SUNIT KHANDELWAL
Registered Valuer under Companies (Registered Valuers and Valuation ) Rules, 2017
IBBI Registration No. IBBI/RV/05/2018/10426
Asset class: Securities or Financial Assets

# Valuation report

Valuation date: 31 March 2021
Report date: 14 May 2021

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# 1. Definitions, abbreviations & glossary of terms

| Abbreviations | Definitions/Meanings |
|---|---|
| AETL | AE Tollway Limited |
| BOT | Build, Operate and Transfer |
| BV | Break Up Value |
| CA | Concession Agreement |
| CAGR | Compounded Annual Growth Rate |
| CCM | Comparable Companies Multiple |
| CGTL | CG Tollway Limited |
| COD | Commercial Operation Date |
| D/E ratio | Debt-Equity ratio |
| DBFOT | Design, Build, Finance, Operate, Transfer |
| DCF | Discounted Cash Flow |
| EBIT | Earnings before interest and tax |
| EBITDA | Earnings before interest, taxes and depreciation and amortization |
| EPC | Engineering, Procurement and Construction |
| ETC | Electronic Toll Collection |
| EV | Enterprise Value |
| FCFF | Free Cash Flows to Firm |
| FY | Financial Year ending 31st March |
| GDP | Gross Domestic Product |
| GVA | Gross Value Added |
| HAM | Hybrid-Annuity Model |
| IHMTL | IRB Hapur Moradabad Tollway Limited |
| HUDCO | Housing and Urban Development Corporation |
| IBEF | India Brand Equity Foundation |
| INR | Indian Rupees |
| Investment Manager or IM | MMK Toll Road Pvt. Ltd |
| InvIT | Infrastructure Investment Trust |
| IRBIDL | IRB Infrastructure Developers Limited |
| IWTL | IRB Westcoast Tollway Limited |
| IRR | Internal rate of return |
| KGTL | Kishangarh Gulabpura Tollway Limited |
| Km | Kilometer |
| KTL | Kaithal Tollway Limited |
| MAT | Minimum Alternative Tax |
| MDR | Major District roads |
| MoRTH | Ministry of Road Transport & Highways |
| NAV | Net Asset Value |
| NH | National Highway |
| NHAI | National Highways Authority of India |
| NHDP | National Highways Development Project |
| ODR | Other district roads |
| OMT | Operate-Maintain-Transfer |
| PAT | Profit After Tax |
| PBT | Profit before Tax |
| PCU | Passenger Car Equivalent |
| PMGSY | Pradhan Mantri Gram Sadak Yojana |
| PPP | Public Private Partnership |
| SEBI InvIT Regulations | Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 |
| SH | State Highway |
| SPV | Special Purpose Vehicle |
| SYTL | Solapur Yedeshi Tollway Limited |
| the Management | The management and representatives of the Sponsor |
| The Trust | IRB Infrastructure Trust |
| TOT | Toll Operate and Transfer |
| Trustee | IDBI Trusteeship Services Limited |
| UTL | Udaipur Tollway Limited |
| Valuer or I or my or me | Sunit Khandelwal |
| WACC | Weighted Average Cost of Capital |
| WPI | Wholesale Price Index |
| YATL | Yedeshi Aurangabad Tollway Limited |
| You or Client | IRB Infrastructure Trust (acting through the Investment Manager) |

# 2. Background

## 2.1 Brief Background and Purpose

1. IRB Infrastructure Developers Limited (referred as "IRBIDL" or "Sponsor") is one of the largest infrastructure development and construction companies in India in the roads and highways sector. It was incorporated on July 27,1998 and is based in Mumbai, India.
2. IRBIDL's Build Operate and Transfer ("BOT") infrastructure development business involves the construction, development, operation and maintenance of road projects.
3. IRBIDL's currently has 13 road BOT/ HAM projects, most of which are either operational or partly operational and few are being constructed.
4. IRBIDL is referred as "the Sponsor".
5. The management of the Sponsor ("the Management") has informed that it has a registered Indian Infrastructure Investment Trust ("InvIT") under Securities Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("SEBI InvIT Regulations") named as IRB Infrastructure Trust ("the Trust"). The Trust had undertaken a private placement of units (the "Offering").
6. The Management further informed that the below Special Purpose Vehicles (hereinafter together referred to as "InvIT Assets", "9 SPVS" or "the SPVs") were acquired by the Trust and the Trust holds 100% equity interest:
   I. IRB Westcoast Tollway Limited ("IWTL" or "Goa Kundapur")
   II. Solapur Yedeshi Tollway Limited ("SYTL" or "Solapur Yedeshi")
   III. Yedeshi Aurangabad Tollway Limited ("YATL" or "Yedeshi Aurangabad")
   IV. Kaithal Tollway Limited ("KTL" or "Kaithal Rajasthan")
   V. AE Tollway Limited ("AETL" or "Agra Etawah")
   VI. Udaipur Tollway Limited ("UTL" or "Udaipur Rajasthan/ Gujarat border")
   VII. CG Tollway Limited ("CGTL" or "Gulabpura Chittorgarh")
   VIII. KG Tollway Limited ("KGTL" or "Kishangarh Gulabpura")
   IX. IRB Hapur Moradabad Tollway Limited ("IHMTL" or "Hapur Moradabad")
7. As per the SEBI InvIT Regulations, a full year valuation of the InvIT assets is required to be conducted on annual basis (at least) by a Registered Valuer (as defined under section 247 of the Companies Act, 2013) and such valuation report is required to be in compliance with the SEBI InvIT Regulations ("Purpose").
8. In this regard, the Valuer has been appointed to determine Enterprise Value ("EV") of the 9 SPVs on a stand-alone basis under the SEBI InvIT Regulations along with equity valuation of the Trust as on 31 March 2021 ("Valuation Date").

# 3. Sources of Information

We have relied on the following sources of information:

- As provided by the Management:
  - Information on business and profile of the SPVs as provided by the Management.
  - Concession Agreement of each SPV between NHAI and individual SPV.
  - Unaudited financial statements on a standalone basis from the date of operation of individual SPV till 31 March 2021.
  - Unaudited financial statements of the Trust on consolidated basis as on 31 March 2021.
  - Financial projections of the SPVs from FY 2022 till the end of the concession period of the respective SPV as provided by the Management.
  - Traffic consultant reports prepared by consultants as noted in the table below for each SPV as provided by the Management. Management has represented that the traffic studies shared are the most recent studies available. Management has further represented that technical due diligence for the SPVs has not been conducted as operations and maintenance (O&M) would be done by IRBIDL (Sponsor and Project Manager) based on a fixed price contract. O&M payments are fixed for 10 years – after that the terms can be renegotiated upon renewal of the project implementation agreements

**Traffic consultants for the various SPVs**

| Sl. No | Name of SPV | Short name of SPV | Name of Traffic Consultant |
|---|---|---|---|
| 1 | Goa Kundapur | IWTL | GMD Consultants |
| 2 | Solapur Yedeshi | SYTL | GMD Consultants |
| 3 | Yedeshi Aurangabad | YATL | GMD Consultants |
| 4 | Kaithal - Rajasthan | KTL | GMD Consultants |
| 5 | Agra Etawah | AETL | GMD Consultants |
| 6 | Udaipur Rajasthan Gujarat | UTL | GMD Consultants |
| 7 | Gulabpura Chittorgarh | CGTL | GMD Consultants |
| 8 | Kishangarh Gulabpura | KGTL | GMD Consultants |
| 9 | Hapur Moradabad | IHMTL | GMD Consultants |

  - Completion certificates or provisional completion certificates as applicable for the various SPVs
  - Management has represented that out of 9 SPVs which are managed under the Trust, 4 SPVs are fully operational & rest 5 SPVs are under construction. Management has assumed an extension in the end date of concession period with respect to all SPVs to compensate for loss of revenue due to lockdown situation, based on formula as per the provisions of CA ("Concession Agreement") via Policy No. 8.3.33/2020 dated 26 May 2020. The same have not been approved by NHAI

**Concession period assumed by Management (not yet approved by NHAI)**

| Sl. No | Name of Project | Short name of SPV | Construction Phase | Lane Kms | Scheduled Concession period ends | Management expected concession period ends |
|---|---|---|---|---|---|---|
| 1 | Goa Kundapur | IWTL | Tolling & Under Construction | 758 | Mar-42 | Jan-48 |
| 2 | Solapur Yedeshi | SYTL | Fully operational | 395 | Jan-44 | Apr-44 |
| 3 | Yedeshi Aurangabad | YATL | Fully operational | 756 | Jun-41 | Oct-43 |
| 4 | Kaithal - Rajasthan | KTL | Fully operational | 665 | Jul-42 | Mar-48 |
| 5 | Agra Etawah | AETL | Fully operational | 747 | Jul-40 | Aug-45 |
| 6 | Udaipur Rajasthan Gujarat | UTL | Tolling & Under Construction | 683 | Sep-38 | Dec-38 |
| 7 | Gulabpura Chittorgarh | CGTL | Tolling & Under Construction | 749 | Nov-37 | Nov-40 |
| 8 | Kishangarh Gulabpura | KGTL | Tolling & Under Construction | 540 | Feb-38 | Jan-42 |
| 9 | Hapur Moradabad | IHMTL | Tolling & Under Construction | 599 | May-41 | Aug-41 |

- NHAI in its circular dated 26th May 2020 has decided to provide for assistance in the form of COVID-19 Loan. IRBIDL has applied for COVID-19 Loan for all the 9 SPVs and is awaiting NHAI approval for the same. In any case, the SPVs have already availed the moratorium on interest (Funded Interest Term Loan FITL) and principal on loan from respective lenders, thus the COVID-19 Loan would only replace the FITL as and when received from NHAI. Accordingly, any procedural delay at NHAI for giving the COVID-19 loan approval is not expected to have any adverse impact on the liquidity position of the Sponsor based on understanding of the Trust and the Sponsor.
- Toll rate notification/validation letters for the SPVs
- The list of all the permits and licenses of the individual SPVs as provided by the Management.

➢ The estimates and timing of the proposed major repairs to be carried out by the SPVs as provided by the Management.
➢ Money payable to related parties (INR 3315.04 crores) forming part of non-current liabilities (INR 2,471.77 crores) and current liabilities (INR 843.27 crores) on the Trust combined balance sheet as on Valuation Date and will be settled against amount receivable from NHAI against claim.
➢ Management has represented that other operating income mentioned in the consolidated management business plan is operating in nature and is on DSRA created for each SPV.
➢ Proprietary databases
➢ Site photographs of underlying projects as provided by Management. Please refer section 3.1 below for additional disclosures.
➢ Other industry related information from various publicly available sources
➢ Other discussions with the Management
➢ In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of our analysis. While we have relied on the information, we have not independently verified or audited these information

Please note that with respect to the audited, provisional and projected financial statements, rounding-off of amounts in the underlying financial information could result in immaterial arithmetic differences

## 3.1 Details of Site Visit

The site visit of the 9 SPVs were conducted during the fortnight ending 07 May 2021. Please refer respective sections of each SPV in the later part of this report for the site photographs of the relevant SPV.

*Driven by the COVID-19 lockdown, physical verification of assets were not possible, hence relied on site photographs as provided by Management.*

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# 4. Exclusions and Limitations

## 4.1 Context and Purpose

The Management has appointed the Valuer to determine the Enterprise Value of the 9 SPVs pursuant to the SEBI InvIT Regulations and also compute the equity value of the Trust which owns these specified 9 SPVs.

This valuation analysis exercise and valuation report are solely for the Purpose mentioned herein in the Report.

## 4.2 Restricted Audience

This report and the information contained herein are absolutely confidential and are intended for use only in connection with the Purpose set out in the report.

It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without the written consent of the Valuer. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the SEBI InvIT Regulations. This report and summary of valuation included herein can be reproduced and included in the statutory filings and may be made available for inspection in the manner specified therein. In the event, if the Client or its management extend the use of the report beyond the Purpose mentioned earlier in the report, with or without the consent of the Valuer, the Valuer 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.

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 that this report is not a substitute for the third party own due diligence / appraisal / enquiries / independent advice that the third party should undertake for its purpose.

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## 4.3 Limitation Clause

The 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 therein.

The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered. During the course of this work, the Valuer has relied upon assumptions and projections related to the Trust and the SPVs made by the management of the Sponsor. These assumptions require exercise of judgment and are subject to uncertainties. Also, the Valuer has relied on the traffic study reports.

Further, this valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to the Valuer or used by the Valuer up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the SPVs. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this report and the Valuer shall not be obliged to update, review or reaffirm this report if the information provided to the Valuer changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.

Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While the Valuer has provided an assessment of the value based on an analysis of information available and within the scope of engagement, others may place a different value on the businesses.

Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as prediction 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.

The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. The Valuer's work did not constitute a validation of the financial projections of the Trust and the SPVs under consideration and accordingly, the Valuer does not express any opinion on the same. The Valuer has not commented on the appropriateness of or independently verified the assumptions or Information provided to us for arriving at the financial projections. Further, while the Valuer has discussed the assumptions and projections with the management of the Sponsor, Valuer’s reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.

This Report is based on information received from sources mentioned herein and discussions with the management of the Sponsor. This information has not been independently verified by the Valuer. The Valuer has assumed that the Sponsor has furnished all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on my report.

The Valuer has not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust or a SPV or any of other entity mentioned in this Report and has considered them at the value as disclosed by the Trust in their regulatory filings or in submissions, oral or written, made to me. Nothing has come to the Valuer's knowledge to indicate that the material provided to the Valuer was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

The Valuer has not made any independent verification with respect to the Sponsor's claim to title of assets or property for the purpose of this valuation. With respect to claim to title of assets or property, the Valuer has solely relied on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Report.

For the present valuation analysis exercise, the Valuer has also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified. Further, the Valuer has not verified the publicly available information cited in this Report.

In the particular circumstances of this case, the Valuer shall be liable only to the Sponsor, the Trust and the Investment Manager. The Valuer shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused other than in cases of fraud, gross negligence or wilful misconduct, or on account of any natural calamities, shall be limited to the amount of fees actually received by the Valuer as laid out in the engagement letter, for such valuation work.

Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither the Valuer, nor any of the Valuer’s team member shall in any way be responsible for the management content, third party content or other any content sourced from publicly available information, stated herein. Accordingly, the Valuer makes no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such content. The Valuer expressly disclaim any and all liabilities, which may arise based upon such content used in this Report.

This Report does not look into the business / commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, it 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, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the investors of the Trust and the Valuer does not express opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or the Sponsor.

The Valuer is not advisor with respect to legal tax and regulatory matters for the transaction. No investigation of the SPVs’ claim to title or assets has been made for the purpose of this Report and the SPVs’ claim to such right 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.

Except to the extent required under the SEBI InvIT Regulations and other applicable law, the Valuer is not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of the SPVs and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financials of the SPVs.

The valuation analysis in this Report should not be construed as investment advice; specifically, and the Valuer do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or any of the SPVs.

The estimate of value contained herein are not intended to represent value of the SPVs at any time other than the dates specifically mentioned for each valuation result, as per the agreed scope of engagement and as required under the SEBI InvIT Regulations.

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# 5. Overview of the 9 SPVs

## 5.1 IRB Westcoast Tollway Limited ("IWTL" or "Goa Kundapur")

IRB Westcoast Tollway Limited ("**IWTL**") was awarded a grant of INR 536.22 crores from the NHAI during the construction period. For this project, IWTL was engaged to expand the existing two-lane road to a four-lane road in the Goa/ Karnataka Border to Kundapur Section of NH17 (from 93.70 Km to 283.30 Km) in Karnataka under National Highway Development Program Phase IV on a Design-Build-Finance-Operate-Transfer basis. A concession agreement dated March 25, 2013 was entered into between the NHAI and IWTL. The project received a provisional completion certificate and commenced tolling in February 2020.

*Concession Period:* The concession period for this project is 28 years commencing from March 3, 2014. As per the concession agreement, IWTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on April 1st subject to and in accordance with such fee rules.

