuity Model (HAM) has balanced risk appropriated between private and public partners and boosted PPP activity in the sector.

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

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5. Valuation Methodology and Approach

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

Cost Approach

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

Net Asset Value ("NAV") Method

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

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

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

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

Market Approach

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

Comparable Companies Multiples ("CCM") Method

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

Comparable Transactions Multiples ("CTM") Method

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

Market Price Method

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

Income Approach

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

DCF Method

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

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

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

Conclusion on Cost Approach

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

SPV	Book EV (INR Mn)
NUTPL	5,586

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

Conclusion on Market Approach

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

Conclusion on Income Approach

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

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

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

5.17. Currently, the SPV is 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

- 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 or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.
- 6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the 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 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 is responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the SPV. The SPV earns revenue primarily in the form of toll revenue.
- 6.6. **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.
- 6.7. **Concession Period**
The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mention in their respective concession agreement. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date. The Concession Period for NUTPL will end on 4th September, 2035.
- 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.

6.9. Toll Rates

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

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 Steer Davies Gleave India Private Limited an independent third-party research agency to forecast the traffic volumes and toll revenues for the SPV. As confirmed by the Investment Manager, the traffic volumes and toll revenues for 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:

Since the SPV is operational on the Valuation Date, 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 is responsible for carrying out operation and maintenance activities at its road during its concession period. Within the scope of such operation and maintenance obligations, the SPV may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the project as may be required.

The Investment Manager has provided the estimated O&M costs for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPV prepared by the external professional agency (M/S Sri Infotech) for estimating major maintenance expenses and O&M Costs for the projected period.

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.

The SPV is expected to incur a one-time operating and maintenance expense of approximately INR 230 Mn in FY24 and FY 25. As represented by the Investment Manager, out of the mentioned expense, INR 130 Mn will be borne by the Seller of the SPV. Accordingly, the operating expense of only INR 100 Mn has been considered in this valuation exercise based on the above representation from the Investment Manager.

6.12. Major Maintenance and Repairs Costs ("MMR Costs")

Estimating the MMR Costs

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

The Investment Manager has provided the estimated MMR cost for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the SPV prepared by the external professional agency (M/S Sri Infotech) for estimating major maintenance expenses and O&M Costs for the projected period.

6.13. Depreciation and Amortization:

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

6.14. Capital Expenditure ("Capex"):

As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operation & Maintenance expenditure and Major Maintenance and Repairs expenditure for the projected period.

- 6.15. **Direct Taxes:** As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the SPV till the same is beneficial in the form of reduced tax out flow on account of benefits of MAT under section 115JB. After the MAT credit is exhausted, these SPV would shift to the new tax regime under section 115BAA (with a base rate of tax of 22%, surcharge of 10%).
- 6.16. **Working Capital:**
The Investment Manager has provided projected Working Capital information for the SPV. I have relied on the same.
- 6.17. **Impact of Ongoing Litigation on Valuation**
As on 30th September 2023, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and accordingly no material outflow is expected against the litigations, hence no impact has been factored on the valuation of the SPV.

Calculation of Weighted Average Cost of Capital for the SPV

- 6.18. **Cost of Equity:**
Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.
For this purpose, I have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPV.
$$K(e) = R_f + [ERP \times \text{Beta}] + \text{CSRP}$$

Wherein:
 $K(e)$ = cost of equity
 R_f = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPV based on the above calculation (Refer Appendix 2).
- 6.19. **Risk Free Rate:**
I have applied a risk free rate of return of 7.16% on the basis of the zero coupon yield curve as on 30th September 2023 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.
- 6.20. **Equity Risk Premium (“ERP”):**
Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.
- 6.21. **Beta:**
Beta is a measure of the sensitivity of a company’s stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV for an appropriate period.
For the valuation of the SPV, I find it appropriate to consider the beta of Ashoka Buildcon Limited and IRB Infrastructure Developers Limited for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPV like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPV.
I have further unlevered the beta of such companies based on market debt-equity of the respective company using the following formula:
$$\text{Unlevered Beta} = \text{Levered Beta} / [1 + (\text{Debt} / \text{Equity}) \times (1-T)]$$

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

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

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

- 6.22. **Company Specific Risk Premium (“CSRP”):**
Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the counter-party risk for the SPV, considering the length of the explicit period for the SPV, and basis my discussion with Investment Manager, I found it appropriate to consider 2% CSRP for the SPV.
- 6.23. **Cost of Debt:**
The calculation of Cost of Debt post-tax can be defined as follows:
$$K(d) = K(d) \text{ pre-tax} \times (1 - T)$$

Wherein:
 $K(d)$ = Cost of debt
 T = tax rate as applicable
For valuation exercise, pre-tax cost of debt has been considered as 8.35%, as represented by the Investment Manager.
- 6.24. **Weighted Average Cost of Capital (WACC):**
The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company’s optimal capital structure.
Formula for calculation of WACC:
$$\text{WACC} = [K(d) \times \text{Debt} / (\text{Debt} + \text{Equity})] + [K(e) \times (1 - \text{Debt} / (\text{Debt} + \text{Equity}))]$$

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPV.
(Refer Appendix 2 for detailed workings).
- 6.25. **Cash Accrual Factor (CAF) and Discounting Factor:**
Discounted cash flow require to forecast cash flows in future and discount them to the present in order to arrive at present value of the asset as on Valuation Date. To discount back the projections we use the Cash Accrual Factor (“CAF”). The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue.
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.
$$\text{DCF} = [\text{CF}_1 / (1+r)^{\text{CAF}_1}] + [\text{CF}_2 / (1+r)^{\text{CAF}_2}] + \dots + [\text{CF}_n / (1+r)^{\text{CAF}_n}]$$

Where,
 CF = Cash Flows,
 CAF = Cash accrual factor for particular period
 R = Discount Rate (i.e. WACC)
- 6.26. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government authority that granted the concession. Hence, SPV is not expected to generate cash flow after the expiry of their respective concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, in this valuation exercise.

7. Valuation Conclusion

- 7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.
- 7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the 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	Adjusted Enterprise Value
NUTPL	04-Sep-35	~ 11 Years 11 Months	8,523	8,777

(Refer Appendix 1 for detailed workings)

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

Sensitivity Analysis of Enterprise Value

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

INR Mn							
Sr. No.	SPV	WACC + 0.5%	EV	Base WACC	Base EV	WACC - 0.5%	EV
1	NUTPL	11.00%	8,287	10.50%	8,523	10.00%	8,768

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

INR Mn							
Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	Base EV	WACC - 1.0%	EV
1	NUTPL	11.50%	8,060	10.50%	8,523	9.50%	9,024

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

INR Mn				
Sr. No.	SPV	EV at Revenue + 10%	EV at Base Revenue	EV at Revenue - 10%
1	NUTPL	9,736	8,523	7,309

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

INR Mn				
Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	NUTPL	8,077	8,523	8,968

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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:

The list of sanctions/ approvals obtained by the SPV till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPV for which approval is pending as on 30th September 2023.

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 30th September 2023.

C. Statement of assets included:

The details of assets in INR Mn of the SPV as at 30th September 2023 are as mentioned below:

					INR Mn
Sr. No.	SPV	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	NUTPL	7	6,318	8	329

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

I have been informed by the management that no historical Major Repairs have been undertaken by the SPV in the Historical Period.

Forecasted major repairs

SPV	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
NUTPL	317	980	132	-	-	-	-

SPV	FY 31	FY 32	FY 33	FY 34	FY 35	FY 36
NUTPL	473	974	-	-	266	274

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, the status of arbitration matters and status of tax assessments are updated in Appendix 4.

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

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

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

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

9. Sources of Information

- 9.1. For the Purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:
- i. Audited Financial Statements of the SPV for Financial Year ("FY") ended 31st March 2020, 31st March 2021, 31st March 2022 and 31st March 2023.
 - ii. Provisional Financial Statements of the SPV for the period ended 30th September 2023.
 - iii. Projected financial information for the remaining project life for the SPV;
 - iv. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);
 - v. Technical Due Diligence Study Report dated May 2023 prepared by M/S Sri Infotech for the SPV;
 - vi. Traffic Study Report dated June 2023 prepared by M/s Steer for the SPV;
 - vii. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31st March 2023;
 - viii. Concession Agreement of the SPV with the respective authority including the supplementary agreement;
 - ix. List of licenses / approvals, details of tax litigations, civil proceeding and arbitrations of the SPV;
 - x. Shareholding pattern as on 30th September 2023 of the SPV and other entities mentioned in this Report;
 - xi. Management Representation Letter by the Investment Manager dated 27th October 2023;
 - xii. 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

- 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 30th September 2023 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPV till 30th September 2023. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 30th September 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 30th September 2023 and the Report date.
- 10.4. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the 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
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Date: 2023.10.27
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S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWIP2789

Appendix 1 – Valuation of SPV as on 30th September 2023

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

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Appendix 1 – Valuation of NUTPL as on 30th September 2023 under the DCF Method

WACC	10.50%											INR Mn
Year	Revenue	EBITDA	MMR Provision	MMR Expense	Capex	Wcap	Tax	FCFF	CAF	WACC	DF	PVFCFF
	A	B	C	D	E	F	G=A-B-C-D-E-F				H	I=G*H
FY24	676	(52)	536	(317)	-	84	-	83	0.25	10.50%	0.98	81
FY25	1,454	736	375	(980)	-	-	36	95	1.00	10.50%	0.90	86
FY26	1,617	1,176	132	(132)	-	-	113	1,063	2.00	10.50%	0.82	871
FY27	1,757	1,304	125	-	-	-	135	1,294	3.00	10.50%	0.74	959
FY28	1,925	1,419	160	-	-	-	155	1,424	4.00	10.50%	0.67	955
FY29	2,075	1,507	203	-	-	-	171	1,539	5.00	10.50%	0.61	934
FY30	2,267	1,628	254	-	-	-	192	1,690	6.00	10.50%	0.55	928
FY31	2,466	1,743	315	(473)	-	-	240	1,345	7.00	10.50%	0.50	669
FY32	2,694	1,874	389	(974)	-	-	190	1,099	8.00	10.50%	0.45	494
FY33	2,921	2,372	91	-	-	-	486	1,977	9.00	10.50%	0.41	805
FY34	3,175	2,568	117	-	-	-	542	2,143	10.00	10.50%	0.37	790
FY35	3,457	2,783	148	(266)	-	-	537	2,128	11.00	10.50%	0.33	710
FY36	1,528	1,084	185	(274)	-	-	193	802	11.72	10.50%	0.31	249
Enterprise Value												8,532
(+) Present Value of Working Capital Release												(9)
Enterprise Value												8,523
(+) Closing cash or cash equivalents as at the Valuation Date												254
Adjusted Enterprise Value												8,777

* The SPV is expected to incur a one-time operating and maintenance expense of approximately INR 230 Mn. As represented by the Investment Manager, out of the mentioned expense, INR 130 Mn will be borne by the Seller of the SPV. Accordingly, the operating expense of only INR 100 Mn has been considered in this valuation exercise based on the above representation from the Investment Manager.

Appendix 2 – Weighted Average Cost of Capital of the NHAI Toll SPV as on 30th September 2023

Particulars	NUTPL	Remarks
Risk free return (Rf)	7.16%	Risk Free Rate has been considered based on zero coupon yield curve as at 30th September 2023 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.74	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	12.35%	Base Ke = Rf + (β x ERP)
Company Specific Risk Premium (CSRP)	2.00%	Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	14.35%	Adjusted Ke = Rf + (β x ERP) + CSRP
Pre-tax Cost of Debt (Kd)	8.35%	As represented by the Investment Manager
Tax rate of SPV	19.50%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	6.72%	Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)
Debt/(Debt+Equity)	50.00%	Debt : Equity ratio computed as [D/(D+E)]
WACC	10.50%	WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]

Appendix 3 – NUTPL: Summary of approval and licences

Sr. No.	Description of the permits	Date of Issue	Validity	Issuing Authority
1	Consent for Establishment and Operation of Plants from Pollution Control Boards	19-Jul-18		Karnataka State Pollution Control Board
2	Inspection Certificate for WMM installed at various Toll Plazas- Thalapady	06-Sep-23	05-Sep-24	Government of Karnataka department of legal metrology
3	Inspection Certificate for WMM installed at various Toll Plazas- Hejmadi	15-Sep-23	14-Sep-24	Government of Karnataka department of legal metrology
4	Labour licenses (issued by local Labour Commissioner)	18-Aug-23	17-Aug-24	Local labour Commissioner
5	Permission for operation of wet mix plant		31-Dec-27	Karnataka State Pollution Control Board
6	Permission for operation of ready mix concrete plant		31-Dec-26	Karnataka State Pollution Control Board
7	Permission for operation of asphalt mixing plant		30-Sep-23	Karnataka State Pollution Control Board

Source: Investment Manager

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 amount exceeding ₹ 92.29 million, i.e. 1.5% of the total revenue from operations of the special purpose vehicles as for the period ended March 31, 2023 have been considered.

1. Dewas Bhopal Corridor Private Limited (“DBCPL”)

Proceedings against DBCPL

- (a) Mukesh Chandravanshi and Manohar Singh Rajput (“Complainants”), erstwhile employees of DBCPL have filed two separate complaints before the Labour Court, Bhopal, under the Industrial Disputes Act, 1947, in relation to wrongful termination of their employment by DBCPL. DBCPL claimed that the termination of Complainants was due to (i) the Complainants stopping toll collection at DBCPL’s toll plazas and allowing vehicles to cross without payment of toll on December 30, 2015, and (ii) misbehaviour of Complainants with other senior employees of DBCPL. The matters are currently pending.
- (b) DBCPL had received assessment order on 23 December 2019 under section 143(3) of the Income Tax Act 1965 together with the notice of demand of INR 103.08 million for financial year 2016-17. The major grounds of the demand order are: (i) major maintenance expenses claimed as deduction is treated as capital expenditure and hence, disallowed to be deducted as expense; and (ii) disallowance of INR 0.82 million as expense under section 14A of the Income Tax Act 1965 (Expenses incurred to earn exempt income). The company has filed an appeal with CIT(A) against demand order and the matter is currently pending.

