October 30, 2023

To

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, C-1, Block-G,	Corporate Relationship Department
Bandra Kurla Complex,	Phiroze Jeejeebhoy Towers
Bandra (E),	Dalal Street, Fort
Mumbai-400051	Mumbai- 400001
Symbol- HIGHWAYS	**Scrip Code: 974227 & 974228**

Sub: Submission of Valuation Report in accordance with the provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time ("**SEBI InvIT Regulations**").

The valuation of the special purpose vehicles currently owned by Highways Infrastructure Trust (the "**Trust**") and entities proposed to be acquired by the Trust has been undertaken in accordance with SEBI InvIT Regulations. The valuation reports were issued by independent valuer, Mr. S Sundararaman having IBBI Registration Number IBBI/RV/06/2018/10238 on October 27, 2023.

In accordance with Regulation 10(18)(b), we herewith submit the following valuation reports: -

S. No.	Name of the SPVs	Status	Date of the Report	Date of Valuation
1.	a) Nirmal BOT Limited ("**NBL**"); b) Shillong Expressway Private Limited "**SEPL**); c) Dewas Bhopal Corridor Private Limited ("**DBCPL**"); d) Godhra Expressways Private Limited ("**GEPL**"); e) Jodhpur Pali Expressway Private Limited ("**JPEPL**"); and f) Ulundurpet Expressways Private Limited ("**UEPL**")	Owned by the Trust	October 27, 2023	September 30, 2023
2.	Navayuga Udupi Tollways Private Limited ("**NUTPL**")	Proposed to be acquired	October 27, 2023	September 30, 2023
3.	Bangalore Elevated Tollway Private Limited ("**BETPL**")	Proposed to be acquired	October 27, 2023	September 30, 2023

You are requested to kindly take the same on record.

Thanking you,

For **Highway Concessions One Private Limited**
(acting in its capacity as Investment Manager of Highways Infrastructure Trust)

KUNJAL BHAVIK SHAH
Digitally signed by KUNJAL BHAVIK SHAH
Date: 2023.10.30 19:55:36 +05'30'

Kunjal Shah
Company Secretary and Compliance Officer

Place: Mumbai
Encl: as above

CC:

Axis Trustee Services Limited ("Trustee of the InvIT") Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025, Maharashtra, India	**Catalyst Trusteeship Limited** ("Debenture Trustee") Windsor, 6th floor, Office No.604, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400098 Maharashtra, India

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	1h 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 SUNDARARAMAN

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 31st 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

Contents

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 sharesholders. ("**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 explaination 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 24th July 2006 to 10th 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 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	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..*

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	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.

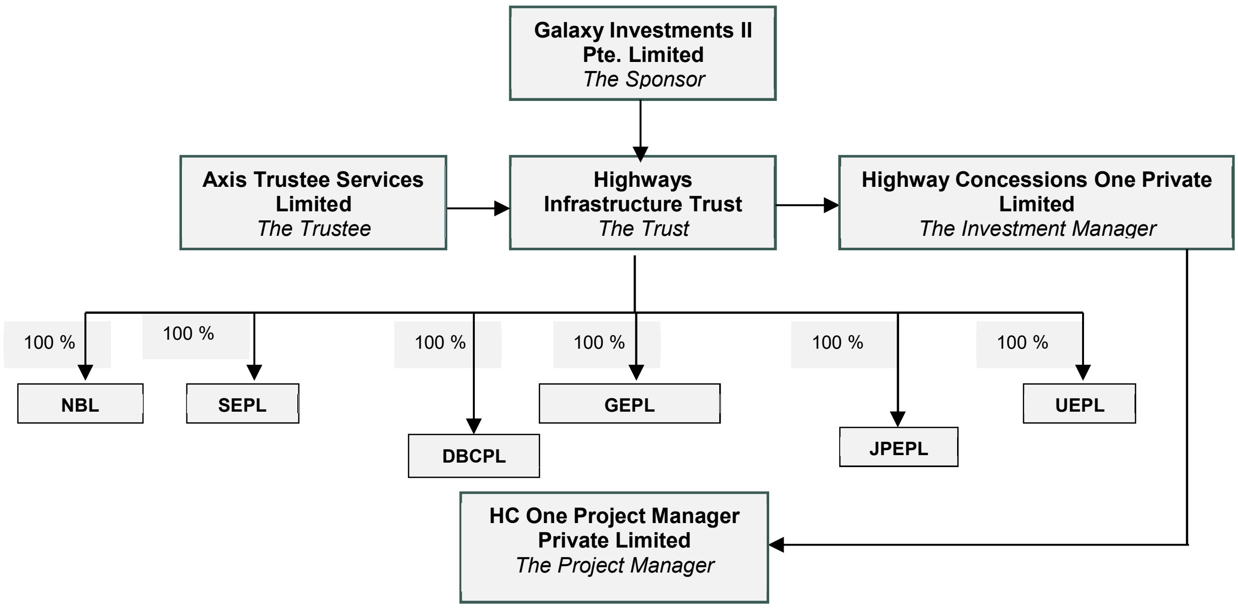
3.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

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	23rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23rd Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23rd Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23rd 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	1st 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.

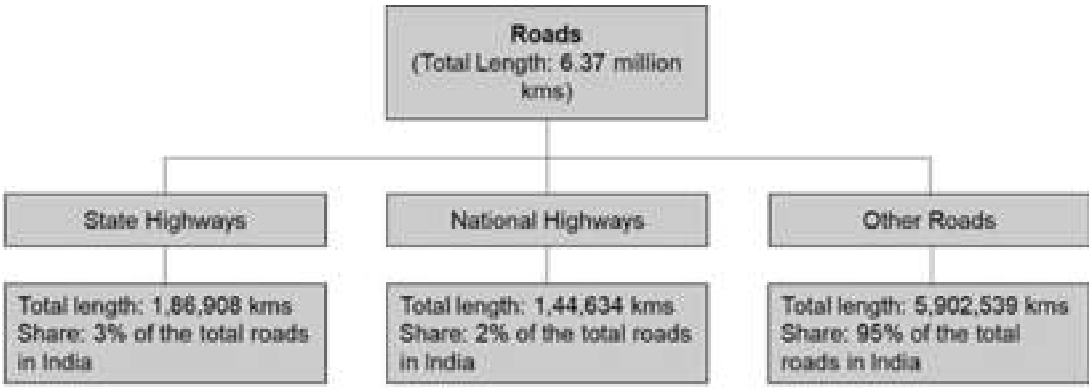
4.1.3 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

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, Bharatlmala 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.

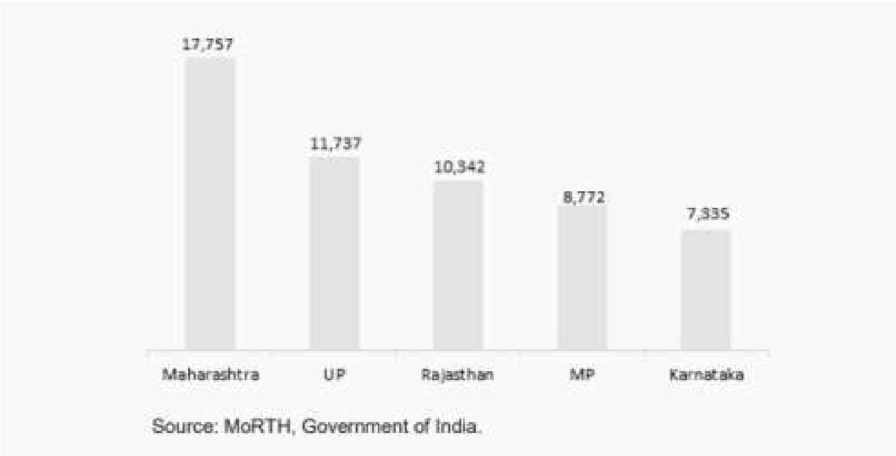
4.3.7 The government has successfully rolled out over 60 road projects in India worth over US$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.

