KPMG

IRB Infrastructure Trust

Valuation of IRB Infrastructure Trust and its SPVs

Valuation Report

—

November 2023

KPMG

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Strictly private and confidential

10 November 2023

IRB Infrastructure Trust
1101, Hiranandani Knowledge Park,
Technology Street, Hill Side Avenue,
Powai, Mumbai – 400 076

Dear Sir,

Valuation Report ("Valuation Report")

This is in accordance with the terms of reference set out in our Letter of Engagement dated 16 October 2023 ("LoE"), wherein KPMG Valuation Services LLP (Registered valuer entity under Companies (Registered Valuers and Valuation) Rules, 2017 having IBBI Registration No. IBBI/RV-E/06/2020/115) (hereinafter referred to as the "KPMG " or "Us" or "We") has been appointed by IRB Infrastructure Trust ("the Client", or "IRBI Trust/Trust", or "the Company" or "You") in relation to carrying out Enterprise Valuation of 11 Special Purpose Vehicles ("SPVs" or "IRBI Trust Assets") of IRBI Trust and Equity Valuation of IRBI Trust (jointly referred as "Targets") as on the agreed date of the valuation in accordance with Regulation 21 of the Securities Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("SEBI InvIT Regulations") where valuation is required to be conducted by a registered valuer (as defined under section 247 of the Companies Act, 2013) and such valuation report ("Report") is required to be in compliance with the SEBI InvIT Regulations ("Engagement").

The date for the valuation is 30 September 2023 ("Valuation Date").

We hereby enclose our Valuation Report dated 10 November 2023. This is our deliverable and sets out KPMG's conclusions on the valuation of the Targets and has been prepared in accordance with the LoE as of Valuation Date. The report is based on the information provided to KPMG by the management of the Targets ("Management"). As detailed in the enclosed Valuation Report, the NAV at fair value per unit of IRBI Trust is **INR 255.52 per unit** as on 30 September 2023.

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The Valuation Report is confidential to the Client and will be used by the Client only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Client for any other purpose or by any other party for any other purpose whatsoever.

The Valuation Report is issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or in discussion with any third party or used for any other purpose without KPMG's prior written consent. We are aware that the Report may have to be shared with certain regulatory authorities in India and stock exchanges in India and therefore Report may enter the public domain and hereby provide our consent to such sharing. It is clarified that reference to this valuation Report in any document and/ or filing with aforementioned regulatory authorities/ stock exchanges in India, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Client.

We will not, pursuant to the Letter of Engagement, perform any management functions for You, nor make any decisions. You are responsible for making management decisions, including accepting responsibility for the results.

The Valuation Report does not constitute an offer or invitation to any section of the public to subscribe for or purchase any securities in, or the other business or assets or liabilities of the Targets or Client. This letter forms an integral part of the Valuation Report and should be read in conjunction with the Valuation Report enclosed herein.

For KPMG Valuation Services LLP

Yours faithfully

Amit Jain
IBBI Registered Valuer
RV No- IBBI/RV/06/2018/10501

Glossary

%	Percentage
A	Actual
Adj.	Adjusted
AETL	AE Tollway Limited
B	Budgeted
bn	Billion
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CGTL	CG Tollway Limited
CoCo	Comparable Companies
COD	Commercial operation date
CoTrans	Comparable Transactions
Cr	Crore
CWIP	Capital Work In Progress
DBFOT	Design, Build, Finance, Operate and Transfer
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EV	Enterprise Value
FCFF	Free Cash Flows to Firm
FV	Fair Value
FY	Financial Year
IBEF	India Brand Equity Foundation
IGEPL	IRB Golconda Expressway Private Limited
IMF	International Monetary Fund
IMHTL	IRB Hapur Moradabad Tollway Limited
INR	Indian Rupee
InvIT	Investment Trust
IRBI Trust	IRB Infrastructure Trust
IRBIDL	IRB Infrastructure Developers Limited
IWTL	IRB Westcoast Tollway Limited
k	Thousands
Kd	Cost of Debt
Ke	Cost of Equity
KGTL	Kishangarh Gulabpura Tollway Limited
Km	Kilometer
KPMG	KPMG Valuation Services LLP
KTL	Kaithal Tollway Limited
LoE	Letter of Engagement
Management	Management of IRB and its 11 SPVs
MAT	Minimum Alternate Tax
mn	Million
MoRTH	The Ministry of Road Transport and Highways
n.a.	Not applicable
n.m.	No Meaningful Figure
NA	Not applicable
NAV	Net Asset Value
NHAI	National Highways Authority of India
NHIDCL	National Highway and Infrastructure Development Corporation Limited
NWC	Net Working Capital
O&M	Operation and Maintenance
PAT	Profit After Tax
PBT	Profit Before Tax
PDTPL	Palsit Dankuni Private Tollway Limited
PIB	Press Information Bureau
PV	Present Value
R(f)	Risk free rate of Return
R(m)	Market rate of Return
Rf	Risk-free Rate
SEBI	Securities and Exchange Board of India
Sponsor	IRB Infrastructure Developers Limited
SPV	Special Purpose Vehicle
SYTL	Solapur Yedeshi Tollway Limited
t	trillion
UTL	Udaipur Tollway Limited
Valuation Date	30 September 2023
WACC	Weighted Average Cost Of Capital
WPI	Wholesale Price Index
YATL	Yedeshi Aurangabad Tollway Limited
y-o-y	Year on year
YTD	Year to date

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1.

Executive Summary

Overview

Terms of the Engagement

- We have been appointed by IRBI Trust to undertake Enterprise Valuation of 11 Special Purpose Vehicles of IRBI Trust and Equity Valuation of IRBI Trust in accordance with Regulation 21 of the SEBI InvIT Regulations where valuation is required to be conducted by a registered valuer and such valuation report is required to be in compliance with the SEBI InvIT Regulations.
- As per the LoE, the valuation is to be carried out as on 30 September 2023. This report has been prepared by KPMG pursuant to terms of LoE.
- As at 30 September 2023 IRBI Trust assets comprised of the following 11 SPVs.
  - IRB Westcoast Tollway Limited (“IWTL”)
  - Solapur Yedeshi Tollway Limited (“SYTL”)
  - Yedeshi Aurangabad Tollway Limited (“YATL”)
  - Kaithal Tollway Limited (“KTL”)
  - AE Tollway Limited (“AETL”)
  - Udaipur Tollway Limited (“UTL”)
  - Chittorgarh Gulabpura Tollway Limited (“CGTL”)
  - Kishangarh Gulabpura Tollway Limited (“KGTL”)
  - IRB Hapur Moradabad Tollway Limited (“IHMTL”)
  - Palsit Dankuni Tollway Private Limited (“PDTPL”)
  - IRB Golconda Expressway Private Limited (“IGEPL”)