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 erstwhile 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 (“Petitioner”) had filed a writ petition (“Petition”) before the High Court of Judicature at Jabalpur, (“Court”), against the State, the Department of Commercial Taxes and Madhya Pradesh Road Development Corporation Limited (“MPRDC”) (collectively, the “Respondents”) 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) (“Proviso”) which provides for levy of stamp duty at 2% on the amount likely to be spent under a B.O.T agreement by a lessee. The Petitioner claimed that in accordance to a 2002 resolution passed by the Council of

Appendix 4 – NUTPL: Summary of Ongoing Litigations

Sr. No	Matter	Pending Before	Particulars	Amount Involved (INR Million)
1	Customs	CESTAT	Background of the case: The SPV had imported 2 road paver and exemption under serial no. 230 of the Customs Notification No. 21/2002-Cus dated 01st March 2002 was claimed. However, the Dy. Commissioner of Customs (Import), passed the Order dated 3rd February 2011 and held that the imported goods were not entitled to the exemption. The SPV cleared the imported goods on payment duty at the merit without the benefit of exemption. And preferred an appeal against the said Order and claimed refund of custom duty paid on import of Pavers. The Commissioner of Customs (Appeals) who has allowed the appeal vide Order dated 21 November 2012 holding that the imported goods were entitled to the exemption benefit. The Commissioner of Customs (Import) Mumbai, opined that order passed by the Commissioner of Customs (Appeal) is neither legal nor proper and preferred an appeal along with a stay application before CESTAT, west Zonal Bench, Mumbai. Current Status: Stay application filed by the department against the order of the Commissioner (Appeals) has been rejected by the Division Bench of the Tribunal and the matter has been referred to the larger Bench of the Tribunal and the same is pending for disposal.	-
2	Civil	High Court of Karnataka	Background of the case: writ petition before the High Court of Karnataka in Sri Jaikishan & Ors. v. Navayuga Udupi Tollway Private Limited and Ors. (WP 7762/2021) Current Status: Pending before High Court, next date not given.	-
3	Civil	Conciliation Committee	Background of the case: The SPV has filed claims on NHAI for various matter including construction period delays, O&M claims, change in law claims, negative change in scope, independent engineer fees and extension of concession period etc. NHAI has filed counter claims on the SPV for recovery of damages and penalties. Current Status: Pending before conciliation Committee	1591.7

Source: Investment Manager

<< End of Report >>

Ministers and subsequently the chief secretary of state of Madhya Pradesh, the State had circulated a letter to not levy stamp duty on Bond/BOT projects. However, the subsequent amendment of the Act provided for the levy of stamp duty at 2% on the amount likely to be spent on a proposed project on the agreement to lease where the right to collect toll is given, going against its parent provision and hence being unconstitutional. Consequently, the concession agreement to be entered into between the Petitioner and MPRDC was in abeyance at the execution stage, on account of payment of stamp duty, wherein the cost of the project was estimated at ₹4,450 million with an alleged deficit stamp duty payable at ₹89.00 million. The Petitioner prayed that the Proviso be struck down as unconstitutional, invalid and inoperative, and the Court command the Respondents to execute the pending BOT agreement. The Court however, through final order dated February 11, 2010 (“Impugned Order”), dismissed the Petition, regarding the Proviso as not ultra vires the Constitution of India. Subsequently, the Petitioner filed a Special Leave Petition before the civil appellate jurisdiction of the Supreme Court of India challenging the Impugned Order for being erroneous on law and facts and against constitutional jurisprudence. The matter is currently pending before the supreme court of India.

- (c) DBCPL (“Petitioner”) filed a writ petition before the High Court of Madhya Pradesh at Jabalpur (“High Court”) against, amongst others, the State of Madhya Pradesh (“Respondents”), 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 Petitioner prayed for the High Court to, amongst others (i) declare Rule 14(2)(b) of the Cess Rules as ultra vires to the constitution of India; (ii) quash the inspection report and show cause notices issued to the Petitioner; (iii) direct the Respondents to not proceed further on the show cause notices issued and not take any coercive steps against 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 that, pending disposal of the writ petition, no coercive steps for recovery of cess shall be taken against the Petitioner. The estimated amount involved in this matter is ₹47.78 million. This matter is currently pending.

2. Nirmal BOT Limited (“NBL”)

Proceedings by NBL

NBL (“Petitioner”) has filed a writ petition (“Petition”) before the High Court of Judicature, Andhra Pradesh at Hyderabad (“Court”), against The District Registrar and the Inspector General of Stamps and Registration (collectively, the “Respondents”) in relation to payment of certain stamp duty on the NBL Concession Agreement. The District Registrar, Adilabad, through its letter dated December 16, 2008, had called upon the Petitioner to pay an alleged deficit stamp duty amount of approximately ₹ 135.86 million in relation to the NBL Concession Agreement. The Petitioner prayed that the demand for such stamp duty be set aside by the Court as the same is not required

to be paid on concession agreements. The Respondents have filed their response to the Petition. Simultaneously, the Petitioner has also filed an interim application praying for a stay in respect of all further proceedings in relation to recovery of the alleged deficit stamp duty and other amounts until the disposal of the Petition. Subsequently, the Court by way of its order dated June 9, 2011 granted a stay in respect of all further proceedings and in relation to recovery of a token amount of ₹ 0.5 million from the Petitioner. The matter is currently pending.

3. Shillong Expressway Private Limited (“SEPL”)

Proceedings by SEPL

SEPL raised certain claims before the Arbitral Tribunal (“Tribunal”), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land (“Defaults”). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEPL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEPL along with advancing the annuity dates as prayed by SEPL (“Award”). Subsequently, SEPL filed an execution petition dated October 26, 2018 (“Execution Petition”) before the High Court of Delhi (“Court”) for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by its order dated November 2, 2018 (“Court Order”). Thereafter, NHAI filed an appeal dated January 7, 2019 (“NHA Appeal”) challenging the Court Order before the Commercial Appellate Divisional bench of the Court (“Appellate Bench”). The Appellate Bench by way of an interim order dated January 22, 2019 upheld the partial Award and directed NHAI to deposit the amount towards additional bonus annuity i.e. ₹ 106.30 million with an additional interest amount of ₹ 37.20 million within a period of four weeks with the Court. The direction was complied with by NHAI. The matter is currently pending in respect to the Execution Petition and the NHA Appeal.

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 ₹ 968,559,830 divided into 96,855,983 equity shares of ₹ 10 each. This matter is currently pending.

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Independent Auditor's Review Report on the Unaudited Standalone Half Yearly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended)

To the Board of Directors of Highway Concessions One Private Limited (As the Investment Manager of Highways Infrastructure Trust)

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Highways Infrastructure Trust ('the Trust'), which comprises the Unaudited Standalone Statement of Profit and Loss (including Other Comprehensive Income) for the half year ended 30 September 2023, explanatory notes thereto and the additional disclosures as required in Chapter 4 and paragraphs 4.18 of the SEBI Circular SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 ('the SEBI Circular') (hereinafter referred to as 'the Statement'), being submitted by Highway Concessions One Private Limited ('the Investment Manager') pursuant to the requirements of Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (hereinafter referred to as 'the SEBI Regulations') read with the SEBI Circular.
2. The Statement, which is the responsibility of the Investment Manager and approved by the Investment Manager's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') and other accounting principles generally accepted in India and in accordance with the presentation and disclosure requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India (the 'ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing issued by the ICAI, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune



Walker ChandioK & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker ChandioK & Co LLP

Independent Auditor's Review Report on the Unaudited Standalone Half Yearly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (cont'd)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles of Ind AS and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 34 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Walker ChandioK & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

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Manish Agrawal

Partner

Membership No. 507000

UDIN: 23507000BGYEWK9341



Place: New Delhi

Date: 09 November 2023

Highways Infrastructure Trust
Unaudited Standalone Financial Results of the Trust for the half year ended 30 September 2023
(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
Income and gains			
Revenue from operations			
Dividend income from subsidiaries	626.75	1,642.21	-
Interest income on loans from subsidiaries	1,376.49	1,424.13	157.80
Other income			
Interest on bank deposits	32.95	39.50	3.25
Others	3.45	-	-
Total income and gains	2,039.64	3,105.84	161.05
Expenses and losses			
Finance costs			
Interest on term loan and non convertible debentures and others	583.47	557.09	27.04
Finance and bank charges	0.52	0.01	0.56
Valuation expenses	0.43	1.19	0.59
Audit fees	10.46	10.45	6.93
Investment manager fees (refer note b)	32.72	13.07	11.80
Trustee fee	0.92	1.51	1.18
Rating expenses	4.45	0.49	-
Legal and professional	160.65	116.60	12.73
Other expenses	10.71	14.81	1.52
Total expenses and losses	804.33	715.22	62.35
Profit before exceptional items and tax for the period	1,235.31	2,390.62	98.70
Exceptional items (refer note 5)	1,417.91	1,879.71	164.88
(Loss)/profit before tax for the period	(182.60)	510.91	(66.18)
Tax expense:			
Current tax	14.24	16.88	1.39
Deferred tax	-	-	-
Total tax expense	14.24	16.88	1.39
(Loss)/profit after tax for the period	(196.84)	494.03	(67.57)
Other comprehensive income for the period	-	-	-
Total comprehensive (loss)/ income for the period	(196.84)	494.03	(67.57)
Earning per unit (not annualized)			
Basic (₹)	(0.47)	1.19	(0.76)
Diluted (₹)	(0.47)	1.19	(0.76)

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(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

S. No.	Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
1	Net Distributable Cash Flows of the Project Entities			
a)	in the form of interest / accrued interest / additional interest	1,132.95	1,458.86	619.24
b)	in the form of dividend	665.00	861.11	1,032.21
c)	in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Highways Infrastructure Trust ("the Trust")	615.81	3,178.77	86.00
d)	in the form of proceeds through capital reduction by way of a buy back or any other means as permitted, subject to applicable law	75.74	21.90	272.55
2	Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.	-	2,524.80	16,104.23
3	Any other income accruing at the Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Trust	33.98	39.50	3.25
	Total cash inflow at the InvIT level (A)	2,523.48	8,084.94	18,117.48
	Adjustments:			
4	Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.	(811.41)	(609.27)	(280.48)
5	Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust	(5.49)	(104.30)	(11.80)
6	Income tax (if applicable) for standalone Trust and / or payment of other statutory dues	(14.24)	(16.88)	(1.39)
7	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(112.50)	(95.83)	(16.67)
8	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(185.86)	(646.43)	(330.00)
9	Amount invested in any of the Project SPVs for service of debt or interest	(15.00)	(2,944.81)	(14,267.03)
10	Any provision or reserve (deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	141.30	1,053.78	(1,200.11)
	Total cash outflow/retention at the Trust Level (B)	(1,003.20)	(3,363.74)	(16,107.48)
	Net Distributable Cash Flows (C)=(A+B)	1,520.29	4,721.20	2,010.00

b. Investment manager fees

Pursuant to the Investment Management Agreement dated 06 December 2021 with the erstwhile Investment Manager i.e. Virescent Infrastructure Investment Manager Private Limited, Investment Manager was entitled to fees @ 10% markup over the cost per annum, unaudited standalone statement of profit and loss for the half year ended 30 September 2023 includes amount of Nil (for the period from 01 October 2022 to 31 March 2023: ₹ (9.44) millions, for the period from 01 April 2022 to 30 September 2022: ₹ 11.80 millions) toward Investment manager fees paid to Virescent Infrastructure Investment Manager who was Investment Manager till 22 November 2022. Subsequently, pursuant to the Investment Management Agreement with the new Investment Manager i.e. Highway Concessions One Private Limited dated 20 October 2022 as amended, Investment Manager is entitled to fees @ 10% markup over the cost per annum. The Investment Management Fees shall be borne by the InvIT and the Special Purpose Vehicles of the InvIT ("SPVs") in the proportion of 20:80. Amongst the SPVs, the Fees would be allocated as mutually agreed with the SPVs. Unaudited standalone statement of profit and loss for the half year ended 30 September 2023 includes amount of ₹ 32.72 millions (for the period from 01 October 2022 to 31 March 2023: ₹ 22.51 millions and for the period from 01 April 2022 to 30 September 2022: ₹ Nil) towards Investment Management Fees to Highway Concessions One Private Limited who is appointed as Investment Manager w.e.f 23 November 2022.

c. Statement of earnings per unit ("EPU")

Basic EPU amounts are calculated by dividing the profit for the period/ year attributable to unit holders by the weighted average number of units outstanding during the period. Diluted EPU amounts are calculated by dividing the profit / (loss) attributable to unit holders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
(Loss)/profit for the period (₹ millions)	(196.84)	494.03	(67.57)
Weighted average number of units outstanding for computation of basic and diluted earning per unit (Nos. millions)	415.50	415.50	88.55
Earning per unit (basic and diluted) (₹)	(0.47)	1.19	(0.76)

d. Contingent Liabilities as at 30 September 2023 is Nil (31 March 2023: Nil and 30 September 2022: Nil)

e. Commitments as at 30 September 2023 is Nil (31 March 2023: Nil and 30 September 2022: Nil)

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(All amounts in ₹ millions unless otherwise stated)

f. Statement of Related Parties

I List of related parties as per the requirements of Ind AS 24 - "Related Party Disclosures"

Subsidiaries

Dewas Bhopal Corridor Private Limited ("DBCPL")
Nirmal BOT Limited ("NBL")
Jodhpur Pali Expressway Private Limited ("JPEPL")
Godhra Expressways Private Limited ("GEPL")
Ulundurpet Expressways Private Limited ("UEPL")
Shillong Expressway Private Limited ("SEPL")

Holding Entity

Galaxy Investments II Pte. Ltd

Intermediate holding entities

Galaxy Investments Pte Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd

Ultimate holding entity

KKR Asia Pacific Infrastructure Investors SCSp*

*Managed by its general partner KKR Associates AP Infrastructure SCSp. Further, KKR Associates AP Infrastructure SCSp is in turn managed by its general partner KKR AP Infrastructure S.à r.l.