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

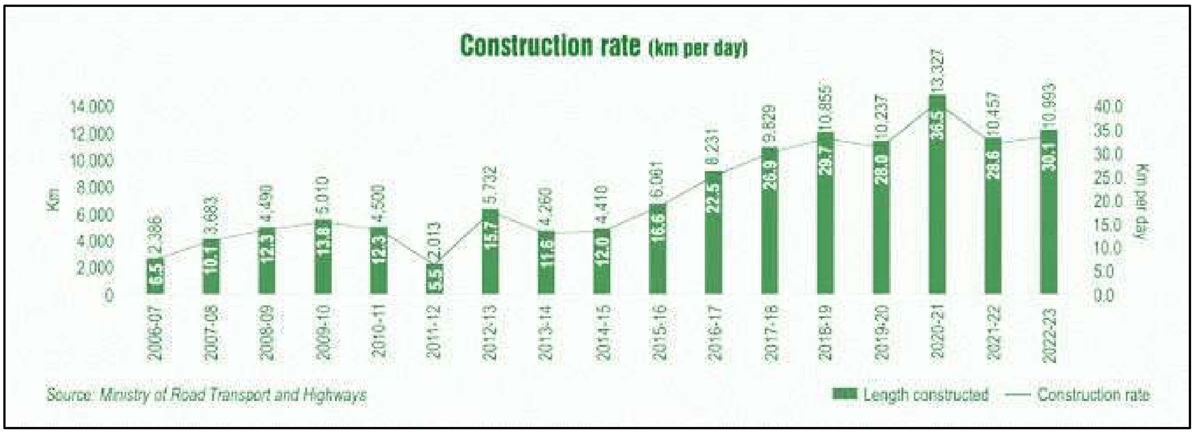
4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.

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.

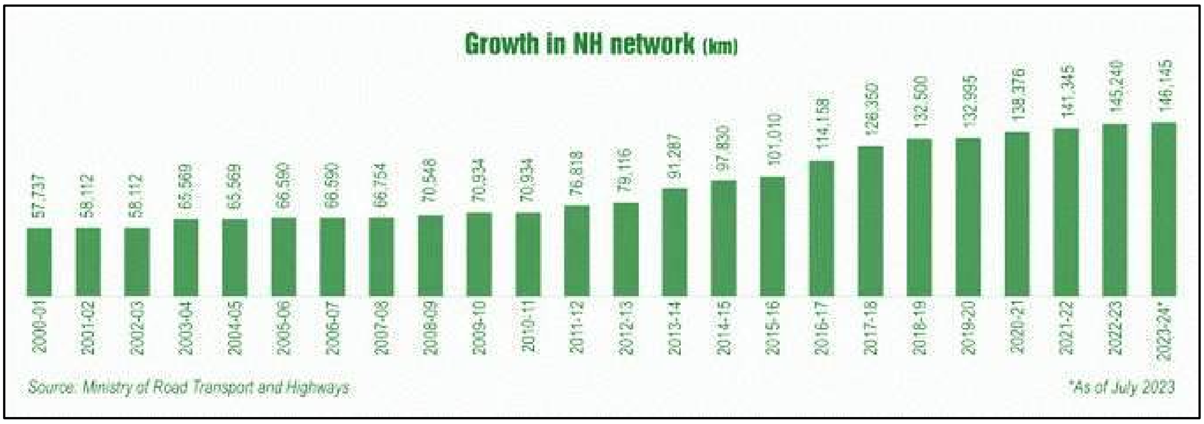
4.4.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US$ 26.20 billion) for the next 3 years.

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 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.

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.

c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.

d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies

b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US$ 741.51 billion).

c. The government also aims to construct 23 new national highways by 2025.

d. Road building in India is second least expensive in Asia.

e. Andhra Pradesh will spend US$ 296.05 million to build 8,970 Kms of roads.

f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US$ 13.09 billion).

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

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

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

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

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

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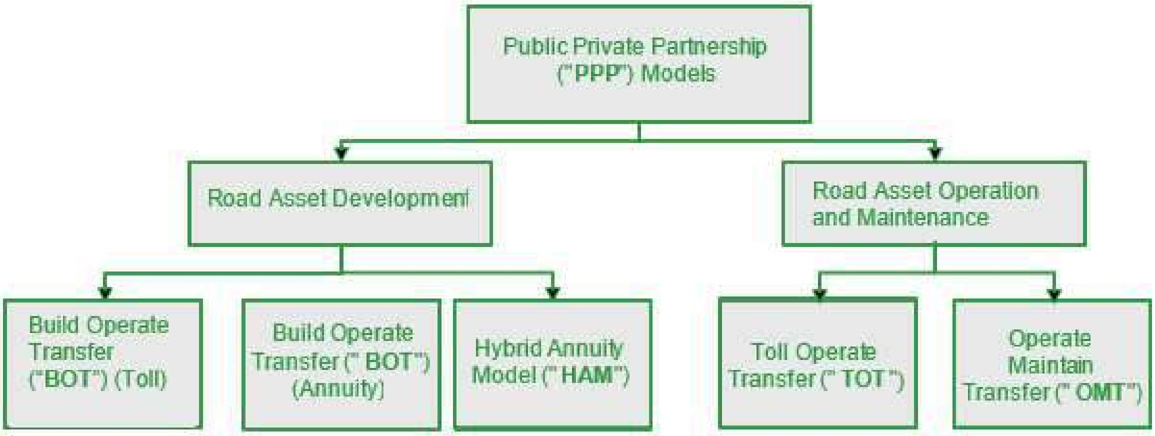

4.7.4. **Road Asset Development Models**

- **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 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 fand 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)
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) = Rf + [ERP* Beta] + CSRP

Wherein:

K(e) = cost of equity

Rf = 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:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(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:

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(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) pre-tax * (1 - T)

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 8.35%, 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) * Debt /(Debt + Equity)] + [K(e) * (1 - Debt /(Debt + 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] + ... + [CFn /(1+r)CAFn]

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = 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.

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Yours faithfully,

SWAMINATHAN SUNDARARAMAN

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		Dsitrict 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 INR 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 >>

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/2024/20 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.

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	3rd October 2018	Annuity SPVs
2	Shillong Expressway Private Limited	SEPL	28th February 2013	
3	Dewas Bhopal Corridor Private Limited	DBCPL	10th February 2009	Toll SPVs
4	Godhra Expressways Private Limited	GEPL	31st October 2013	
5	Jodhpur Pali Expressway Private Limited	JPEPL	31st October 2014	
6	Ulundurpet Expressways Private Limited	UEPL	23rd 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

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 31st 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

Contents

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 explaination 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.

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.

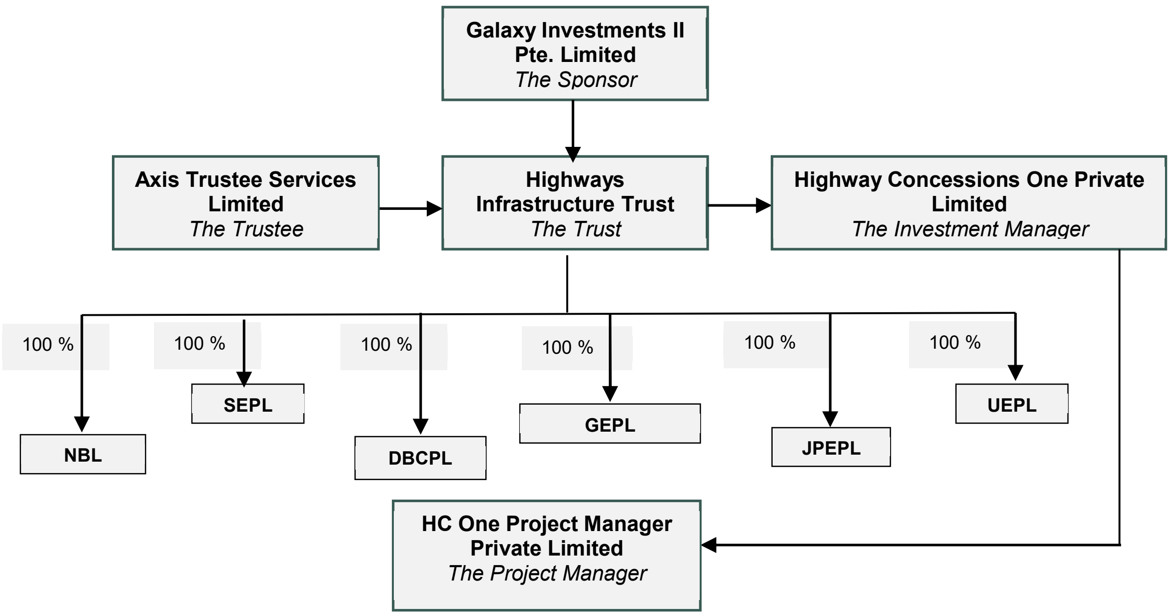
3.1.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy ("KKR") is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