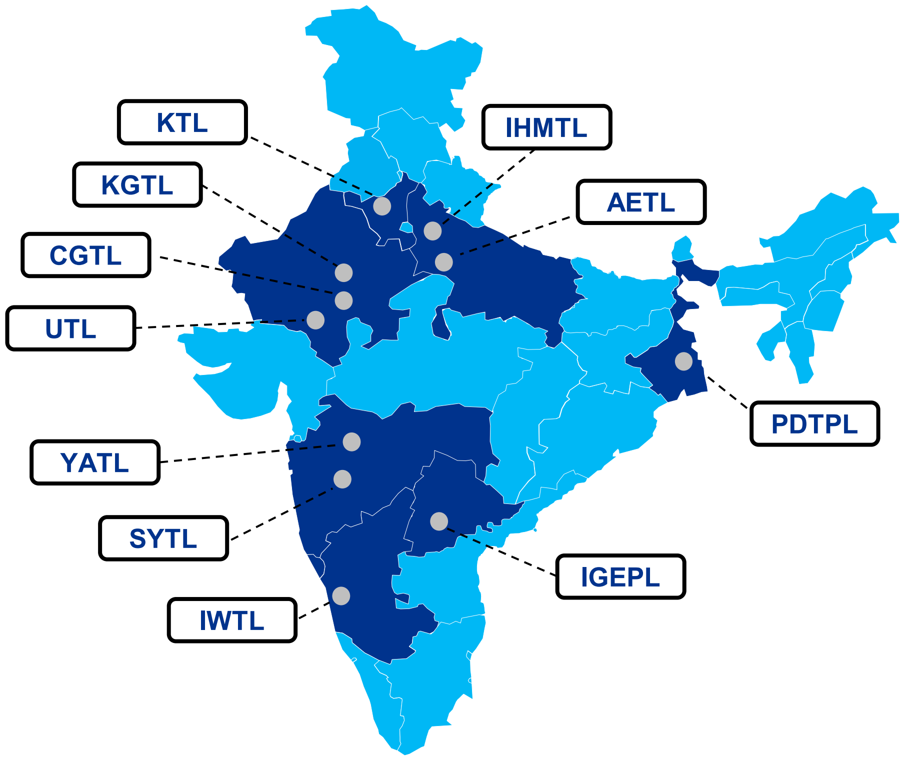
Valuation Approach and Methodology

Approach	Method
Income Approach	Discounted Cash Flow Method (DCF)

Source(s): Management information, KPMG analysis

SPV Overview

IRBI Trust has acquired 10 DBFOT assets and 1 TOT asset from the sponsors in the states of Maharashtra, Rajasthan, Goa, Karnataka, Haryana, Uttar Pradesh, Telangana and West Bengal, which are being managed in pursuant to concessions granted by the National Highways Authority of India (“NHAI”) / Hyderabad Metropolitan Development Authority. IRBI Trust holds 100% equity interest in the SPVs. The map below represents the locations of the SPVs.



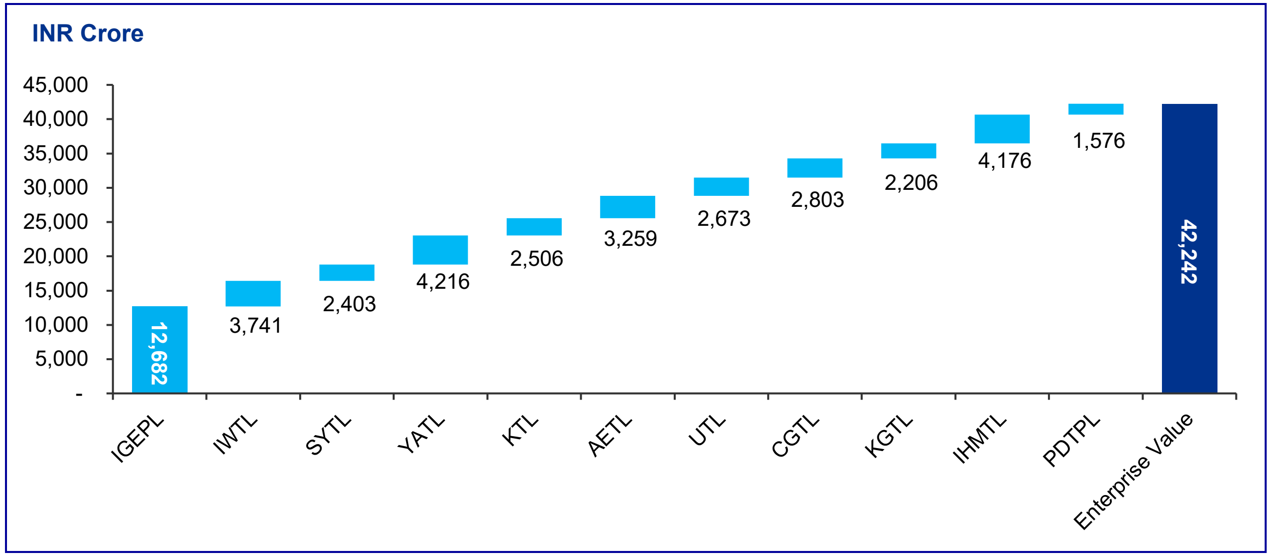
Valuation Conclusion

Valuation Conclusion (INR Crs)

Valuation Conclusion 30 September 2023	INR Crore
IRB Golconda Expressway Private Limited	12,682
IRB Westcoast Tollway Limited	3,741
Solapur Yedeshi Tollway Limited	2,403
Yedeshi Aurangabad Tollway Limited	4,216
Kaithal Tollway Limited	2,506
AE Tollway Limited	3,259
Udaipur Tollway Limited	2,673
CG Tollway Limited	2,803
Kishangarh Gulabpura Tollway Limited	2,206
IRB Hapur Moradabad Tollway Limited	4,176
Palsit Dankuni Tollway Private Limited	1,576
Enterprise Value of the SPVs	**42,242**
Cash and cash Equivalents	1,237
Surplus assets	82
Debt and debt like items	(16,784)
PV of standalone expense pertaining to Trust	(218)
Capital Creditors	(454)
Equity Value of IRBI Trust	**26,106**

NAV at fair value per unit as on 30 September 2023	
Equity Value of IRBI Trust (INR Cr)	26,106
Units outstanding (No.)	1,021,693,265
NAV at fair value per unit (INR)	**255.52**

Enterprise Value of SPVs



The Enterprise Value of the SPVs is INR 42,242 crores and the 100% Equity Value of the IRBI Trust is INR 26,106 crores as on 30 September 2023.

The NAV at fair value per unit of IRBI Trust as on 30 September 2023 is INR 255.52 per unit.

Note: *SPVs are individually referred as "Target", "Business", "Company", "SPV" or the "Asset" Collectively referred as SPVs or Assets*

Source(s): Management information, KPMG analysis

2.

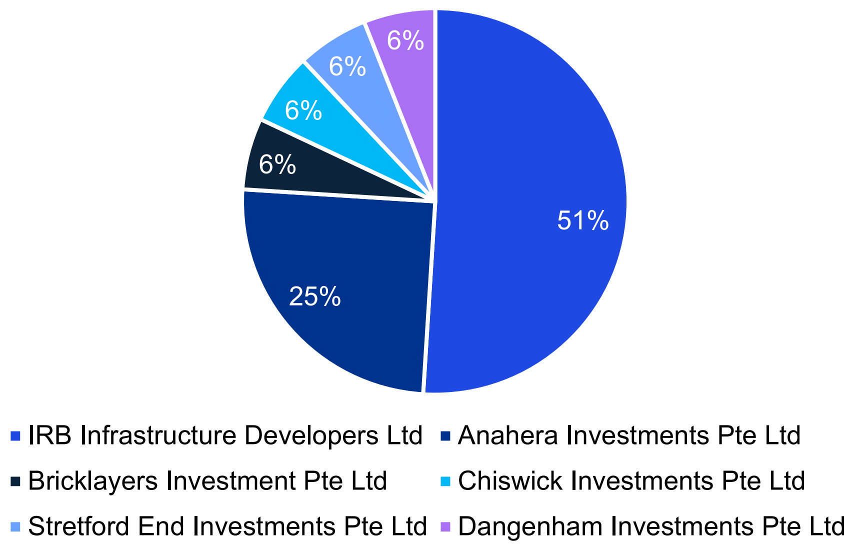
IRBI Trust Overview

IRBI Trust Overview

IRBI Trust - Overview

- IRB Infrastructure Developers Limited ("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 27 July 1998 and is based in Mumbai, India.
- IRBI Trust has been settled by the sponsor as an irrevocable trust under the provisions of the Trusts Act in New Delhi, India pursuant to the Indenture of Trust dated August 27, 2019, as amended. The Indenture of Trust is registered under the Registration Act. IRBI Trust is registered with the SEBI as an infrastructure investment trust under the InvIT regulations.
- The object and purpose of IRBI Trust is to carry on the activity of an infrastructure investment trust under the InvIT regulations. Investment by the IRBI Trust shall only be in holding companies, SPVs, infrastructure projects, securities in India or other permitted investments in accordance with the InvIT regulations, the investment strategy and IRBI Trust documents.
- As at 30 September 2023 IRBI Trust assets comprised of 11 SPVs. IRBI Trust has acquired 10 BOT road assets and 1 TOT road asset from the sponsor. All SPVs of IRBI Trust are revenue generating. Refer subsequent slides for more details.
- IRBI trust is held by IRBIDL as sponsor with 51% stake and remaining 49% stake is held by GIC through its affiliates.
- IRBI Trust has in August 2023 by way of right issue issued 142.4 Mn units to the eligible unitholders of the IRBI Trust at an issue price of INR 200.98 per unit aggregating to INR 2,861.95 Cr. The purpose of the issue was to acquire and fund total project cost of IGEPL.
- The IRBI Trust is required to make distributions to the unitholders in accordance with the InvIT regulations and the distribution policy.