Fellow subsidiaries*

Highway Concessions One Private Limited ("HC1")
HC One Project Manager Private Limited

*With whom the Group had transactions during the current or previous period

Key managerial personnel (KMP) as per Ind AS 24- "Related party disclosures"

Refer note II C. (x) for details of KMP of Highway Concessions One Private Limited who is acting as an investment manager on behalf of the trust w.e.f 23 November 2022 and II C. (vii) for details of KMP of Virescent Infrastructure Investment Manager Private Limited who was acting as an investment manager on behalf of the trust upto 22 November 2022

II. List of additional related parties as per Regulation 2(1)(zv) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("SEBI Regulations")

A. Parties to Highways Infrastructure Trust

Sponsor Group:

Galaxy Investments II Pte. Ltd - Sponsor of Highway Infrastructure Trust

Entities or person(s) who control Sponsor (read along with Regulation 4(d) of the SEBI Regulations):

Galaxy Investments Pte. Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd
KKR Asia Pacific Infrastructure Investors SCSp
KKR Associates AP Infrastructure SCSp
KKR AP Infrastructure S.à r.l

Highway Concessions One Private Limited ("HC1") - Investment Manager of Trust (w.e.f 23 November 2022)

Virescent Infrastructure Investment Manager Private Limited - Investment Manager of Trust (up to 22 November 2022)

HC One Project Manager Private Limited- Project manager of the Trust (w.e.f 14 November 2022)

Virescent Renewable Energy Project Manager Private Limited - Project manager of the Trust (up to 13 November 2022)

Axis Trustee Services Limited (ATSL) - Trustee of Highways Infrastructure Trust

B. Promoters of the parties to Highways Infrastructure Trust specified in II(A) above

Axis Bank Limited - Promoter of Axis Trustee Services Limited

Highway Concessions One Private Limited -Promoter of HC One Project Manager Private Limited (w.e.f 14 November 2022)

Virescent Infrastructure Investment Manager Private Limited -Promoter of Virescent Renewable Energy Project Manager Private Limited (upto 13 November 2022)

Galaxy Investments Pte. Ltd - Promoter of Galaxy Investments II Pte. Ltd

Galaxy Investments II Pte. Ltd -Promoter of Highway Concessions One Private Limited (w.e.f 23 November 2022)

Terra Asia Holdings II Pte. Ltd.- Promoter of Virescent Infrastructure Investment Manager Private Limited (upto 22 November 2022)

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(All amounts in ₹ millions unless otherwise stated)

C. Directors / General partners / Managers of the parties to Highways Infrastructure Trust specified in II(A) above

(i) Directors / KMP of Galaxy Investment II Pte. Ltd

Tang Jin Rong
Madhura Narawane
Goh Ping Hao

(ii) Directors of Galaxy Investments Pte. Ltd

Tang Jin Rong
Madhura Narawane

(iii) Directors of KKR Asia Pacific Infrastructure Holdings Pte Ltd

Tang Jin Rong
Goh Wei Chong
Mathew

(iv) General Partner of KKR Asia Pacific Infrastructure Investors SCSp

KKR Associates AP Infrastructure SCSp

(v) General Partner of KKR Associates AP Infrastructure SCSp

KKR AP Infrastructure S.à r.l. - General Partner

(vi) Managers of KKR AP Infrastructure S.à r.l

Mr. Jason Carss (Class A)
Mr. Steven Codispoti (Class A)
Mr. Thomas Weber (Class B)
Mr. Stefan Lambert (Class B)

(vii) Directors and KMP of Virescent Infrastructure Investment Manager Private Limited

Mr. Pradeep Kumar Panja, Director
Mr. Sanjay Grewal, Wholetime Director
Mr. Akshay Jaidy, Independent Director
Mr. Hardik Bhadrak Shah, Director
Mr. Aditya Narayan, Independent Director
Ms. Daisy Devassy Chitilapilly, Independent Director
Ms. Charni Bhoot, Compliance officer and Compliance Officer

(viii) Directors of Virescent Renewable Energy Project Manager Private Limited

Mr. Sanjay Grewal, Director
Mr. Arul Raizada, Director

(ix) Directors of Axis Trustee Services Limited

Ms. Deepa Rath CEO (KMP), Managing Director
Mr. Rajesh Kumar Dahiya (Director)
Mr. Ganesh Sankaran (Director)

(x) Directors and KMP of Highway Concessions One Private Limited

Mr. Hardik Bhadrak Shah, Non-executive Director
Mr. Neeraj Sanghi, CEO (KMP), Whole time Director
Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022)
Ms. Anu Vinoo Momaya, Non-executive Director
Mr. Subramanian Janakiraman, Independent Director (w.e.f 04 March 2022)
Mr. Manish Agarwal, Independent Director (w.e.f 14 September 2022)
Ms. Kunjal Shah, Company Secretary and Compliance Officer
Mr. Narayanan Doraiswamy, Chief Financial Officer (refer note 12)

(xi) Directors of HC One Project Manager Private Limited

Mr. Neeraj Sanghi, Director (w.e.f 20 September 2022)
Mr. Zafar Khan, Director (w.e.f 20 September 2022)

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(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related party

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
Galaxy Investment II Pte Ltd.			
Transaction during the period			
Issue of unit capital	-	-	37,390.00
Distribution to unit-holders ^a	1,621.08	5,426.24	-
Investment in compulsorily convertible debentures ("CCD's")	-	-	3,060.00
Balance outstanding at the end of the period			
Unit capital	37,390.00	37,390.00	37,390.00
Highway Concessions One Private Limited			
Transaction during the period			
Reimbursement of expenses	5.49	7.83	37.02
Investment manager fees	32.72	22.51	-
Balance outstanding at the end of the period			
Investment manager fees payable	15.57	20.60	37.02
Reimbursement of expenses payable	5.49	-	-
Virescent Infrastructure Investment Manager Private Limited			
Transaction during the period			
Reimbursement of expenses	-	36.38	34.87
Investment manager fees	-	(9.44)	11.80
Balance outstanding at the end of the period			
Investment manager fees payable	-	2.16	11.80
Nirmal BOT Ltd			
Transaction during the period			
Loan given	-	-	1,158.30
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	-	331.11
Proceeds from redemption of optionally convertible debentures ("OCD's") of subsidiaries	10.00	321.12	-
Impairment of non-current investment (Exceptional items)	11.23	151.36	92.69
Investment in equity instruments of subsidiaries	-	-	354.41
Interest on loan given	67.86	79.27	3.55
Interest on CCD's and OCD's given	0.21	20.41	4.95
Refund of loan given	-	188.88	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries (net of impairment)	99.13	110.36	261.72
Investment in compulsorily convertible debentures ("CCD's") of subsidiaries	-	-	331.11
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	9.98	-
Interest receivable	11.50	0.37	39.75
Loan receivable	969.42	969.42	1,158.30
Dewas Bhopal Corridor Private Limited			
Transaction during the period			
Loan given	-	-	2,814.94
Impairment of non-current investment (Exceptional items)	-	136.85	-
Recognition of loan pursuant to equity share capital reduction	-	600.14	-
Refund of loan given	-	115.00	-
Investment in equity instruments of subsidiaries	-	-	12,969.36
Tax deducted at source on account of capital reduction	0.60	-	-
Reduction in value of investment in equity pursuant to share capital reduction	-	614.36	-
Interest on loan given	231.01	199.13	4.32
Distribution received	484.72	1,642.21	-
Loss on reduction of investment in equity	-	14.22	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries (net of impairment)	12,218.15	12,218.15	12,969.36
Loan receivable	3,300.08	3,300.08	2,814.94
Interest receivable	1.03	3.71	4.32
Other Payable	0.60	-	-
Ulundurpet Expressways Private Limited			
Transaction during the period			
Loan given	-	70.00	2,629.28
Refund of loan given	758.42	1,375.31	84.33
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	-	219.04
Proceeds from redemption of OCD's of subsidiaries	10.00	209.05	-
Investment in equity instruments of subsidiaries	-	-	3,004.95

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(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related party

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
Ulundurpet Expressways Private Limited			
Transaction during the period			
Interest on loan given	61.06	166.97	22.15
Interest on CCD's and OCD's	0.21	13.60	3.28
Balance outstanding at the end of the period			
Investment in equity instruments of subsidiaries	3,004.95	3,004.95	3,004.95
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	9.99	219.04
Interest receivable	13.74	0.53	24.92
Loan receivable	481.22	1,239.65	2,544.95
Godhra Expressways Private Limited			
Transaction during the period			
Loan given	-	-	4,059.40
Recognition of loan pursuant to equity share capital reduction	1,532.26	-	-
Refund of loan given	65.83	3.33	1.67
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	-	5,094.01
Proceeds from redemption of OCD's of subsidiaries	-	561.76	-
Tax deducted at source on account of capital reduction	1.53	-	-
Investment in equity instruments of subsidiaries	-	-	11,167.09
Reduction in value of investment in equity pursuant to share capital reduction	1,540.70	-	-
Interest on loan given	335.87	283.23	12.46
Interest on CCD's and OCD's	317.27	345.71	72.17
Loss on reduction of investment in equity	8.44	-	-
Balance outstanding at the end of the period			
Investment in equity instruments of subsidiaries	9,626.39	11,167.09	11,167.09
Investment in optionally convertible debentures ("OCD's") of subsidiaries	4,532.25	4,532.25	5,094.01
Interest receivable on rupee term loan (RTL)	55.45	1.55	60.17
Interest receivable on OCD's	105.76	54.11	-
Loan receivable	5,520.83	4,054.40	4,057.74
Other payable	1.53	-	-
Jodhpur Pali Expressway Private Limited			
Transaction during the period			
Loan given	-	2,874.81	-
Refund of loan given	84.92	5.00	-
Investment in optionally convertible debentures ("OCD's") of subsidiaries	-	-	2,333.70
Impairment of non-current investment (Exceptional items)	1,400.68	1,509.31	-
Investment in equity instruments of subsidiaries	-	-	3,863.25
Interest on loan given	199.20	152.90	-
Interest on CCD's and OCD's	163.37	162.92	34.91
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries (net of impairment)	947.27	2,353.94	3,863.25
Investment in optionally convertible debentures ("OCD's") of subsidiaries	2,333.70	2,333.70	2,333.70
Interest receivable on OCD's and CCD's	346.39	183.02	255.12
Interest receivable on rupee term loan	69.78	17.34	-
Loan receivable	2,784.89	2,869.81	-
Shillong Expressway Private Limited			
Transaction during the period			
Loan given	15.00	-	-
Impairment of non-current investment (Exceptional items)	-	82.19	72.19
Dividend received	142.03	-	-
Investment in equity instruments of subsidiaries	-	-	356.27
Investment in preference shares of subsidiaries	-	-	545.10
Redemption of preference shares	97.64	272.55	-
Interest on loan given	0.43	-	-
Balance outstanding at the end of the period			
Investments in equity instruments of subsidiaries (net of impairment)	201.89	201.89	284.08
Investment in preference shares of subsidiaries	174.91	272.55	545.10
Interest receivable on RTL	0.43	-	-
Loan receivable	15.00	-	-

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(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
Axis Trustee Services Limited			
Transaction during the period			
Trustee fees	0.71	0.83	-
Balance outstanding at the end of the period			
Trustee fees	1.42	-	-
Axis Bank Limited			
Transaction during the period			
Rupee term loan taken	-	450.25	44.23
Processing fees	-	-	3.54
Repayment of rupee term loan	5.00	5.00	-
Interest on rupee term loan	19.86	15.42	0.03
Balance outstanding at the end of the period			
Interest payable on loan	0.04	-	-
Rupee term loan payable	484.48	489.48	44.23

^ Pertains to the distributions made during period ended 30 September 2023 along with distribution of the last quarter of FY 2022-2023 and does not include the distribution relating to 30 September 2023 which will be paid after 30 September 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital.

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(All amounts in ₹ millions unless otherwise stated)

IV. Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.6.6 of chapter 4 of SEBI Master Circular No. SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder:

For the half year ended 30 September 2023:

No acquisition during the half year ended 30 September 2023

For the half year ended 31 March 2023:

No acquisition during the half year ended 31 March 2023

For the half year ended 30 September 2022:

A Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in equity share capital of subsidiaries of the Trust during the financial year ended 31 March 2023:

Particulars	Name of subsidiaries of the Trust					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	9.10%	9.50%	10.70%	10.40%	9.60%	10.30%
Method of valuation	Discounted cash flows					

B Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in Compulsorily Convertible Debentures (CCD)*:

Particulars	Name of Project SPVs					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	-	13.71%	13.71%	13.70%	13.71%	-
Method of valuation	Discounted cash flows					

*During the previous financial year, the terms of Compulsorily Convertible Debentures ("CCDs") were converted into Optionally Convertible Debentures ("OCDs")

C Material conditions or obligations in relation to the transactions:

The acquisition have been made pursuant to the terms mentioned in final placement memorandum dated 22 August 2022. Pursuant to assignment agreement entered between the Trust and the Sponsor, the sponsor has assigned its rights and obligations under Security Purchase Agreement to the Trust subject to certain terms and conditions. The Trust has acquired six Project SPVs which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022.

D No external financing has been obtained for acquisition of above subsidiaries.

E No fees or commission received or to be received from any associate party in relation to acquisition of Project SPVs.

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Additional disclosure as required by paragraph 4.18 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder

(all amounts in ₹ millions, except ratios)

(a) Ratios pursuant to 4.18.1 (b) of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023

Sl.No.	Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 14)	01 April 2022 to 30 September 2022 (Unaudited)
(a)	Debt equity ratio (in times) [(Non-current borrowings + Current borrowings) / Total equity]	0.42	0.40	0.28
(b)	Debt service coverage ratio (in times) [(Loss)/profit before tax, finance costs, exceptional items / {Finance costs + Principal repayment for borrowings}]	4.65	4.52	2.85
(c)	Interest service coverage ratio (in times) [(Loss)/profit before tax, finance costs, exceptional items /	3.12	5.29	4.58
(d)	Net worth [Unit capital + Other equity]	33,836.60	35,834.88	41,371.38

Notes:

(i) The Trust has outstanding senior, secured, taxable, rated, listed, redeemable non-convertible debentures ("NCD's") as at 30 September 2023 amounting to ₹ 6,391.10 millions (31 March 2023: ₹ 6,416.05 millions, 30 September 2022: ₹ 6,500.00 millions) for Series I and Series II which will mature on 22 December 2025 and 22 September 2029 respectively. The NCDs are listed on Bombay Stock Exchange (BSE). The asset cover exceeds 100% of the principal amount of NCD's as at 30 September 2023

(ii) The Non Convertible Debentures ("NCD's") are secured by charge on the following:

a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust (the Issuer), present and future, including but not limited to:

(i) all receivables of the Issuer from the HoldCos and SPVs;

(ii) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs;

(iii) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer;

(iv) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and

(v) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future.

b) first ranking pari passu charge by way of mortgage on all immoveable assets of the Issuer (if any), both present and future. It is clarified that, as on the date hereof, there is no immovable property owned by the Issuer;

c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs;

d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, as applicable, the bank guarantee or fixed deposit in lieu of the DSRA;

e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan;

f) first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the Hold Cos to the Issuer / HoldCo ("Pledged Securities");

g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee; and

h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Hold cos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee").