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 :

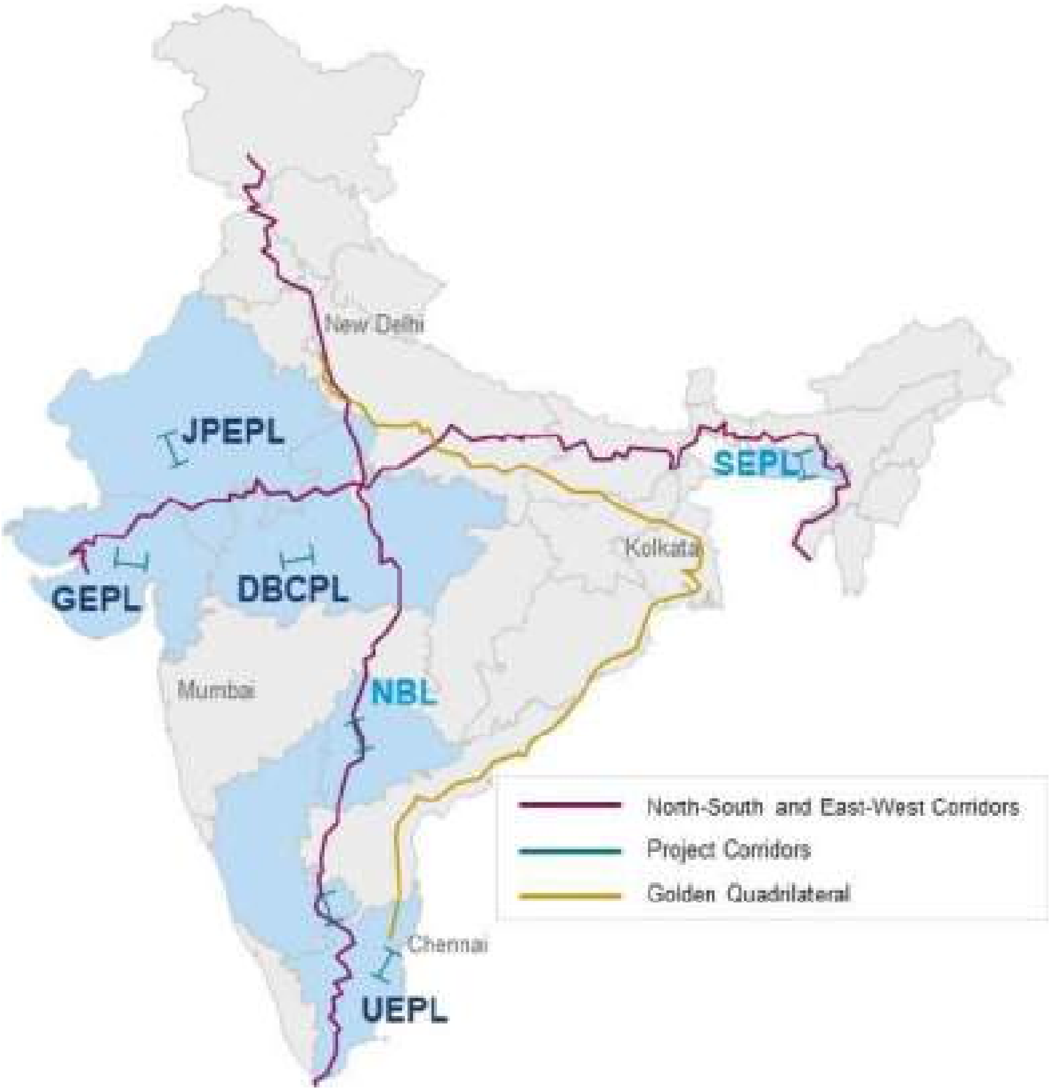
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	23rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23rd Aug, 2022	11,167
5	JPEPL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



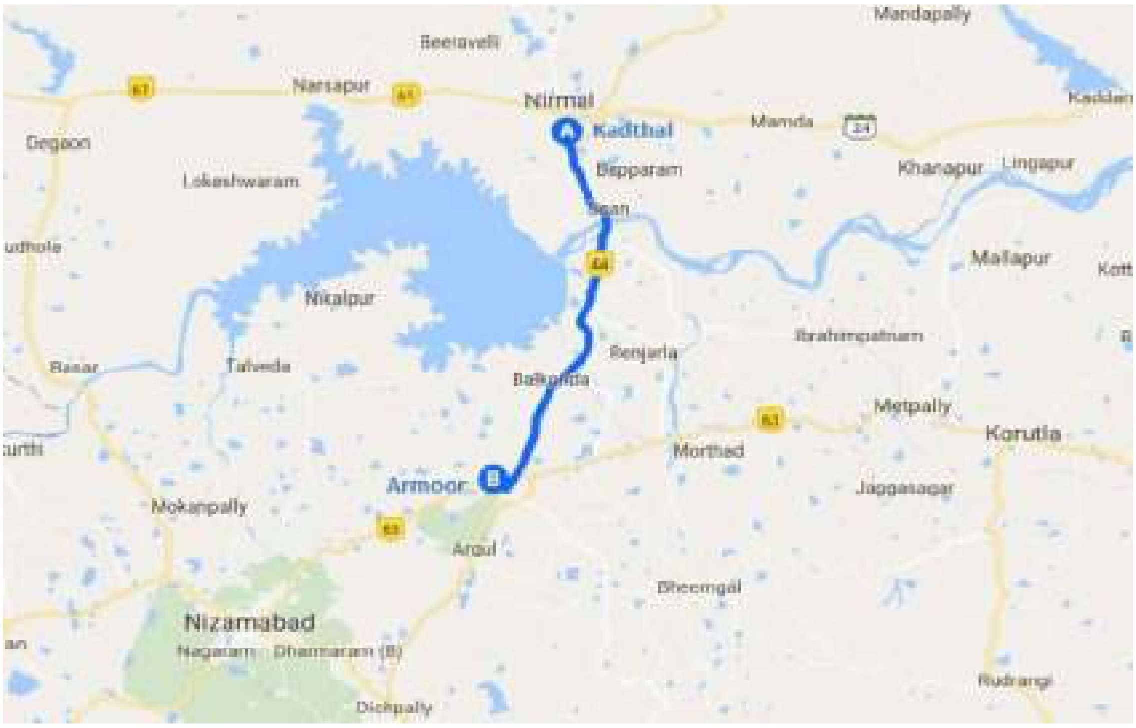
Background of the SPVs

3.2. Nirmal BOT Limited ("NBL")

3.2.1. The Project Road is a Section of NH-7 which starts from Kadtal 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)	Kadtal – Armur
Bid Project Cost	INR 3,150 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	26th 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 Kadtal 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.

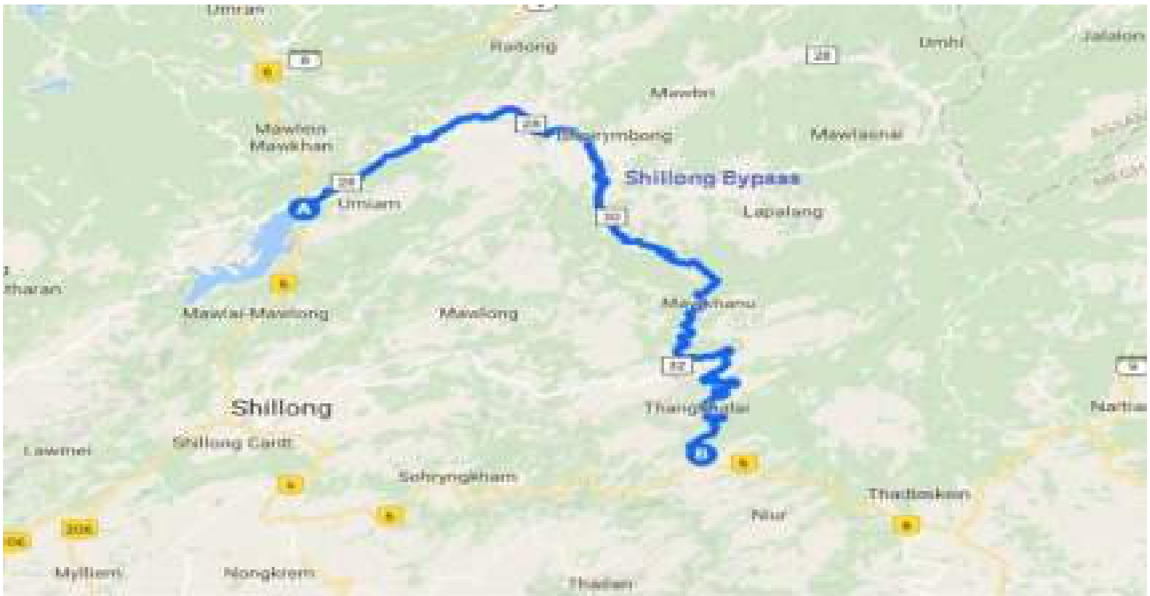
3.2.5. My team had conducted physical site visit of the road stretch of NBL on 15th April 2023. Refer below for the pictures of the road stretch:

3.3. <u>Shillong Expressway Private Limited ("SEPL")</u>

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	28th 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%**

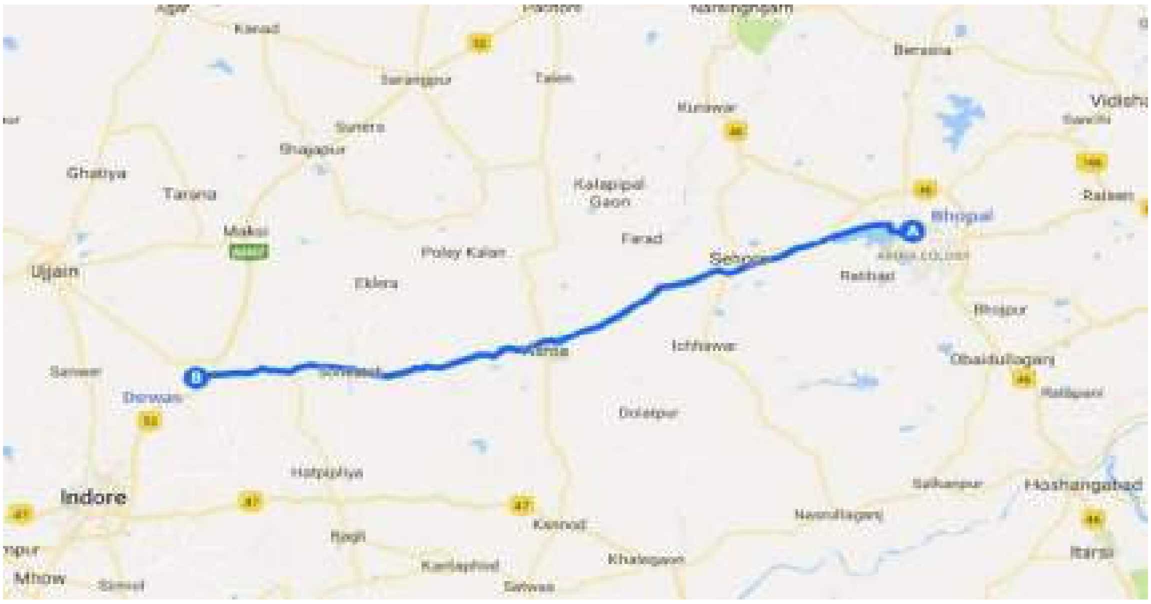
**Includes Shares held by nominees of HIT*
Source: Investment Manager

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. <u>Dewas Bhopal Corridor Private Limited ("DBCPL")</u>

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	10th February09
Appointed Date	20th March 08
Original Concession Period (CP)	25 years
Extension (If any)	257.5 days
Likely End of CP	02nd 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:

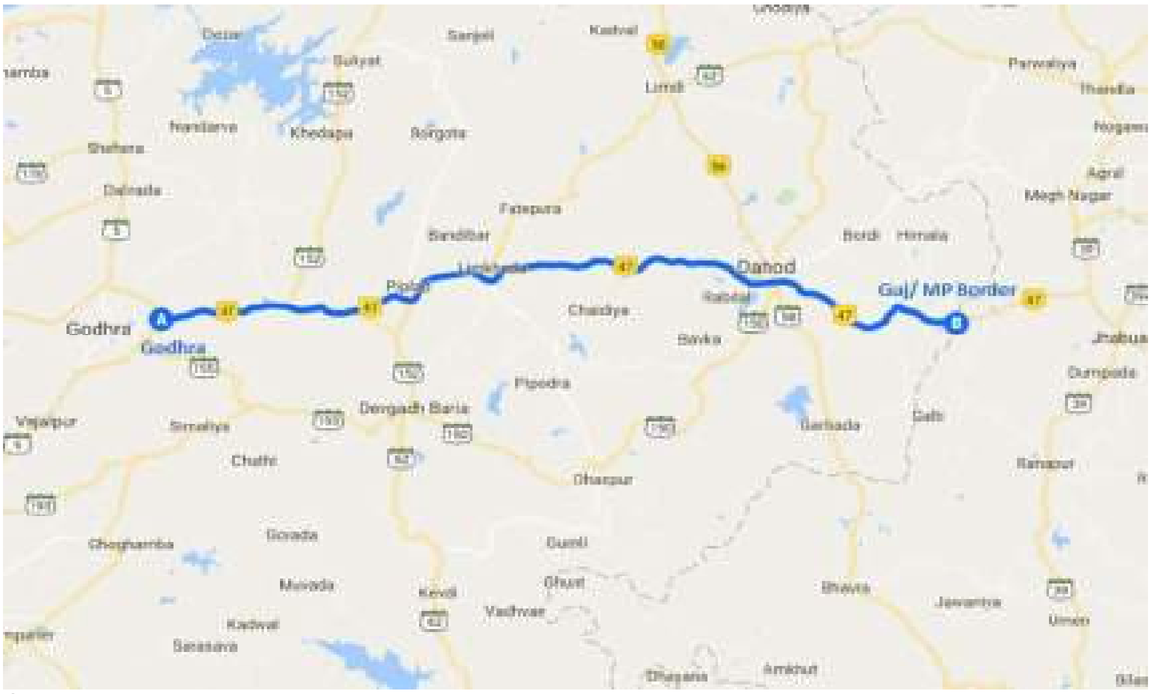
- ~23 days were extended by MPRDC on account of demonetisation vide order no.02/MPRDC/BOT/D-B/2017/4947 dated 19th June 2017.
- 195 days were extended by MPRDC on account of change in scope vide order no. 11617/Maint/Bhopal-Dewas/MPRDC/2018 dated 25th October 2013.
- 40 days were extended on account 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”). GPEL 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	31st October 13
Appointed Date	01st March 11
Original Concession Period (CP)	27 years
Extension (If any)	1973 days
Likely End of CP	03rd 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