Shareholding Pattern of IRBI Trust as on 30 September 2023

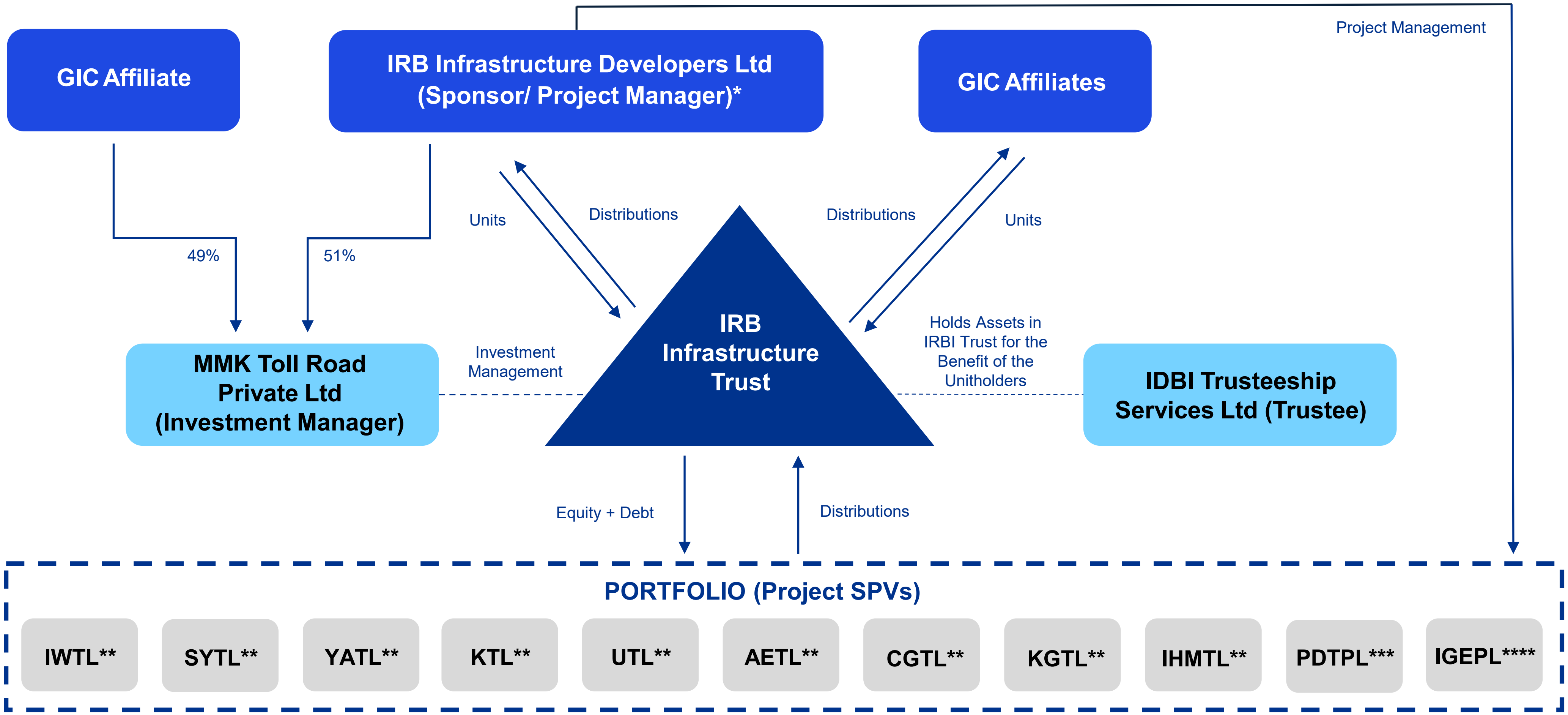


Key related parties of the IRBI Trust

Role	Entity Name
Sponsor	IRB Infrastructure Developers Limited
Investment manager	MMK Toll Road Private Limited

Source(s): Management information, IRBI Trust website, Consolidated Trust Financials FY2023

Structure of the IRBI Trust



** Unitholders in the IRBI Trust*

*** 100% of each project SPV held by the IRBI Trust, together with nominee shareholders.*

**** 99.96% of PDTPL held by the IRBI Trust, with the Sponsor and Sponsor's nominee shareholders holding the remaining 0.04%.*

***** 99.99% of IGEPL held by the IRBI Trust, with the Sponsor and Sponsor's nominee shareholders holding the remaining 0.01%.*

Source(s): IRBI Trust Corporate Presentation

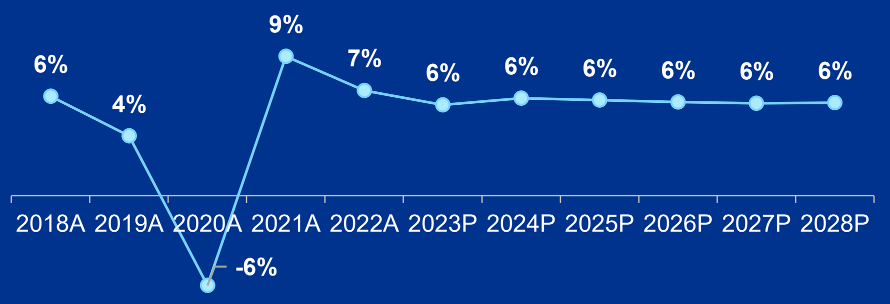
3.

Industry Overview

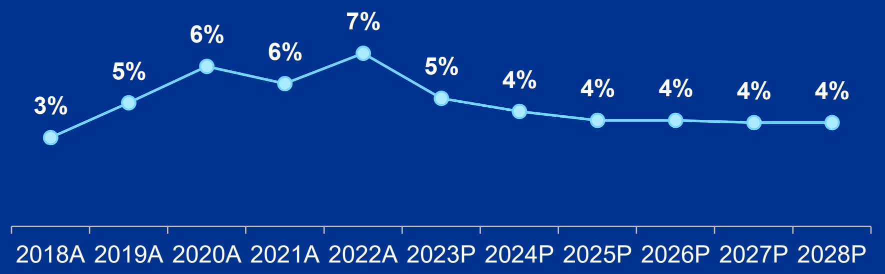
Indian Economy Outlook

Strong economic growth in the first quarter of 2023 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Also, according to IMF economic outlook, India continues to be the fastest-growing economy in the world.

Real GDP growth rate (%)



Annual percentage changes of average consumer prices (%)

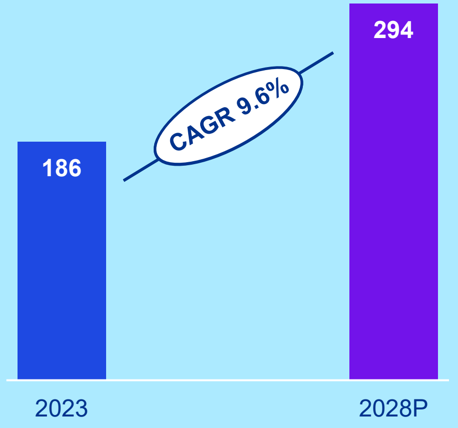


Infra Sector

Infrastructure is a key enabler in helping India become a USD 26 trillion economy by 2047. The government has announced a strong pipeline of infra projects across sectors.