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Highways Infrastructure Trust

Notes to the unaudited standalone financial results of the Trust for the half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

1 The unaudited standalone financial results of the Highways Infrastructure Trust ("Trust") for half year ended 30 September 2023 have been reviewed by the Audit Committee of Highway Concessions One Private Limited at their meeting held on 09 November 2023 and approved by the Board of Directors of the Investment Manager at their meeting held on 09 November 2023. The statutory auditors have issued an unmodified review report on these standalone unaudited financial results.

2 The unaudited standalone financial results comprises the unaudited standalone statement of profit and loss (including Other Comprehensive Income) for the half year ended 30 September 2023, explanatory notes and the additional disclosures as required in chapter 4 and paragraph 4.18 of the SEBI circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder (herein referred to as 'the SEBI Circular') (unaudited standalone financial results). The unaudited standalone financial results has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) and other accounting principles generally accepted in India and in accordance with the presentation and disclosure requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular.

3 The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act, 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations, as on 23 December 2021 having registration number IN/ InvIT/ 21-22/ 0019.

4 Distribution related to FY 2022-2023: The Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.20 millions in their meeting held on 19 May 2023 and the aforesaid distribution was paid to eligible unitholders on 30 May 2023.

Distribution related to FY 2023-2024: The Board of Directors of the Investment Manager have declared distribution of ₹ 2.6480 (rounded off) per unit amounting to ₹ 1,100.24 millions in their meeting held on 11 August 2023 and the aforesaid distribution was paid to eligible unitholders on 22 August 2023. Subsequent to quarter ended 30 September 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 0.8725 (rounded off) per unit amounting to ₹ 420.05 millions in their meeting held on 09 November 2023.

5 As per Ind AS 36 "Impairment of assets", Management carried out the impairment assessment of investment in subsidiaries and provided for impairment loss for period ended 30 September 2023: ₹ 1,417.91 millions (for the period from 01 October 2022 to 31 March 2023: ₹ 1,879.71 millions and for the period from 01 April 2022 to 30 September 2022: ₹ 164.88 millions) basis the fair valuation conducted as per the future projected cash flows of the assets (after performing sensitivity analysis).

6 During the previous year ended 31 March 2023, three of the project SPV's viz. Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL") and Ujjainpur Expressways Private Limited ("UEPL") has filed the petition with the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPV's which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL, DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's.

The final order for approving capital reduction scheme in DBCPL was received on 27 February 2023 and the final certificate of registration from Registrar of Companies, Mumbai was received on 20 March 2023 and the impacts of the same were considered in the previous year ended 31 March 2023. During the current half year ended 30 September 2023, the Hon'ble NCLT has approved the capital reduction Scheme of GEPL on 12 June 2023 and final certificate of registration from Registrar of Companies, Mumbai is received on 14 August 2023 and the impacts of the same have been considered in the unaudited standalone financial results for the half year ended 30 September 2023. In UEPL, the Capital reduction Scheme was heard on 23 June 2023 and the same has been reserved for order by the Hon'ble NCLT. Thereafter, the matter was heard on 03 October 2023 and Hon'ble NCLT has asked for certain further clarifications on the matter. The final order is awaited in UEPL.

7 During the half year ended 30 September 2023, the Trust has entered into a Share Purchase Agreement on 03 May 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in four special purpose vehicles owned by H.G. Infra Engineering Limited i.e. H.G. Atri Narnaul Highway Private Limited, H.G. Rewari Atri Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Bypass Private Limited. Approval for change in ownership is received on 29 September 2023 from National Highways Authorities of India ("NHAI") for 3 SPV's viz. H.G. Atri Narnaul Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Atri Highway Private Limited. However, the completion of acquisitions would depend upon receipt of relevant approvals and completion of contractual obligations.

8 During the half year ended 30 September 2023, the Board of Directors of Highway Concessions One Private Limited (acting in its capacity as Investment Manager of the Trust), in its meeting held on 06 July 2023, had considered and approved, inter-alia, issue of units aggregating up to ₹ 5,150 million ("Issue") by way of a rights issue to eligible unitholders of the Trust, subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable in accordance with the applicable provisions of the SEBI InvIT Regulations and other applicable laws. The net proceeds from the issue are proposed to be utilised towards the following objects: (a) Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the H.G. Atri Narnaul Highway Private Limited ("Target SPV") from H.G. Infra Engineering Limited ("Shareholders of the Target SPV") (b) Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its existing shareholders; and (c) for general purposes. Pursuant to the above issue, draft letter of offer filed with the National Stock Exchange of India Limited ("NSE") on 07 July 2023, and letter of offer filed with NSE on 25 September 2023 in accordance with applicable law.

Subsequent to the half year ended 30 September 2023, the Investment Manager of the trust has approved allotment of 6,59,31,294 units on a rights basis on 13 October 2023 to the eligible unitholders of Highways Infrastructure Trust who have submitted bids under the rights issue for cash at a price of ₹ 77.96 per unit aggregating to approximately ₹ 5,140.00 million, in accordance with the applicable law. In-principal approval for listing of the above units was received via letter dated 16 October 2023 from NSE who intimated the Investment Manager of the Trust that the NSE has listed and admitted to dealings of these units on the Stock Exchange w.e.f 17 October 2023.

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Highways Infrastructure Trust

Notes to the unaudited standalone financial results of the Trust for the half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

- 9 During the previous year, the Trust has entered into a Share Purchase Agreement for acquiring 100% (one hundred percent) shareholding of Navayuga Udupi Tollway Private Limited ("NUTPL") in one or more tranches and management control in NUTPL owned by Navayuga Road Projects Private Limited ("NRPL") and Navayuga Engineering Company Limited (NECL). Approval for change in ownership has been received on 11 September 2023 from National Highways Authorities of India ("NHAI"). Subsequent to the current half year ended 30 September 2023, the Trust has acquired controlling stake effective from 02 November 2023 and NUTPL become subsidiary of the Trust.
- 10 During the half year ended 30 September 2023, the Board of Directors of the Investment Manager has executed the share purchase agreement on 28 July 2023 for the acquisition of the following Target Entities:
(i) Up to 83.61% of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited ("GRICI") owned by M/s. MAIF Investments India Pte. Ltd ("MAIF 1") and other shareholders of GRICI. (as applicable); and
(ii) 100% of equity share capital in M/s. Swarna Tollway Private Limited ("STPL"), owned by M/s. MAIF Investments India 3 Pte. Ltd ("MAIF 2").
The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- 11 During the half year ended 30 September 2023, the Board of Directors of the Investment Manager has executed the share purchase agreement on 30 August 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in Bangalore Elevated Tollway Private Limited owned by Galaxy Investments II Pte. Ltd. The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- 12 During the half year ended 30 September 2023, pursuant to the applicable provisions of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time ("SEBI Regulations") and pursuant to Regulation 26A and Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR Regulations"), the Board of Directors of Investment Manager of the Trust have informed the National Stock Exchange of India Limited and BSE Limited regarding resignation of Mr. Narayanan Doraiswamy, existing Chief Financial Officer ("CFO") of the Investment Manager of the Trust vide it's letter dated 28 August 2023. Mr. Doraiswamy shall continue to hold his current position of CFO on or before 31 December 2023 (end of business hours) and post that will also cease to be a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, SEBI Regulations and SEBI LODR Regulations from date of relieving. Further, the Board of Directors of Investment Manager of the Trust in its meeting dated 25 September 2023 have approved the appointment of Mr. Abhishek Chhajer as the Chief Financial Officer ("CFO") of the Investment Manager of the Highways Infrastructure Trust in place of the existing CFO which will be effective on or before 01 January 2024. Mr. Abhishek Chhajer will also be appointed as a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, the SEBI LODR Regulations and other provisions of the SEBI Regulations with effective from the date as mentioned above.
- 13 Subsequent to the current half year ended 30 September 2023, Board of directors of Investment Manager of the Trust have approved following matters on 20 October 2023:
(i) Issuance of listed, rated, unsecured, Commercial Papers ("CPs") aggregating upto ₹ 2,750.00 millions in one or more series or tranches on a private Placement basis to the eligible investors; and
(ii) Availing additional rupee term loan facility upto ₹ 19,000 millions.
The Board of Directors of the Investment Manager of the Trust has approved the allotment of 5,500 commercial papers having maturity of ₹ 500,000/- each and aggregate maturity value of ₹ 2,750 millions at issue price of ₹ 465,295.50 only each aggregating to ₹ 2,559.13 millions. The CPs was listed with Bombay Stock Exchange Limited on 31 October 2023. Further, the Trust has signed Rupee Loan Agreement with India Infrastructure Finance Company Limited ("IIFC"), ICICI Bank Limited, State Bank of India ("SBI") and Axis Bank Limited as lenders for an amount of ₹ 19,000 millions

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Highways Infrastructure Trust

Notes to the unaudited standalone financial results of the Trust for the half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

- 14 The Statement includes the unaudited standalone financial results for the half year ended 31 March 2023, being the balancing figures between the audited standalone figures in respect of the full financial year and the published unaudited year-to-date figures up to the first half year ended 30 September 2022, which were subject to limited review by us.
- 15 Previous period figures have been reclassified/regrouped wherever necessary to confirm to current period classification. The impact of the same is not material on these unaudited standalone financial results.
- 16 All values are rounded to nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding off are expressed as 0.00.

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 09 November 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 09 November 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 09 November 2023



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Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended)

To the Board of Directors of Highway Concessions One Private Limited (As the Investment Manager of Highways Infrastructure Trust)

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Highways Infrastructure Trust ('the Trust') and its subsidiaries (the Trust and its subsidiaries together referred to as 'the Group'), which comprises the Unaudited Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the half year ended 30 September 2023, explanatory notes thereto and the additional disclosures as required in Chapter 4 including paragraphs 4.18 of the SEBI Circular SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 ('the SEBI Circular') (hereinafter referred to as 'the Statement'), being submitted by Highway Concessions One Private Limited ('the Investment Manager') pursuant to the requirements of Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (hereinafter referred to as 'the SEBI Regulations') read with the SEBI Circular. Refer Annexure 1 for the list of subsidiaries included in the Statement.
2. This Statement, which is the responsibility of the Investment Manager and approved by the Investment Manager's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') and other accounting principles generally accepted in India and in accordance with the presentation and disclosure requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular. Our responsibility is to express a conclusion on the Statement based on our review.



Chartered Accountants
Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandiok & Co LLP

Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (Cont'd)

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India (the 'ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing issued by the ICAI, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles of Ind AS and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 34 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the unaudited financial information of 3 subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 1,187.42 millions, total net loss after tax of ₹ 169.32 millions and total comprehensive loss of ₹ 169.17 millions for the half year ended on 30 September 2023. These unaudited financial information have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the review reports of such other auditors. Our conclusion is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 0010/6N/N500013
MANISH KUMAR AGRAWAL
Date: 2023.11.09 11:51:42 +05'30

Manish Agrawal
Partner
Membership No. 507000
UDIN: 23507000BGYEWJ5985



Place: New Delhi
Date: 09 November 2023

Walker ChandioK & Co LLP

Independent Auditor's Review Report on Unaudited Consolidated Half Yearly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 23 of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) (Cont'd)

Annexure 1

List of subsidiaries included in the Statement (in addition to the Trust)

- Ulundurpet Expressways Private Limited ('UEPL')
- Nirmal Bot Limited ('NBL')
- Jodhpur Pali Expressway Private Limited ('JEPL')
- Shillong Expressway Private Limited ('SEPL')
- Godhra Expressways Private Limited ('GEPL')
- Dewas Bhopal Corridor Private Limited ('DBCPL')



Highways Infrastructure Trust

Unaudited consolidated half yearly results for the half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
	(Unaudited)	(Refer note 13)	(Unaudited)
Income and gains			
Revenue from operations	3,377.15	3,164.77	2,987.58
Interest income from bank deposits	45.54	71.08	50.43
Profit on sale of assets/investments	32.75	66.10	59.94
Other income	10.86	12.35	18.82
Total Income and gains	3,466.30	3,314.30	3,116.77
Expenses and losses			
Valuation expenses	0.43	1.81	0.59
Audit fees (Statutory auditor of Trust)	10.46	10.45	6.93
Audit fees (Auditor of subsidiaries)	2.27	1.76	3.88
Insurance and security expenses	15.45	23.25	22.41
Employee benefits expense	56.12	50.83	53.20
Project management fees (refer note b (i) and (ii))	75.56	53.55	-
Investment manager fees (refer note b (i) and (ii))	163.60	99.81	11.80
Management support services fee	-	31.68	215.75
Trustee fees	1.02	3.25	1.18
Depreciation on property, plant and equipment	11.53	12.68	14.28
Amortization of intangible assets	655.22	601.05	537.96
Finance costs			
Interest on term loan, non convertible debentures and others	583.47	663.09	1,080.02
Finance and bank charges	157.25	132.25	315.23
Rating fee	4.49	1.82	0.53
Operation and maintenance expense	221.75	223.32	210.07
Corporate social responsibility	8.92	15.16	-
Provision for major maintenance obligation	301.46	257.04	159.35
Operating expenses	7.84	143.72	221.72
Independent consultancy and project monitoring fees	38.00	34.96	34.32
Legal and professional expenses	174.70	131.63	20.92
Other expenses	26.74	20.87	42.47
Total expenses and losses	2,516.28	2,513.98	2,952.61
Profit before tax for the period	950.02	800.32	164.16
Tax expense:			
Current tax	141.29	111.12	114.55
Deferred tax	(105.17)	(12.24)	409.06
Total tax expense	36.12	98.88	523.61
Profit/(loss) after tax for the period	913.90	701.44	(359.45)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit obligations	(0.15)	(0.06)	0.96
Income tax relating to these items	-	-	-
Total other comprehensive (loss) / income for the period	(0.15)	(0.06)	0.96
Total comprehensive income/(loss) for the period	913.75	701.38	(358.49)
Earnings per unit (not annualized)			
Basic (₹)	2.20	1.69	(0.87)
Diluted (₹)	2.20	1.69	(0.87)