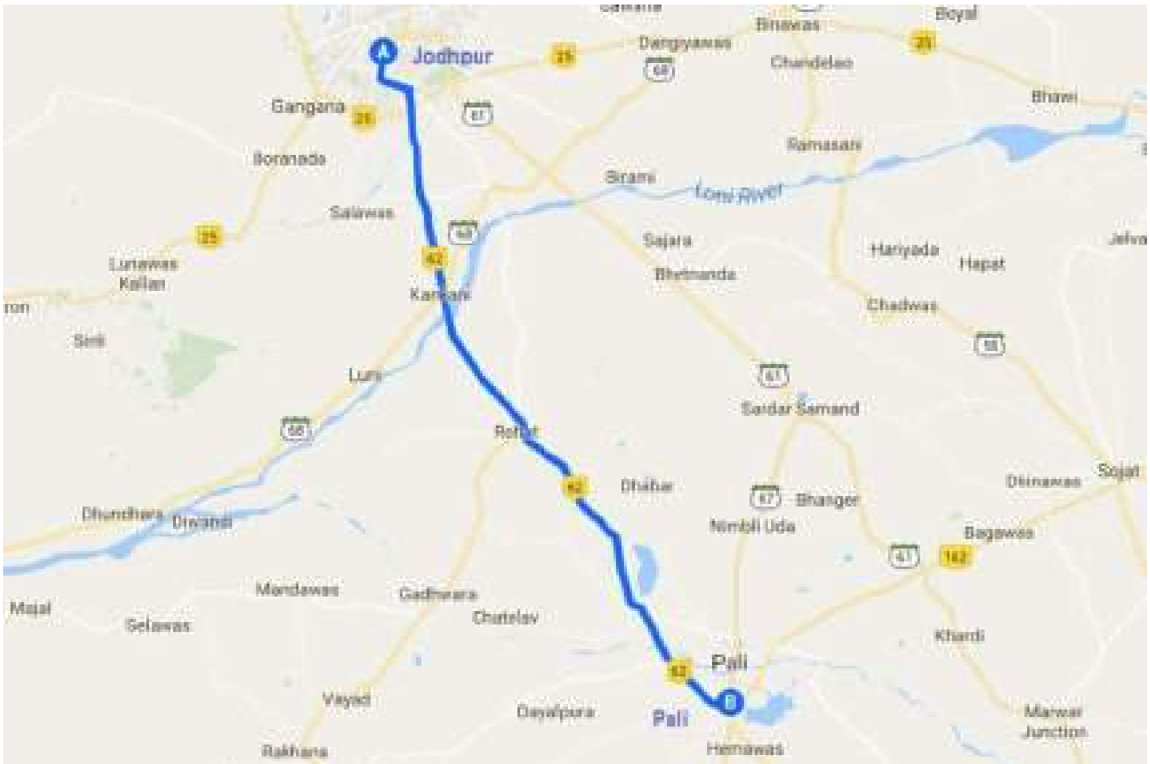
Particulars	Unit	Details
Target date as per CA	Date	1st October 2019
Target traffic as per CA	PCUs	26,839
Actual Average Traffic on Target Date	PCUs	18,811
Comparison of average traffic at test date with target	%	-30%
Original concession period	years	27
Increase in concession period (Max. upto 20%)	%	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	1st March 2011
Original concession end date	Date	28th February 2038
Revised concession end date	Date	3rd 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	31st October 14
Appointed Date	16th September 13
Original Concession Period (CP)	25 years
Extension (If any)	1886 days
Likely End of CP	14th 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. <u>Modification in the Concession Period due to target traffic clause as per Concession Agreement</u>

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	1st 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	16th September 2013
Original concession end date	Date	15th September 2038
Revised concession end date	Date	13th November 2043

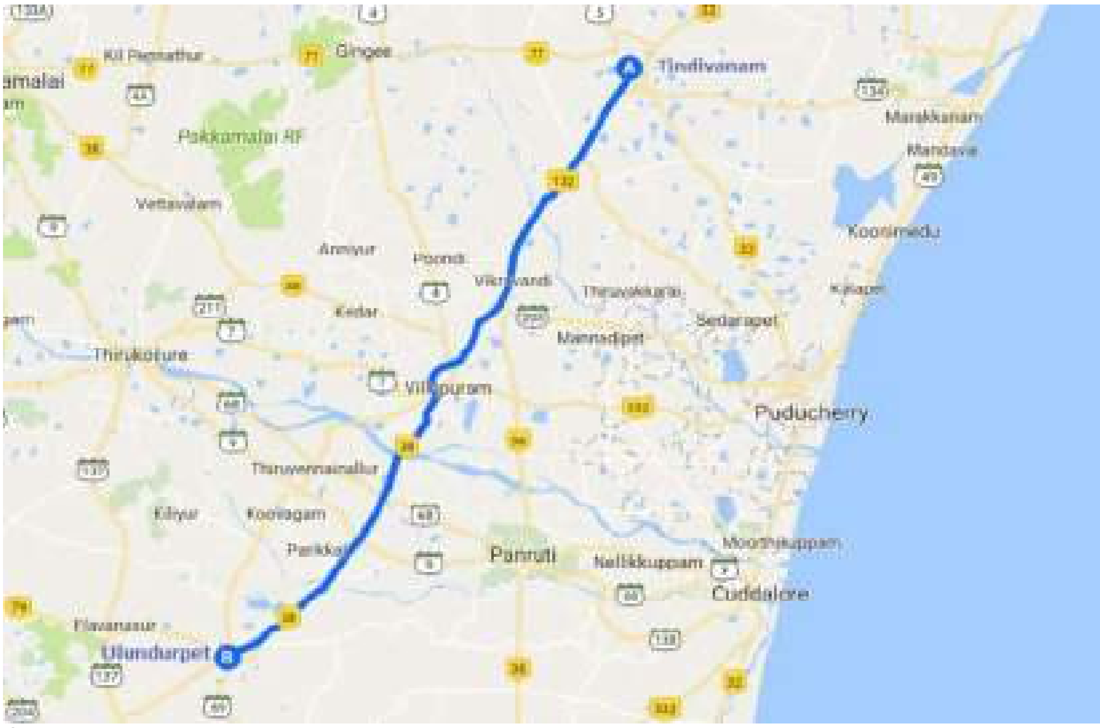
3.6.7. My team had conducted physical site visit of the road stretch of JPEPL on 15th April 2023. Refer below for the pictures of the road stretch:

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, Tiruchirapalli, Dindigul and Theni.

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



Source: Investment Manager

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

Parameters	Details
Total Length	291.6 Lane Kms
Nos. of Lanes	4
NH / SH	NH-45
State Covered	Tamil Nadu
Area (Start and End)	Tindivanam to Ulundurpet
Bid Project Cost	INR 10,151 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	23rd July 09
Appointed Date	16th 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 NHAI 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.

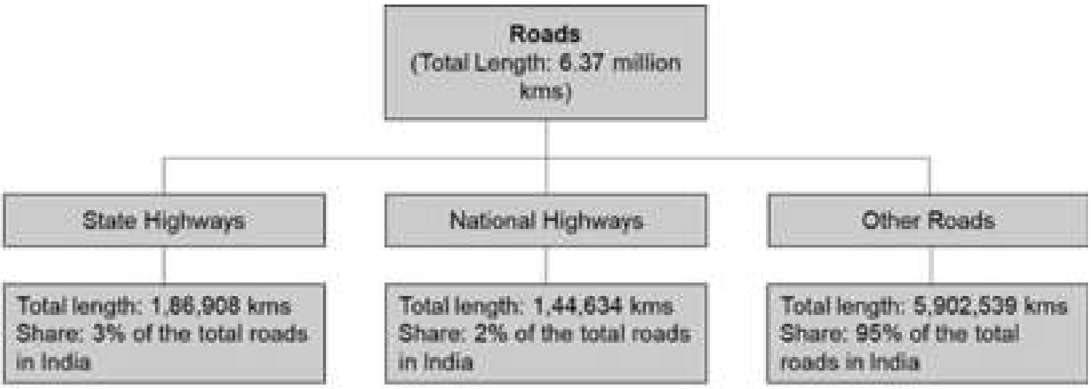
4.1.3 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

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, Bharatlmala 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.

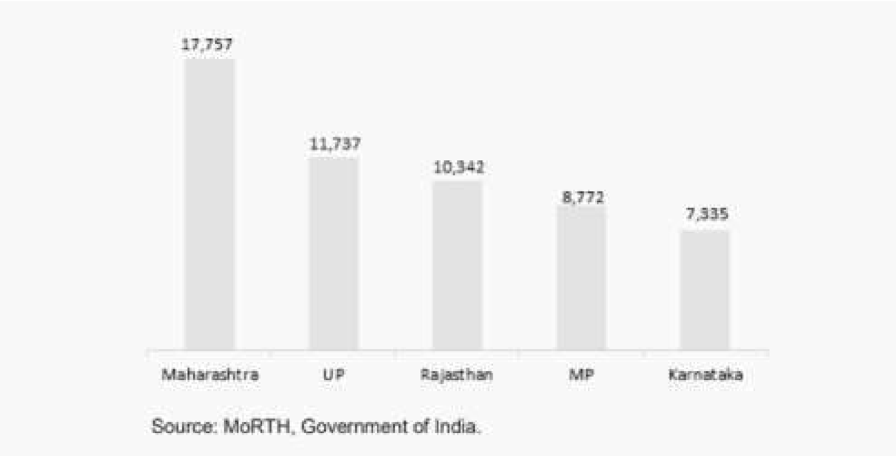
4.3.7 The government has successfully rolled out over 60 road projects in India worth over US$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.