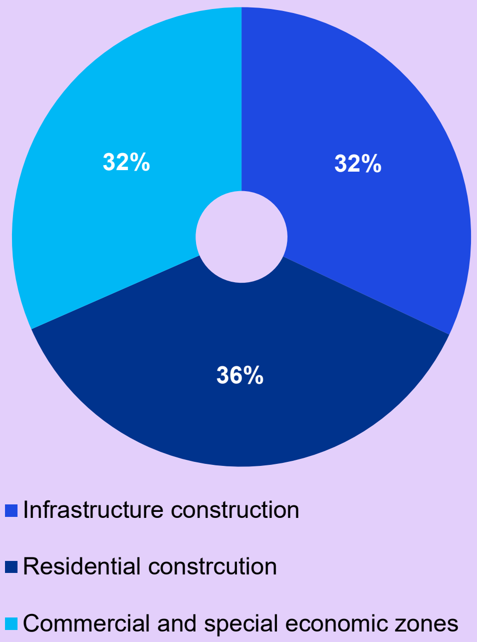
Capital investment outlay for infrastructure is being increased by 33 per cent, which would be 3.3 per cent of GDP and almost three times the outlay in 2019-20.

India Infrastructure market (USD billion)



Construction Industry

Market segmentation of India's Construction industry (2022)



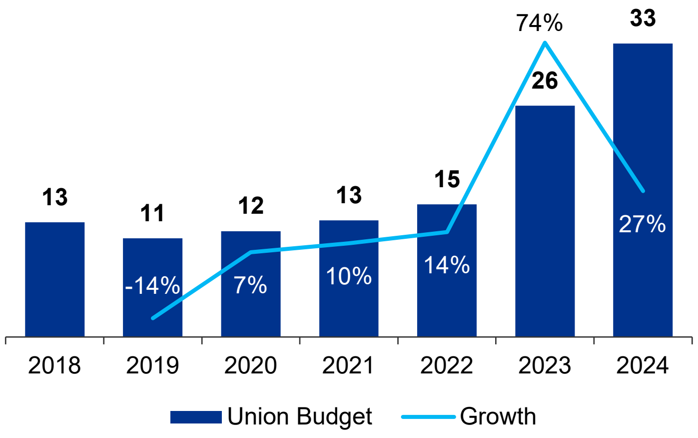
Source(s): International Monetary Fund ("IMF"), India Brand Equity Foundation ("IBEF"), Modor intelligence, EMIS

Road Transport and Highways

Road Transport and Highways sector

- The Ministry of Road Transport and Highways ("MoRTH") formulates and administers policies for road transport, and transport research. It is also involved with the construction and maintenance of the National Highways ("NHs") through the National Highways Authority of India ("NHAI"), and the National Highway and Infrastructure Development Corporation Limited ("NHIDCL"). NHAI is an agency of MoRTH which is also responsible for the toll collection on several highways.
- The Union Budget 2023-24 underscored the central government's focus on infrastructure development in India with a big increase in infrastructure spending.

Outlay for Roads under the Union Budget (USD billion)



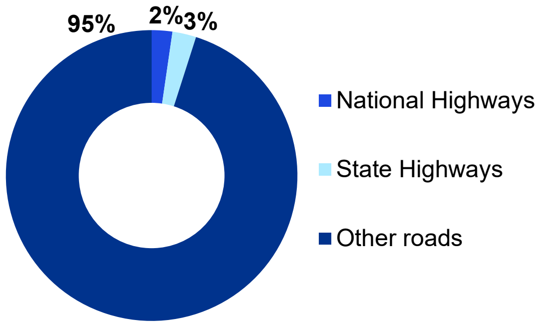
**2023 data is as of 30 December 2022*

Source(s): MoRTH, IBEF, Invest India

2nd

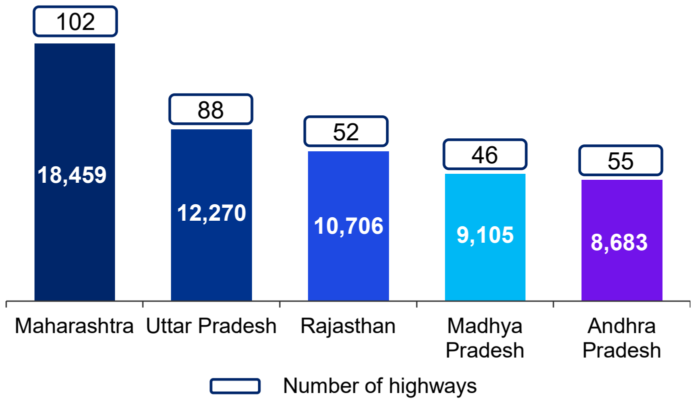
India has the second largest road network in the world of about 63 lakh km. This comprises National Highways, Expressways, State Highways, District Roads, Other District Roads and Village Roads.

Road & Highway – classification breakup



As per the data from Ministry of Road Transport and Highways, National Highways (NHs) make up for about 2.3 per cent (1,44,955 km) of the total road network of India (63,31,791 km).

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



National Highways carry over 40 per cent of the total traffic across the length and breadth of the country. Maharashtra has the largest network of National Highways with 18,459 km (12.7%). As per MoRTH, there are 962 highways in India.

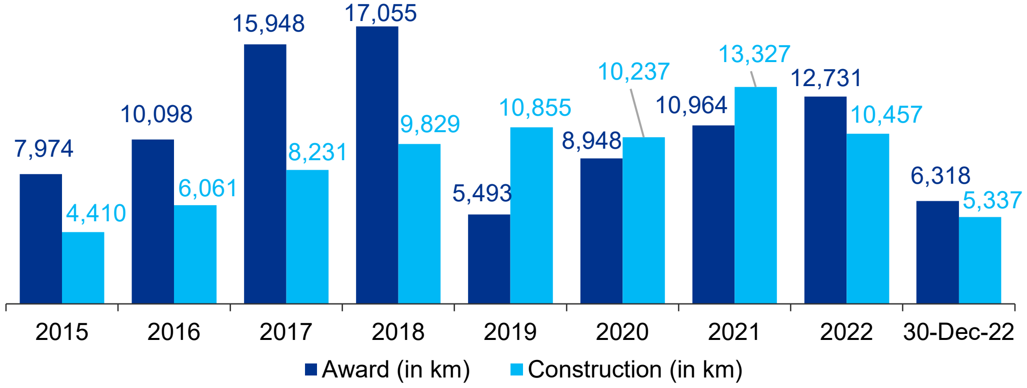
36.2%

The market for roads and highways in India is projected to grow at a CAGR of 36.2 per cent during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.

Key drivers of the sector

Pace of length of highways awarded and constructed (in kms)

The awarding of projects has picked up pace after the sanction of ambitious Bharatmala programme. The Government of India has allocated INR 1.9 lakh crore under the National Infrastructure Pipeline for 2025. The government also aims to construct 23 new national highways by 2025.