*Operation and Maintenance:* IWTL is required to carry out the operation and maintenance of this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of IRB Westcoast Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Goa/Karnataka Border to Kundapur |
| Name of Concessionaire | IRB Westcoast Tollway Limited |
| State | Karnataka |
| NH/ SH | NH 17 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of CA | March 25, 2013 |
| Appointed date | March 3, 2014 |
| Scheduled Concession End Date | March 2, 2042 |
| Original Concession period | 28 Years |
| Expected Concession End Date due to actual (estimated) traffic being lower than Target Traffic and covid 19 lockdown as per CA | January 7, 2048 |
| Tollable Length (Kms) | 189.6 |
| Toll Plaza | 3 |

The shareholding pattern of IRB Westcoast Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---|---|
| IRB Infrastructure Trust | 174,194,297 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **174,194,303** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

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## 5.2 Solapur Yedeshi Tollway Limited ("SYTL" or "Solapur Yedeshi")

Solapur Yedeshi Tollway Limited ("**SYTL**") was awarded a grant of INR 189 crores from the NHAI during the construction period. For this project, SYTL was engaged to expand the existing two-lane road to a four-lane road in the Solapur to Yedeshi Section of NH-211 from 0.00 Km to 100.00 Km (design length of 98.717 Km) in the State of Maharashtra under National Highway Development Program Phase IV on a Design-Build-Finance-Operate-Transfer basis. A concession agreement dated March 3, 2014 was entered into between the NHAI and SYTL. The project received a final completion certificate in October 2019.

*Concession Period:* The concession period for this project is 29 years commencing from January 21, 2015. As per the concession agreement, SYTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on April 1st subject to and in accordance with such fee rules.

*Operation and Maintenance:* SYTL is required to carry out the operation and maintenance of this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of Solapur Yedeshi Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Solapur Yedeshi |
| Name of Concessionaire | Solapur Yedeshi Tollway Limited |
| State | Maharashtra |
| NH/ SH | NH 211 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of CA | March 3, 2014 |
| Appointed date | January 21, 2015 |
| Provisional Completion certificate date | March 5, 2018 |
| Scheduled Concession End Date | January 20, 2044 |
| Original Concession period | 29 Years |
| Expected Concession End Date due to covid 19 lockdown as per CA | April 20, 2044 |
| Tollable Length (Kms) | 98.7 |
| Toll Plaza | 2 |

The shareholding pattern of Solapur Yedeshi Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---:|---:|
| IRB Infrastructure Trust | 98,249,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **98,250,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

## 5.3 Yedeshi Aurangabad Tollway Limited ("YATL" or "Yedeshi Aurangabad")

Yedeshi Aurangabad Tollway Limited ("**YATL**") was awarded a grant of INR 558 crores from NHAI during the construction period. For this project, YATL was engaged to expand the existing two-lane road to a four-lane road in the Yedeshi to Aurangabad Section of NH-211 from 100.00 Km to 290.20 Km (design length of 189.09 Km) in the State of Maharashtra under National Highway Development Program Phase IV on a Design-Build-Finance-Operate-Transfer basis. A concession agreement dated May 30, 2014 was entered into between the NHAI and YATL. The project received a final completion certificate in September 2020.

*Concession Period:* The concession period for this project is 26 years commencing from July 1, 2015. As per the concession agreement, YATL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on April 1st subject to and in accordance with such fee rules.

*Operation and Maintenance:* YATL is required to carry out the operation and maintenance of this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of Yedeshi Aurangabad Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Yedeshi Aurangabad |
| Name of Concessionaire | Yedeshi Aurangabad Tollway Limited |
| State | Maharashtra |
| NH/ SH | NH 211 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of CA | May 30, 2014 |
| Appointed date | July 1, 2015 |
| Provisional Completion certificate date | March 17, 2018 |
| Scheduled Concession End Date | June 30, 2041 |
| Original Concession period | 26 Years |
| Expected Concession End Date due to covid 19 lockdown as per CA | October 29, 2043 |
| Tollable Length (Kms) | 189.1 |
| Toll Plaza | 3 |

The shareholding pattern of Yedeshi Aurangabad Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---|---|
| IRB Infrastructure Trust | 215,756,995 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **215,757,001** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX.

## 5.4 Kaithal Tollway Limited ("KTL" or "Kaithal Rajasthan")

Kaithal Tollway Limited ("**KTL**"), was awarded a grant of INR 234 crores from NHAI during the construction period. For this project, KTL was engaged to expand the existing two-lane road to a four-lane road in the Kaithal to Rajasthan Border Section of NH-152/65 from 33.25 Km (design - 0.500 Km) to 241.58 Km (design 165.759 Km i.e. total design length of 166.259 Km) in the State of Haryana under National Highway Development Program Phase IV on a Design-Build-Finance-Operate-Transfer basis. A concession agreement dated June 23, 2014 was entered into between the NHAI and KTL. The project received provisional completion certificates in September 2017 and July 2018 and commenced tolling in September 2017. The project received a final completion certificate in March 2019.

*Concession Period:* The concession period for this project is 27 years commencing from July 15, 2015. As per the concession agreement, KTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on 01 April subject to and in accordance with such fee rules.

*Operation and Maintenance:* KTL carries out the operation and maintenance of this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.


The key details of Kaithal Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Kaithal - Rajasthan Border |
| Name of concessionaire | Kaithal Tollway Limited |
| State | Haryana |
| NH | NH- 152/65 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of concession agreement date | June 23, 2014 |
| Appointed date | July 15, 2015 |
| Provisional Completion certificate date – I | September 6, 2017 |
| Provisional Completion certificate date – II | July 9, 2018 |
| Completion certificate date | March 29, 2019 |
| Scheduled concession end date | July 14, 2042 |
| Original concession period (yrs) | 27 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | March 8, 2048 |
| Tollable length (Kms) | 166.3 |
| Toll plaza (No.) | 3 |

The shareholding pattern of Kaithal Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---|---|
| IRB Infrastructure Trust | 327,999,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **328,000,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

## 5.5 AE Tollway Limited ("AETL" or "Agra Etawah")

AE Tollway Limited ("**AETL**") was awarded on the basis of a premium of INR 81 crores payable to the NHAI in the first year of concession period increased annually at by an additional 5% as compared to the immediately preceding year. For this project, AETL was engaged to expand the Agra to Etawah Bypass Section of NH-2 from 199.660 Km to 323.525 Km (design length of 124.52 Km) in the State of Uttar Pradesh from four to six lanes under National Highway Development Program Phase V on a design-build-finance-operate-transfer basis. A concession agreement dated September 1, 2015 was entered into between the NHAI and AETL. Being a four to six laning project, tolling commenced in August 2016. The project received a final completion certificate in October 2020.

*Concession Period:* The concession period for this project is 24 years commencing from August 1, 2016. As per the concession agreement, AETL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on April 1$^{st}$ subject to and in accordance with such fee rules.

*Operation and Maintenance:* During the concession period, AETL is required to operate and maintain the facilities relating to this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of AE Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Agra - Ethawah |
| Name of concessionaire | AE Tollway Limited |
| State | Uttar Pradesh |
| NH | NH-2 |
| PPP mode | Build, Operate and Transfer ("BOT") |
| Execution of concession agreement date | September 1, 2015 |
| Appointed date | August 1, 2016 |
| Provisional Completion certificate date | August 1, 2016 |
| Scheduled concession end date | July 31, 2040 |
| Original concession period (yrs) | 24 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | August 19, 2045 |
| Tollable length (Kms) | 124.52 |
| Toll plaza (No.) | 2 |

The shareholding pattern of AE Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---|---|
| IRB Infrastructure Trust | 436,499,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **436,500,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

## 5.6 Udaipur Tollway Limited (“UTL” or “Udaipur Rajasthan/ Gujarat border”)

Udaipur Tollway Limited (“**UTL**”) was awarded on the basis of a premium of INR 163.80 crores payable to the NHAI immediately after the third anniversary year of COD and for each subsequent year till the 9th anniversary of COD the premium shall increase by an additional 3% as compared to the previous year. From the 9th anniversary of COD until the end of the concession period the premium shall increase by an additional 8% each year as compared to the previous year. For this project, UTL was engaged to expand the Udaipur Bypass (287.40 Km) to Rajasthan/Gujarat Border (401.20 Km) section of NH-8 in the states of Rajasthan & Gujarat (approx. length 113.80 Km) from four to six lanes under National Highway Development Program Phase V on a design-build-finance-operate-transfer basis. A concession agreement dated 09 December 2016 was entered into between the NHAI and UTL. Being a four to six laning project, tolling commenced in September 2017.

*Concession Period:* The concession period for this project is 21 years from September 3, 2017. As per the concession agreement, UTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on 01 April subject to and in accordance with such fee rules. Being a four to six laning project, tolling commenced from appointed date i.e. 03 September 2017.

*Operation and Maintenance:* During the concession period, UTL is required to operate and maintain the facilities relating to this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of Udaipur Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Udaipur Gujarat Border |
| Name of concessionaire | Udaipur Tollway Limited |
| State | Rajasthan/ Gujarat |
| NH | NH-8 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of concession agreement date | December 9, 2016 |
| Appointed date | September 3, 2017 |
| Provisional Completion certificate date | September 3, 2017 |
| Scheduled concession end date | September 2, 2038 |
| Original concession period (yrs) | 21 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | December 2, 2038 |
| Tollable length (Kms) | 113.8 |
| Toll plaza (No.) | 1 |

The shareholding pattern of Udaipur Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---:|---:|
| IRB Infrastructure Trust | 116,799,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **116,800,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

## 5.7 CG Tollway Limited ("CGTL" or "Gulabpura Chittorgarh")

CG Tollway Limited ("**CGTL**") was awarded on the basis of a premium of INR 228.60 crores payable to the NHAI immediately after the third anniversary year of COD and for each subsequent year till the 9th anniversary of COD the premium shall increase by an additional 3% as compared to the previous year. From the 9th anniversary of COD until the end of the concession period the premium shall increase by an additional 8% each year as compared to the previous year. For this project, CGTL was engaged to expand the Gulabpura (90.00 Km) to end of Chittorgarh Bypass (214.87 Km) Section of NH-79 in the state of Rajasthan from four to six lanes under National Highway Development Program Phase V on a design-build-finance-operate-transfer basis. A concession agreement dated 09 December 2016 was entered into between the NHAI and CGTL. Being a four to six laning project, tolling commenced in November 2017.

*Concession Period:* The concession period for this project is 20 years commencing from 04 November 2017. As per the concession agreement, CGTL is entitled to collect fees from project highway users, subject to the National Highways fee Rules. The toll rates are revised annually on 01 April subject to and in accordance with such fee rules.

*Operation and Maintenance:* During the concession period, CGTL is required to operate and maintain the facilities relating to this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.

SUNIT KHANDELWAL
Registered Valuer under Companies (Registered Valuers and Valuation ) Rules, 2017
IBBI Registration No. IBBI/RV/05/2018/10426
Asset class: Securities or Financial Assets


The key details of CG Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Gulabpura Chittorgarh |
| Name of concessionaire | CG Tollway Limited |
| State | Rajasthan |
| NH | NH-79 |
| PPP mode | Build, Operate and Transfer ("BOT") |
| Execution of concession agreement date | December 9, 2016 |
| Appointed date | November 4, 2017 |
| Provisional Completion certificate date | November 4, 2017 |
| Scheduled concession end date | November 3, 2037 |
| Original concession period (yrs) | 20 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | November 18, 2040 |
| Tollable length (Kms) | 124.87 |
| Toll plaza (No.) | 2 |

The shareholding pattern of CG Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---|---|
| IRB Infrastructure Trust | 203,499,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **203,500,000** | **100** |

Communication address:
507 A, 5th floor,
Platinum Tower, Sohna Road,
Sector -47, Gurgaon – 122001
Haryana, India

Registered office:
F 1502, GPL Eden Heights,
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Telephone: +91 124-4696689
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Mobile: +91 9560680444
Email: sunitkhandelwal@gmail.com

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX.

## 5.8 Kishangarh Gulabpura Tollway Limited ("KGTL" or "Kishangarh Gulabpura")

Kishangarh Gulabpura Tollway Limited ("**KGTL**") was awarded on the basis of a premium of INR 186.30 crores payable to the NHAI immediately after the third anniversary year of COD and for each subsequent year till the 9th anniversary of COD the premium shall increase by an additional 3% as compared to the previous year. From the 9th anniversary of COD until the end of the concession period the premium shall increase by an additional 8% each year as compared to the previous year. For this project, KGTL was engaged to expand the Kishangarh (0.83 Km to 36.10 Km of NH 79A and 15.00 KM to 69.73 Km of NH-79) to Gulabpura section of NH 79A and NH 79 in the state of Rajasthan (length 90.00 Km) from four to six lanes under National Highway Development Program Phase V on a design-build-finance-operate-transfer basis. A concession agreement dated 22 February 2017 was entered into between the NHAI and KGTL. Being a four to six laning project, tolling commenced in February 2018.

*Concession Period:* The concession period for this project is 20 years commencing from 21 February 2018. As per the concession agreement, KGTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on 01 April subject to and in accordance with such fee rules.

*Operation and Maintenance:* During the concession period, KGTL is required to operate and maintain the facilities relating to this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.



The key details of Kishangarh Gulabpura Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Kishangarh Gulabpura |
| Name of concessionaire | Krishangarh Gulabpura Tollway Limited |
| State | Rajasthan |
| NH | NH-79A & NH-79 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of concession agreement date | February 22, 2017 |
| Appointed date | February 21, 2018 |
| Provisional Completion certificate date | February 21, 2018 |
| Scheduled concession end date | February 20, 2038 |
| Original concession period (yrs) | 20 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | January 11, 2042 |
| Tollable length (Kms) | 90 |
| Toll plaza (No.) | 1 |

The shareholding pattern of Kishangarh Gulabpura Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---:|---:|
| IRB Infrastructure Trust | 155,499,994 | 99.99 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **155,500,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

## 5.9 IRB Hapur Moradabad Tollway Limited ("IHMTL" or "Hapur Moradabad")

IRB Hapur Moradabad Tollway Limited ("**IHMTL**") was awarded on the basis of a premium of INR 31.5 crores payable to the NHAI immediately after the third anniversary year of COD and for each subsequent year until the ninth anniversary of COD the premium will increase by an additional 3% as compared to the previous year. From the ninth anniversary of COD until the end of the concession period the premium will increase by an additional 8% each year as compared to the previous year. For this project, IHMTL was engaged to expand the Hapur Bypass (50.000 Km) to Moradabad (149.867 Km) Section of NH-9 (design length of 99.867 Km) in the state of Uttar Pradesh from four to six lanes under National Highway Development Program Phase V on a design-build-finance-operate-transfer basis. A concession agreement dated May 29, 2018 was entered into between the NHAI and IHMTL. Being a four to six laning project, tolling commenced in May 2019.

*Concession Period:* The concession period for this project is 22 years commencing from 28 May 2019. As per the concession agreement, IHMTL is entitled to collect fees from project highway users, subject to the National Highways fee rules. The toll rates are revised annually on 01 April subject to and in accordance with such fee rules.

*Operation and Maintenance:* During the concession period, IHMTL is required to operate and maintain the facilities relating to this project, and if required, modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement.


The key details of IRB Hapur Moradabad Tollway Limited are as follows:

| Particulars | Details |
|---|---|
| Project name | Hapur Moradabad |
| Name of concessionaire | IRB Hapur Moradabad Tollway Limited |
| State | Uttar Pradesh |
| NH | NH-24 |
| PPP mode | Design, Build, Finance, Operate and Transfer ("DBFOT") |
| Execution of concession agreement date | May 29, 2018 |
| Appointed date | May 28, 2019 |
| Provisional Completion certificate date | May 28, 2019 |
| Scheduled concession end date | May 27, 2041 |
| Original concession period (yrs) | 22 years |
| Expected Concession End Date due to covid 19 lockdown as per CA | August 31, 2041 |
| Tollable length (Kms) | 99.87 |
| Toll plaza (No.) | 2 |

The shareholding pattern of IRB Hapur Moradabad Tollway Limited as on 31 March 2021 is as follows:

| Name of shareholder | No. of Shares held | Stake% |
|---|---:|---:|
| IRB Infrastructure Trust | 309,999,994 | 100 |
| Nominee of IRB Infrastructure Trust | 6 | Less than 0.01 |
| **Total** | **310,000,000** | **100** |

For the list of approvals and disclosure on litigation please refer relevant annexure related to the above SPV which have been spread between annexure I to IX

# 6. Industry Overview

## 6.1 Indian Economy

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

Market Size and Growth:

India's GDP (at constant 2011-2012 prices) was estimated at INR 33.14 trillion (US$ 452.74 billion) for the second quarter of FY20-21, against INR 35.84 trillion (US$ 489.62 billion) in the second quarter of FY19-20.
After consecutive quarters of contraction, India's Gross Domestic Product (GDP) for the October-December quarter (Q3) grew by 0.4%, while the GDP for the entire FY21 is seen contracting (-)8%, as per second advanced and quarterly estimates of GDP released by the Ministry of Statistics and Programme Implementation (MoSPI).