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

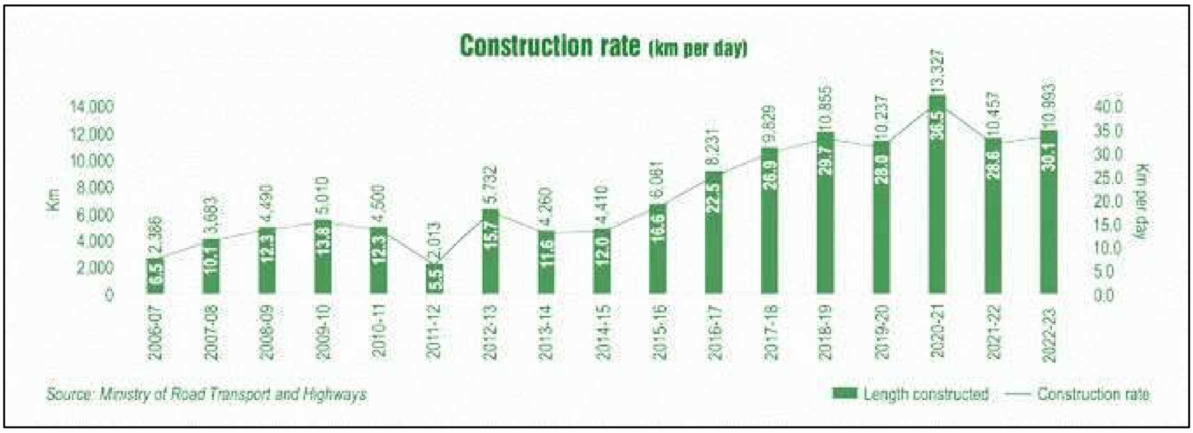
4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.

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.

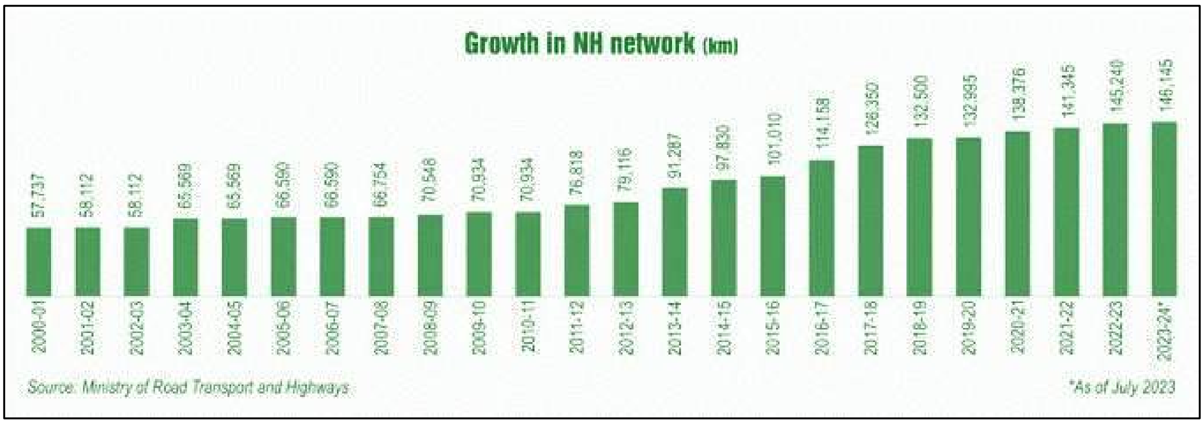
4.4.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US$ 26.20 billion) for the next 3 years.

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 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.

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.

c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.

d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies

b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US$ 741.51 billion).

c. The government also aims to construct 23 new national highways by 2025.

d. Road building in India is second least expensive in Asia.

e. Andhra Pradesh will spend US$ 296.05 million to build 8,970 Kms of roads.

f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US$ 13.09 billion).

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

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

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

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

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

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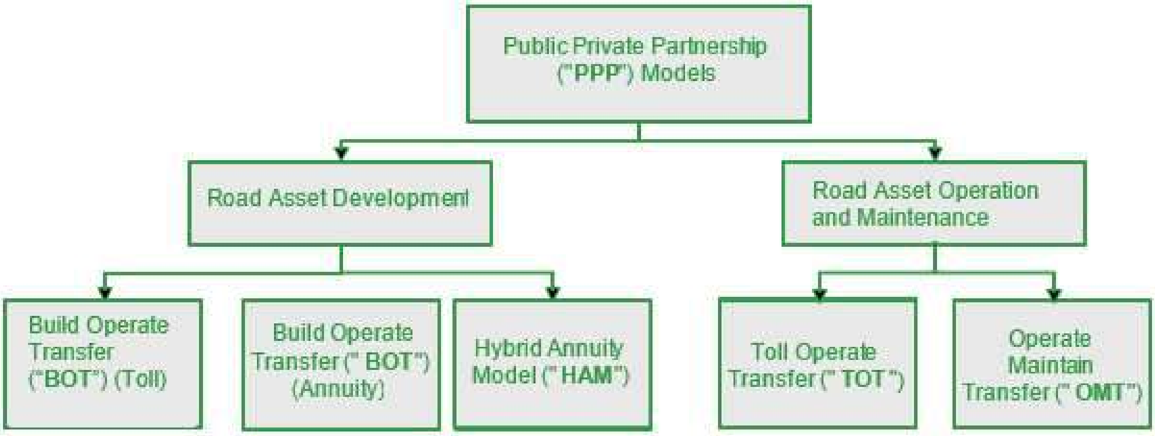

4.7.4. **Road Asset Development Models**

- **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 Concessioning 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) = Rf + [ERP* Beta] + CSRP

Wherein:
K(e) = cost of equity
Rf = 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:
Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further I have re-levered it based on debt-equity at 70:30 based on the industry Debt: Equity ratio of annuity based road DBFOT/BOT projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

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

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

I have further unlevered the beta of such companies based on market debt-equity of the respective company using the following formula:
Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further I have re-levered it based on debt-equity at 50:50 based on the industry Debt: Equity ratio of a road toll based BOT/DBFOT projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(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:

K(d) = K(d) pre-tax * (1 - T)

6.6.6. Wherein:

6.6.6. K(d) = Cost of debt

6.6.6. T = tax rate as applicable

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.

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] + ... + [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 SUNDARARAMAN

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	51
FY25	1,866	1,347	(306)	306	-	-	70	1,277	1.00	10.21%	0.91	1,159
FY26	1,966	1,732	(6)	-	-	-	128	1,610	2.00	10.21%	0.82	1,326
FY27*	2,026	1,812	(6)	13	-	-	134	1,672	2.99	10.21%	0.75	1,250
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 CCIL'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/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
ii	Lr No:107/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
iii	316/T4/Drinking/2019-20	Govt of Telengana Ground Water Dept.	Lifetime
4	Provisional completion certificate dated July 22, 2009	Aarvee Associates	
5	Completion certificate dated October 8, 2018	MSV International Inc.	
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	Evnironmental 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/EI/Nad/Certi/2716/2018	Office of the Electrical Inspector		Lifetime
4	WIM and SWB Stamping certificate 1840241/DAH/2021/01	Govt. of Gujarat Legal Metrology Dept.		
4	**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 (	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/2021-22/34(	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	Evnironmental Clearance No. 18-18/2004-IA-III (Tindivandam to Trichy bypass, Tamilnadu)	Ministry of Environment & Forest (IA Division), NHAI		
2	Certificate for registration of captive generating unit (Reg ID: CUD 59/2016-17/HT dated 22.09.2020	Government of Tamil Nadu, Electrical Inspector, Cuddalore		22.06.2025
3	Fire Service License (K.Dis.No : 6655/A2/2021 dated 27.09.2021)	Tamil Nadu Fire and Rescue Service Department		26.09.2023
4	Certificate of registration dated December 10, 2019	Ministry of Labour and Employment		31.12.2027
5	Certificate for registration of employer dated 1/11/2081 BOCW/ALCPUDUCHERRY/2018/R-24	Office of the registering officer		
6	Consent to establish for Air dated October 30, 2018	Tamil Nadu Pollution Control Board		Payment done till the end of Concession period i.e.2027, It's in process.
7	Consent to establish for Water dated October 30, 2018	Tamil Nadu Pollution Control Board		
8	Certificate of verification (WIM Stamping)	Legal Metrology Officer		31.12.2023
	NOC for Ground water			
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 Supereme 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 of 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	1st 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 SUNDARARAMAN

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 31st 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

Contents

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 explaination 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 8th Feb 2017 to 4th 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.