13%
2015-2022
CAGR - Length of highways constructed

1.3
2030
Estimated toll collection (in INR lakh crore)

14k
2024
Road construction target (in km)

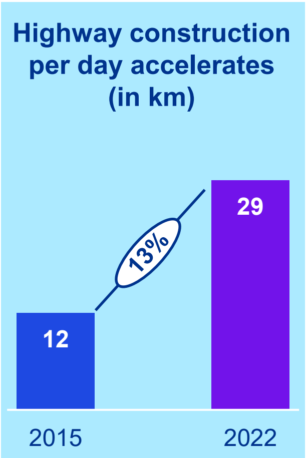
40 km
2024
Estimated road constructed per day

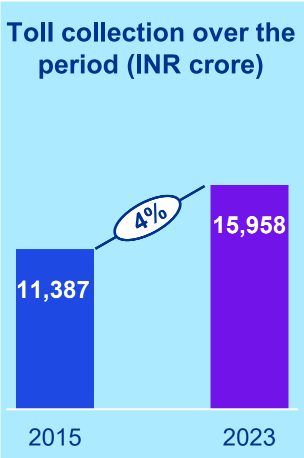
Source(s): MoRTH, Press Information Bureau ("PIB"), RTO Care, Money control

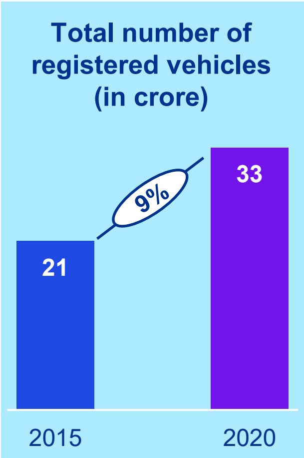
Toll operations efficiency increased due to adoption and growth of FASTag

6.3 Cr As on 31st December 2022, banks have issued over 6.3 crore FASTags with an average daily ETC transactions of 99 lakhs.

159 Cr The average daily collection through ETC has increased to INR 158.9 crore with penetration of 98 per cent in total fee collection.







2023 data is as of 30 December 2022

- CAGR

Government has implemented multiple initiatives in the last 9 years to augment the capacity of the National Highway infrastructure in the country. The pace of National Highways construction has increased consistently between 2014-15 and 2022-23 due to the systematic push through corridor-based National Highway development approach.

Financing in road infrastructure

Financing infrastructure

Investment in road infrastructure is long-term and returns are seen several years after construction. Roads and highways are financed through Government and private sources. Funding from Government sources includes budgetary allocations.

Private financing

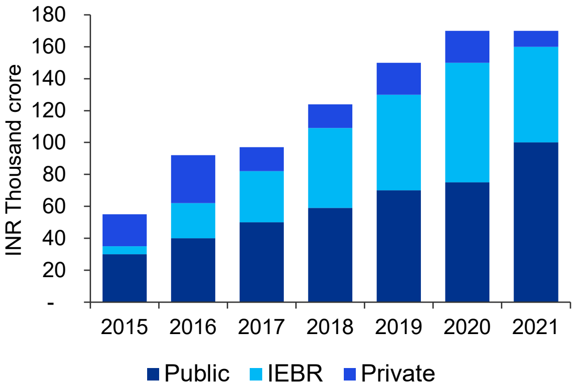
Under private financing, the private developer builds a road, and in return has the right to collect toll for a specified period of time. The developer is responsible for the maintenance of roads during this period.

Public financing

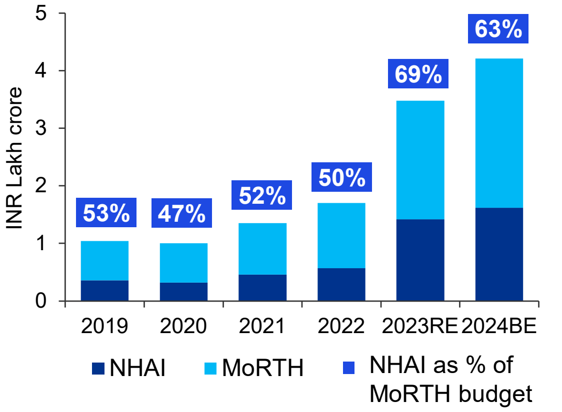
Funding from government sources includes budgetary allocations, which are financed from taxes, cesses, or dedicated road funds. Publicly funded projects are usually given to contractors under various contract models such as the Engineering Procurement Construction (EPC).

Financing in road sector & MoRTH, NHAI budget

Investment sources (Public, Private or Internal and Extra-Budgetary Resources) for road construction projects over the past six years.



With the high share of NHAI funding in MoRTH budget, NHAI is expected to account for 5k - 5.5k km in this fiscal and 5.8k - 6.2k km in the next.



Investment Opportunities in Roads & Highways

4,155	800	622	28.9
Projects	Promoters	District	Opportunity (INR lakh crore)

Types of projects awarded by NHAI

a. Engineering Procurement & Construction

Under the EPC model, Government pays private players to lay roads. The private player has no role in the road's ownership, toll collection or maintenance.

b. Build Operate Transfer ("BOT")

Private players build, operate and maintain the road for a specified period before transferring the asset back to the Government. The private player arranges all the finances for the project, while collecting toll revenue/ annuity fee from the Government.

c. Hybrid Annuity Model ("HAM")

HAM is a hybrid model, a mix of the EPC and BOT (build, operate, transfer) models. HAM combines EPC (40 per cent) and BOT-Annuity (60 per cent). On behalf of the government, NHAI releases 40 per cent of the total project cost. The balance 60 per cent is arranged by the developer.

Source(s): PRS Legislative research, IBEF, CRISIL, MoRTH
RE – Revised estimate, BE – Budgeted estimate

Road Ahead

01 Robust Demand in India

Passenger vehicle (PV) sales rose by 27 per cent y-o-y in March 2023. The total passenger vehicle dispatches increased to 38.9 lakh units.

~ 60 per cent of India's cargo movement occurs by road and highway system. The improved mobility provided by the expanding highways is expected to help in lowering logistics costs to 10 per cent of the GDP from current 16 – 18 per cent.

02 Attractive Opportunities

The Government aims to construct 65,000 km of national highways. The government also aims to construct 23 new national highways by 2025. Andhra Pradesh will spend USD 296 million to build 8,970 kms of roads.

A network of 35 Multimodal Logistics Parks are to be developed as part of Bharatmala Pariyojana, total investment of about INR 46,000 crore (USD 5.55 billion)

03 Higher Investments

As on March 2022, the transfer from NIF stood at INR 20,000 crore (USD 2.6 billion).

The Union Budget for the financial year 2023-24 has been allocated to the Ministry of road transport and highways ("MoRTH") by the Government of India amounting to INR 2.7 lakh crore (USD 33 billion).

04 Policy Support

Under the automatic route, 100 per cent Foreign Direct Investment ("FDI") can be carried out in the road & highways sector.

Standardized process for bidding and tolling.

The government issued a notice in October 2021 regarding concessions under the vehicle scrapping policy to incentivize vehicle owners to get rid of older vehicles.

Source(s): IBEF, Economic Times

4.

Valuation Methodology and Approach

Valuation Methodology and Approach

Methodology and Approach

Income Approach - DCF

- Historical balance sheet
- Assumptions
- Projected balance sheet
- Projected Capex, working capital
- DCF Analysis
- DCF summary and sensitivities

- Historical income statement
- Revenue and cost projections
- Projected income statement
- Projected free cashflow

Considered

Market Approach

Consider Comparability to Business and Appropriate Multiple

- Comparable Companies Method (“CoCo”)
- Comparable Companies Method (“CoCo”)
- Market Price Method

Not Considered

Cost Approach

- Net Asset Value (“NAV”) Method
- Replacement Cost New
- Market Value of Assets or Realizable Value

Not Considered

The valuation has been performed as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issues by the Institute of Chartered Accountants of India.

Valuation Methodologies - Income Approach

✓

Discounted Cash Flows (“DCF”)

- Under a DCF approach, forecast cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.
- A discounted cash flow methodology typically requires the forecast period to be of such a length to enable the business to achieve a stabilized level of earnings, or to be reflective of an entire operation cycle for more cyclical industries.
- The rate at which the future cash flows are discounted (“the discount rate”) should reflect not only the time value of money, but also the risk associated with the business’ future operations. The discount rate most generally employed is weighted average cost of capital (“WACC”), reflecting an optimal as opposed to actual financing structure.
- In calculating the terminal value, regard must be had to the business’ potential for further growth beyond the explicit forecast period. The “constant growth model”, which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity, is a common method. These results would be cross-checked, however, for reasonability to implied exit multiples.
- Due to the finite life of the concession period of the SPVs, we have not computed a terminal value for the valuation of the SPVs.
- The rate at which future cash flows are discounted should reflect not only the time value of the cash flows but also the risk associated with the business’ future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.
- The DCF approach has been applied in the valuation of the SPVs.