## 6.2 Infrastructure Sector in India

Infrastructure sector is a key driver for the Indian economy. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development.

Market Size:
According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDIs in the construction development sector (townships, housing, built up infrastructure and construction development projects) and construction (infrastructure) activities stood at US$ 25.78 billion and US$ 17.22 billion, respectively, between April 2000 and September 2020.

## 6.3 Road and Highway Sector in India (Sector background)

India with total road network of 6.22 million Km comprises of national & state highways and urban & rural roads. Out of this approx. 1.77 lakh Kms are State Highways (SHs) and approx. 1.36 lakh Kms are National Highways (NHs) which account for 3% & 2% of the total roads in India, respectively.

National Highways 7,767 km length have been completed in the first nine months of FY 2020-21, as against 6,940 km for the corresponding period during the last financial year.

| Total Roads | 62,15,797 km |
|---|---:|
| National Highways | 1,36,440 km |
| State Highways | 1,76,818 km |
| Other Roads | 59,02,539 km |

## 6.4 Sector Trends

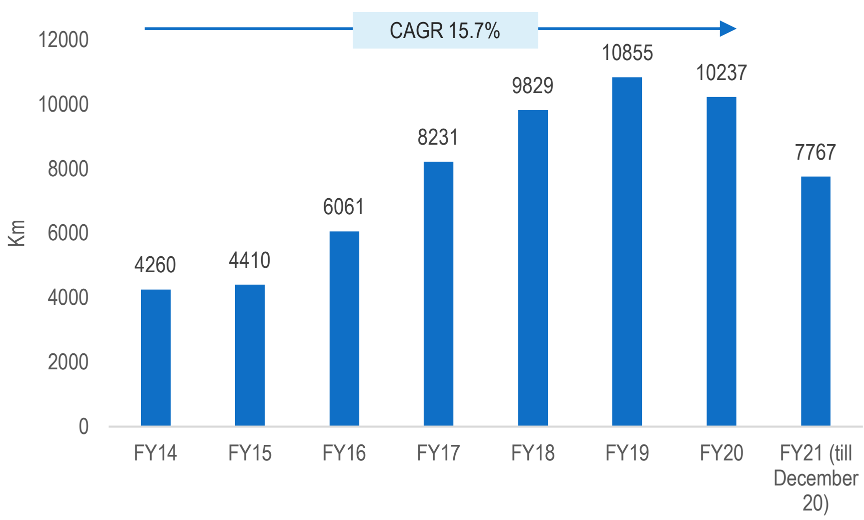
The Government of India has launched major initiatives to upgrade and strengthen National Highways through various phases of the National Highways Development project (NHDP). The status of various programmes up to 31.12.2020 are as under:

| Phases | Total length in km | Length completed upto 31.03.2020 | Length completed during 01.04.2020 to 31.12.2020 | Length completed upto 31.12.2020 |
|---|---|---|---|---|
| Bharatmala Pariyojana (I+II+III+IV) GQ, Port connection &Upgradation with 2/4/6-laning / Development of North South-East West Corridor | 46,278 | 37,579 | 1,106 | 38,685 |
| V<br>6-laning of GQ and High density corridor | 6,500 | 3,799 | 289 | 4,088 |
| VI<br>Expressways | 1,000 | 209 | 10 | 219 |
| VII<br>Ring Roads, Bypasses and flyovers and other structures | 700 km of ring roads/ bypass + flyovers etc. | 150 | 31 | 181 |
| **Other Schemes** | | | | |
| SARDP-NE<br>(Phase A+Arunachal Pradesh) | 6,418 | 3,269 | 176 | 3,445 |
| LWE<br>(including Vijayawada Ranchi Route) | 6,014 | 5,380 | 80 | 5,460 |
| EAP<br>(WB+JICA+ADB) | 1,985 | 1,109 | 97 | 1,206 |

Source: https://indianexpress.com/article/business/economy/india-q3-october-december-gdp-updates-gross-domestic-product-data-7206108/ ; https://www.ibef.org/economy/indian-economy-overview ; https://www.ibef.org/industry/infrastructure-sector-india.aspx ; MoRTH annual report FY 20-21

## 6.5 Momentum in Expansion of Roadways

- Highway construction in India increased at 15.7% CAGR between FY14-20. In FY20, 10,237 Km of highways were constructed. The Government of India aims to construct 65,000 Km of national highways at the cost of INR 5.35 lakh crore (USD 741.51 billion) by 2022.




Source: Road Network In India, ibef.org dated November 2020, https://www.ibef.org/download/Roads-November-2020.pdf

- In April 2020, the Government has set a target of constructing roads worth INR 15 lakh crore (US$ 212.8 billion) over the next two years.

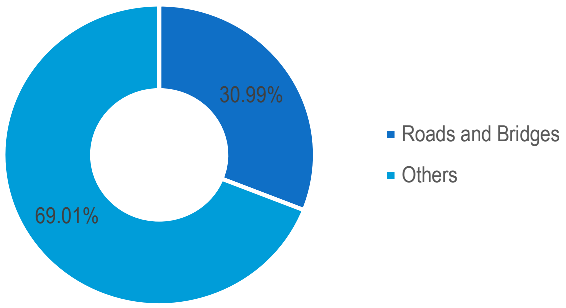
- The government will use plastic waste for construction of roads. One of the roads has recently been constructed with plastic waste near Dhaula Kuan (New Delhi) with plans to construct Delhi-Meerut Expressway and Gurgaon-Sohna road.

## 6.6 Private Financing under Public Private Partnership (PPP)

PPP framework was introduced to increase the efficiency of infrastructure projects through a long-term collaboration between the public sector and private business.

- As of December 2019, there were 9,242 PPP projects in India, of which, 2,872 were related to roads & bridges.
- Projects awarded under Build- operate- transfer (BOT) was 37.48% of the total awarded projects as of February 2020
- 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 concessionaries. 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.

Total PPP Projects in India (as on December 2019)




Source: Road Network In India, ibef.org dated November 2020 https://www.ibef.org/download/Roads-November-2020.pdf

## 6.7 Evolution of PPP in road sector in India

PPP in the road sector in India has passed through a number of distinct phases:

- Build- Operate-Transfer:
  It is a form of project financing, wherein a private entity receives a concession from the private or public sector to finance, design, construct, own, and operate a facility stated in the concession contract. This enables the project proponent to recover its investment, operating and maintenance expenses in the project. But significant improvements in private participation were observed. Private sector participation in BOT projects peaked till Financial Year (FY)12. But a steep decline in PPP participation was observed in FY13 and FY14 with many viable projects unable to attract even a single bid.

- Hybrid Annuity Mode (HAM):

HAM was introduced to reinvigorate PPP participation in the road sector after interest in BOT projects waned. It has mainly provided advantages to the developers in form of reduction in Initial funding requirements in PPP projects as 60 per cent of the bid project cost is to be arranged by the concessionaire. This reduces the initial equity requirement and encourages participation by mid-sized developers to invest in PPP projects. Further, debt requirements go down from 70 per cent to around 42 per cent of project cost. The introduction and strong implementation of HAM has seen HAM become the preferred PPP mode in India.

- Toll- Operate- Transfer (TOT)
  TOT is a model for monetising operational national highway projects where investors make a lump sum payment in return for long-term toll collection rights backed by a sound tolling system. Three TOT bundles have been floated by NHAI so far out of which financial closure of one bundle was achieved in August 2018 with a highest bidder bid at least 1.5 times the IECV and for one bundle bid process is ongoing.

  The National Highways Authority of India is looking to tweak the BOT framework as the Government plans to revive the BOT model to make it more attractive to private investors and lenders.

## 6.8 Policy Initiatives

- The Prime Minister's Gram Sadak Yojana (PMGSY) is a scheme for development of rural roads in India. The Government of India has succeeded in providing road connectivity to 85% of 178,184 rural habitations. As per Union Budget 2020-21, the Government of India has allocated INR 19,500 crores (US$ 2.79 billion) for PMGSY. As per Union Budget 19-20, 30,000 km of PMGSY roads were built using green technology, waste plastic and cold mix technology, thereby reducing carbon footprint.

- Government of India has set up the India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects. As per the Union Budget 2019-20, government proposed to permit investments made by FIIs/FPIs in debt securities issued by Infrastructure Debt Fund – Non-Bank Finance Companies (IDF-NBFCs) to be transferred/sold to any domestic investor within the specified lock-in period.

- The Bhoomi Rashi portal of Ministry of Road Transport & Highways allows for totally digital and paper-less processing of land acquisition cases, and has resulted in transparent, quick, corruption-free and error-free handling of land acquisition cases. With the operation of this Portal, the land acquisition process has been expedited significantly, become error-free and more transparent and the notifications at every stage are being processed on real time basis. Since 01 April 2018 till 31 December 2020, a total of 6,291 Land Acquisition notifications have been issued and nearly 59,825 hectares of land have been acquired for all National Highway projects.

- In October 2020, a memorandum of understanding (MoU) has been signed with the NHAI by Guru Nanak Dev University (GNDU) to conduct advanced research on various aspects, including highway architecture, protection and revitalisation, The GNDU will undertake studies on ~137 km length of the National Highways passing through Pathankot, Gurdaspur and Amritsar districts.

- Some of the green initiatives are exemption of electric, ethanol and methanol vehicles from permit, emission standards for construction equipment vehicles and tractors, linking of PUC data (emission related data) with the VAHAN database etc.

- FASTag is an electronic toll collection system, operated by NHAI. A mobile application has been launched for purchase of tag and top up of FASTags. As on 31 December 2020, collectively banks have issued over 2.29 crore FASTags with an average daily ETC transactions of 44.65 lakhs; the average daily collection through ETC has increased to INR 74.32 crore with penetration of 76% in total fee collection. There are 668 National Highways (NH) fee plazas live with ETC infrastructure in all lanes.


Source: Road Network In India, ibef.org dated November 2020 https://www.ibef.org/download/Roads-November-2020.pdf; MoRTH annual report FY20-21.

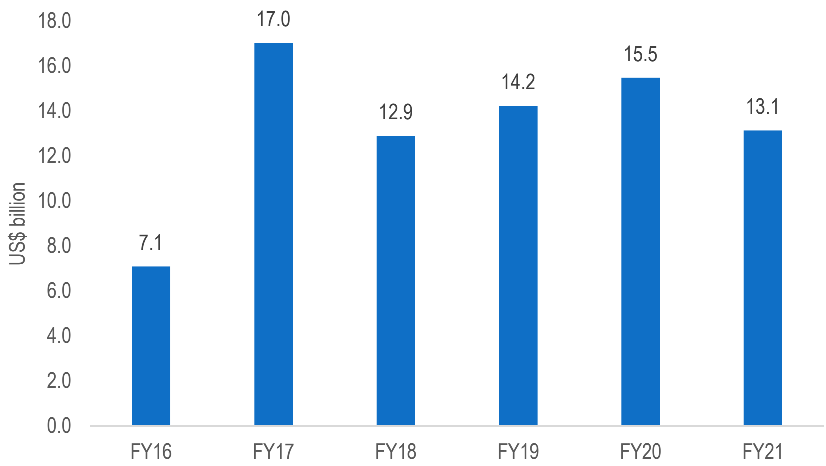
## 6.9 Budgetary Outlay for Roads

Roadways has been the key focus area for budget allocations over the years. As per Union Budget 2020-21, the government has allocated INR 91, 823 crores (US$ 13.14 billion) under the Ministry of Road Transport and Highway.

Huge investments 'have been made in the sector with total investment increasing more than 3 times from INR 51,914 crores (US$ 7.43 billion) in 2014-15 to INR 1,58,839 (US$ 22.73 billion) in 2018-19.

On 12 October 2020, the government announced that it has constructed 2,921 kms of highways under the Bharatmala Pariyojna. The government envisages building 34,800 kms of highways at a cost of about INR 5.35 trillion (US$ 74.15 billion) under the ambitious Bharatmala Pariyojna.

Outlay for roads under respective Union Budgets (USD billion)




Road Network In India, ibef.org dated November 2020 https://www.ibef.org/download/Roads-November-2020.pdf;

## 6.10 COVID-19 lockdown

- Pursuant to Ministry of Road Transport & Highway, a nation-wide lockdown was declared by Prime Minister from March 25, 2020 and accordingly NHAI also suspended toll collection from March 26, 2020 to April 19, 2020.
- Roads and highway sector share approx. 18% of the infrastructure investments during FY08-FY19.
- Pandemic is likely to reduce investment in overall construction related projects in the range of 13%-30% in FY21 which will have impact on Gross Value Added (GVA) and employment.
- According to Investment Information and Credit Rating Agency (ICRA), the ongoing second wave of COVID-19 may not adversely impact the performance of most mid and large-sized infrastructure companies which are mostly focussed on non-urban infrastructure projects, as before the second wave, the sector had started witnessing a recovery. The construction gross value added (GVA) growth of 6.2% in Q3 2020-21 reflect this.
- The recent spike in COVID-19 cases increases the risk of restrictions on construction activities at the localised level and curtails labour availability at project sites, which could cause short-term disruptions in construction activities.
- Given that the sector had faced a more intense effect during the first wave, most companies have improved their preparedness in terms of labour and raw material availability.

Source: "COVID-19: Assessment of economic impact on construction sector in India, KPMG, May 2020.
https://home.kpmg/content/dam/kpmg/in/pdf/2020/05/covid-19-assessment-economic-impact-construction-sector.pdf?r
https://www.constructionworld.in/policy-updates-and-economic-news/-covid-19-second-wave-may-not-impact-overall-construction-activities--icra/26768

## 6.11 Way Forward (Outlook)

- The market for roads and highway is projected a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.
- National Highway Development Project (NHDP) is a 7-phase project amounting to USD 60 billion. The projects aim to widening, upgradation and rehabilitation of 47,054 Km of national highways.
- In the coming years, NHAI's increased delegation autonomy along with Bharatmala Pariyojana initiative is expected to enable growth in awarding momentum. Overall, more than 61,300 Km of road projects, costing over 6.48 lakh crore, are in progress under the Bharatmala Pariyojana, which will be awarded to the private players in the coming years under different formats.
- A paradigm shift is expected from highway construction/ development to provision of quality service to highway users, both for freight and passenger transport. Enhanced use of technology applications will be a key requirement here.
- Promoting sustainability will be another significant focus area with increased reliance on e-mobility, use of biofuels and eco-friendly development/construction. Further, augmenting existing sources of finance in order to complete the required highway construction in the next five to six years shall also be an important consideration.

- Investment, merger and acquisition (M&A) activity in the roads sector has picked up pace this year as foreign investors pump in millions of dollars to acquire operating roads and developers look to sell assets to pare debt. About INR 1.4 trillion is estimated to be invested by the private sector between 2018-22 to build new road assets.

# 7. Valuation Approach

The standard of value used in our analysis is fair value, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are several commonly used and internationally accepted methods for determining the fair value of companies, which have been considered in the present case, to the extent relevant and applicable. Accordingly, we have carried out valuation of the SPVs as on 31 March 2021.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPVs. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the SPVs, and other factors which generally influence the valuation analysis.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner is based on our previous experience of assignments of a similar nature.

We have estimated the fair value of equity of the InvIT using Sum of the Parts (“Sum of the Parts”) method by adding the individual EV of each SPV and adjusting with below the line items of the consolidated unaudited financials of the Trust as on 31 March 2021. EV of each SPV has been estimated using DCF method under the income approach.

In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorised as follows:

<u>Market Price (MP) Method</u>

The market price of an equity share as quoted on a Stock Exchange is generally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

Equity shares of the SPVs are not listed on any stock exchange. Hence, this method has not been considered for the purpose of valuation.

<u>Comparable Companies Market Multiple ("CCM") Method</u>

Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies, as apparent through 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 for the assessment of the value of the company.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. We have not considered this method in our valuation analysis in the absence of closely comparable listed companies having similar geographical locations, stage of growth, size, terms and profitability.

## Comparable Companies Transaction Multiple ("CTM") Method

Under the CTM method, the value of the equity shares of a company/ business undertaking is arrived at by using the prices implied by reported transactions/ deals of comparable companies.

Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have not been able to identify any comparable company to the SPVs for which a transaction has taken place in the last one year. We believe that the older transactions are not relevant for our valuation considering share price movements and changes in the macro-economic situation in India. Also, transactions multiples as times tend to be biased due to premium which may be embedded in the price for strategic benefits and synergies which an acquirer may perceive in the target. Accordingly, we have not applied the Comparable Transactions Multiple Method for the valuation of the SPVs.