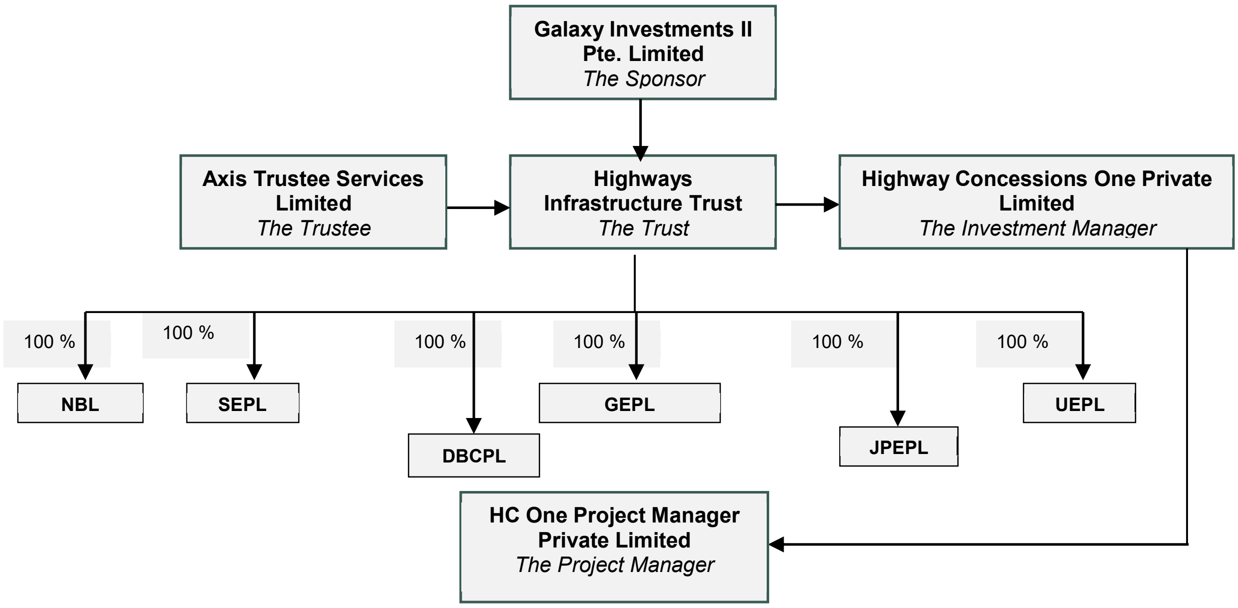
3.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

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 :

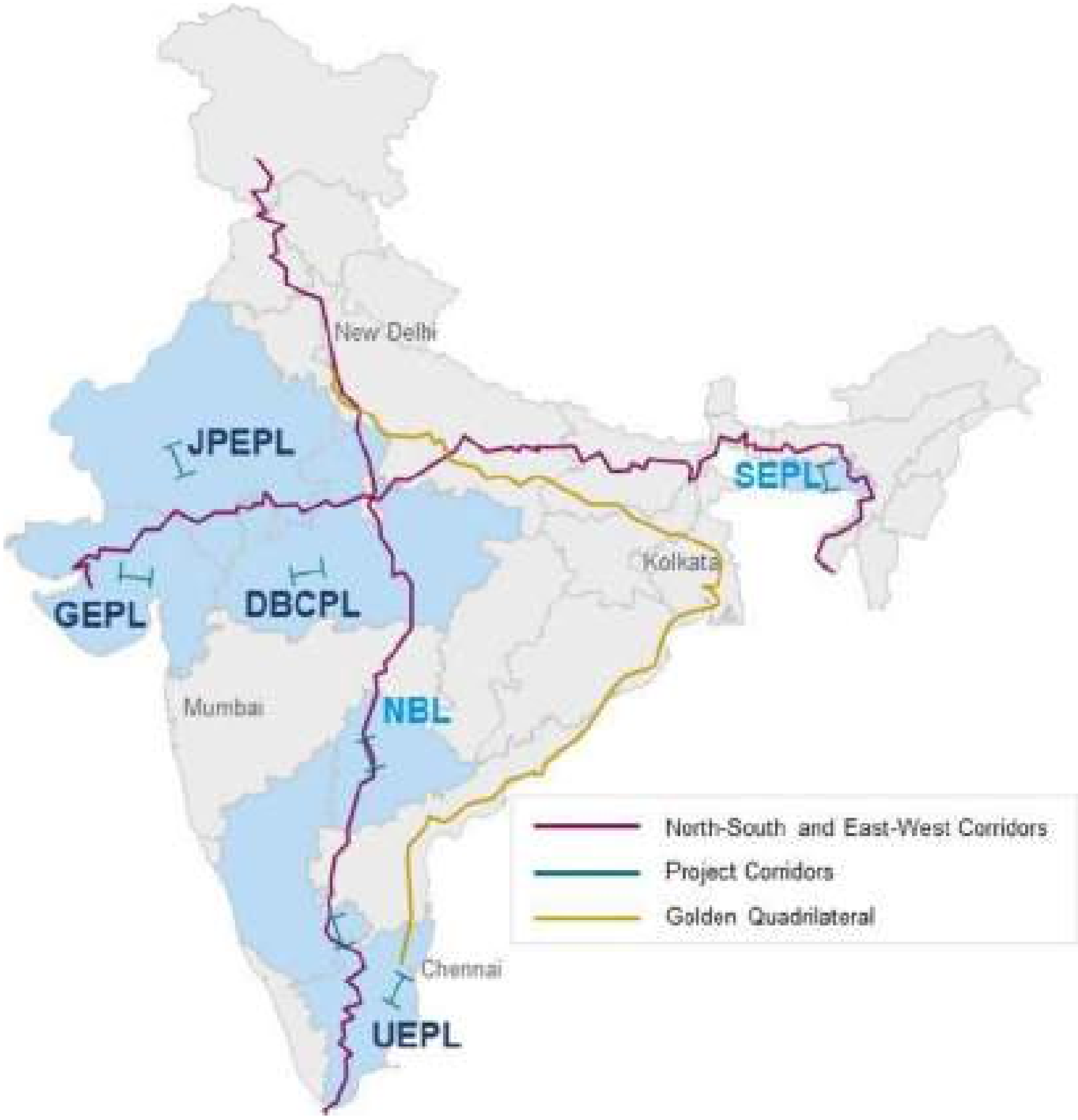
Sr. No.	SPV	Name	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	Nirmal BOT Limited	23rd Aug, 2022	354
2	SEPL	Shillong Expressway Private Limited	23rd Aug, 2022	356
3	DBCPL	Dewas Bhopal Corridor Private Limited	23rd Aug, 2022	12,969
4	GEPL	Godhra Expressways Private Limited	23rd Aug, 2022	11,167
5	JPEPL	Jodhpur Pali Expressway Private Limited	23rd Aug, 2022	3,863
6	UEPL	Ulundurpet Expressways Private Limited	23rd 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	30th January 2017 for 81.955 Km
Original Concession Period	25 years from Appointed Date
Extension (If any)	NA
Likely End of Concession Period	4th 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.

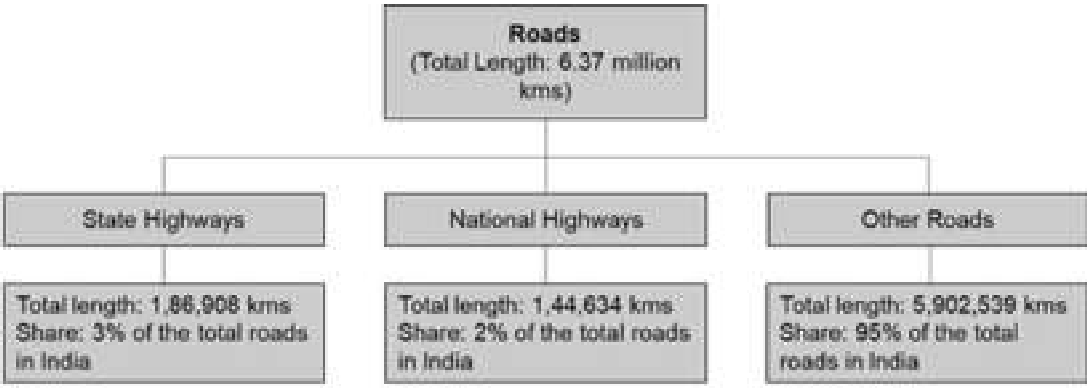
4.1.3 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

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, Bharatlmala 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.