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Highways Infrastructure Trust
Additional disclosure as required by paragraph 4.6 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder
(All amounts in ₹ millions unless otherwise stated)

a. Statement of Net Distributable Cash Flows

(i) Highways Infrastructure Trust

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 13)	(Unaudited)
1	Net Distributable Cash Flows of the Project Entities			
	a) in the form of interest / accrued interest / additional interest	1,132.95	1,458.86	619.24
	b) in the form of dividend	669.00	861.11	1,032.21
	c) in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Highways Infrastructure Trust ("Trust")	615.81	3,178.77	86.00
	d) in the form of proceeds through capital reduction by way of a buy back or any other means as permitted, subject to applicable law	75.74	21.90	272.55
2	Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.	-	2,524.80	16,104.23
3	Any other income accruing at the Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Trust	33.98	39.50	3.25
	Total cash inflow at the level (A)	2,523.48	8,084.94	18,117.48
	Adjustments:			
4	Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.	(811.41)	(609.27)	(280.48)
5	Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust	(5.49)	(104.30)	(11.80)
6	Income tax (if applicable) for standalone Trust and / or payment of other statutory dues	(14.24)	(16.88)	(1.39)
7	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(112.50)	(95.83)	(16.67)
8	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(185.86)	(646.43)	(330.00)
9	Amount invested in any of the Project SPVs for service of debt or interest	(15.00)	(2,944.81)	(14,267.03)
10	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	141.30	1,053.78	(1,200.11)
	Total adjustments at the Trust level (B)	(1,003.20)	(3,363.74)	(16,107.48)
	Net Distributable cash flows (C)=(A+B)	1,520.29	4,721.20	2,010.00

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Highways Infrastructure Trust
Additional disclosure as required by paragraph 4.6 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder
(All amounts in ₹ millions unless otherwise stated)

(ii) Dewas Bhopal Corridor Private Limited

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 11)	(Unaudited)
1	Profit after tax as per Statement of Profit and Loss (A)	565.25	542.69	477.85
	Adjustments:			
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	231.01	199.13	4.32
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account	77.87	88.18	85.24
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: • any (decrease)/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • deferred tax, lease rent, provisions, etc. • any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	(0.44)	15.26	(15.21)
		(83.94)	(115.36)	(62.48)
		69.42	33.78	8.44
5	(Decrease)/increase in working capital	(38.96)	12.11	(27.84)
6	Gain on sale of investments	(6.69)	(36.83)	(8.70)
7	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (SEBI Regulations).	-	-	2,814.94
8	Capital expenditure, if any	(2.73)	(0.41)	(0.84)
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	-	-	(2,853.41)
10	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(43.94)	6.36	(6.36)
11	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	48.65	324.97	619.49
	Total Adjustments (B)	270.25	527.19	557.59
	Net Distributable cash flows (C)=(A+B)	835.50	1,069.88	1,035.44

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Highways Infrastructure Trust
Additional disclosure as required by paragraph 4.6 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder

(All amounts in ₹ millions unless otherwise stated)

(iii) Nirmal BOT Limited

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 13)	(Unaudited)
1	Loss after tax as per Statement of Profit and Loss (A)	(9.38)	(101.19)	(142.76)
	Adjustments:			
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	68.07	99.67	26.80
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account	1.00	1.00	0.97
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: • any (decrease)/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • deferred tax, lease rents, provisions, etc.	-	(1.37)	0.45
5	(Decrease)/increase in working capital	(5.16)	(5.70)	(6.05)
6	Gain on sale of investments	(123.57)	14.23	(33.14)
7	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	(1.97)	(2.40)	(2.83)
8	Amount released from DSRA/MMRA or any other reserve in lieu of providing bank guarantee	238.00	182.98	206.43
9	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI Regulations	-	(1.82)	1.82
10	Capital expenditure, if any	-	-	1,158.30
11	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	-	(0.28)	(0.23)
12	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(1,249.10)	(1,249.10)	(1,249.10)
13	Payment of any other liabilities (not covered under working capital)	-	-	-
14	Any provision or reserve released/(set aside) deemed necessary by the Board of Directors for expenses / liabilities which may be due in future	(140.35)	2.98	(9.68)
15	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	6.06	-	(5.18)
	Total Adjustments (B)	48.05	461.14	57.32
	Net Distributable cash flows (C)=(A+B)	90.13	757.13	145.87

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(All amounts in ₹ millions unless otherwise stated)

(iv) Jodhpur Pali Expressway Private Limited

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 13)	(Unaudited)
1	Loss after tax as per Statement of Profit and Loss (A)	(244.91)	(348.11)	(179.19)
	Adjustments:			
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	362.57	315.84	163.82
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account	37.78	37.73	77.72
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: • any (decrease)/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • deferred tax, lease rents, provisions, etc.	(0.55)	0.29	0.56
5	(Decrease)/increase in working capital	12.40	72.67	31.00
6	Gain on sale of investments	81.73	32.77	48.69
7	Capital expenditure, if any	(42.21)	(188.69)	4.51
8	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(3.35)	(7.00)	(1.13)
9	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI Regulations	(10.64)	25.92	(33.62)
10	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	-	(1,189.10)	(65.25)
11	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	-	1,506.19	-
	Total Adjustments (B)	66.04	2.38	(2.38)
	Net Distributable cash flows (C)=(A+B)	503.77	723.69	179.19

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(v) Gndfra Expressways Private Limited

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 13)	(Unaudited)
1	Loss after tax as per Statement of Profit and Loss (A)	(114.90)	(500.78)	(129.41)
Adjustments:				
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	653.14	628.93	370.03
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account	64.67	15.72	97.70
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: • any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • deferred tax, lease rents, provisions, etc. • any other items charged / credited to the profit and loss account which do not involve corresponding cash flows	-	7.18	(6.79)
5	(Decrease)/increase in working capital	(21.95)	436.56	(7.31)
6	Gain on sale of investments	44.18	35.53	20.42
7	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI Regulations.	(6.39)	3.48	(23.44)
8	Capital expenditure, if any	(4.46)	(21.87)	(6.15)
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	-	-	4,059.40
10	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(0.19)	(0.96)	(0.12)
11	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	-	-	(4,100.76)
12	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	-	27.26	(27.26)
13	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	31.17	527.51	323.13
Total Adjustments (B)		760.17	1,669.34	698.85
Net Distributable cash flows (C)=(A+B)		645.27	1,168.56	569.44

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(vi) Ulundurpet Expressways Private Limited

S. No.	Particulars	01 April 2023 to 30 September 2023	01 October 2022 to 31 March 2023	01 April 2022 to 30 September 2022
		(Unaudited)	(Refer note 13)	(Unaudited)
1	Profit/ (loss) after tax as per Statement of Profit and Loss (A)	75.80	(16.62)	7.29
Adjustments:				
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	61.27	180.57	37.53
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account	465.26	428.44	392.98
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: • any increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • deferred tax, lease rents, provisions, etc. • any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	8.95	0.09	-
5	(Decrease)/increase in working capital	-	(8.89)	6.44
6	Gain on sale of investments	200.49	210.48	112.89
7	Net proceeds (after applicable taxes) from sale of assets / investments not distributed pursuant to an earlier plan to reinvest, if such proceeds are not intended to be invested subsequently.	(50.95)	34.50	8.85
8	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI Regulations.	(9.57)	(27.64)	(12.01)
9	Capital expenditure, if any	0.55	-	17.43
10	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	-	70.00	2,629.29
11	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(1.90)	(1.83)	-
12	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	-	-	(2,840.24)
13	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	(321.48)	15.10	(15.10)
14	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	-	205.89	(205.89)
15	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	89.71	1,046.15	-
Total Adjustments (B)		442.33	2,152.85	122.18
Net Distributable cash flows (C)=(A+B)		517.33	2,136.23	129.47

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(vii) Shillong Expressway Private Limited

S. No.	Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 13)	01 April 2022 to 30 September 2022 (Unaudited)
1	Profit/(Loss) after tax as per Statement of Profit and Loss (A)	47.16	(111.12)	29.09
2	Adjustments:			
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Infrastructure Trust as per profit and loss account	0.43	-	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss	0.17	0.14	0.13
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to: * any (decrease)/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; * deferred tax, lease rents, provisions, etc. * any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	- (12.10) -	(2.67) 17.55 26.03	2.79 (64.76) 0.63
5	Decrease in working capital	(153.79)	(20.16)	(16.76)
6	Gain on sale of investments	(4.69)	(2.81)	(6.30)
6	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	248.70	248.70	248.70
7	Amount released from DSRA/MMRA or any other reserve in lieu of providing bank guarantee.	-	(306.73)	306.73
8	Capital expenditure, if any	(0.08)	(0.01)	(0.05)
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	-	-	(702.33)
10	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(159.26)	-	-
11	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI Regulations.	15.00	-	-
12	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	-	74.92	(74.92)
13	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI Regulations	170.24	200.59	549.57
	Total Adjustments (B)	104.62	235.55	243.46
	Net Distributable cash flows (C)=(A+B)	151.79	124.43	272.55

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(All amounts in ₹ millions unless otherwise stated)

b. Project manager and Investment manager fees

(i) Project management fees

Pursuant to the Project Management Agreement with the current project manager i.e. HC One Project Manager Limited dated 20 October 2022, project manager shall be entitled to a consideration @ 10% markup over the actual cost incurred, on a half yearly basis or on such other shorter basis as may be mutually agreed, to be borne by the project SPVs, for the performance of Management, Tolling and Operation and Maintenance Services. Unaudited consolidated Financial Results of the Trust for the period from 01 April 2023 to 30 September 2023 includes amount of ₹ 75.56 millions (for the period from 01 October 2022 to 31 March 2023: ₹ 53.55 millions and for the period from 01 April 2022 to 30 September 2022: ₹ Nil) toward project manager fees paid to HC One Project Manager Limited who is appointed as Project Manager w.e.f 14 November 2022.

(ii) Investment Management Fees

Pursuant to the Investment Management Agreement dated 06 December 2021 with the erstwhile Investment Manager i.e. Virescent Infrastructure Investment Manager Private Limited, Investment Manager was entitled to fees @ 10% markup over the cost per annum. Unaudited consolidated financial results for the period from 01 April 2023 to 30 September 2023 includes amount of ₹ Nil (for the period from 01 October 2022 to 31 March 2023: ₹ (9.64) millions and for the period from 01 April 2022 to 30 September 2022: ₹ 11.80 millions) toward Investment manager fees paid to Virescent Infrastructure Investment Manager who was Investment Manager till 22 November 2022. Subsequently, pursuant to the Investment Management Agreement with the current Investment Manager i.e. Highway Concessions One Private Limited dated 20 October 2022 as amended, Investment Manager is entitled to fees @ 10% markup over the cost per annum. The Investment Management Fees shall be borne by the and the Special Purpose Vehicles of the ("SPVs") in the proportion of 20:80. Amongst the SPVs, the Fees would be allocated as mutually agreed with the SPVs. Unaudited consolidated financial results for the period from 01 April 2023 to 30 September 2023 includes amount of ₹ 163.60 millions (for the period from 01 October 2022 to 31 March 2023: ₹ 109.45 millions and for the period from 01 April 2022 to 30 September 2022: ₹ Nil) towards Investment Manager Fees to Highway Concessions One Private Limited who is appointed as Investment Manager w.e.f 23 November 2022.

c. Statement of earnings per unit ("EPU")

Basic EPU amounts are calculated by dividing the profit for the period attributable to Unit holders by the weighted average number of units outstanding during the period. Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 13)	01 April 2022 to 30 September 2022 (Unaudited)
Profit/(loss) for the period (₹ millions)	913.90	701.44	(359.45)
Weighted average number of units outstanding for computation of basic and diluted earning per unit (Nos. millions)	415.50	415.50	415.50
Earnings per unit (basic and diluted) (₹)	2.20	1.69	(0.87)

d. Statement of contingent liabilities

Particulars	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)	As at 30 September 2022 (Unaudited)
Sales tax/ service tax and income tax cases in respect of which Special Purpose Vehicles ("SPVs") Group is in appeals	-	138.19	138.19
Income tax cases in respect of Groups	4.03	4.03	-
Claims raised against the SPVs' Group for Stamp Duty dues under the Indian Stamp Act, 1899 under appeals*	221.19	221.19	221.19
Labour welfare dues in respect of which SPV Group is on appeals*	47.78	47.78	47.78
Total	273.00	411.19	407.16

*The said contingent liability is covered under pass through arrangement as per assignment agreement of the Project SPVs. Therefore, any liability which may arise will be borne by erstwhile owners ("assignors") of the Project SPVs as defined under respective assignment agreements, and no liability will devolve on the Trust.

e. Statement of commitments

Particulars	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)	As at 30 September 2022 (Unaudited)
Estimated amount of contracts remaining to be executed on capital account	1,395.75	30.57	32.11
Total	1,395.75	30.57	32.11

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(All amounts in ₹ millions unless otherwise stated)

I Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures

Subsidiaries

Ulundurpet Expressways Private Limited ("UEPL")
Nirmal BOT Limited ("NBL")
Godhra Expressways Private Limited ("GEPL")
Dewas Bhopal Corridor Private Limited ("DBCPL")
Shillong Expressway Private Limited ("SEPL")
Jodhpur Pali Expressway Private Limited ("JPPEPL")

Holding Entity

Galaxy Investments II Pte. Ltd

Intermediate holding entities

Galaxy Investments Pte Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd

Ultimate holding entity

KKR Asia Pacific Infrastructure Investors SCSp*

*Managed by its general partner KKR Associates AP Infrastructure SCSp. Further KKR Associates AP Infrastructure SCSp is in turn managed by its general partner, KKR AP Infrastructure S.à r.l.