## Net Asset Value (NAV) Method

The asset-based valuation technique is based on the value of the underlying net assets of the business either on a book value basis or realisable value basis or replacement cost basis. The cost approach assumes that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility. Under a going-concern premise, the cost approach usually is best suited for use in valuing asset-intensive companies, such as investment or real estate holding companies, or companies with unstable or unpredictable earnings.

In the present case of valuing the SPVs, we have not considered this method as the underlying earnings are fairly stable, and a going concern business plan has been provided by the Management.

## Discounted Cash Flows (DCF) Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that is available to all providers of the company's capital — both debt and equity.

*Appropriate discount rate to be applied to cash flows, i.e. the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The value so computed by discounting the cash flows to the firm is adjusted for net borrowings, surplus asset including investments, minority interests, equity instruments granted as part of the share-based payment, and other matters to arrive at an aggregate equity value of the company.

In the present case, we have been provided with the financial projections of all the 9 SPVs. As such, we have considered this method for valuing the SPVs.

# 8. Valuation Analysis

## Discounted Cash Flow Method (Free Cash Flows to Firm)

Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*
Free cash flows are the cash flows expected to be generated by each individual SPV and available to the capital providers in each SPV has been estimated based on projected financial information provided by the Management. Projections provided by the Management are only the best estimates of each individual SPV's growth and sustainability of profitability margins. Although we have reviewed the financial forecast provided by the Management for consistency and reasonableness, we have not specifically validated these financial projections and have relied on the estimates provided by the Management.

*Appropriate discount rate to be applied to cash flows i.e. the cost of capital:*
This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital for each individual SPV. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

*Arriving at equity value from enterprise value:*
The fair value basis of combined equity of the 9 SPVs for this purpose has been determined after taking into consideration all the factors and methodologies mentioned hereinabove. As explained above, we have given 100% weightage to the DCF methodology to arrive at the EV of a specific SPV.

As a next step, we have adopted a sum of parts methodology and arrive at the EV for the entire portfolio of 9 SPVs. Later, we have then made adjustments for debt, debt-like-items, surplus assets, cash and cash equivalents and other adjustments at the Trust level and arrived at the value of 100% interest in equity (on a control, marketable basis) for the Trust.

## The key assumptions under the DCF Method

For the DCF analysis, we have relied on the projected financials of the SPVs provided by the Management based on their best estimates on the growth and sustainability of profitability margins of the individual SPVs. Please note that though we have reviewed the financial forecast provided by the Management for consistency and reasonableness based on data available in public domain and traffic consultant reports provided by the Management for each SPV, we have not independently investigated or otherwise verified the data and key inputs estimated by the Management for all the 9 SPVs. Nothing has come to our attention to indicate that the information provided by the Management had material mis-statements or would not afford reasonable grounds upon which to base our Report. The Free Cash Flows to Firm ("FCFF") have been calculated for each individual SPV as on the Valuation Date based on the Financial Projections.

The key assumptions and the basis for the valuation are explained in detail below:

Discounting Factor

The discount rate considered for arriving at the present value of the free cash flows to the firm is the Weighted Average Cost of Capital ("WACC"). The WACC for the SPVs as on the Valuation Date are derived as follows:

WACC= (ke x we) + (kd x (1 – t) x wd)
where,
we = weight of equity in the capital structure

wd = weight of debt in the capital structure

ke = cost of equity

kd = cost of debt, and

t = effective tax rate

Cost of Equity ("ke")

The cost of equity is computed using the Capital Asset Pricing Model (CAPM) as shown below:

ke = rf + β (rm-rf) where

ke = Cost of Equity,

rf = Risk Free Return,

β = Beta, a measure of Market Risk

rm = Market Return

Cost of Equity is estimated using the following factors:

- Risk Free Return (rf) – The risk free rate (rf) is the return on an investment with zero risk where actual returns are equal to the expected return. Rf at 6.44% has been considered for each SPV based on the 10 Year normalized Wholesale Debt Market Zero Coupon Bond Yield as of the Valuation Date

- Beta (β) – Beta has been computed by re-levering the average asset beta of companies in the construction and engineering segment and having more than 50% revenues from the road infrastructure. Beta has been considered based on 2 year weekly trailing Beta of comparable companies, relevered for each of the SPV specific debt to equity ratio and effective taxes. Refer Appendix X for a list of comparable companies

- Debt to Equity Ratio (DER) – The DER of peers display significant variation owing to difference in the stage of operations and maturity. Accordingly, DER was concluded based on management input for debt to equity ratio of each individual SPV over the projected period.

- Income Tax – Effective tax rate has been applied after considering 80IA and 35AD benefits and applicable MAT credit (if any) in the projected period as represented to us by the Management for each SPV.

- Equity Risk Premium (ERP) – ERP is considered at 7.0% for each SPV.

- Alpha - Alpha premium for each individual SPV is based on the valuer's assessment and reflects both - idiosyncratic risks and systematic risks. Idiosyncratic risks considered are combination of operational parameters like construction phase and credit parameters like credit rating. Systematic risks relate to unknown risks such as COVID-19 type of events.

Cost of Debt ("kd")

Marginal cost of raising debt for each SPV is considered based on Management input. Management has represented that the debt can be refinanced at the applicable rate of interest due to the following reasons:
• The company has past experience in refinancing debt for projects which have achieved COD at such rate.
• The rating improvement due to transfer of Projects to InvIT will further aid in reducing the interest rate
• Pooling of cashflows at InvIT level with provide better comfort to lenders
The WACC Calculation for the SPVs is based on the Average DER of each SPV over the projected period.

Other notes

- Mid-year convention in arriving at the present value of free cash flows is considered appropriate
- Management has represented that the probability of devolvement of contingent liabilities is insignificant and accordingly no adjustment was required to be carried out in the valuation of the 9 SPVs.

Debt: There are external borrowing of INR 9,394.6 crores on the combined balance sheet of the Trust. This has been reduced from the combined EV for the computation of equity value the Trust

Surplus assets: There are security deposits, advance income tax and investments which are a part of the current assets of the Trust. Such items have been considered as surplus assets and have accordingly been removed from current assets. The combined value of such surplus assets is INR 73.3 crores. This has been added to the combined EV for the computation of equity value of the Trust.

Cash and cash equivalents: There are approximately INR 49.0 crores of cash and cash equivalent on the Trust combined balance sheet. This has been added to the combined EV for the computation of equity value of the Trust.

Other adjustments: Present Value of standalone expenses pertaining to InvIT as on 31 March 2021 amounts to INR 113.9 crores. This has been reduced from the combined EV for the computation of equity value of the Trust.

# 9. Valuation of the SPVs

## 9.1 IRB Westcoast Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic as follows:

a) Revenue

Revenue is expected to grow at an average rate of 11%-12% in the steady state forecasted period based on financial plan provided by management which is based on traffic study. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

b) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

c) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

d) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to January 7, 2048.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows: ,2019

| WACC calculation | | Basis |
|---|---|---|
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *1.5%* | Valuer judgement |
| **Cost of Equity** | ***13.5%*** | |
| Cost of Debt | *9.0%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.4%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.9%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of IWTL as on March 31, 2021 is arrived at INR 2,423.0 crores

**Discounted cash flow**

| INR crores | FY2022<br>12 months | FY2023<br>12 months | FY2024<br>12 months | FY2025<br>12 months | FY2026<br>12 months | FY2027<br>12 months | FY2028<br>12 months | FY2029<br>12 months | FY2030<br>12 months | FY2031<br>12 months | FY2032<br>12 months | FY2033<br>12 months | FY2034<br>12 months |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 108.7 | 135.7 | 155.6 | 173.7 | 193.7 | 216.2 | 242.4 | 269.6 | 301.2 | 333.7 | 372.4 | 412.3 | 459.0 |
| *yoy growth* | *53.7%* | *25.3%* | *15.0%* | *11.7%* | *11.6%* | *11.8%* | *12.2%* | *11.3%* | *11.8%* | *10.9%* | *11.7%* | *10.8%* | *11.4%* |
| **EBITDA** | **85.0** | **70.2** | **88.9** | **104.4** | **165.9** | **186.1** | **212.5** | **128.1** | **228.7** | **300.7** | **338.3** | **375.7** | **411.1** |
| EBITDA margin | *78%* | *52%* | *57%* | *60%* | *86%* | *86%* | *88%* | *48%* | *76%* | *90%* | *91%* | *91%* | *90%* |
| Depreciation | 16.9 | 21.1 | 24.3 | 27.1 | 30.3 | 33.8 | 38.0 | 42.3 | 47.3 | 52.4 | 58.5 | 64.9 | 72.2 |
| **EBIT** | 68.2 | 49.0 | 64.7 | 77.3 | 135.6 | 152.2 | 174.5 | 85.8 | 181.4 | 248.3 | 279.8 | 310.9 | 338.9 |
| EBIT margin | *63%* | *36%* | *42%* | *45%* | *70%* | *70%* | *72%* | *32%* | *60%* | *74%* | *75%* | *75%* | *74%* |
| Less: tax on EBIT | (11.9) | (8.6) | (11.3) | (13.5) | (23.7) | (26.6) | (30.5) | (15.0) | (31.7) | (43.4) | (48.9) | (54.3) | (59.2) |
| Change in working capital | (43.2) | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex | (128.6) | 0.0 | 0.0 | (0.0) | 0.0 | (0.0) | (0.0) | 0.0 | (0.0) | - | (0.0) | 0.0 | 0.0 |
| **Free cash flows to the Firm** | **(98.7)** | **61.6** | **77.6** | **90.9** | **142.2** | **159.5** | **182.0** | **113.1** | **197.0** | **257.4** | **289.4** | **321.4** | **351.9** |
| **Continuing value** | | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 | 12.50 |
| Discount factor | 0.95 | 0.87 | 0.79 | 0.72 | 0.65 | 0.60 | 0.54 | 0.49 | 0.45 | 0.41 | 0.37 | 0.34 | 0.31 |
| **Present value of cash flows as at 31 March 2021** | **(94.2)** | **53.5** | **61.4** | **65.4** | **93.1** | **95.0** | **98.7** | **55.8** | **88.5** | **105.2** | **107.7** | **108.8** | **108.5** |

**Discounted cash flow**

| INR crores | FY2035<br>12 months | FY2036<br>12 month: | FY2037<br>12 month: | FY2038<br>12 month: | FY 2039<br>12 month: | FY2040<br>12 months | FY2041<br>12 months | FY2042<br>12 months | FY2043<br>12 months | FY2044<br>12 months | FY2045<br>12 months | FY2046<br>12 months | FY2047<br>12 months | FY2048<br>9.2months |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 509.4 | 568.3 | 629.1 | 700.1 | 779.1 | 867.1 | 960.7 | 1,072.3 | 1,193.4 | 1,336.0 | 1,486.0 | 1,654.2 | 1,837.5 | 1,582.8 |
| *yoy growth* | *11.0%* | *11.6%* | *10.7%* | *11.3%* | *11.3%* | *11.6%* | *10.8%* | *11.6%* | *11.3%* | *11.9%* | *11.2%* | *11.3%* | *11.1%* | *-13.9%* |
| **EBITDA** | **305.9** | **528.2** | **590.0** | **660.1** | **589.5** | **771.7** | **916.6** | **1,025.9** | **1,144.7** | **1,284.7** | **1,432.2** | **1,597.8** | **1,778.2** | **1,534.7** |
| EBITDA margin | *60%* | *93%* | *94%* | *94%* | *76%* | *89%* | *95%* | *96%* | *96%* | *96%* | *96%* | *97%* | *97%* | *97%* |
| Depreciation | 80.2 | 89.5 | 99.1 | 110.3 | 122.8 | 137.1 | 151.9 | 169.5 | 188.7 | 211.2 | 234.9 | 261.5 | 290.5 | 250.2 |
| **EBIT** | 225.7 | 438.7 | 490.9 | 549.7 | 466.7 | 634.7 | 764.7 | 856.4 | 956.0 | 1,073.5 | 1,197.3 | 1,336.3 | 1,487.8 | 1,284.5 |
| EBIT margin | *44%* | *77%* | *78%* | *79%* | *60%* | *73%* | *80%* | *80%* | *80%* | *80%* | *81%* | *81%* | *81%* | *81%* |
| Less: tax on EBIT | (39.4) | (76.7) | (85.8) | (96.0) | (105.1) | (221.8) | (267.2) | (299.3) | (334.1) | (375.1) | (418.4) | (467.0) | (519.9) | (448.9) |
| Change in working capital | - | - | - | - | 32.2 | - | - | - | - | - | - | - | - | - |
| Capex | (0.0) | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | - | - |
| **Free cash flows to the Firm** | **266.5** | **451.6** | **504.2** | **564.0** | **516.6** | **550.0** | **649.3** | **726.7** | **810.6** | **909.6** | **1,013.8** | **1,130.9** | **1,258.4** | **1,085.9** |
| **Continuing value** | | | | | | | | | | | | | | |
| Discounting period (mid-period) | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.50 | 21.50 | 22.50 | 23.50 | 24.50 | 25.50 | 26.38 |
| Discount factor | 0.28 | 0.26 | 0.23 | 0.21 | 0.19 | 0.18 | 0.16 | 0.15 | 0.13 | 0.12 | 0.11 | 0.10 | 0.09 | 0.08 |
| **Present value of cash flows as at 31 March 2021** | **74.7** | **115.3** | **117.2** | **119.3** | **99.4** | **96.3** | **103.5** | **105.4** | **107.1** | **109.3** | **110.9** | **112.6** | **114.0** | **90.5** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 2,423.0 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | (0.0) |
| **Enterprise value** | **2,423.0** |

[This space has been left intentionally blank]

## 9.2 Solapur Yedeshi Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic as follows:

a) Revenue

   Revenue is expected to grow at CAGR of 11%-12% over a period of 23 years driven by traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

e) Traffic Volume

   Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

f) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

   Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to April 20, 2044

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *0.5%* | Valuer judgement |
| **Cost of Equity** | ***12.5%*** | |
| Cost of Debt | *9.0%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.4%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.5%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of SYTL as on March 31, 2021 is arrived at INR 1,978.8 crores.