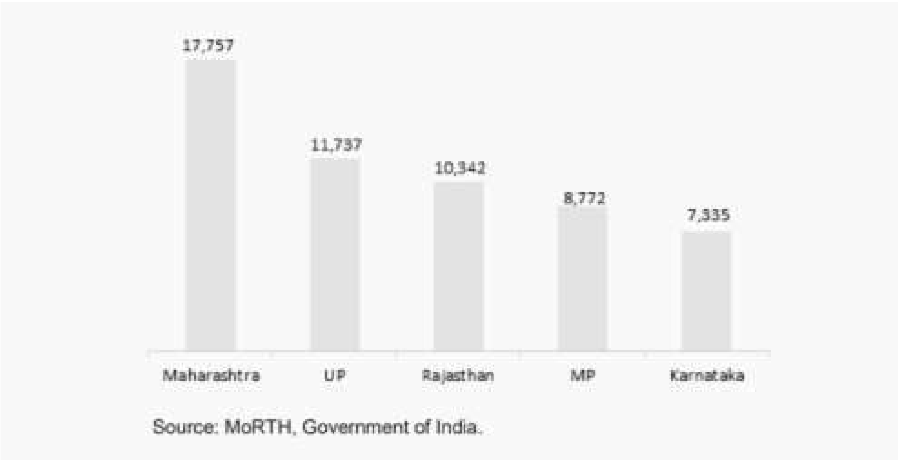
4.3.7 The government has successfully rolled out over 60 road projects in India worth over US$ 10 billion based on the Hybrid Annuity Model (HAM). HAM has balanced risk appropriately between private and public partners and boosted PPP activity in the sector.

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

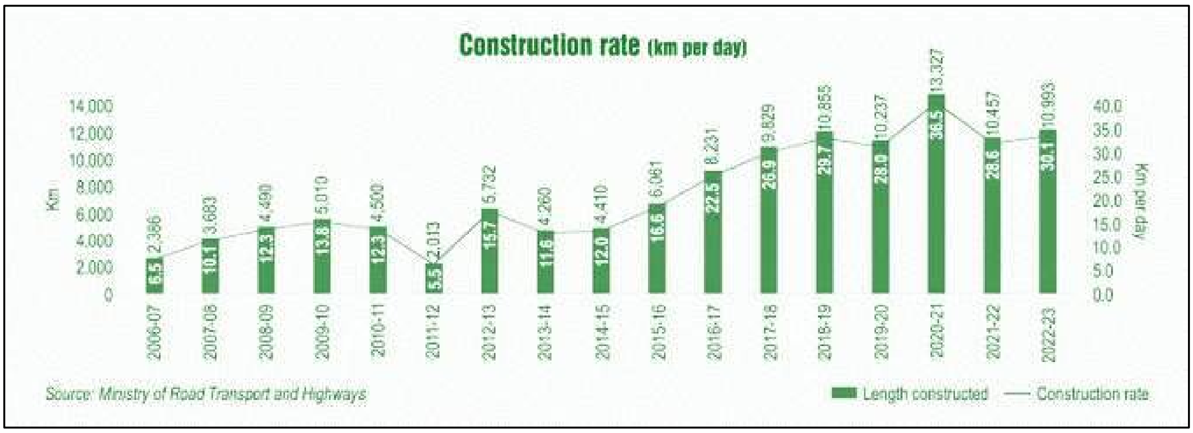
4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.

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.

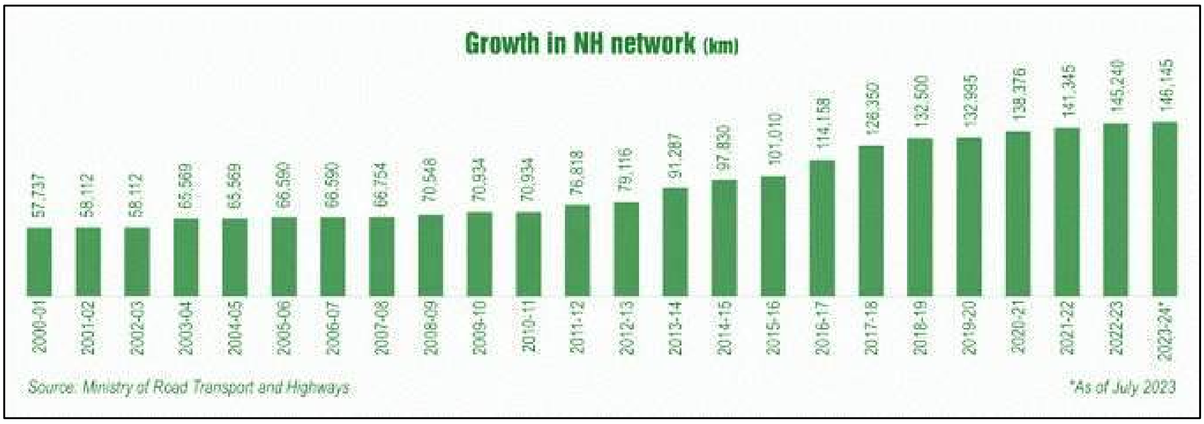
4.4.11 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US$ 26.20 billion) for the next 3 years.

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 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.

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.

c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.

d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

4.6 Opportunities in road development & maintenance in India

a. India has joined the league of 15 of global alliance which will work towards the ethical use of smart city technologies

b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US$ 741.51 billion).

c. The government also aims to construct 23 new national highways by 2025.

d. Road building in India is second least expensive in Asia.

e. Andhra Pradesh will spend US$ 296.05 million to build 8,970 Kms of roads.

f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US$ 13.09 billion).

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

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

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

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

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

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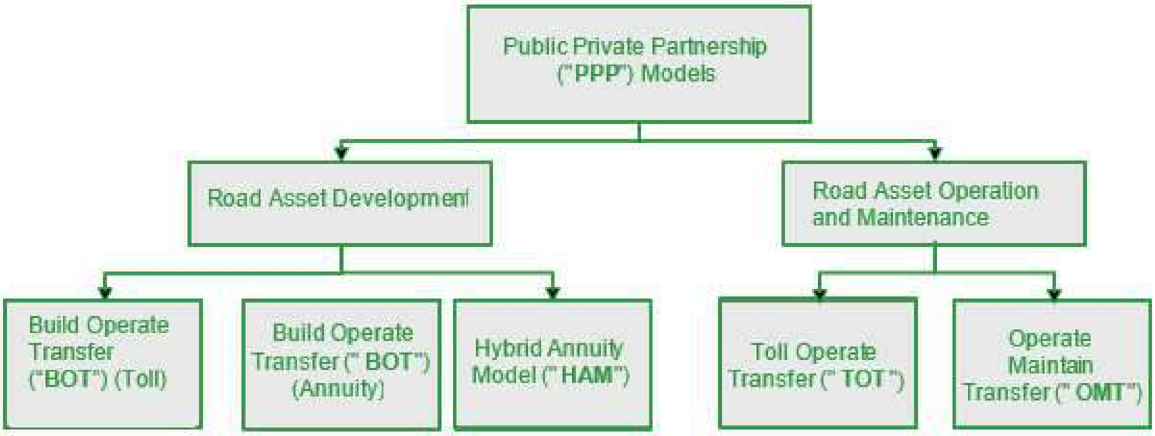

4.7.4. **Road Asset Development Models**

- **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) = Rf + [ERP* Beta] + CSRP

Wherein:

K(e) = cost of equity

Rf = 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:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

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

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(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) pre-tax * (1 - T)

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 8.35%, 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:

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

DCF = [CF1 / (1+r)CAF1] + [CF2 / (1+r)CAF2] + ... + [CFn /(1+r)CAFn]

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

R = Discount Rate (i.e. WACC)

6.26. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government authority that granted the concession. Hence, 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:

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

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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.

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Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2023.10.27 20:24:42 +05'30'

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 WIM installed at various Toll Plazas- Thalapady	06-Sep-23	05-Sep-24	Government of Karnataka department of legal metrology
3	Inspection Certificate for WIM 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

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 cliams, 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 >>