Valuation Methodologies - Market Approach

Comparable Companies ("CoCo")

- Under comparable companies method, the value of shares / business of a company is determined based on market multiples of publicly traded comparable companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company.
- The appropriate multiple is generally based on the performance of listed companies with similar business models and size.
- The CoCo methodology has been not been applied in the valuation of IRBI Trust and SPVs.
- The list of companies in the road segment have mix of assets which are at different stages of operation / development / revenue mix/ leasing period. Therefore, comparable companies' method is not considered.

Comparable Transactions ("CoTrans")

- Under comparable transactions method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Due to different purposes of investments, transaction rationale and synergy benefits, different control premiums and minority discounts are embedded in the transaction values.
- Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.
- The list of transactions in the road segment have mix of assets which are at different stages of operation / development / revenue mix/ leasing period. Therefore, Therefore, comparable transactions method has not been considered for the valuation of IRBI Trust and SPVs.

Market Price Method

- Under this approach, the value of the business is arrived at considering the market price of the company based on the daily moving averages of the last six-month volume traded weighted average of closing price on the stock exchange where the company's shares are most frequently traded.
- The market price methodology has not been considered in the valuation of IRBI Trust and SPVs as it is not publicly listed or traded on any stock exchange.

Valuation Methodologies – Cost Approach

Net Asset Value ("NAV") Method

- Under the net asset value approach, total value is based on the sum of net asset value as recorded on the balance sheet.
- A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business.
- The net assets methodology has not been considered for the valuation of IRBI Trust and SPVs as the Targets are operational and the financials are made on a going concern basis.

Replacement Cost New

- The replacement cost of a business is the cost of acquiring similar assets employed in the business and/or reaching a similar level of development. A purchaser, faced with a build versus buy scenario, may be prepared to pay significantly over and above this cost to obtain advantages including time saved in developing a similar business, and risk of failure.
- The replacement cost method quantifies the cost and risk to reach the present stage of development.
- This approach is often used for start-up/non-mature technology or biotech businesses.
- Hence, the replacement cost method has not been considered.

Market Value of Assets or Realizable Value

- Under the market value methodology, total value is based on the sum of market value of asset value less market value of liabilities plus, the value of intangible assets not recorded on the balance sheet.
- This methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business.
- Hence, the market value method has not been considered.

WACC Analysis

Discount Rate and Terminal Value

Discount rate

In order to determine the discount rate, we have used the WACC methodology as set out below:

WACC = Ke * (E/(D + E)) + Kd * (1-T) * (D/(D + E))

Where:	Ke	=	cost of equity
	E	=	market value of equity
	Kd	=	cost of debt
	D	=	market value of debt
	T	=	corporate taxation rate

The cost of equity is derived using the Capital Asset Pricing Model (“CAPM”) as follows:

	Ke	=	Rf + ß * (Rm – Rf) + α
Where:	Rf	=	the current return on risk-free assets
	Rm market	=	the expected average return of the
	(Rm – Rf)	=	the average risk premium above the risk - free rate that a “market” portfolio of assets is earning
	ß	=	the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets
	α	=	company specific risk factor (alpha)

Terminal Value

- Due to the finite life of the concession period of the SPVs, we have not computed a terminal value for the valuation of the SPVs.

Summary - WACC

WACC calculation											
Name of SPV	**IWTL**	**SYTL**	**YATL**	**KTL**	**AETL**	**UTL**	**CGTL**	**KGTL**	**IHMTL**	**PDTPL**	**IGEPL**
Risk free rate of return	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
India risk premium	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Beta	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Alpha	-	-	-	-	-	-	-	-	-	1%	-
Cost of Equity	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**13.9%**	**14.9%**	**13.9%**
Cost of Debt	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	9.0%	8.8%
Tax Rate	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%
After Tax Cost of Debt	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.7%**	**6.5%**
Debt to Capital %	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Equity to Capital %	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Weighted Average Cost of Capital	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.48%**	**9.99%**	**9.48%**

Source: KPMG analysis

Refer annexure 2a and 2b for detailed WACC workings.

Refer subsequent slides for valuation of each SPV based on the discount rates.

5.

Valuation of Individual SPVs

IRB Westcoast Tollway Limited

Overview

Project details

IWTL was engaged for four laning the existing two lane highway on DBFOT basis The project stretch is 187.28 kms long involving the Goa/ Karnataka border to Kundapur Section of NH-17 from 93.7 kms to 283.3 kms in Karnataka with 3 toll plazas.

Concession period

IWTL is required to construct, operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 28 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 5.6 years.

Premium

There is no premium clause in the concession agreement.

Highlights

Particulars	Details
Project location	Goa/Karnataka border to Kundapur
Concessionaire	IWTL
State	Karnataka
Tollable length (kms)	187.28
No. of toll plazas	3
Concession agreement date	25-Mar-13
Appointed date	3-Mar-14
Four laning completion certificate date	19-Mar-23
Scheduled end date	2-Mar-42
New scheduled end date	6-Feb-48

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and IWTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	43%
1.5% increase for every 1% decrease	65%
Maximum increase in concession period	20%
Increase in concession period (years)	5.6
Revised concession period	33.6
Scheduled end date	02-Mar-42
New scheduled end date	**06-Feb-48**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 124 days on account of covid-19. (included above)
- The Management has confirmed to us to consider revised concession period till 6 February 2048. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 6 February 2048.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

f. Depreciation & amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

g. Tax

- Management represented that IWTL has 80IA benefit from FY2024 to FY2033, the same has been considered while calculating forecast tax outflows along with any carried forward business loss and unabsorbed depreciation. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows (1/3)

Discounted Cash Flow											
		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
INR crores		**6 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**
Revenue		95	194	217	243	272	303	338	375	417	461
EBITDA	**[A]**	62	125	189	213	242	161	265	342	383	425
EBITDA margin		65%	64%	87%	88%	89%	53%	79%	91%	92%	92%
Depreciation		(14)	(28)	(31)	(35)	(39)	(43)	(48)	(50)	(49)	(46)
EBIT		48	97	158	178	203	118	217	292	334	379
EBIT margin		51%	50%	73%	73%	75%	39%	64%	78%	80%	82%
Less: Tax on EBIT	[B]	(8)	(17)	(28)	(31)	(36)	(21)	(38)	(51)	(58)	(66)
Change in working capital	[C]	36	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	(5)	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**84**	**108**	**162**	**182**	**207**	**141**	**227**	**291**	**324**	**359**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**82**	**98**	**135**	**138**	**144**	**89**	**132**	**154**	**157**	**159**

Source(s): Management information, KPMG analysis

Discounted Cash Flows (2/3)

Discounted Cash Flow											
INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months
Revenue		513	571	632	699	776	859	956	1,058	1,172	1,304
EBITDA	**[A]**	465	367	592	660	735	670	861	1,014	1,126	1,255
EBITDA margin		91%	64%	94%	94%	95%	78%	90%	96%	96%	96%
Depreciation		(42)	(37)	(30)	(33)	(37)	(41)	(45)	(50)	(56)	(62)
EBIT		423	330	562	627	699	629	816	964	1,070	1,193
EBIT margin		82%	58%	89%	90%	90%	73%	85%	91%	91%	92%
Less: Tax on EBIT	[B]	(74)	(58)	(98)	(110)	(122)	(124)	(183)	(222)	(250)	(283)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**391**	**309**	**494**	**550**	**613**	**546**	**678**	**792**	**876**	**973**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179
Present value of cash flows	**[E*F]**	**158**	**114**	**167**	**170**	**173**	**140**	**159**	**170**	**172**	**174**