| Discounted cash flow | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 102.1 | 113.8 | 127.7 | 142.3 | 158.5 | 177.0 | 198.0 | 220.7 | 246.2 | 271.6 | 304.9 | 341.2 | 381.3 |
| *yoy growth* | *45.8%* | *11.6%* | *12.3%* | *11.5%* | *11.5%* | *11.7%* | *12.0%* | *11.5%* | *11.6%* | *10.3%* | *12.3%* | *12.0%* | *11.8%* |
| **EBITDA** | **86.0** | **96.8** | **109.9** | **105.2** | **119.5** | **136.0** | **176.3** | **198.0** | **222.4** | **246.5** | **278.5** | **252.4** | **288.0** |
| EBITDA margin | *84%* | *85%* | *86%* | *74%* | *75%* | *77%* | *89%* | *90%* | *90%* | *91%* | *91%* | *74%* | *76%* |
| Depreciation | 13.5 | 15.0 | 16.9 | 18.8 | 21.0 | 23.5 | 26.3 | 29.3 | 32.7 | 36.1 | 40.5 | 45.4 | 50.7 |
| **EBIT** | 72.5 | 81.8 | 92.9 | 86.4 | 98.5 | 112.6 | 150.1 | 168.7 | 189.7 | 210.4 | 237.9 | 207.0 | 237.3 |
| EBIT margin | *71%* | *72%* | *73%* | *61%* | *62%* | *64%* | *76%* | *76%* | *77%* | *77%* | *78%* | *61%* | *62%* |
| Less: tax on EBIT | (3.6) | (14.3) | (16.2) | (15.1) | (17.2) | (19.7) | (26.2) | (29.5) | (33.1) | (36.8) | (41.6) | (36.2) | (41.5) |
| Change in working capital | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex | - | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) |
| **Free cash flows to the Firm** | **82.4** | **82.5** | **93.6** | **90.1** | **102.3** | **116.4** | **150.1** | **168.5** | **189.3** | **209.8** | **236.9** | **216.3** | **246.6** |
| **Continuing value** | | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 | 12.50 |
| Discount factor | 0.96 | 0.87 | 0.80 | 0.73 | 0.67 | 0.61 | 0.56 | 0.51 | 0.46 | 0.42 | 0.39 | 0.35 | 0.32 |
| **Present value of cash flows as at 31 March 2021** | **78.7** | **72.1** | **74.7** | **65.7** | **68.1** | **70.7** | **83.4** | **85.5** | **87.7** | **88.8** | **91.6** | **76.4** | **79.5** |

| Discounted cash flow | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 | FY2040 | FY2041 | FY2042 | FY2043 | FY2044 | FY2045 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 month | 12 month | 12 month | 12 month | 12 months | 12 months | 12 months | 12 months | 12 months | 0.6months |
| Net Revenue | 424.7 | 473.8 | 524.5 | 588.0 | 653.8 | 732.3 | 810.1 | 902.1 | 1,007.2 | 1,124.7 | 68.5 |
| *yoy growth* | *11.4%* | *11.6%* | *10.7%* | *12.1%* | *11.2%* | *12.2%* | *10.6%* | *11.4%* | *11.7%* | *11.7%* | *-93.9%* |
| **EBITDA** | **327.0** | **441.8** | **491.0** | **552.9** | **616.9** | **693.5** | **769.4** | **817.2** | **918.1** | **1,031.0** | **65.8** |
| EBITDA margin | *77%* | *93%* | *94%* | *94%* | *94%* | *95%* | *95%* | *91%* | *91%* | *92%* | *96%* |
| Depreciation | 56.5 | 63.1 | 69.9 | 78.3 | 87.1 | 97.8 | 108.1 | 120.4 | 134.4 | 150.1 | 9.1 |
| **EBIT** | 270.5 | 378.7 | 421.2 | 474.5 | 529.7 | 595.8 | 661.3 | 696.8 | 783.7 | 880.8 | 56.6 |
| EBIT margin | *64%* | *80%* | *80%* | *81%* | *81%* | *81%* | *82%* | *77%* | *78%* | *78%* | *83%* |
| Less: tax on EBIT | (47.3) | (66.2) | (73.6) | (82.9) | (128.6) | (208.2) | (231.1) | (243.5) | (273.9) | (307.8) | (19.8) |
| Change in working capital | - | - | - | - | 16.8 | - | - | - | - | - | - |
| Capex | 0.0 | 0.0 | - | - | 0.0 | (0.0) | 0.0 | - | - | - | - |
| **Free cash flows to the Firm** | **279.8** | **375.7** | **417.5** | **470.0** | **505.1** | **485.3** | **538.3** | **573.7** | **644.3** | **723.2** | **46.0** |
| **Continuing value** | | | | | | | | | | | |
| Discounting period (mid-period) | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.50 | 21.50 | 22.50 | 23.03 |
| Discount factor | 0.29 | 0.27 | 0.25 | 0.22 | 0.21 | 0.19 | 0.17 | 0.16 | 0.14 | 0.13 | 0.12 |
| **Present value of cash flows as at 31 March 2021** | **82.4** | **101.1** | **102.6** | **105.5** | **103.6** | **91.0** | **92.2** | **89.7** | **92.0** | **94.4** | **5.7** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 1,983.0 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | (4.2) |
| **Enterprise value** | **1,978.8** |

## 9.3 Yedeshi Aurangabad Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic reports as follows:

a) Revenue

Revenue is expected to grow at an average rate of 8%- 9% in the steady state forecasted period based on financial plan provided by management which is based on traffic study. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

g) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

h) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to October 29, 2043.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | Basis |
|---|---|---|
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *0.5%* | Valuer judgement |
| **Cost of Equity** | ***12.5%*** | |
| Cost of Debt | *9.0%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.4%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.5%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of YATL as on March 31, 2021 is arrived at INR 3,705.2 crores

**Discounted cash flow**

| INR crores | FY2022<br>12 months | FY2023<br>12 months | FY2024<br>12 months | FY2025<br>12 months | FY2026<br>12 months | FY2027<br>12 months | FY2028<br>12 months | FY2029<br>12 months | FY2030<br>12 months | FY2031<br>12 months | FY2032<br>12 months | FY2033<br>12 months | FY2034<br>12 months |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 204.9 | 229.0 | 255.7 | 284.7 | 315.9 | 350.0 | 388.4 | 430.9 | 477.1 | 527.2 | 582.9 | 640.8 | 708.3 |
| *yoy growth* | *53.7%* | *11.9%* | *11.8%* | *11.5%* | *11.1%* | *10.9%* | *11.0%* | *11.0%* | *10.8%* | *10.6%* | *10.6%* | *10.0%* | *10.6%* |
| **EBITDA** | **182.5** | **205.5** | **231.0** | **229.8** | **258.2** | **289.4** | **358.4** | **399.4** | **444.1** | **492.5** | **546.3** | **492.8** | **552.8** |
| EBITDA margin | *89%* | *90%* | *90%* | *81%* | *82%* | *83%* | *92%* | *93%* | *93%* | *93%* | *94%* | *77%* | *78%* |
| Depreciation | 41.9 | 46.9 | 52.5 | 58.5 | 64.9 | 72.0 | 80.0 | 88.8 | 98.3 | 108.7 | 120.3 | 132.3 | 146.3 |
| **EBIT** | 140.6 | 158.6 | 178.5 | 171.4 | 193.2 | 217.4 | 278.4 | 310.7 | 345.7 | 383.8 | 426.1 | 360.5 | 406.5 |
| EBIT margin | *69%* | *69%* | *70%* | *60%* | *61%* | *62%* | *72%* | *72%* | *72%* | *73%* | *73%* | *56%* | *57%* |
| Less: tax on EBIT | (24.4) | (27.7) | (31.2) | (29.9) | (33.8) | (38.0) | (48.6) | (54.3) | (60.4) | (67.1) | (74.4) | (63.0) | (71.0) |
| Change in working capital | (83.4) | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex | - | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) | 0.0 | - | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) |
| **Free cash flows to the Firm** | **74.7** | **177.8** | **199.8** | **199.9** | **224.4** | **251.4** | **309.7** | **345.2** | **383.7** | **425.5** | **471.9** | **429.8** | **481.8** |
| **Continuing value** | | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 | 12.50 |
| Discount factor | 0.96 | 0.87 | 0.80 | 0.73 | 0.67 | 0.61 | 0.56 | 0.51 | 0.46 | 0.42 | 0.39 | 0.35 | 0.32 |
| **Present value of cash flows as at 31 March 2021** | **71.4** | **155.2** | **159.3** | **145.6** | **149.3** | **152.8** | **172.0** | **175.1** | **177.8** | **180.1** | **182.4** | **151.8** | **155.4** |

**Discounted cash flow**

| INR crores | FY2035<br>12 months | FY2036<br>12 month: | FY2037<br>12 month: | FY2038<br>12 month: | FY 2039<br>12 months | FY2040<br>12 months | FY2041<br>12 months | FY2042<br>12 months | FY2043<br>12 months | FY2044<br>7months |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 781.3 | 861.9 | 946.0 | ##### | 1,149.2 | 1,271.3 | 1,395.9 | 1,543.9 | 1,699.3 | 1,089.8 |
| *yoy growth* | *10.3%* | *10.4%* | *9.8%* | *10.4%* | *10.1%* | *10.9%* | *9.8%* | *10.6%* | *10.1%* | *-35.9%* |
| **EBITDA** | **618.3** | **817.6** | **899.8** | **995.2** | **1,098.1** | **1,157.2** | **1,276.3** | **1,418.3** | **1,637.2** | **1,052.0** |
| EBITDA margin | *79%* | *95%* | *95%* | *95%* | *96%* | *91%* | *91%* | *92%* | *96%* | *97%* |
| Depreciation | 161.4 | 178.1 | 195.6 | 215.8 | 237.7 | 263.6 | 289.4 | 320.1 | 352.3 | 225.9 |
| **EBIT** | 456.9 | 639.5 | 704.2 | 779.3 | 860.4 | 893.6 | 986.9 | 1,098.2 | 1,284.9 | 826.0 |
| EBIT margin | *58%* | *74%* | *74%* | *75%* | *75%* | *70%* | *71%* | *71%* | *76%* | *76%* |
| Less: tax on EBIT | (79.8) | (111.7) | (123.0) | (136.2) | (196.5) | (312.3) | (344.9) | (383.8) | (449.0) | (288.6) |
| Change in working capital | - | - | - | - | 41.7 | - | - | - | - | - |
| Capex | 0.0 | (0.0) | (0.0) | (0.0) | 0.0 | (0.0) | - | (0.0) | - | - |
| **Free cash flows to the Firm** | **538.5** | **705.9** | **776.7** | **859.0** | **943.4** | **844.9** | **931.5** | **1,034.5** | **1,188.2** | **763.3** |
| **Continuing value** | | | | | | | | | | |
| Discounting period (mid-period) | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.50 | 21.50 | 22.29 |
| Discount factor | 0.29 | 0.27 | 0.25 | 0.22 | 0.21 | 0.19 | 0.17 | 0.16 | 0.14 | 0.13 |
| **Present value of cash flows as at 31 March 2021** | **158.7** | **190.0** | **191.0** | **192.9** | **193.5** | **158.3** | **159.5** | **161.8** | **169.7** | **101.5** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 3,705.2 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | - |
| **Enterprise value** | **3,705.2** |

## 9.4 Kaithal Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic study report as follows:

a) Revenue

Revenue is expected to grow at CAGR of 11%-12% over a period of 27 years driven by traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

i) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

j) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to March 08, 2048.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *0.5%* | Valuer judgement |
| **Cost of Equity** | ***12.5%*** | |
| Cost of Debt | *9.3%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.6%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.6%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of KTL as on March 31, 2021 is arrived at INR 3,135.2 crores

| Discounted cash flow | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 137.3 | 153.5 | 173.2 | 194.4 | 216.8 | 242.5 | 272.7 | 305.7 | 342.5 | 383.8 | 429.6 | 479.6 | 536.6 |
| *yoy growth* | *94.0%* | *11.9%* | *12.9%* | *12.3%* | *11.6%* | *11.9%* | *12.5%* | *12.2%* | *12.1%* | *12.1%* | *12.0%* | *11.7%* | *11.9%* |
| **EBITDA** | **118.8** | **134.2** | **109.5** | **127.9** | **146.8** | **219.0** | **248.0** | **279.8** | **315.3** | **355.2** | **271.5** | **314.4** | **363.1** |
| EBITDA margin | *87%* | *87%* | *63%* | *66%* | *68%* | *90%* | *91%* | *92%* | *92%* | *93%* | *63%* | *66%* | *68%* |
| Depreciation | 11.9 | 13.3 | 15.0 | 16.9 | 18.9 | 21.1 | 23.7 | 26.6 | 29.9 | 33.5 | 37.5 | 41.8 | 46.8 |
| **EBIT** | 106.9 | 120.8 | 94.4 | 111.0 | 128.0 | 197.9 | 224.2 | 253.2 | 285.4 | 321.7 | 234.0 | 272.6 | 316.3 |
| EBIT margin | *78%* | *79%* | *55%* | *57%* | *59%* | *82%* | *82%* | *83%* | *83%* | *84%* | *54%* | *57%* | *59%* |
| Less: tax on EBIT | - | (19.6) | (16.5) | (19.4) | (22.4) | (34.6) | (39.2) | (44.2) | (49.9) | (56.2) | (40.9) | (47.6) | (55.3) |
| Change in working capital | (83.7) | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex | - | 0.0 | (0.0) | 0.0 | (0.0) | (0.0) | 0.0 | (0.0) | 0.0 | (0.0) | (0.0) | 0.0 | 0.0 |
| **Free cash flows to the Firm** | **35.1** | **114.6** | **93.0** | **108.5** | **124.5** | **184.4** | **208.8** | **235.6** | **265.4** | **299.0** | **230.6** | **266.8** | **307.8** |
| **Continuing value** | | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 | 12.50 |
| Discount factor | 0.96 | 0.87 | 0.80 | 0.73 | 0.66 | 0.60 | 0.55 | 0.50 | 0.46 | 0.42 | 0.38 | 0.35 | 0.32 |
| **Present value of cash flows as at 31 March 2021** | **33.5** | **99.9** | **74.0** | **78.7** | **82.4** | **111.4** | **115.1** | **118.5** | **121.8** | **125.2** | **88.1** | **93.0** | **97.9** |

| Discounted cash flow | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 | FY2040 | FY2041 | FY2042 | FY2043 | FY2044 | FY2045 | FY2046 | FY2047 | FY2048 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 month: | 12 month: | 12 month: | 12 month: | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 11.2months |
| Net Revenue | 603.5 | 674.5 | 752.5 | 839.5 | 940.3 | 1,052.7 | 1,172.5 | 1,307.4 | 1,459.5 | 1,637.1 | 1,820.7 | 2,029.3 | 2,263.1 | 2,371.5 |
| *yoy growth* | *12.5%* | *11.8%* | *11.6%* | *11.6%* | *12.0%* | *12.1%* | *11.4%* | *11.5%* | *11.6%* | *12.2%* | *11.2%* | *11.5%* | *11.5%* | *4.8%* |
| **EBITDA** | **568.9** | **638.0** | **714.4** | **799.5** | **898.1** | **914.3** | **1,027.6** | **1,155.1** | **1,408.3** | **1,583.3** | **1,764.3** | **1,970.1** | **2,200.9** | **2,310.2** |
| EBITDA margin | *94%* | *95%* | *95%* | *95%* | *96%* | *87%* | *88%* | *88%* | *96%* | *97%* | *97%* | *97%* | *97%* | *97%* |
| Depreciation | 52.7 | 58.9 | 65.7 | 73.3 | 82.1 | 92.1 | 102.5 | 114.3 | 127.6 | 143.2 | 159.2 | 177.5 | 197.9 | 207.4 |
| **EBIT** | 516.2 | 579.1 | 648.7 | 726.1 | 816.0 | 822.2 | 925.0 | 1,040.7 | 1,280.7 | 1,440.1 | 1,605.1 | 1,792.7 | 2,003.0 | 2,102.8 |
| EBIT margin | *86%* | *86%* | *86%* | *86%* | *87%* | *78%* | *79%* | *80%* | *88%* | *88%* | *88%* | *88%* | *89%* | *89%* |
| Less: tax on EBIT | (90.2) | (101.2) | (113.3) | (126.9) | (271.0) | (287.3) | (323.2) | (363.7) | (447.5) | (503.2) | (560.9) | (626.4) | (699.9) | (734.8) |
| Change in working capital | - | - | - | - | 17.7 | - | - | - | - | - | - | - | - | - |
| Capex | (0.0) | 0.0 | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | (0.0) | - | (0.0) | (0.0) | (0.0) | - | - |
| **Free cash flows to the Firm** | **478.7** | **536.8** | **601.1** | **672.6** | **644.8** | **627.0** | **704.3** | **791.4** | **960.8** | **1,080.0** | **1,203.4** | **1,343.7** | **1,501.0** | **1,575.4** |
| **Continuing value** | | | | | | | | | | | | | | |
| Discounting period (mid-period) | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.50 | 21.50 | 22.50 | 23.50 | 24.50 | 25.50 | 26.47 |
| Discount factor | 0.29 | 0.26 | 0.24 | 0.22 | 0.20 | 0.18 | 0.17 | 0.15 | 0.14 | 0.13 | 0.12 | 0.11 | 0.10 | 0.09 |
| **Present value of cash flows as at 31 March 2021** | **138.9** | **142.1** | **145.2** | **148.3** | **129.7** | **115.1** | **117.9** | **120.9** | **133.9** | **137.4** | **139.7** | **142.3** | **145.0** | **139.3** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 3,135.2 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | - |
| **Enterprise value** | **3,135.2** |

## 9.5 AE Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic study report as follows:

a) Revenue

Revenue is expected to grow at an average rate of 13%-14% in the steady state forecasted period based on traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

k) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

l) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

c) Premium Payable to NHAI

The Premium payable to NHAI is considered as given by the management and validated the same from concession agreement
.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic study, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to August 19, 2045.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| **WACC calculation** | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *0.5%* | Valuer judgement |
| **Cost of Equity** | ***12.5%*** | |
| Cost of Debt | *9.0%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.4%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.5%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of AETL as on March 31, 2021 is arrived at INR 2,783.0 crores.