Fellow subsidiaries*

Highway Concessions One Private Limited ("HC1")
HC One Project Manager Private Limited

*With whom the Group had transactions during the current or previous period

Key managerial personnel (KMP) as per Ind AS 24- "Related party disclosures"

Refer note II C. (x) for details of KMP of Highway Concessions One Private Limited who is acting as an investment manager on behalf of the trust w.e.f 23 November 2022 and II C. (vii) or details of KMP of Virescent Infrastructure Investment Manager Private Limited who was acting as an investment manager on behalf of the trust upto 22 November 2022

II. List of additional related parties as per Regulation 2(1)(zv) of the SEBI Regulations

A. Parties to Highways Infrastructure Trust

Sponsor Group:

Galaxy Investments II Pte. Ltd - Sponsor of Highway Infrastructure Trust

Entities or person(s) who control Sponsor (read along with Regulation 4(d) of the SEBI Regulations):

Galaxy Investments Pte. Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd
KKR Asia Pacific Infrastructure Investors SCSp
KKR Associates AP Infrastructure SCSp
KKR AP Infrastructure S.à r.l

Highway Concessions One Private Limited ("HC1")- Investment Manager of Trust (w.e.f 23 November 2022)

Virescent Infrastructure Investment Manager Private Limited - Investment Manager of Trust (Upto 22 November 2022)

HC One Project Manager Private Limited- Project manager of the Trust (w.e.f 14 November 2022)

Virescent Renewable Energy Project Manager Private Limited - Project manager of the Trust (Upto 13 November 2022)

Axis Trustee Services Limited (ATSL) - Trustee of Highways Infrastructure Trust

B. Promoters of the parties to Highways Infrastructure Trust specified in II(A) above

Axis Bank Limited - Promoter of Axis Trustee Services Limited

Highway Concessions One Private Limited -Promoter of HC One Project Manager Private Limited (w.e.f 14 November 2022)

Virescent Infrastructure Investment Manager Private Limited -Promoter of Virescent Renewable Energy Project Manager Private Limited (upto 13 November 2022)

Galaxy Investments Pte. Ltd - Promoter of Galaxy Investments II Pte. Ltd

Galaxy Investments II Pte. Ltd -Promoter of Highway Concessions One Private Limited(w.e.f 23 November 2022)

Terra Asia Holdings II Pte. Ltd.- Promoter of Virescent Infrastructure Investment Manager Private Limited (upto 22 November 2022)

C. Directors / General partners / Managers of the parties to Highways Infrastructure Trust specified in II(A) above

(i) Directors / KMP of Galaxy Investment II Pte. Ltd

Tang Jin Rong
Goh Ping Hao
Madhura Narawane

(ii) Directors of Galaxy Investments Pte. Ltd

Tang Jin Rong
Madhura Narawane

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(iii) Directors of KKR Asia Pacific Infrastructure Holdings Pte Ltd

Tang Jin Rong
Goh Wei Chong
Mathew

(iv) General Partner of KKR Asia Pacific Infrastructure Investors SCSp

KKR Associates AP Infrastructure SCSp

(v) General Partner of KKR Associates AP Infrastructure SCSp

KKR AP Infrastructure S.à r.l. - General Partner

(vi) Managers of KKR AP Infrastructure S.à r.l

Mr. Jason Gauss (Class A)
Mr. Steven Codispoti (Class A)
Mr. Thomas Weber (Class B)
Mr. Stefan Lambert (Class B)

(vii) Directors/KMP of Virescent Infrastructure Investment Manager Private Limited

Mr. Pradheep Kumar Panja, Director
Mr. Sanjay Grewal, Wholetime Director
Mr. Akshay Jaitly, Independent Director
Mr. Hardik Bhadrak Shah, Director
Mr. Aditya Narayan, Independent Director
Ms. Daisy Devassy Chittilapilly, Independent Director
Ms. Charmi bhoot, Company Secretary and Compliance Officer

(viii) Directors of Virescent Renewable Energy Project Manager Private Limited

Mr. Sanjay Grewal, Director
Mr. Atul Raizada, Director

(ix) Directors of Axis Trustee Services Limited

Ms. Deepa Rath CEO (KMP), Managing Director
Mr. Rajesh Kumar Dahiya (Director)
Mr. Ganesh Sankaran (Director)

(x) Directors/KMP of Highway Concessions One Private Limited

Mr. Hardik Bhadrak Shah, Non-executive Director
Mr. Neeraj Sanghi, CEO (KMP), Whole time Director
Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022)
Ms. Ami Vinoo Momaya, Non-executive Director
Mr. Subramanian Janakiraman, Independent Director (w.e.f 04 March 2022)
Mr. Manish Agarwal, Independent Director (from w.e.f 14 September 2022)
Ms. Kunjal Shah, Company Secretary and Compliance Officer
Mr. Narayanan Doraiswamy, Chief Financial Officer (refer note 12)

(xi) Directors of HC One Project Manager Private Limited

Mr. Neeraj Sanghi, Director (w.e.f 20 September 2022)
Mr. Zafar Khan, Director (w.e.f 20 September 2022)

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III. Transactions and outstanding balances with related party

Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 13)	01 April 2022 to 30 September 2022 (Unaudited)
Galaxy Investment II Pte Ltd.			
Transaction during the period			
Issue of unit capital	-	-	37,390.00
Interest on OCD's	-	-	444.70
Investment in compulsorily convertible debentures (CCD's)	-	-	3,060.00
Distribution to unit-holders [^]	1,621.08	5,426.24	-
Balance outstanding at the end of the period			
Unit capital	37,390.00	37,390.00	37,390.00
Highway Concessions One Private Limited			
Transaction during the period			
Reimbursement of expenses	5.49	7.83	37.02
Management fees	-	31.68	215.75
Transfer out obligation as per actuarial for employee benefit	-	-	0.86
Investment manager fees	163.60	109.25	-
Balance outstanding at the end of the period			
Trade and other payables	104.29	151.87	45.57
Transfer out obligation as per actuarial for employee benefit	-	-	0.86
Virescent Infrastructure Investment Manager Private Limited			
Transaction during the period			
Reimbursement of expenses	-	36.38	34.87
Investment manager fees	-	(9.44)	11.80
Balance outstanding at the end of the period			
Investment manager fees payable	-	2.16	11.80
HC One Project Manager Private Limited			
Transaction during the period			
Project manager fees	75.56	53.55	-
Advance payment of Project Manager Fees	168.32	44.05	-
Balance outstanding at the end of the period			
Project manager fees payable	-	1.92	-
Advance payment of Project Manager Fees	32.76	-	-
Axis Trustee Services Limited			
Transaction during the period			
Trustee fees	0.71	0.83	0.27
Balance outstanding at the end of the period			
Trustee fees	1.42	-	-
Axis Bank Limited			
Transaction during the period			
Loan taken	-	450.25	44.23
Processing fees	-	-	3.54
Repayment of loan taken	5.00	5.00	702.33
Interest on loan given	19.86	15.42	9.59
Interest on bank deposits	1.84	0.97	7.38
Bank charges	0.01	0.01	0.01
Investment in bank deposits	181.51	27.70	-
Redemption of term deposits	171.25	148.50	385.21
Balance outstanding at the end of the period			
Interest payable on loan	0.04	-	-
Loan payable	484.48	489.48	44.23
Interest accrued on bank deposits	0.71	0.25	1.59
Outstanding bank deposits	19.99	9.73	130.53
Closing balance of current account	13.34	10.09	7.16

[^] Pertains to the distributions made during the period ended 30 September 2023 and does not include the distribution relating to quarter ended 30 September 2023 which will be paid after 30 September 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital and redemption of instruments.

Highways Infrastructure Trust
(All amounts in ₹ millions unless otherwise stated)

IV. Details in respect of related party transactions involving acquisition of InvIT assets as required by paragraph 4.6 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder :

For the half year ended 30 September 2023:

No acquisition during the half year ended 30 September 2023

For the half year ended 31 March 2023:

No acquisition during the half year ended 31 March 2023

For the half year ended 30 September 2022:

A. Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in equity share capital of subsidiaries of the Trust during the half year ended 30 September 2022:

Particulars	Name of subsidiaries of the Trust					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	9.10%	9.50%	10.70%	10.40%	9.60%	10.30%
Method of valuation	Discounted cash flows					

B. Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in Compulsorily Convertible Debentures (CCD)*:

Particulars	Name of Project SPVs					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	-	13.71%	13.71%	13.70%	13.71%	-
Method of valuation	Discounted cash flows					

*During the previous financial year, the terms of Compulsorily Convertible Debentures ("CCDs") were converted into Optionally Convertible Debentures ("OCDs").

C. Material conditions or obligations in relation to the transactions:

The acquisition have been made pursuant to the terms mentioned in final placement memorandum dated 22 August 2022. Pursuant to assignment agreement entered between the Trust and the Sponsor, the sponsor has assigned its rights and obligations under Security Purchase Agreement to the Trust subject to certain terms and conditions. The Trust has acquired six Project SPV's which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022.

D. No external financing has been obtained for acquisition of above subsidiaries.

E. No fees or commission received or to be received from any associate party in relation to acquisition of Project SPVs.

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Highways Infrastructure Trust

Additional disclosure as required by paragraph 4.18.1 of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder

(all amounts in ₹ millions, except ratios)

(a) Ratios pursuant to 4.18.1 (b) of chapter 4 to the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023

Sl.No.	Particulars	01 April 2023 to 30 September 2023 (Unaudited)	01 October 2022 to 31 March 2023 (Refer note 13)	01 April 2022 to 30 September 2022 (Unaudited)
(a)	Debt equity ratio (in times) [Non-current borrowings + Current borrowings] / Total equity]	4.26	3.37	1.52
(b)	Debt service coverage ratio (in times) [Profit before tax, finance costs, exceptional items / Finance costs + Principal repayment for borrowings]	1.98	1.79	0.12
(c)	Interest service coverage ratio (in times) [Profit before tax, finance costs, depreciation and amortisation expense, exceptional items / Finance costs]	3.18	2.78	1.51
(d)	Net worth [Unit capital + Other equity]	3,448.67	4,381.66	9,754.00

Notes:

(i) The Trust has outstanding senior, secured, taxable, rated, listed, redeemable non-convertible debentures ("NCD's") as at 30 September 2023 amounting to ₹ 6,391.10 millions (31 March 2023: ₹ 6,416.05 millions, 30 September 2022: ₹ 6,500.00 millions) for Series I and Series II which will mature on 22 December 2025 and 22 September 2029 respectively. The NCDs are listed on Bombay Stock Exchange (BSE). The asset cover exceeds 100% of the principal amount of NCD's as at 30 September 2023

(ii) The Non Convertible Debentures ("NCD's") are secured by charge on the following:

a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust (the Issuer), present and future, including but not limited to:

(i) all receivables of the Issuer from the HoldCos and SPVs;

(ii) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs;

(iii) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer;

(iv) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and

(v) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future.

b) first ranking pari passu charge by way of mortgage on all immovable assets of the Issuer (if any), both present and future. It is clarified that, as on the date hereof, there is no immovable property owned by the Issuer.

c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs;

d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, as applicable, the bank guarantee or fixed deposit in lieu of the DSRA;

e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan;

f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities");

g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee; and

h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee").

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Highways Infrastructure Trust

Notes to Unaudited Consolidated Financial results for the half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

1 The unaudited consolidated financial results of Highways Infrastructure Trust ("Trust") for half year ended 30 September 2023 have been reviewed by the Audit Committee of Highway Concessions One Private Limited at their meeting held on 09 November 2023 and approved by the Board of Directors of the Investment Manager at their meeting held on 09 November 2023. The statutory auditors have issued an unmodified review report on these unaudited consolidated financial results.

2 The unaudited consolidated financial results comprises the unaudited consolidated statement of profit and loss (including other comprehensive income) for the half year ended 30 September 2023, explanatory notes and the additional disclosures as required in chapter 4 and paragraph 4.18 of the master circular no SEBI/HO/DDHS-PoD-2/P/CIR/2023/115 dated 06 July 2023 as amended including any guidelines and circulars issued thereunder (herein referred to as "the SEBI circular") (unaudited consolidated financial results). The unaudited consolidated financial results has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) and other accounting principles generally accepted in India and in accordance with the presentation and disclosure requirements of Regulation 23 of the SEBI Regulations read with the SEBI Circular.

3 The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act, 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the SEBI Regulations, as on 23 December 2021 having registration number IN/ InvIT/ 21-22/ 0019.

4 Distribution related to FY 2022-2023:

The Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.20 millions in their meeting held on 19 May 2023 and the aforesaid distribution was paid to eligible unitholders on 30 May 2023.

Distribution related to FY 2023-2024:

The Board of Directors of the Investment Manager have declared distribution of ₹ 2.6480 (rounded off) per unit amounting to ₹ 1,100.24 millions in their meeting held on 11 August 2023 and the aforesaid distribution was paid to eligible unitholders on 22 August 2023. Subsequent to quarter ended 30 September 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 0.8725 (rounded off) per unit amounting to ₹ 420.05 millions in their meeting held on 09 November 2023.

5 During the previous year ended 31 March 2023, three of the project SPV's viz. Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL") and Ulundurpet Expressways Private Limited ("UEPL") has filed the petition with the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPVs which were held on 19 October 2022 for GEPL and DBCPL, and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL, DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's.

The final order for approving capital reduction scheme in DBCPL was received on 27 February 2023 and the final certificate of registration from Registrar of Companies, Mumbai was received on 20 March 2023 and the impacts of the same were considered in the previous year ended 31 March 2023. During the current half year ended 30 September 2023, the Hon'ble NCLT has approved the capital reduction Scheme of GEPL on 12 June 2023 and final certificate of registration from Registrar of Companies, Mumbai is received on 14 August 2023 and the impacts of the same have been considered in the unaudited standalone financial results for the half year ended 30 September 2023. In UEPL, the Capital reduction Scheme was heard on 23 June 2023 and the same has been reserved for order by the Hon'ble NCLT. Thereafter, the matter was heard on 03 October 2023 and Hon'ble NCLT has asked for certain further clarifications on the matter. The final order is awaited in UEPL.

6 During the half year ended 30 September 2023, the Trust has entered into a Share Purchase Agreement on 03 May 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in four special purpose vehicle owned by H.G. Infra Engineering Limited i.e. H.G. Ateli Narnaul Highway Private Limited, H.G. Rewari Ateli Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Bypass Private Limited. Approval for change in ownership is received on 29 September 2023 from National Highways Authorities of India ("NHAI") for 3 SPV's viz. H.G. Ateli Narnaul Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Ateli Highway Private Limited. However, the completion of acquisitions would depend upon receipt of relevant approvals and completion of contractual obligations.