Source(s): Management information, KPMG analysis

Discounted Cash Flows (3/3)

Discounted Cash Flow

INR crores		FY2044 12 months	FY2045 12 months	FY2046 12 months	FY2047 12 months	FY2048 10.2 months
Revenue		1,451	1,607	1,783	1,973	1,869
EBITDA	[A]	1,399	1,554	1,727	1,914	1,816
EBITDA margin		96%	97%	97%	97%	97%
Depreciation		(69)	(76)	(85)	(94)	(89)
EBIT		1,330	1,477	1,642	1,820	1,727
EBIT margin		92%	92%	92%	92%	92%
Less: Tax on EBIT	[B]	(348)	(391)	(435)	(482)	(457)
Change in working capital	[C]	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**1,051**	**1,163**	**1,292**	**1,432**	**1,359**
Discounting period		20.000	21.000	22.000	23.000	23.850
Discount factor	[F]	0.163	0.149	0.136	0.124	0.115
Present value of cash flows	**[E*F]**	**172**	**173**	**176**	**178**	**157**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	3,741
Present value of release of working capital	(0)
Enterprise Valuation	**3,741**

WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 1 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of IWTL, as on 30 September 2023 is INR 3,741 crore.

Please refer annexure 2a for WACC breakup.

Solapur Yedeshi Tollway Limited

Overview

Project details

SYTL was engaged for four laning the existing two lane highway on DBFOT basis the project stretch is 98.7 kms long involving the Solapur to Yedeshi section of NH-211 from 0.00 kms to 100 kms in Maharashtra with 2 toll plazas.

Concession period

SYTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 29 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement is zero. Refer key assumptions on the next slide.

Premium

There is no premium clause in the concession agreement.

Highlights

Particulars	Details
Project location	Solapur Yedeshi
Concessionaire	SYTL
State	Maharashtra
Tollable length (kms)	98.7
No. of toll plazas	2
Concession agreement date	3-Mar-14
Appointed date	21-Jan-15
Four laning completion certificate date	15-Oct-19
Scheduled end date	21-Jan-44
New scheduled end date	20-Apr-44

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. **Modification in concession period**
- As per Clause 29.2 of the concession agreement between NHAI and SYTL, *"In the event actual average traffic shall have exceeded the target traffic, then for every 1% excess as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be reduced by 0.75% thereof; provided such reduction in concession period shall not in any case exceed 10% of the concession period"*.
- Based on the concession agreement and traffic study report of SYTL we note that the actual traffic for SYTL has exceeded the projected traffic. Pursuant to clause 29 of the concession agreement, concession period will need to be reduced by 2.1 year to account for excess traffic. However, Management has represented that concession period of SYTL will not be reduced as reduction in the concession period necessitated due to excess traffic will be offset by the extension in the concession period due to augmentation of capacity to serve excess traffic. We have not been provided with approval from authority for extension of concession period and have relied on the Management representation for the same.
- Management represented that the concession period will only be increased by 115 days on account of covid-19.
- The Management has confirmed to us to consider revised concession period till 20 April 2044. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 20 April 2044.

b. **Traffic volume**
- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

c. **Toll rates**
- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. **Revenue**
- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. **Periodic maintenance & routine maintenance costs**
- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

f. **Depreciation & amortization**
- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

g. **Tax**
- Management represented that SYTL has 80IA benefit from FY2025 to FY2034, the same has been considered while calculating forecast tax outflows along with any carried forward business loss and unabsorbed depreciation. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Source(s): Management information

Discounted Cash Flows (1/2)

Discounted Cash Flow

INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months	FY2034 12 months
Revenue		70	155	171	189	211	233	258	286	319	354	392
EBITDA	**[A]**	65	117	132	148	189	210	234	261	292	266	299
EBITDA margin		93%	76%	77%	78%	90%	90%	91%	91%	92%	75%	76%
Depreciation		(9)	(20)	(22)	(25)	(28)	(30)	(34)	(38)	(42)	(47)	(51)
EBIT		56	98	110	123	162	180	201	224	251	219	247
EBIT margin		80%	63%	64%	65%	77%	77%	78%	78%	79%	62%	63%
Less: Tax on EBIT	[B]	(10)	(17)	(19)	(22)	(28)	(31)	(35)	(39)	(44)	(38)	(43)
Change in working capital	[C]	0	13	19	12	1	1	(2)	(2)	(1)	(1)	2
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**56**	**113**	**132**	**138**	**162**	**179**	**197**	**220**	**247**	**226**	**257**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000	10.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443	0.404
Present value of cash flows	**[E*F]**	**54**	**103**	**110**	**105**	**113**	**114**	**115**	**117**	**120**	**100**	**104**

Source(s): Management information KPMG analysis

Discounted Cash Flows (2/2)

Discounted Cash Flow

INR crores		FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months	FY2044 12 months	FY2045 0.7 months
Revenue		438	486	537	594	660	733	809	894	988	1,099	67
EBITDA	[A]	340	454	503	557	619	689	762	802	890	996	53
EBITDA margin		78%	93%	94%	94%	94%	94%	94%	90%	90%	91%	79%
Depreciation		(58)	(64)	(71)	(78)	(87)	(96)	(107)	(118)	(130)	(145)	(9)
EBIT		283	390	432	479	533	593	655	684	760	851	44
EBIT margin		65%	80%	80%	81%	81%	81%	81%	77%	77%	77%	66%
Less: Tax on EBIT	[B]	(49)	(68)	(75)	(84)	(142)	(160)	(178)	(188)	(211)	(240)	(13)
Change in working capital	[C]	2	2	(4)	2	(1)	3	3	31	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**293**	**388**	**423**	**475**	**476**	**532**	**586**	**644**	**680**	**756**	**39**
Discounting period		11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000	20.000	20.056
Discount factor	[F]	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179	0.163	0.163
Present value of cash flows	**[E*F]**	**108**	**131**	**130**	**134**	**122**	**125**	**126**	**126**	**122**	**124**	**6**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	2,408
Present value of release of working capital	(5)
Enterprise Valuation	**2,403**
WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 34 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of SYTL, as on 30 September 2023 is INR 2,403 crore.

Please refer annexure 2a for WACC breakup.

Yedeshi Aurangabad Tollway Limited

Overview

Project details

YATL was engaged for four laning the existing two lane highway on DBFOT basis The project stretch is 189.1 kms long involving the Yedeshi Aurangabad section of NH-211 from 100.0 kms to 290.2 kms in Maharashtra with 3 toll plazas.

Concession period

YATL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 26 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 2.3 years.

Premium

There is no premium clause in the concession agreement.

Highlights

Particulars	Details
Project location	Yedeshi Aurangabad
Concessionaire	YATL
State	Maharashtra
Tollable length (kms)	189.1
No. of toll plazas	3
Concession agreement date	30-May-14
Appointed date	1-Jul-15
Four laning completion certificate date	24-Sep-20
Scheduled end date	1-Jul-41
New scheduled end date	12-Mar-44

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and YATL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	6%
1.5% increase for every 1% decrease	9%
Maximum increase in concession period	20%
Increase in concession period (years)	2.3
Revised concession period	28.3
Scheduled end date	1-Jul-41
New scheduled end date	**12-Mar-44**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 151 days on account of covid-19 and Kannad ghat crisis. (included above)
- The Management has confirmed to us to consider revised concession period till 12 March 2044. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 12 March 2044.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

f. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

g. Tax

- Management represented that YATL has 80IA benefit from FY2026 to FY2035, the same has been considered while calculating forecast tax outflows along with any carried forward business loss and unabsorbed depreciation. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/2]