| **Discounted cash flow** | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 99.7 | 118.0 | 139.7 | 164.1 | 190.8 | 221.7 | 256.7 | 295.5 | 342.7 | 392.0 | 452.1 | 513.7 | 587.1 |
| *yoy growth* | *63.2%* | *11.7%* | *12.3%* | *11.8%* | *11.6%* | *11.9%* | *11.9%* | *11.6%* | *12.4%* | *11.6%* | *12.5%* | *11.3%* | *12.0%* |
| **EBITDA** | **65.7** | **82.1** | **64.6** | **85.7** | **108.2** | **178.3** | **211.0** | **247.7** | **292.5** | **216.1** | **266.9** | **320.2** | **526.1** |
| EBITDA margin | *66%* | *70%* | *46%* | *52%* | *57%* | *80%* | *82%* | *84%* | *85%* | *55%* | *59%* | *62%* | *90%* |
| Depreciation | 26.6 | 29.7 | 33.3 | 37.3 | 41.6 | 46.6 | 52.1 | 58.1 | 65.4 | 72.9 | 82.0 | 91.2 | 102.2 |
| **EBIT** | 39.1 | 52.5 | 31.3 | 48.4 | 66.6 | 131.7 | 158.9 | 189.5 | 227.2 | 143.2 | 184.8 | 228.9 | 423.9 |
| EBIT margin | *39%* | *44%* | *22%* | *29%* | *35%* | *59%* | *62%* | *64%* | *66%* | *37%* | *41%* | *45%* | *72%* |
| Less: tax on EBIT | - | (0.5) | (5.5) | (8.5) | (11.6) | (23.0) | (27.8) | (33.1) | (39.7) | (25.0) | (32.3) | (40.0) | (74.1) |
| Change in working capital | (99.0) | - | - | - | - | - | - | - | - | - | - | - | - |
| Capex | - | 0.0 | 0.0 | (0.0) | (0.0) | (0.0) | 0.0 | (0.0) | (0.0) | 0.0 | (0.0) | (0.0) | (0.0) |
| **Free cash flows to the Firm** | **(33.3)** | **81.6** | **59.1** | **77.2** | **96.6** | **155.3** | **183.3** | **214.5** | **252.8** | **191.1** | **234.6** | **280.2** | **452.0** |
| **Continuing value** | | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 | 12.50 |
| Discount factor | 0.96 | 0.87 | 0.80 | 0.73 | 0.67 | 0.61 | 0.56 | 0.51 | 0.46 | 0.42 | 0.39 | 0.35 | 0.32 |
| **Present value of cash flows as at 31 March 2021** | **(31.8)** | **71.3** | **47.2** | **56.2** | **64.3** | **94.4** | **101.8** | **108.8** | **117.1** | **80.9** | **90.7** | **98.9** | **145.8** |

| **Discounted cash flow** | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 | FY2040 | FY2041 | FY2042 | FY2043 | FY2044 | FY2045 | FY2046 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 month: | 12 month: | 12 month: | 12 month: | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 4.6months |
| Net Revenue | 667.8 | 754.1 | 846.3 | 950.3 | ##### | 1,199.1 | 1,328.0 | 1,474.7 | 1,637.2 | 1,823.6 | 2,017.9 | 857.6 |
| *yoy growth* | *11.7%* | *11.2%* | *10.6%* | *10.8%* | *10.8%* | *11.4%* | *9.7%* | *10.1%* | *10.1%* | *10.5%* | *9.8%* | *-57.8%* |
| **EBITDA** | **603.8** | **686.7** | **775.8** | **802.9** | **911.1** | **1,036.0** | **1,242.3** | **1,384.8** | **1,542.8** | **1,724.2** | **1,913.8** | **815.4** |
| EBITDA margin | *90%* | *91%* | *92%* | *84%* | *85%* | *86%* | *94%* | *94%* | *94%* | *95%* | *95%* | *95%* |
| Depreciation | 114.1 | 126.9 | 140.4 | 155.6 | 172.5 | 192.2 | 210.8 | 232.0 | 255.4 | 282.2 | 309.8 | 130.9 |
| **EBIT** | 489.8 | 559.8 | 635.4 | 647.2 | 738.6 | 843.8 | 1,031.5 | 1,152.8 | 1,287.4 | 1,442.0 | 1,604.0 | 684.5 |
| EBIT margin | *73%* | *74%* | *75%* | *68%* | *69%* | *70%* | *78%* | *78%* | *79%* | *79%* | *79%* | *80%* |
| Less: tax on EBIT | (85.6) | (97.8) | (111.0) | (199.1) | (258.1) | (294.9) | (360.4) | (402.8) | (449.9) | (503.9) | (560.5) | (239.2) |
| Change in working capital | - | - | - | - | 42.4 | - | - | - | - | - | - | - |
| Capex | (0.0) | (0.0) | 0.0 | (0.0) | - | (0.0) | 0.0 | (0.0) | 0.0 | - | - | - |
| **Free cash flows to the Firm** | **518.3** | **588.9** | **664.8** | **603.8** | **695.4** | **741.2** | **881.9** | **982.0** | **1,092.9** | **1,220.3** | **1,353.3** | **576.2** |
| **Continuing value** | | | | | | | | | | | | |
| Discounting period (mid-period) | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.50 | 21.50 | 22.50 | 23.50 | 24.19 |
| Discount factor | 0.29 | 0.27 | 0.25 | 0.22 | 0.21 | 0.19 | 0.17 | 0.16 | 0.14 | 0.13 | 0.12 | 0.11 |
| **Present value of cash flows as at 31 March 2021** | **152.7** | **158.5** | **163.5** | **135.6** | **142.7** | **138.9** | **151.0** | **153.6** | **156.1** | **159.2** | **161.3** | **64.5** |

| **Valuation Conclusion** | |
|---|---|
| Present value of cash flows | 2,783.0 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | - |
| **Enterprise value** | **2,783.0** |

## 9.6 Udaipur Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic and study report as follows:

a) Revenue

Revenue is expected to grow at an average rate of 14%-15% in the steady state forecasted period based on traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

m) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

n) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

c) Premium Payable to NHAI

The Premium payable to NHAI is considered as given by the management and validated the same from concession agreement.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to December 02, 2038.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *1.5%* | Valuer judgement |
| **Cost of Equity** | ***13.5%*** | |
| Cost of Debt | *9.3%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.6%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***10.0%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of UTL as on March 31, 2021 is arrived at INR 2,318.1 crores.

| Discounted cash flow | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 |
|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 101.3 | 139.8 | 190.1 | 228.5 | 273.3 | 322.3 | 369.3 | 423.6 | 482.7 | 544.5 |
| *yoy growth* | *101.3%* | *31.4%* | *18.0%* | *11.8%* | *12.3%* | *11.9%* | *12.3%* | *12.2%* | *11.9%* | *11.2%* |
| **EBITDA** | **81.9** | **119.6** | **112.0** | **137.5** | **174.1** | **294.7** | **344.8** | **278.6** | **331.1** | **390.1** |
| EBITDA margin | *81%* | *86%* | *59%* | *60%* | *64%* | *91%* | *93%* | *66%* | *69%* | *72%* |
| Depreciation | 39.1 | 51.4 | 60.6 | 67.7 | 76.1 | 85.1 | 95.5 | 107.2 | 119.9 | 133.4 |
| **EBIT** | 42.9 | 68.3 | 51.4 | 69.7 | 98.0 | 209.6 | 249.3 | 171.4 | 211.2 | 256.7 |
| EBIT margin | *42%* | *49%* | *27%* | *31%* | *36%* | *65%* | *68%* | *40%* | *44%* | *47%* |
| Less: tax on EBIT | (7.5) | (11.9) | (9.0) | (12.2) | (17.1) | (36.6) | (43.6) | (30.0) | (36.9) | (44.8) |
| Change in working capital | (116.0) | - | - | - | - | - | - | - | - | - |
| Capex | (52.3) | (0.0) | 0.0 | (0.0) | - | 0.0 | 0.0 | (0.0) | 0.0 | (0.0) |
| **Free cash flows to the Firm** | **(93.8)** | **107.7** | **103.0** | **125.3** | **157.0** | **258.1** | **301.3** | **248.6** | **294.2** | **345.2** |
| **Continuing value** | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 |
| Discount factor | 0.95 | 0.87 | 0.79 | 0.72 | 0.65 | 0.59 | 0.54 | 0.49 | 0.44 | 0.40 |
| **Present value of cash flows as at 31 March 2021** | **(89.5)** | **93.4** | **81.2** | **89.8** | **102.2** | **152.8** | **162.2** | **121.7** | **130.9** | **139.6** |

| Discounted cash flow | FY2032 | FY2033 | FY2034 | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 |
|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 8.1months |
| Net Revenue | 616.4 | 695.4 | 786.9 | 886.2 | 991.9 | 1,110.0 | 1,240.1 | 935.1 |
| *yoy growth* | *11.6%* | *11.2%* | *11.6%* | *11.3%* | *10.9%* | *10.7%* | *10.7%* | *-25.3%* |
| **EBITDA** | **583.7** | **666.8** | **671.6** | **764.7** | **841.3** | **1,078.0** | **1,207.3** | **912.7** |
| EBITDA margin | *95%* | *96%* | *85%* | *86%* | *85%* | *97%* | *97%* | *98%* |
| Depreciation | 148.9 | 165.6 | 184.8 | 205.7 | 228.1 | 252.5 | 279.6 | 208.8 |
| **EBIT** | 434.8 | 501.2 | 486.7 | 559.1 | 613.3 | 825.5 | 927.7 | 703.9 |
| EBIT margin | *71%* | *72%* | *62%* | *63%* | *62%* | *74%* | *75%* | *75%* |
| Less: tax on EBIT | (76.0) | (125.0) | (170.1) | (195.4) | (214.3) | (288.4) | (324.2) | (246.0) |
| Change in working capital | - | - | - | - | - | - | - | 38.9 |
| Capex | (0.0) | (0.0) | (0.0) | 0.0 | - | - | - | - |
| **Free cash flows to the Firm** | **507.7** | **541.8** | **501.5** | **569.4** | **627.0** | **789.6** | **883.1** | **705.6** |
| **Continuing value** | | | | | | | | |
| Discounting period (mid-period) | 10.50 | 11.50 | 12.50 | 13.50 | 14.50 | 15.50 | 16.50 | 17.34 |
| Discount factor | 0.37 | 0.33 | 0.30 | 0.28 | 0.25 | 0.23 | 0.21 | 0.19 |
| **Present value of cash flows as at 31 March 2021** | **186.7** | **181.1** | **152.4** | **157.3** | **157.5** | **180.3** | **183.3** | **135.3** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 2,318.1 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | 0.0 |
| **Enterprise value** | **2,318.1** |

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## 9.7 CG Tollway Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic study report as follows:

a) Revenue

Revenue is expected to grow at an average rate of 10%-11% in the steady state forecasted period based on traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

o) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

p) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

c) Premium Payable to NHAI

The Premium payable to NHAI is considered as given by the management and validated the same from concession agreement.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic study, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to November 18, 2040.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *1.0%* | Valuer judgement |
| **Cost of Equity** | ***13.0%*** | |
| Cost of Debt | *9.3%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.6%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.8%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of CGTL as on March 31, 2021 is arrived at INR 2,475.9 crores.

| Discounted cash flow | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 37.5 | 115.8 | 170.1 | 211.2 | 256.2 | 306.5 | 352.2 | 401.1 | 460.0 | 521.1 | 589.6 |
| *yoy growth* | *81.0%* | *40.2%* | *17.5%* | *11.5%* | *11.3%* | *11.2%* | *11.9%* | *11.1%* | *11.8%* | *11.1%* | *11.2%* |
| **EBITDA** | **6.5** | **83.2** | **135.8** | **148.4** | **190.1** | **237.1** | **310.7** | **357.5** | **414.3** | **386.9** | **448.3** |
| EBITDA margin | *17%* | *72%* | *80%* | *70%* | *74%* | *77%* | *88%* | *89%* | *90%* | *74%* | *76%* |
| Depreciation | 24.1 | 33.8 | 39.8 | 44.3 | 49.4 | 54.9 | 61.4 | 68.3 | 76.3 | 84.7 | 94.2 |
| **EBIT** | (17.6) | 49.4 | 96.0 | 104.0 | 140.7 | 182.2 | 249.3 | 289.3 | 338.0 | 302.2 | 354.1 |
| EBIT margin | *-47%* | *43%* | *56%* | *49%* | *55%* | *59%* | *71%* | *72%* | *73%* | *58%* | *60%* |
| Less: tax on EBIT | - | (5.6) | (16.8) | (18.2) | (24.6) | (31.8) | (43.6) | (50.5) | (59.1) | (52.8) | (61.9) |
| Change in working capital | (97.3) | - | - | - | - | - | - | - | - | - | - |
| Capex | (64.2) | 0.0 | (0.0) | 0.0 | (0.0) | - | - | (0.0) | (0.0) | 0.0 | 0.0 |
| **Free cash flows to the Firm** | **(155.0)** | **77.7** | **119.0** | **130.2** | **165.5** | **205.3** | **267.1** | **307.0** | **355.3** | **334.1** | **386.4** |
| **Continuing value** | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 |
| Discount factor | 0.95 | 0.87 | 0.79 | 0.72 | 0.66 | 0.60 | 0.54 | 0.50 | 0.45 | 0.41 | 0.37 |
| **Present value of cash flows as at 31 March 2021** | **(148.0)** | **67.5** | **94.2** | **93.9** | **108.7** | **122.8** | **145.5** | **152.3** | **160.5** | **137.5** | **144.8** |

| Discounted cash flow | FY2033 | FY2034 | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 | FY2040 | FY2041 |
|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 month: | 12 months | 12 months | 12 months | 12 months | 7.6months |
| Net Revenue | 663.7 | 750.5 | 846.3 | 949.3 | 1,061.3 | 1,189.9 | 1,332.9 | 1,492.1 | 1,052.6 |
| *yoy growth* | *10.6%* | *11.1%* | *11.0%* | *10.8%* | *10.3%* | *10.7%* | *10.6%* | *10.9%* | *-30.1%* |
| **EBITDA** | **516.1** | **695.0** | **779.1** | **841.6** | **948.7** | **1,071.7** | **1,262.2** | **1,417.6** | **1,003.1** |
| EBITDA margin | *78%* | *93%* | *92%* | *89%* | *89%* | *90%* | *95%* | *95%* | *95%* |
| Depreciation | 104.2 | 115.8 | 128.5 | 142.3 | 157.0 | 173.7 | 192.2 | 213.1 | 148.9 |
| **EBIT** | 411.9 | 579.2 | 650.6 | 699.3 | 791.8 | 898.0 | 1,070.0 | 1,204.5 | 854.2 |
| EBIT margin | *62%* | *77%* | *77%* | *74%* | *75%* | *75%* | *80%* | *81%* | *81%* |
| Less: tax on EBIT | (113.7) | (202.4) | (227.3) | (244.4) | (276.7) | (313.8) | (373.9) | (420.9) | (298.5) |
| Change in working capital | - | - | - | - | - | - | 50.0 | - | - |
| Capex | (0.0) | 0.0 | 0.0 | (0.0) | - | (0.0) | - | - | - |
| **Free cash flows to the Firm** | **402.4** | **492.6** | **551.7** | **597.2** | **672.1** | **757.9** | **938.3** | **996.7** | **704.6** |
| **Continuing value** | | | | | | | | | |
| Discounting period (mid-period) | 11.50 | 12.50 | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.32 |
| Discount factor | 0.34 | 0.31 | 0.28 | 0.26 | 0.23 | 0.21 | 0.19 | 0.18 | 0.16 |
| **Present value of cash flows as at 31 March 2021** | **137.4** | **153.1** | **156.2** | **154.0** | **157.8** | **162.1** | **182.8** | **176.9** | **115.8** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 2,475.9 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | (0.0) |
| **Enterprise value** | **2,475.9** |

## 9.8 Kishangarg Gulabpura Tollway Private Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic study report as follows:

a) Revenue

Revenue is expected to grow at CAGR of 13%-14% over a period of 20 years driven by traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

q) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

r) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.

- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

c) Premium Payable to NHAI

The Premium payable to NHAI is considered as given by the management and validated the same from concession agreement.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.

- The projections provided by the Management, based on Independent traffic study, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.

- The explicit period has been considered from April 1, 2021 to January 11, 2042.

- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | |
|---|---|---|
| | | **Basis** |
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *1.0%* | Valuer judgement |
| **Cost of Equity** | ***13.0%*** | |
| Cost of Debt | *9.3%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.6%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.8%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of KGTL as on March 31, 2021 is arrived at INR 1,639.0 crores.

| Discounted cash flow | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY2022** | **FY2023** | **FY2024** | **FY2025** | **FY2026** | **FY2027** | **FY2028** | **FY2029** | **FY2030** | **FY2031** | **FY2032** |
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 25.4 | 49.2 | 85.7 | 115.6 | 146.5 | 184.2 | 214.8 | 249.8 | 290.2 | 333.2 | 384.5 |
| *yoy growth* | *46.9%* | *78.0%* | *17.6%* | *12.3%* | *11.5%* | *12.3%* | *12.2%* | *11.8%* | *12.1%* | *11.5%* | *12.1%* |
| **EBITDA** | **3.8** | **26.5** | **61.8** | **90.6** | **120.2** | **56.2** | **185.9** | **219.5** | **258.4** | **299.7** | **349.3** |
| EBITDA margin | *15%* | *54%* | *72%* | *78%* | *82%* | *31%* | *87%* | *88%* | *89%* | *90%* | *91%* |
| Depreciation | 11.6 | 20.6 | 24.2 | 27.2 | 30.4 | 34.1 | 38.2 | 42.7 | 47.9 | 53.4 | 59.8 |
| **EBIT** | (7.7) | 5.9 | 37.6 | 63.4 | 89.9 | 22.2 | 147.7 | 176.8 | 210.5 | 246.3 | 289.4 |
| EBIT margin | *-30%* | *12%* | *44%* | *55%* | *61%* | *12%* | *69%* | *71%* | *73%* | *74%* | *75%* |
| Less: tax on EBIT | - | - | (6.3) | (11.1) | (15.7) | (3.9) | (25.8) | (30.9) | (36.8) | (43.0) | (50.6) |
| Change in working capital | (79.5) | - | - | - | - | - | - | - | - | - | - |
| Capex | (130.3) | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | 0.0 |
| **Free cash flows to the Firm** | **(206.0)** | **26.5** | **55.6** | **79.6** | **104.5** | **52.4** | **160.1** | **188.6** | **221.6** | **256.7** | **298.7** |
| **Continuing value** | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 |
| Discount factor | 0.95 | 0.87 | 0.79 | 0.72 | 0.66 | 0.60 | 0.54 | 0.50 | 0.45 | 0.41 | 0.37 |
| **Present value of cash flows as at 31 March 2021** | **(196.6)** | **23.1** | **44.0** | **57.4** | **68.6** | **31.3** | **87.2** | **93.6** | **100.1** | **105.6** | **112.0** |

**Discounted cash flow**

| INR crores | FY2033<br>12 months | FY2034<br>12 months | FY2035<br>12 months | FY2036<br>12 months | FY2037<br>12 months | FY2038<br>12 months | FY 2039<br>12 months | FY2040<br>12 months | FY2041<br>12 months | FY2042<br>9.4months |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 440.1 | 506.4 | 579.7 | 661.5 | 751.4 | 855.3 | 971.3 | 1,104.7 | 1,249.9 | 1,106.3 |
| *yoy growth* | *11.4%* | *12.0%* | *11.7%* | *11.7%* | *11.2%* | *11.6%* | *11.5%* | *11.9%* | *11.2%* | *-12.8%* |
| **EBITDA** | **298.9** | **365.7** | **428.6** | **618.8** | **706.8** | **808.4** | **922.1** | **1,052.9** | **1,195.7** | **1,061.7** |
| EBITDA margin | *68%* | *72%* | *74%* | *94%* | *94%* | *95%* | *95%* | *95%* | *96%* | *96%* |
| Depreciation | 66.7 | 74.6 | 83.4 | 93.1 | 103.6 | 115.6 | 128.9 | 144.2 | 160.4 | 139.9 |
| **EBIT** | 232.2 | 291.1 | 345.3 | 525.7 | 603.2 | 692.8 | 793.2 | 908.6 | 1,035.2 | 921.8 |
| EBIT margin | *53%* | *57%* | *60%* | *79%* | *80%* | *81%* | *82%* | *82%* | *83%* | *83%* |
| Less: tax on EBIT | (47.8) | (101.7) | (120.7) | (183.7) | (210.8) | (242.1) | (277.2) | (317.5) | (361.8) | (322.1) |
| Change in working capital | - | - | - | - | - | - | 36.0 | - | - | - |
| Capex | (0.0) | 0.0 | (0.0) | 0.0 | 0.0 | (0.0) | - | 0.0 | - | - |
| **Free cash flows to the Firm** | **251.0** | **264.0** | **308.0** | **435.1** | **496.0** | **566.3** | **680.9** | **735.4** | **833.9** | **739.6** |
| **Continuing value** | | | | | | | | | | |
| Discounting period (mid-period) | 11.50 | 12.50 | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.39 |
| Discount factor | 0.34 | 0.31 | 0.28 | 0.26 | 0.23 | 0.21 | 0.19 | 0.18 | 0.16 | 0.15 |
| **Present value of cash flows as at 31 March 2021** | **85.7** | **82.1** | **87.2** | **112.2** | **116.5** | **121.1** | **132.7** | **130.5** | **134.8** | **110.0** |

| **Valuation Conclusion** | |
|---|---|
| Present value of cash flows | 1,639.0 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | 0.00 |
| **Enterprise value** | **1,639.0** |

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## 9.9 IRB Hapur Moradabad Tollway Private Limited

Key Inputs in Projections:
The key inputs of the projections provided by the Management supported by independent traffic study report as follows:

a) Revenue

Revenue is expected to grow at an average rate of 15% in the steady state forecasted period based on traffic study report and financial plan provided by management. However, management has represented that there is deviation from Traffic study report in FY22 because the financial plan of management has considered the actual traffic numbers till date and estimated remaining revenue for FY22.

s) Traffic Volume

Traffic volume as received from the Management supported by traffic study report carried out by GMD Consultants dated June 2020 are considered.

t) Toll rates

- Toll rates has been estimated as per the recent MoRTH notification and Schedule R of contract agreement. Factor of inflation / growth has been incorporated as per Schedule R. WPI are available up to 2018-19. A moderate growth in Wholesale Price Index (WPI) has been assumed after that.
- WPI has been projected to grow by 5% for the projected period.

b) Periodic Maintenance & Routine Maintenance Costs

Estimates for projected Periodic Maintenance & Routine Maintenance cost from the Management are considered.

c) Premium Payable to NHAI

The Premium payable to NHAI is considered as given by the management and validated the same from concession agreement.

DCF Method:

- The key assumptions and other key inputs, mentioned on the previous paragraphs, as provided by the Management are considered in the projections.
- The projections provided by the Management, based on Independent traffic and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.
- The explicit period has been considered from April 1, 2021 to August 31, 2042.
- The tax has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.

- The assumptions for Weighted average cost of capital is as follows:

| WACC calculation | | Basis |
|---|---|---|
| Risk free rate of return | *6.4%* | 10yrs ZCYC as at 31 March 2021 |
| India risk premium | *7.0%* | Incwert Analysis |
| Beta | 0.8 | Peer median of 2 yr weekly beta |
| Alpha | *1.0%* | Valuer judgement |
| **Cost of Equity** | ***13.0%*** | |
| Cost of Debt | *9.3%* | Management input |
| Tax Rate | *17.5%* | Rates as per IT Act as applicable here |
| **After Tax Cost of Debt** | ***7.6%*** | |
| Debt/Equity | 1.50 | Management input |
| Debt to Capital % | *60.0%* | |
| Equity to Capital % | *40.0%* | |
| **Weighted Average Cost of Capital** | ***9.8%*** | |
| *Marginal tax rate* | *17.5%* | *MAT rates as per IT applicable here* |

- The Business/ Enterprise Value of IHMTL as on March 31, 2021 is arrived at INR 3,521.4 crores.

| Discounted cash flow | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Net Revenue | 158.5 | 274.0 | 305.9 | 347.6 | 391.9 | 443.9 | 503.0 | 572.2 | 640.5 | 723.7 | 814.0 | 916.8 |
| *yoy growth* | *25.4%* | *86.9%* | *12.9%* | *12.7%* | *12.0%* | *12.5%* | *12.7%* | *13.1%* | *11.8%* | *12.8%* | *12.3%* | *12.4%* |
| **EBITDA** | **150.5** | **265.6** | **292.8** | **338.5** | **293.3** | **344.2** | **407.5** | **561.7** | **624.3** | **638.2** | **725.7** | **848.0** |
| EBITDA margin | *95%* | *97%* | *96%* | *97%* | *75%* | *78%* | *81%* | *98%* | *97%* | *88%* | *89%* | *92%* |
| Depreciation | 23.9 | 44.8 | 50.5 | 57.0 | 63.8 | 71.8 | 80.9 | 91.5 | 102.3 | 115.4 | 129.6 | 145.6 |
| **EBIT** | 126.5 | 220.8 | 242.2 | 281.5 | 229.5 | 272.4 | 326.6 | 470.1 | 522.0 | 522.8 | 596.1 | 702.3 |
| EBIT margin | *80%* | *81%* | *79%* | *81%* | *59%* | *61%* | *65%* | *82%* | *81%* | *72%* | *73%* | *77%* |
| Less: tax on EBIT | (22.1) | (38.6) | (42.3) | (49.2) | (40.1) | (47.6) | (57.1) | (82.1) | (91.2) | (91.4) | (104.2) | (122.7) |
| Change in working capital | 3.7 | - | - | - | - | - | - | - | - | - | - | - |
| Capex | (918.2) | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | (0.0) | 0.0 | (0.0) | 0.0 | 0.0 |
| **Free cash flows to the Firm** | **(786.2)** | **227.0** | **250.4** | **289.3** | **253.2** | **296.6** | **350.5** | **479.5** | **533.1** | **546.9** | **621.5** | **725.2** |
| **Continuing value** | | | | | | | | | | | | |
| Discounting period (mid-period) | 0.50 | 1.50 | 2.50 | 3.50 | 4.50 | 5.50 | 6.50 | 7.50 | 8.50 | 9.50 | 10.50 | 11.50 |
| Discount factor | 0.95 | 0.87 | 0.79 | 0.72 | 0.66 | 0.60 | 0.54 | 0.50 | 0.45 | 0.41 | 0.37 | 0.34 |
| **Present value of cash flows as at 31 March 2021** | **(750.3)** | **197.3** | **198.3** | **208.6** | **166.3** | **177.4** | **190.9** | **237.9** | **240.9** | **225.0** | **232.9** | **247.6** |

| Discounted cash flow | FY2034 | FY2035 | FY2036 | FY2037 | FY2038 | FY 2039 | FY2040 | FY2041 | FY2042 |
|---|---|---|---|---|---|---|---|---|---|
| **INR crores** | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 5.0months |
| Net Revenue | 1,025.1 | 1,157.7 | 1,284.2 | 1,410.8 | 1,557.7 | 1,716.0 | 1,899.1 | 2,089.0 | 968.0 |
| *yoy growth* | *11.7%* | *12.7%* | *10.8%* | *9.8%* | *10.6%* | *10.1%* | *10.6%* | *9.9%* | *-53.7%* |
| **EBITDA** | **1,010.4** | **1,145.1** | **1,059.4** | **1,168.0** | **1,306.0** | **1,695.0** | **1,884.7** | **2,073.9** | **961.4** |
| EBITDA margin | *99%* | *99%* | *82%* | *83%* | *84%* | *99%* | *99%* | *99%* | *99%* |
| Depreciation | 162.6 | 183.3 | 203.2 | 223.1 | 246.7 | 271.5 | 300.2 | 329.9 | 152.7 |
| **EBIT** | 847.8 | 961.8 | 856.2 | 944.9 | 1,059.4 | 1,423.5 | 1,584.5 | 1,744.0 | 808.7 |
| EBIT margin | *83%* | *83%* | *67%* | *67%* | *68%* | *83%* | *83%* | *83%* | *84%* |
| Less: tax on EBIT | (148.1) | (210.5) | (299.2) | (330.2) | (370.2) | (497.4) | (553.7) | (609.4) | (282.6) |
| Change in working capital | - | - | - | 60.0 | - | - | - | - | - |
| Capex | (0.0) | 0.0 | (0.0) | (0.0) | (0.0) | - | - | - | - |
| **Free cash flows to the Firm** | **862.3** | **934.6** | **760.2** | **897.8** | **935.9** | **1,197.6** | **1,331.0** | **1,464.5** | **678.8** |
| **Continuing value** | | | | | | | | | |
| Discounting period (mid-period) | 12.50 | 13.50 | 14.50 | 15.50 | 16.50 | 17.50 | 18.50 | 19.50 | 20.21 |
| Discount factor | 0.31 | 0.28 | 0.26 | 0.23 | 0.21 | 0.19 | 0.18 | 0.16 | 0.15 |
| **Present value of cash flows as at 31 March 2021** | **268.1** | **264.6** | **196.0** | **210.9** | **200.2** | **233.3** | **236.2** | **236.7** | **102.7** |

| Valuation Conclusion | |
|---|---|
| Present value of cash flows | 3,521.4 |
| Present value of terminal value | - |
| Release of WC at the end of concession period | - |
| **Enterprise value** | **3,521.4** |

## 9.10 Valuation Summary

The derived enterprise value and equity value, based on the valuation approach and methodology as discussed above, as on 31 March 2021 is as under:

**Valuation summary of the SPVs**

| Sl. No | Name of SPV | Short name of SPV | Enterprise value (INR Crores) |
|---|---|---|---|
| 1 | Goa Kundapur | IWTL | 2,423.0 |
| 2 | Solapur Yedeshi | SYTL | 1,978.8 |
| 3 | Yedeshi Aurangabad | YATL | 3,705.2 |
| 4 | Kaithal - Rajasthan | KTL | 3,135.2 |
| 5 | Agra Etawah | AETL | 2,783.0 |
| 6 | Udaipur Rajasthan Gujarat | UTL | 2,318.1 |
| 7 | Gulabpura Chittorgarh | CGTL | 2,475.9 |
| 8 | Kishangarh Gulabpura | KGTL | 1,639.0 |
| 9 | Hapur Moradabad | IHMTL | 3,521.4 |
| | **Enterprise Value** | **Total** | **23,979.5** |

**Computation of fair value of the equity of the Trust**

| Valuation approach | Method | INR crores | Weight (%) |
|---|---|---|---|
| Income approach | DCF | 23,979.5 | 100% |
| Market approach | Comparable companies method | n/a | 0% |
| Cost approach | NAV | n/a | 0% |
| Enterprise value for the combined portfolio of 9 SPVs | | 23,979.5 | 100% |
| Less: Debt | | (9,394.6) | |
| Less: Debt-like-items | | 0.0 | |
| Less: Present value of stand alone expenses pertaining to InvIT as on 31 March 2021 | | (113.9) | |
| Add: Cash and cash equivalents | | 49.0 | |
| Add: Surplus assets | | 73.3 | |
| **Value of 100% interest in equity (on a control, marketable basis)** | | **14,593.2** | |

*Notes:*
*1. Debt comprises total external borrowings on the Trust combined balance sheet as on 31 March 2021*
*2. Surplus assets primarily comprises security deposits, current tax assets (net) and investments*

Fair value of 100% equity interest in the Trust has been computed at INR 14,593.2 crores. Value per fully paid up unit is INR 178.645/- (Indian Rupees One Hundred Seventy- Eight Point Six Four Five Only) (face value per unit: INR 100/-).

# 10. Annexures

## Additional procedures to be complied with in accordance with SEBI InvIT Regulations
## List of Disclosures

Additional procedures to be complied with in accordance with SEBI InvIT regulations as per Schedule V of the SEBI InvIT Regulations:

a) List of one-time sanctions/approvals which are obtained or pending along with up to date/overdue periodic clearances

As given by the Management, the list of one-time sanctions/approvals which are obtained or pending along with up to date/overdue periodic clearances of all the 9 SPVs are included in earlier sections in the Report and details are mentioned in Annexures.

b) Statement of assets

Management has represented that all assets and liabilities of the 9 SPVs till the date of transfer of assets to InvIT has been taken over by the Trust.

c) Estimates of already carried as well as proposed major repairs & improvements

*Past major repairs and improvements as on the Valuation Date*

Management has represented that major repairs have not been carried out in the past as the 9 SPVs being transferred have been recently operationalized or are being constructed.