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Highways Infrastructure Trust
Notes to Unaudited Consolidated Financial results for the half year ended 30 September 2023
(All amounts in ₹ millions unless otherwise stated)

- 7 During the quarter ended 30 September 2023, the Board of Directors of Highway Concessions One Private Limited (acting in its capacity as Investment Manager of the Trust), in its meeting held on 06 July 2023, had considered and approved, inter-alia, issue of units aggregating up to ₹ 5,150 million ("Issue") by way of a rights issue to eligible unitholders of the Trust, subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable in accordance with the applicable provisions of the SEBI Regulations and other applicable laws. The net proceeds from the issue are proposed to be utilised towards the following objects: (a) Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the H.G. Ateli Namaul Highway Private Limited ("Target SPV") from H.G. Infra Engineering Limited ("Shareholders of the Target SPV") (b) Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its existing shareholders; and (c) for general purposes. Pursuant to the above issue, draft letter of offer filed with the National Stock Exchange of India Limited ("NSE") on 07 July 2023, and letter of offer filed with NSE on 25 September 2023 in accordance with applicable law. Subsequent to the half year ended 30 September 2023, the Investment Manager of the trust has approved allotment of 65,931,294 units on a rights basis on 13 October 2023 to the eligible unitholders of Highways Infrastructure Trust who have submitted bids under the rights issue for cash at a price of ₹ 77.96 per unit aggregating to approximately ₹ 5,140.00 millions, in accordance with the applicable law. In-principal approval for listing of the above units was received via letter dated 16 October 2023 from NSE who intimated the Investment Manager of the Trust that the NSE has listed and admitted to dealings of these units on the Stock Exchange w.e.f 17 October 2023.
- 8 During the previous year, the Trust has entered into a Share Purchase Agreement for acquiring 100% (one hundred percent) shareholding of Navayuga Udupi Tollway Private Limited ("NUTPL") in one or more tranches and management control in NUTPL owned by Navayuga Road Projects Private Limited ("NRPL") and Navayuga Engineering Company Limited (NECL). Approval for change in ownership has been received on 11 September 2023 from National Highways Authorities of India ("NHAI"). Subsequent to the current half year ended 30 September 2023, the Trust has acquired controlling stake effective from 02 November 2023 and NUTPL become subsidiary of the Trust.
- 9 During the half year ended 30 September 2023, the Board of Directors of the Investment Manager has executed the share purchase agreement on 28 July 2023 for the acquisition of the following Target Entities:
(i) Up to 83.61% of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited ("GRICL") owned by M/s. MAIF Investments India Pte. Ltd ("MAIF 1" and other shareholders of GRICL (as applicable); and
(ii) 100% of equity share capital in M/s. Swarna Tollway Private Limited ("STPL"), owned by M/s. MAIF Investments India 3 Pte. Ltd ("MAIF 2").
The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- 10 During the half year ended 30 September 2023, the Board of Directors of the Investment Manager has executed the share purchase agreement on 30 August 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in Bangalore Elevated Tollway Private Limited owned by Galaxy Investments II Pte. Ltd. The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- 11 Subsequent to the current half year ended 30 September 2023, Board of directors of Investment Manager of the Trust have approved following matters on 20 October 2023:
(i) Issuance of listed, rated, unsecured, Commercial Papers ("CPs") aggregating upto ₹ 2,750.00 millions in one or more series or tranches on a private Placement basis to the eligible investors; and
(ii) Availing additional rupee term loan facility upto ₹ 19,000 millions.
The Board of Directors of the Investment Manager of the Trust has approved the allotment of 5,500 commercial papers having maturity of ₹ 500,000/- each and aggregate maturity value of ₹ 2,750 millions at issue price of ₹ 465,295.50 only each aggregating to ₹ 2,559.13 millions. The CPs was listed with Bombay Stock Exchange Limited on 31 October 2023. Further, the Trust has signed Rupee Loan Agreement with India Infrastructure Finance Company Limited ("IIFCL"), ICICI Bank Limited, State Bank of India ("SBI") and Axis Bank Limited as lenders for an amount of ₹19,000 millions
- 12 During the half year ended 30 September 2023, pursuant to the applicable provisions of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time ("SEBI Regulations") and pursuant to Regulation 26A and Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR Regulations"), the Board of Directors of Investment Manager of the Trust have informed the National Stock Exchange of India Limited and BSE Limited regarding resignation of Mr. Narayanan Doraiswamy, existing Chief Financial Officer ("CFO") of the Investment Manager of the Trust vide its letter dated 28 August 2023. Mr. Doraiswamy shall continue to hold his current position of CFO on or before 31 December, 2023 (end of business hours) and post that will also cease to be a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, SEBI Regulations and SEBI LODR Regulations from date of relieving. Further, the Board of Directors of Investment Manager of the Trust in its meeting dated 25 September, 2023 have approved the appointment of Mr. Abhishek Chhajter as the Chief Financial Officer (CFO) of the Investment Manager of the Highways Infrastructure Trust in place of the existing CFO which will be effective on or before 01 January, 2024. Mr. Abhishek Chhajter will also be appointed as a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, the SEBI LODR Regulations and other provisions of the SEBI Regulations with effective from the date as mentioned above.

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Highways Infrastructure Trust
Notes to Unaudited Consolidated Financial results for the half year ended 30 September 2023
(All amounts in ₹ millions unless otherwise stated)

- 13 The consolidated financial results for the half year ended 31 March 2023, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date figures up to the first half year ended 30 September 2022, which were subject to limited review by us.
- 14 Previous period figures have been reclassified/regrouped wherever necessary to confirm to current period classification. The impact of the same is not material on these unaudited consolidated financial results.
- 15 All values are rounded to the nearest millions, unless otherwise indicated. Certain amount that are required to disclosed and do not appear due to rounding off are expressed as 0.00

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)


Kunjal Shah
Compliance Officer
Membership No: A27382

Place: Mumbai
Date: 09 November 2023


Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 09 November 2023


Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 09 November 2023

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Independent Auditor's Review Report on Unaudited Standalone Quarterly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Highway Concessions One Private Limited (as the Investment Manager of Highways Infrastructure Trust)

1. We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Highways Infrastructure Trust ('the Trust') for the quarter ended 30 September 2023 being submitted by Highway Concessions One Private Limited ('the Investment Manager') pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations').
2. The Statement, which is the responsibility of the Investment Manager and approved by the Investment Manager's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34') and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India ('the ICAI'). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing issued by the ICAI, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandio & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandio & Co LLP

Independent Auditor's Review Report on Unaudited Standalone Quarterly Financial Results of the Highways Infrastructure Trust pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (cont'd)

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles of Ind AS and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Ind AS 34, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

MANISH KUMAR
AGRAWAL
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MANISH KUMAR
AGRAWAL
Date: 2023.11.09
11:53:55 +05'30'

Manish Agrawal

Partner

Membership No. 507000

UDIN: 23507000BGYEWT9918

Place: New Delhi

Date: 09 November 2023



Chartered Accountants

Highways Infrastructure Trust

Unaudited Standalone Statement of Assets and Liabilities as at 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 30 September 2023 (Unaudited)	As at 31 March 2023 (Audited)
ASSETS		
Non-current assets		
Financial assets		
Investments	33,415.86	36,159.46
Loans	12,287.82	11,450.25
Non-current tax assets (net)	1.75	1.16
Total non-current assets	45,705.43	47,610.87
Current assets		
Financial assets		
Investments	177.25	292.52
Cash and cash equivalents	58.74	265.54
Bank balances other than cash and cash equivalents above	1,162.29	976.43
Loans	935.55	1,006.61
Other financial asset	25.75	-
Other current assets	47.39	3.02
Total current assets	2,406.97	2,544.12
Total assets	48,112.40	50,154.99
EQUITY AND LIABILITIES		
EQUITY		
Unit capital	41,550.00	41,550.00
Other equity	(7,713.40)	(5,715.12)
Total equity	33,836.60	35,834.88
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	13,922.39	14,024.18
Total non-current liabilities	13,922.39	14,024.18
Current liabilities		
Financial liabilities		
Borrowings	225.00	225.00
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	12.41	1.54
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	85.58	50.49
Other financial liabilities	18.35	2.49
Other current liabilities	11.16	16.41
Current tax liabilities (net)	0.91	-
Total current liabilities	353.41	295.93
Total liabilities	14,275.80	14,320.11
Total equity and liabilities	48,112.40	50,154.99

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Highways Infrastructure Trust
Statement of unaudited standalone financial results for the quarter and half year ended 30 September 2023
(All amounts in ₹ millions unless otherwise stated)

Particulars	Quarter ended			Half year ended		Year ended
	01 July 2023 to 30 September 2023 (Unaudited)	01 April 2023 to 30 June 2023 (Unaudited)	01 July 2022 to 30 September 2022 (Unaudited)	01 April 2023 to 30 September 2023 (Unaudited)	01 April 2022 to 30 September 2022 (Unaudited)	01 April 2022 to 31 March 2023 (Audited)
Incomes and gains						
Revenue from operations				626.75	-	1,642.71
Dividend income from subsidiaries	375.85	250.90	-	1,376.49	157.80	1,581.93
Interest income on loans from subsidiaries	709.65	666.84	157.80	-	-	-
Other income						
Interest on bank deposits	12.79	20.16	3.25	32.95	3.25	42.75
Others	1.05	2.46	-	3.45	-	-
Total income and gains	1,099.34	940.30	161.05	2,039.64	161.05	3,266.89
Expenses and losses						
Finance costs				583.47	27.04	584.13
Interest on term loan, non convertible debentures and others	294.31	289.16	27.04	0.52	0.56	0.57
Finance and bank charges	0.38	0.14	0.56	0.43	0.59	1.78
Valuation expenses	0.30	0.13	0.59	10.46	6.93	17.38
Audit fees	3.98	6.48	6.93	32.72	11.80	24.87
Investment manager fees	15.57	17.15	11.80	4.45	-	0.49
Rating fees	2.24	2.21	-	0.92	1.18	2.69
Trustee fees	0.47	0.45	1.18	160.65	12.73	129.33
Legal and professional	72.29	88.36	12.73	10.71	1.52	16.33
Other expenses	9.87	0.84	1.52	-	-	-
Total expenses and losses	399.41	404.92	62.35	804.33	62.35	777.57
Profit before exceptional items and tax for the period/year	699.93	535.38	98.70	1,235.31	98.70	2,489.32
Exceptional items (refer note 5)	1,417.91	-	164.88	1,417.91	164.88	2,044.59
(Loss) / profit before tax for the period/year	(717.98)	535.38	(66.18)	(182.60)	(66.18)	444.73
Tax expense:						
Current tax	5.62	8.62	1.39	14.24	1.39	18.27
Deferred tax	-	-	-	-	-	-
Total tax expense	5.62	8.62	1.39	14.24	1.39	18.27
(Loss) / profit after tax for the period/year	(723.60)	526.76	(67.57)	(196.84)	(67.57)	426.46
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) / income for the period/year	(723.60)	526.76	(67.57)	(196.84)	(67.57)	426.46
Earning per unit (not annualised)						
Basic (₹)	(1.74)	1.27	(0.37)	(0.47)	(0.76)	1.70
Diluted (₹)	(1.74)	1.27	(0.37)	(0.47)	(0.76)	1.70

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Highways Infrastructure Trust
Unaudited Standalone Statement of Cash Flows for the half year ended 30 September 2023
(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2023 to 30 September 2023	01 April 2022 to 30 September 2022
	(Unaudited)	(Unaudited)
A. Cash flows from operating activities		
Loss before tax	(182.60)	(66.18)
Adjustments for:		
Interest on compulsory convertible debentures ("CCD'S")	-	(15.80)
Interest on rupee term loan ("RTL")	(895.43)	-
Interest on optionally convertible debenture ("OCD'S")	(481.06)	-
Dividend income from subsidiaries	(626.75)	-
Exceptional items (refer note 5)	1,417.91	164.88
Interest income on bank deposits	(32.95)	(3.25)
Gain on sale of investments (net)	(1.03)	-
Balance written back	(2.42)	-
Loss on investment pursuant to capital reduction	8.44	-
Finance costs	583.99	27.60
Operating loss before working capital changes and other adjustments	(211.90)	(34.75)
Working capital changes and other adjustments:		
Other current assets	(44.37)	-
Trade payables	45.94	29.59
Other financial assets	(25.75)	-
Other current liabilities	(2.83)	5.29
Cash flow (used in)/flow from operating activities post working capital changes	(238.91)	0.13
Income tax paid (net of provision)	(13.92)	-
Net cash (used in)/flow from operating activities (A)	(252.83)	0.13
B. Cash flows from investing activities		
Loan given to subsidiaries	(15.00)	(10,661.93)
Investment in CCD's of subsidiaries	-	(3,060.00)
Refund of loan given to subsidiaries	909.17	86.00
Proceeds from redemption of OCD's of subsidiaries	20.00	-
Investment in bank deposits	(185.86)	(330.00)
Investment in mutual funds	(2.34)	-
Investment in preference shares	-	(545.10)
Redemption of preference shares	97.64	-
Interest received on "OCD's" and "CCD's"	266.04	498.25
Dividend received from subsidiaries	626.75	-
Interest received on loan given to subsidiaries	767.01	32.08
Interest received on bank deposits	32.95	3.25
Proceeds from sale of mutual funds	1.03	-
Net cash flow from/(used in) investing activities (B)	2,517.39	(13,977.45)
C. Cash flows from financing activities		
Proceeds from issuance of units	-	4,160.00
Proceeds from borrowings	-	11,944.23
Repayment of borrowings	(112.50)	(16.67)
Processing fees paid	-	(118.89)
Unit issue expenses	-	(33.35)
Distribution made to unit-holders	(1,801.44)	-
Interest paid	(557.42)	(14.34)
Net cash (used in)/flow from financing activities (C)	(2,471.36)	15,920.98
D Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(206.80)	1,943.66
E Cash and cash equivalents at the beginning of the year	265.54	-
Cash and cash equivalents at the end of the period (D+E)	58.74	1,943.66

Note:
The above Unaudited Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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Highways Infrastructure Trust
Additional disclosures as per regulation 52(4) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on unaudited standalone financial results for the quarter and half year ended 30 September 2023
(All amounts in ₹ millions, except ratios)