*Future estimate of major repairs and improvements as on the Valuation Date*

**Future estimate of major repairs and improvements as on the Valuation Date (Amt in INR crores)**

| Name of SPV | FY2021 12mths Actual | FY2022 12mths Forecast | FY2023 12mths Forecast | FY2024 12mths Forecast | FY2025 12mths Forecast | FY2026 12mths Forecast | FY2027 12mths Forecast | FY2028 12mths Forecast | FY2029 12mths Forecast | FY2030 12mths Forecast | FY2031 12mths Forecast | FY2032 12mths Forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IWTL | - | - | 40.8 | 40.9 | 42.5 | - | 1.3 | - | 110.6 | 40.6 | - | - |
| SYTL | - | - | - | - | 18.4 | 19.4 | 20.3 | - | - | - | - | - |
| YATL | - | - | - | - | 29.0 | 30.5 | 32.1 | - | - | - | - | - |
| KTL | - | - | - | 43.3 | 45.2 | 47.6 | - | - | - | - | - | 128.0 |
| AETL | - | - | - | 37.4 | 39.1 | 41.1 | - | - | - | - | 123.1 | 129.6 |
| UTL | - | - | - | 57.1 | 69.1 | 76.5 | 4.1 | - | 119.7 | 125.5 | 127.5 | 4.8 |
| CGTL | - | - | - | - | 27.0 | 28.4 | 29.9 | - | - | - | 86.1 | 90.7 |
| KGTL | - | - | - | - | - | - | 100.4 | - | - | - | - | - |
| IHMTL | - | - | - | 4.4 | - | 89.2 | 89.9 | 85.2 | - | 5.4 | 74.3 | 76.7 |

**Future estimate of major repairs and improvements as on the Valuation Date (Amt in INR crores) (Cont.)**

| Name of SPV | FY2033 12mths Forecast | FY2034 12mths Forecast | FY2035 12mths Forecast | FY2036 12mths Forecast | FY2037 12mths Forecast | FY2038 12mths Forecast | FY2039 12mths Forecast | FY2040 12mths Forecast | FY2041 12mths Forecast | FY2042 12mths Forecast | FY2043 12mths Forecast | FY2044 12mths Forecast |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| IWTL | 1.6 | 11.9 | 166.5 | 1.9 | - | - | 148.5 | 53.2 | - | - | - | - |
| SYTL | 61.2 | 64.3 | 67.4 | - | - | - | - | - | - | 42.1 | 44.2 | 46.5 |
| YATL | 109.8 | 115.4 | 120.9 | - | - | - | - | 60.4 | 63.3 | 66.5 | - | - |
| KTL | 133.7 | 140.5 | - | - | - | - | - | 94.1 | 98.6 | 103.6 | - | - |
| AETL | 135.4 | - | - | - | - | 73.5 | 77.3 | 81.3 | - | - | - | - |
| UTL | - | 85.9 | 91.2 | 119.3 | - | - | - | - | - | - | - | - |
| CGTL | 94.7 | - | 8.9 | 46.3 | 48.4 | 50.8 | - | - | - | - | - | - |
| KGTL | 104.4 | 102.0 | 110.5 | - | - | - | - | - | - | - | - | - |
| IHMTL | 56.9 | 2.4 | - | 211.8 | 229.5 | 238.0 | 7.0 | - | - | - | - | - |

d) Revenue pendencies including local authority taxes associated with InvIT asset & compounding charges

Management has represented that there are no revenue pendencies including local authority taxes pending to be payable to the Government authorities with respect to all the 9 SPVs.

e) On-going material litigations including tax disputes in relation to the assets

As represented by the Management, the list of the ongoing material litigations of all the 9 SPVs, have been included In Annexures 1 to 9

f) Vulnerability to natural to induced hazards that may not have been covered in town planning/building control

Management has represented that there are no such natural or induced hazards which have been not considered in town planning/building control with respect to all the 9 SPVs.

g) Site Visit Photographs

Driven by the COVID-19 lockdown, we have not been able to do site visit of the underlying projects and have relied on the site photographs as provided by Management. These photographs were taken in the fortnight ending 07 May 2021

Caveat to Disclosures in Annexures:

The Valuer has not independently verified the documents related to the disclosures mentioned in the Annexures and have relied on the representation by the Management for the same.

## 10.1 Annexure I IWTL – Table 1: List of one-time sanctions/approvals

| Sl.No | Description | Remarks |
|---|---|---|
| A | Permission of State government for extraction of boulders from quarry. | Received |
| B | Permission of Village Panchayat & Pollution control board for installation of crushers | Received, |
| C-1 | License for use of explosives. | Received |
| C-2 | Permission of state government for drawing water from Rivers & reservoir. | Not Applicable |
| D-1 | License from Inspector of factories or competent authorities for setting up Batching Plant. | Received |
| D-2 | Clearance from Pollution control board for Setting up Batching Plant | Received |
| E-1 | Permission of Village Panchayat & Pollution control board for Asphalt Plant | Received |
| E-2 | Permission of Village Panchayat & State government for Borrow earth | Received |
| F-1 | Permission of State Government for Cutting of trees | Received |
| F-2 | Any other permits or clearance required under applicable Laws | Labour License taken. |

## 10.2 Annexure I IWTL – Table 2 List of ongoing material litigations or litigations where financial implication cannot be ascertained

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | The plaintiff has filed this suit praying that stay should be given for the stoppage work of NH-66 to set right certain anomalies in the tree cutting tender awarded to him by the NHAI in Kundapur forest division in respect of cutting of reserved categories of trees like teak, Bethonne, Matti, Sandalwood & seasom. | There are no Adverse orders against the company. The matter is pending | Land acquisition and related cost, cutting the necessary trees for road widening work, and related cost, etc are the sole responsibilities of NHAI. Further the concessionaire is not a party in the tender awarded to the plaintiff for cutting of the trees. Hence, there are no financial implications in this matter. |
| 2 | The plaintiff has filed the suit to restrain the defendants from undertaking the blasting of the rocks/hill in unscientific manner as it has caused loss to the plaintiff. | There are no Adverse orders against the company. The matter is pending | The company and plaintiff had mediated the dispute partly and the company has paid a sum of Rs. 175000/- to the plaintiff in the interest of the project. The matter is pending for final determination. As the company has complied with all the necessary provisions and undertaken the work with all safety precautions, the company feels that there are no financial implications in this matter. |
| 3 | The plaintiff has filed this suit challenging the land acquisition and has prayed that the respondents should be restrained from doing the work against the provisions of the land acquisition act. | There are no Adverse orders against the company. The matter is pending | The responsibility of the entire process of land acquisition and payment of compensation is of NHAI. Hence, that there are no financial implications in this matter. |

## 10.3 Annexure II SYTL – Table 1: List of one-time sanctions/Approvals

Note. Management has represented that one-time sanctions/approvals are not applicable for SYTL as the project has achieved commercial operational date (COD). These sanctions / approvals are applicable during the construction phase only.

## 10.4 Annexure II SYTL – Table 2: List of ongoing material litigations

Nil

## 10.5 Annexure III YATL – Table 1: List of one-time sanctions/approvals

Note. Management has represented that one-time sanctions/approvals are not applicable for YATL as the project has achieved commercial operational date (COD). These sanctions / approvals are applicable during the construction phase only.

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## 10.6 Annexure III YATL – Table 2: List of ongoing material litigations

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | This matter is pertaining to Yedeshi Aurangabad Project.<br><br>The petitioner is aggrieved by the award wherein his land is acquired by NHAI, for construction of highway. Hence, the petitioners have prayed not to change the existing alignment of the proposed road widening of NH 211 passing through petitioners village and to restrain respondents from proceeding further with any change in the existing alignment | The matter is pending. | The responsibility of the entire process of land acquisition and payment of compensation is of NHAI. Hence, there are no financial implications on the company. |
| 2 | This matter is pertaining to Yedeshi Aurangabad Project.<br><br>The petitioner is aggrieved by the award wherein his land is acquired by NHAI, for construction of highway. Hence, the petitioners have prayed that the land acquisition should be set aside, the respondents should be restrained from acquiring the land belonging to the petitioners, etc.. | The matter is pending. | The responsibility of the entire process of land acquisition and payment of compensation is of NHAI. Hence, there are no financial implications on the company. |
| 3 | This matter is pertaining to Yedeshi Aurangabad Project.<br><br>The Plaintiff claims that the electricity poles & DP coming within road alignment / area have been replaced but erected & installed within his private land which has not been acquired. | The matter is pending. | The responsibility of the entire process of land acquisition and payment of compensation is of NHAI. Utility shifting is being done on the land provided by NHAI Hence, there are no financial implications on the company. |

## 10.7 Annexure IV KTL – Table 1: List of one-time sanctions/approvals

Note. Management has represented that one-time sanctions/approvals are not applicable for KTL as the project has achieved commercial operational date (COD). These sanctions / approvals are applicable during the construction phase only.

## 10.8 Annexure IV KTL – Table 2: List of ongoing material litigations

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | The Petitioner has challenged the levy and collection of toll on the project, and has prayed that the notification by which the toll is collected should be quashed and issue the directions for frame policy for the local transporters which may not act against the financial interest of the poor local villagers who travel in busses. | The matter is pending. | Financial implications cannot be ascertained as not mentioned in the petition. |
| | | | Similar writ petition challenging the toll collection on the project was filed in Punjab and Haryana High Court by Azad Singh (reported under closed litigations writ petition number 22648/2017), has been dismissed by the High Court.<br>The concessionaire has been collecting the toll on the project as per the concession agreement and the toll notification. The provisional completion certificate has been issued to the concessionaire as per the terms of the concession agreement. Considering the merits of the case, there are no financial implications in this matter. |

## 10.9 Annexure V AETL – Table 1: List of one-time sanctions/approvals

Note. Management has represented that one-time sanctions/approvals are not applicable for KTL as the project has achieved commercial operational date (COD). These sanctions / approvals are applicable during the construction phase only.

## 10.10 Annexure V AETL – Table 2: List of ongoing material litigations

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | 1. NHAI levied damages on Concessionaire citing delay in fulfilment of Conditions Precedent and achievement of Financial Close as per Concession Agreement.<br>2. However, the Concessionaire asserted that the damages levied by NHAI are not applicable since the delay in achieving Financial Close was on account of delay by NHAI in appraising the Total Project Cost assessed by the Lenders and eventually NHAI refused to appraise the same. This delay was not attributable to the Concessionaire and it had also affected the fulfilment of Concessionaire's Conditions Precedent as per Clause 4.1.3 (b), (c), (e) & (f) of the Concession Agreement which were all linked to Financial Close.<br>3. The Concessionaire also put on record that as on Appointed Date (i.e. 01/08/2016), the percentage of vacant land handed over by NHAI to Concessionaire was less than 80% as required under Clauses 10.3.2 & 10.3.5 of the Concession Agreement.<br>4. Hence, the penalties claimed by NHAI on account of delay in Financial Close may be waived off since this delay cannot be attributed to the Concessionaire. Thus, the dispute was crystallised. As per the Clause number 44.3 of the Concession Agreement, the arbitration was invoked.<br>5. The matter was referred to (**Conciliation Committee of Independent Expert**) CCIE-1 for Conciliation. The issue was whether 80% of vacant land was available to the Concessionaire at the time of Financial Close/ Appointed Date. Concessionaire submitted land acquisition officer's CALA (**Competent Authority of Land Acquisition**) record confirming less than 80% of land availability at the time of Financial Close/ Appointed Date.<br>6. In the final meeting it was directed by the CCIE-1 to jointly inspect the CALA record and verify the land status as on Financial Close/Appointed Date. Even after Concessionaire followed up several times, NHAI did not deploy their representative for the joint inspection. | The matter is settled between the Parties vide Settlement Agreement (SA) dated 12/11/2020. | Nil |

## 10.11 Annexure VI UTL – Table 1: List of one-time sanctions/approvals

| Sl.No | Description | Remarks |
|---|---|---|
| A | Permission of State government for extraction of boulders from quarry. | Received |
| B | Permission of Village Panchayat & Pollution control board for installation of crushers | Received |
| C | License for use of explosives | Received |
| D | Permission of the state government for drawing water from river/reservoir | Not Applicable |
| E | License from inspector of factories or other competent authority for setting up Batching Plant | Received |
| F | Clearance of pollution control board for setting up Batching plant | Received |
| G | Clearance of village Panchayats & pollution control board for asphalt plant | Received |
| H | Permission of village panchayat & state government for borrow earth | Applied & in process |
| I | Permission of state government for cutting of trees | Received |
| J | Any other permits or clearances under applicable laws | Labour License taken. |

## 10.12 Annexure VI UTL – Table 2: List of ongoing material litigations

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | Bus driver Mr. Bhairulal Salvi has damaged the toll booths by pelting the stone & created violence in smooth tolling operations at Khandiobri Toll. | The matter is being investigated by the police. | The FIR is filed against the Bus driver, by the employee of the company. The FIR is filed by the employee of the company against the bus driver. There are no proceedings against the company. |

## 10.13 Annexure VII CGTL – Table 1: List of one-time sanctions/approvals

| Sl.No | Description | Remarks |
|---|---|---|
| A | Permission of State government for extraction of boulders from quarry. | Received |
| B | Permission of Village panchayat& Pollution control board for installation of crushers | Received |
| C | License for use of explosives. | Received |
| D | Permission of state government for drawing water from Rivers & reservoir. | Not applicable |
| E | License from Inspector of factories or competent authorities for setting up Batching Plant. | Received |
| F | Clearance from Pollution control board for Setting up Batching Plant | Received |
| G | Permission of Village panchayat& Pollution control board for Asphalt Plant | Received |
| H | Permission of Village panchayat& State government for Borrow earth | Received |
| I | Permission of State Government for Cutting of trees | Received |
| J | Any other permits or clearance required under applicable Laws | |

## 10.14 Annexure VII CGTL – Table 2: List of ongoing material litigations

| Sl. No. | Brief Description of Case | Status as on date | Financial implications |
|---|---|---|---|
| 1 | The plaintiff has filed case challenging the collection of toll without completion of six lane.<br>Plaintiff /Petitioners have prayed that collection of toll shall be stopped until works of six lanes are completed and toll collected in the name of six laning shall be returned with interest. | The matter is pending | The company is collecting the toll as per the toll notification and concession agreement with NHAI.<br>Since, the project consists from 4 laining to 6 laining, hence, during the construction period, the company collects only 75% of the prescribed toll amount as per the toll fee notification. These toll rates are fixed for construction period. The company has good case on merits. The company has not violated any of the concession agreement provisions and hence, there are no financial implications in the matter. |

## 10.15 Annexure VIII KGTL – Table 1: List of one-time sanctions/approvals

| Sl.No | Description | Remarks |
|---|---|---|
| A | Permission of the State Government for extraction of boulder from quarry. | Received |
| B | Permission of Village Panchayat and Pollution Control Board for installation of crusher. | Received |
| C | License for use of explosives | Received |
| D | Permission of state government for drawing water from river/reservoir | Not Applicable |
| E | License from the inspector of factories or other competent authority for setting up Batching plant. | Received |
| F | Clearance of Pollution Control Board for setting up Batching Plant; | Received |
| G | Clearance of Village Panchayats and Pollution Control Board for Asphalt Plant | Received |
| H | Permission of Village Panchayat and State Government for borrow areas. | Received |
| I | Permission of State Government for cutting of trees | Received |
| J | Any other permits or clearances required under Applicable Laws | - |

## 10.16 Annexure VIII KGTL – Table 2: List of ongoing material litigations

Nil

## 10.17 Annexure IX IHMTL – Table 1: List of one-time sanctions/approvals

| Sl.No | Description | Remarks |
|---|---|---|
| A | Permission of the state for extraction of boulder from the quarry | Not applicable |
| B | Permission of Village Panchayat & pollution control board for installation of crushers | Not applicable |
| C | License for use of explosives | Not applicable |
| D | Permission of the state government for drawing water from river/reservoir | Received |
| E | License from inspector of factories or other competent authority for setting up Batching Plant | Received |
| F | Clearance of pollution control board for setting up Batching plant | Received |
| G | Clearance of village Panchayats & pollution control board for asphalt plant | Received |
| H | Permission of village panchayat & state government for borrow earth | Received |
| I | Permission of state government for cutting of trees | Received |
| J | Any other permits or clearances under applicable laws | Not applicable |

## 10.18 Annexure IX IHMTL – Table 2: List of ongoing material litigations

Nil

## 10.19 Annexure X – Comparable companies' description

| List of comparable companies taken for the computation of beta |
|---|
| Sadbhav Infrastructure Project Ltd |
| MEP Infrastructure Developers Ltd |
| IRB Infrastructure Developers Ltd |
| Ashoka Buildcon Ltd |
| PNC Infratech Ltd |

## 10.20 Annexure XI – Parties to the InvIT

- IRB Infrastructure Trust (“the Trust”)
- IRB Infrastructure Developers Limited (in its capacity as “Sponsor” of the Trust)
- MMK Toll Road Private Limited (in its capacity as “Investment Manager” of the Trust) &
- IDBI Trusteeship Services Limited (as the “Trustee” of the Trust)

*******************************************END OF REPORT**********************************************