Sl.No.	Particulars	Quarter ended 01 July 2023 to 30 September 2023	Quarter ended 01 April 2023 to 30 June 2023	Quarter ended 01 July 2022 to 30 September 2022	Half year ended 01 April 2023 to 30 September 2023	Half year ended 01 April 2022 to 30 September 2022	Year ended 01 April 2022 to 31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(a)	Debt equity ratio (in times) [(Non-current borrowings + Current borrowings) / Total equity]	0.42	0.43	0.28	0.42	0.28	0.40
(b)	Debt service coverage ratio (in times) [(Loss)/profit before tax, finance costs, exceptional items / Finance costs + Principal repayment for borrowings]	2.44	2.39	2.65	4.65	2.85	4.41
(c)	Interest service coverage ratio (in times) [(Loss)/profit before tax, finance costs, exceptional items / Finance costs]	3.38	2.85	4.58	3.12	4.58	5.26
(d)	Outstanding redeemable preference shares	-	-	-	-	-	-
(e)	Capital redemption reserve/debenture redemption reserve	-	-	-	-	-	-
(f)	Net worth [Unit Capital + Other equity]	33,836.60	35,660.48	41,371.38	33,836.60	41,371.38	35,834.88
(g)	Net (Loss)/profit after tax	(723.60)	526.76	(67.57)	(196.84)	(67.57)	426.46
(h)	Earning per unit capital [(Loss)/profit after tax/Total number of units]	(1.74)	1.27	(0.37)	(0.47)	(0.76)	1.70
(i)	Current ratio (in times) [Current assets / Current liabilities]	6.81	8.26	14.22	6.81	14.22	8.60
(j)	Long term debt to working capital (in times) [(Non-current borrowings + Current borrowings) / Current assets less current liabilities (excluding current maturity of non-current borrowings)]	6.21	5.60	3.02	6.21	3.02	5.76
(k)	Bad debts to accounts receivable ratio (in %) [Bad debts / Average trade receivables]	-	-	-	-	-	-
(l)	Current liability ratio (in %) [Current liabilities / Total liabilities]	2.48%	2.38%	2.48%	2.48%	2.38%	2.07%
(m)	Total debt to total assets ratio (in %) [(Non-current borrowings + Current borrowings) / Total assets]	29.40%	28.42%	22.15%	29.40%	22.15%	28.41%
(n)	Debtors turnover ratio (in times) ¹ [Revenue from operations / Average Trade Receivables]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(o)	Inventory turnover ratio ² [Sale of products / Average inventory of finished goods and stock in trade]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(p)	Operating margin (in %) [(Profit before tax, finance cost, exceptional items and other income) / Revenue from operations]	90.42%	89.80%	80.04%	89.15%	80.04%	94.00%
(q)	Net profit margin (in %) [(Loss)/profit after tax / Revenue from operations]	-66.66%	57.40%	-62.82%	-9.83%	-42.82%	13.23%

¹ The Trust does not have any inventory, therefore inventory turnover ratio is not applicable.
² The Trust does not have any trade receivables, therefore, trade receivable turnover ratio is not applicable.

Notes:

(i) The Trust has outstanding senior, secured, usable, rated, listed, redeemable non-convertible debentures ("NCD's") as at 30 September 2023 amounting to ₹ 6,391.10 millions (31 March 2023: ₹ 6,416.05 millions) (see Series I and Series II which will mature on 22 December 2025 and 22 September 2029 respectively). The "NCD's" are listed on Bombay Stock Exchange (BSE). The asset cover exceeds 100% of the principal amount of "NCD's" as at 30 September 2023.

(ii) The Non Convertible Debentures ("NCD's") are secured by charge on the following:

- first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust (the Issuer), present and future, including but not limited to:
- all receivables of the Issuer from the HoldCos and SPVs;
- bank and advances, and interest on such bank and advances advanced by the Issuer to the HoldCos and SPVs;
- dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer;
- inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and
- all other current assets of the Issuer, including all the Issuer's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future.

(iii) first ranking pari passu charge by way of mortgage on all immovable assets of the Issuer (if any), both present and future, is clarified that, as on the date hereof, there is no immovable property owned by the Issuer;

(iv) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the Hold Cos and SPVs;

(v) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, as applicable, the bank guarantee or fixed deposit in lieu of the DSRA;

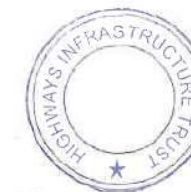
(vi) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the rights, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the Hold Cos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loans;

(vii) first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the Hold Cos to the Issuer / HoldCo ("Pledged Securities");

(viii) undertaking from SPV and Holdcos, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee; and

(ix) unconditional and irrevocable corporate guarantee by each of the SPVs and the Hold cos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee").

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Highways Infrastructure Trust

Notes to unaudited standalone financial results for the quarter and half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

- The unaudited standalone financial results of Highways Infrastructure Trust ("Trust") for quarter and half year ended 30 September 2023 have been reviewed by the Audit Committee of Highway Concessions One Private Limited (Investment Manager) at their meeting held on 09 November 2023 and approved by the Board of Directors of the Investment Manager at their meeting held on 09 November 2023. The statutory auditors have issued an unmodified review report on these unaudited standalone financial results.
- The unaudited standalone financial results comprises the unaudited standalone balance sheet, unaudited standalone statement of profit and loss, unaudited standalone cash flow statements and other explanatory notes/disclosures pursuant to requirements of Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("unaudited standalone financial results"). The unaudited standalone financial results has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards (Ind AS) and / or any addendum thereto as defined in rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 including Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 52 of the Listing Regulations.
- The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act, 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the SEBI Regulations, as on 23 December 2021 having registration number IN/ InvIT/ 21-22/ 0019.
- Distribution related to FY 2022-2023:**
The Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.20 millions in their meeting held on 19 May 2023 and the aforesaid distribution was paid to eligible unitholders on 30 May 2023.
Distribution related to FY 2023-2024:
The Board of Directors of the Investment Manager have declared distribution of ₹ 2.6480 (rounded off) per unit amounting to ₹ 1,100.24 millions in their meeting held on 11 August 2023 and the aforesaid distribution was paid to eligible unitholders on 22 August 2023. Subsequent to quarter ended 30 September 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 0.8725 (rounded off) per unit amounting to ₹ 420.05 millions in their meeting held on 09 November 2023.
- As per Ind AS 36 'Impairment of assets', management carried out the impairment assessment of non current investments and provided for impairment loss for quarter ended 30 September 2023 ₹ 1,417.91 millions (Quarter ended 30 June 2023: Nil, Quarter ended 30 September 2022: ₹164.88 millions, half year ended 30 September 2023: ₹ 1,417.91 millions, half year ended 30 September 2022: ₹ 164.88 millions and for the year from 01 April 2022 to 31 March 2023: ₹ 2,044.59 millions) basis the fair valuation conducted as per the future projected cash flows of the assets (after performing sensitivity analysis).
- During the previous year ended 31 March 2023, three of the project SPV's viz. Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL") and Ulundurpet Expressways Private Limited ("UEPL") has filed the petition with the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPV's which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL, DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's.

The final order for approving capital reduction scheme in DBCPL was received on 27 February 2023 and the final certificate of registration from Registrar of Companies, Mumbai was received on 20 March 2023 and the impacts of the same were considered in the previous year ended 31 March 2023. During the current half year ended 30 September 2023, the Hon'ble NCLT has approved the capital reduction Scheme of GEPL on 12 June 2023 and final certificate of registration from Registrar of Companies, Mumbai is received on 14 August 2023 and the impacts of the same have been considered in the unaudited standalone financial results for the quarter and half year ended 30 September 2023. In UEPL, the Capital reduction Scheme was heard on 23 June 2023 and the same has been reserved for order by the Hon'ble NCLT. Thereafter, the matter was heard on 03 October 2023 and Hon'ble NCLT has asked for certain further clarifications on the matter. The final order is awaited in UEPL.

- During the half year ended 30 September 2023, the Trust has entered into a Share Purchase Agreement on 03 May 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in four special purpose vehicles owned by H.G. Infra Engineering Limited i.e. H.G. Ateli Narnaul Highway Private Limited, H.G. Rewari Ateli Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Bypass Private Limited. Approval for change in ownership is received on 29 September 2023 from National Highways Authorities of India ("NHAI") for 3 SPV's viz. H.G. Ateli Narnaul Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Ateli Highway Private Limited. However, the completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- During the quarter and half year ended 30 September 2023, the Board of Directors of Highway Concessions One Private Limited (acting in its capacity as Investment Manager of the Trust), in its meeting held on 06 July 2023, had considered and approved, inter-alia, issue of units aggregating up to ₹ 5,150 millions ("Issue") by way of a rights issue to eligible unitholders of the Trust, subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable in accordance with the applicable provisions of the SEBI InvIT Regulations and other applicable laws. The net proceeds from the issue are proposed to be utilised towards the following objects: (a) Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the H.G. Ateli Narnaul Highway Private Limited ("Target SPV") from H.G. Infra Engineering Limited ("Shareholders of the Target SPV") (b) Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its existing shareholders; and (c) for general purposes. Pursuant to the above issue, draft letter of offer filed with the National Stock Exchange of India Limited ("NSE") on 07 July 2023, and letter of offer filed with NSE on 25 September 2023 in accordance with applicable law.

Subsequent to the half year ended 30 September 2023, the Investment Manager of the trust has approved allotment of 65,931,294 units on a rights basis on 13 October 2023 to the eligible unitholders of Highways Infrastructure Trust who have submitted bids under the rights issue for cash at a price of ₹ 77.96 per unit aggregating to approximately ₹ 5,140.00 million, in accordance with the applicable law. In-principal approval for listing of the above units was received via letter dated 16 October 2023 from NSE who informed the Investment Manager of the Trust that the NSE has listed and admitted to dealings of these units on the Stock Exchange w.e.f 17 October 2023.

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Highways Infrastructure Trust

Notes to unaudited standalone financial results for the quarter and half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

- During the previous year, the Trust has entered into a Share Purchase Agreement for acquiring 100% (one hundred percent) shareholding of Navayuga Udupi Tollway Private Limited ("NUTPL") in one or more tranches and management control in NUTPL owned by Navayuga Road Projects Private Limited ("NRPL") and Navayuga Engineering Company Limited (NECL). Approval for change in ownership has been received on 11 September 2023 from National Highways Authorities of India ("NHAI"). Subsequent to the quarter ended 30 September 2023, the Trust has acquired controlling stake effective from 02 November 2023 and NUTPL become subsidiary of the Trust.
- During the quarter and half year ended 30 September 2023, the Board of Directors of the Investment Manager has executed the share purchase agreement on 28 July 2023 for the acquisition of the following Target Entities:
 - Up to 83.61% of equity share capital in M/s. Gujarat Road and Infrastructure Company Limited ("GRICL") owned by M/s. MAIF Investments India Pte. Ltd ("MAIF 1") and other shareholders of GRICL (as applicable); and
 - 100% of equity share capital in M/s. Swarna Tollway Private Limited ("STPL"), owned by M/s. MAIF Investments India Pte. Ltd ("MAIF 2").The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- During the half year 30 September 2023, the Board of Directors of the Investment Manager of the Trust has executed the share purchase agreement on 30 August 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in Bangalore Elevated Tollway Private Limited owned by Galaxy Investments II Pte. Ltd. The completion of acquisition would depend upon receipt of relevant approvals and completion of contractual obligations.
- During the half year ended 30 September 2023, pursuant to the applicable provisions of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time ("SEBI Regulations") and pursuant to Regulation 26A and Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR Regulations"), the Board of Directors of Investment Manager of the Trust have informed the National Stock Exchange of India Limited and BSE Limited regarding resignation of Mr. Narayanan Doraiswamy, existing Chief Financial Officer ("CFO") of the Investment Manager of the Trust vide its letter dated 28 August 2023. Mr. Doraiswamy shall continue to hold his current position of CFO on or before 31 December, 2023 (end of business hours) and post that will also cease to be a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, SEBI Regulations and SEBI LODR Regulations from date of relieving. Further, the Board of Directors of Investment Manager of the Trust in its meeting dated 25 September, 2023 have approved the appointment of Mr. Abhishek Chhajjar as the Chief Financial Officer (CFO) of the Investment Manager of the Highways Infrastructure Trust in place of the existing CFO which will be effective on or before 01 January, 2024. Mr. Abhishek Chhajjar will also be appointed as a Key Managerial Personnel (KMP) and Senior Management under the applicable provisions of the Companies Act, 2013, the SEBI LODR Regulations and other provisions of the SEBI Regulations with effective from the date as mentioned above.
- Subsequent to the current half year ended 30 September 2023, Board of directors of Investment Manager of the Trust have approved following matters on 20 October 2023:
 - Issuance of listed, rated, unsecured, Commercial Papers ("CPs") aggregating upto ₹ 2,750.00 millions in one or more series or tranches on a private Placement basis to the eligible investors; and.
 - Availing additional rupee term loan facility upto ₹ 19,000 millions.The Board of Directors of the Investment Manager of the Trust has approved the allotment of 5,500 commercial papers having maturity of ₹ 500,000/- each and aggregate maturity value of ₹ 2,750 millions at issue price of ₹ 465,295.50 only each aggregating to ₹ 2,559.13 millions. The CPs was listed with Bombay Stock Exchange Limited on 31 October 2023. Further, the Trust has signed Rupee Loan Agreement with India Infrastructure Finance Company Limited ("IIFCL"), ICICI Bank Limited, State Bank of India ("SBI") and Axis Bank Limited as lenders for an amount of ₹19,000 millions.

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Highways Infrastructure Trust

Notes to unaudited standalone financial results for the quarter and half year ended 30 September 2023

(All amounts in ₹ millions unless otherwise stated)

14. Previous period figures have been reclassified/regrouped wherever necessary to confirm to current period classification. The impact of the same is not material on these unaudited standalone financial results.
15. All values are rounded to nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding off are expressed as 0.00.

For and on behalf of Board of Directors of
Highways Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)


Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 09 November 2023


Neeraj Sanghi
Chief Financial Officer

Place: Mumbai
Date: 09 November 2023


Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 09 November 2023

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OUR OFFICES

Mumbai

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Investment Manager

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Project Manager

HC ONE PROJECT MANAGER PRIVATE LIMITED
601-602, 6th Floor, Windsor House, Off CST Road, Kalina,
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