Discounted Cash Flow

INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		135	303	331	362	399	435	477	520	568	618
EBITDA	**[A]**	131	248	273	301	369	404	444	485	532	470
EBITDA margin		97%	82%	83%	83%	92%	93%	93%	93%	94%	76%
Depreciation		(29)	(65)	(72)	(79)	(87)	(95)	(104)	(113)	(124)	(135)
EBIT		102	183	201	222	282	309	340	371	408	335
EBIT margin		75%	60%	61%	61%	71%	71%	71%	71%	72%	54%
Less: Tax on EBIT	[B]	(18)	(32)	(35)	(39)	(49)	(54)	(59)	(65)	(71)	(58)
Change in working capital	[C]	(1)	24	31	(26)	3	3	(4)	(3)	(2)	(1)
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**112**	**240**	**268**	**236**	**323**	**353**	**381**	**417**	**459**	**410**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**110**	**220**	**224**	**180**	**225**	**224**	**221**	**221**	**222**	**182**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/2]

Discounted Cash Flow		FY2034	FY2035	FY2036	FY2037	FY2038	FY 2039	FY2040	FY2041	FY2042	FY2043	FY2044
INR crores		**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**11.4 months**
Revenue		674	735	801	869	947	1,030	1,125	1,223	1,331	1,446	1,504
EBITDA	**[A]**	519	572	756	822	898	979	1,010	1,103	1,205	1,384	1,433
EBITDA margin		77%	78%	94%	95%	95%	95%	90%	90%	91%	96%	95%
Depreciation		(148)	(161)	(176)	(191)	(208)	(227)	(247)	(269)	(293)	(320)	(332)
EBIT		371	411	581	632	690	753	763	834	912	1,065	1,101
EBIT margin		55%	56%	73%	73%	73%	73%	68%	68%	69%	74%	73%
Less: Tax on EBIT	[B]	(65)	(72)	(101)	(110)	(121)	(132)	(175)	(236)	(292)	(348)	(361)
Change in working capital	[C]	7	7	7	(7)	9	2	10	7	85	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**461**	**507**	**662**	**705**	**787**	**850**	**846**	**874**	**998**	**1,036**	**1,072**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000	19.950
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179	0.164
Present value of cash flows	**[E*F]**	**186**	**187**	**223**	**217**	**221**	**218**	**199**	**187**	**195**	**185**	**176**

Source(s): Management information, KPMG analysis

Valuation conclusion	
INR Crore	
Present value of cash flows	4,225
Present value of release of working capital	(8)
Enterprise Valuation	**4,216**
WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 53 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of YATL, as on 30 September 2023 is INR 4,216 crore.

Please refer annexure 2a for WACC breakup.

Kaithal Tollway Limited

Overview

Project details

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 to 241.58 Km i.e.. total design length of 166.3 Km in the state of Haryana under National Highway Development Program Phase IV on a DBFOT basis.

Concession period

KTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 27 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 5.4 years.

Premium

There is no premium clause in the concession agreement.

Highlights

Particulars	Details
Project location	Kaithal – Rajasthan border
Concessionaire	KTL
State	Haryana
Tollable length (kms)	166.3
No. of toll plazas	3
Concession agreement date	23-Jun-14
Appointed date	15-Jul-15
Four laning completion certificate date	29-Mar-19
Scheduled end date	14-Jul-42
New scheduled end date	6-Feb-49

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and KTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	27%
1.5% increase for every 1% decrease	41%
Maximum increase in concession period	20%
Increase in concession period (years)	5.4
Revised concession period	32.4
Scheduled end date	14-Jul-42
New scheduled end date	**06-Feb-49**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 446 days on account of covid-19 and farmer protests. (included above)
- The Management has confirmed to us to consider revised concession period till 06 February 2049. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 06 February 2049.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

f. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

g. Tax

- Management represented that KTL has 80IA benefit from FY2025 to FY2034, the same has been considered while calculating forecast tax outflows along with any carried forward business loss and unabsorbed depreciation. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/3]

Discounted Cash Flow											
INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		94	178	194	212	231	250	271	294	319	346
EBITDA	**[A]**	51	112	124	188	206	224	244	265	161	181
EBITDA margin		54%	63%	64%	89%	89%	90%	90%	90%	51%	52%
Depreciation		(13)	(25)	(28)	(30)	(33)	(36)	(39)	(42)	(46)	(49)
EBIT		38	86	97	158	173	188	206	223	116	131
EBIT margin		40%	48%	50%	75%	75%	75%	76%	76%	36%	38%
Less: Tax on EBIT	[B]	(7)	(15)	(17)	(28)	(30)	(33)	(36)	(39)	(20)	(23)
Change in working capital	[C]	15	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**59**	**97**	**107**	**161**	**176**	**191**	**208**	**226**	**141**	**158**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**58**	**88**	**90**	**122**	**122**	**121**	**121**	**120**	**68**	**70**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/3]

Discounted Cash Flow											
INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months
Revenue		374	406	440	476	514	558	606	654	707	764
EBITDA	**[A]**	201	371	404	437	474	516	467	509	555	713
EBITDA margin		54%	91%	92%	92%	92%	92%	77%	78%	78%	93%
Depreciation		(53)	(58)	(63)	(68)	(73)	(78)	(76)	(83)	(89)	(96)
EBIT		147	313	341	370	401	438	391	427	466	616
EBIT margin		39%	77%	77%	78%	78%	78%	65%	65%	66%	81%
Less: Tax on EBIT	[B]	(26)	(55)	(60)	(65)	(70)	(96)	(97)	(107)	(119)	(173)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**175**	**316**	**344**	**373**	**404**	**420**	**371**	**402**	**436**	**540**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179
Present value of cash flows	**[E*F]**	**71**	**117**	**116**	**115**	**114**	**108**	**87**	**86**	**85**	**97**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [3/3]

Discounted Cash Flow

INR crores		FY2044 12 months	FY2045 12 months	FY2046 12 months	FY2047 12 months	FY2048 12 months	FY2049 10.2 months
Revenue		829	894	968	1,044	1,084	1,001
EBITDA	**[A]**	775	838	909	982	1,019	942
EBITDA margin		94%	94%	94%	94%	94%	94%
Depreciation		(105)	(113)	(122)	(132)	(137)	(126)
EBIT		670	725	787	850	882	816
EBIT margin		81%	81%	81%	81%	81%	82%
Less: Tax on EBIT	[B]	(195)	(211)	(229)	(247)	(256)	(237)
Change in working capital	[C]	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**580**	**627**	**680**	**735**	**762**	**705**
Discounting period		20.000	21.000	22.000	23.000	24.000	24.850
Discount factor	[F]	0.163	0.149	0.136	0.124	0.114	0.105
Present value of cash flows	**[E*F]**	**95**	**94**	**93**	**91**	**87**	**74**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	2,510
Present value of release of working capital	(3)
Enterprise Valuation	**2,506**
WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 31 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of KTL, as on 30 September 2023 is INR 2,506 crore.

Please refer annexure 2a for WACC breakup.

AE Tollway Limited

Overview

Project details

AETL was engaged to expand the Agra to Etawah bypass section of NH-2 from 199.66 Km to 323.52 Km in the state of Uttar Pradesh from four to six lanes under National Highway Development Program Phase V on a DBFOT basis.

Concession period

AETL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 24 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 4.8 years.

Premium

AETL was engaged on payment of premium of INR 81 Crs to NHAI in the remaining period of the year of appointed date and for each subsequent year the premium shall increase by an additional 5% as compared to the previous year.

Highlights

Particulars	Details
Project location	Agra Etawah
Concessionaire	AETL
State	Uttar Pradesh
Tollable length (kms)	124.52
No. of toll plazas	2
Concession agreement date	01-Sep-15
Appointed date	01-Aug-16
Six laning completion certificate date	24-Nov-20
Scheduled end date	31-Jul-40
New scheduled end date	19-Oct-45

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and AETL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	36%
1.5% increase for every 1% decrease	54%
Maximum increase in concession period	20%
Increase in concession period (years)	4.8
Revised concession period	28.8
Scheduled end date	31-Jul-40
New scheduled end date	**19-Oct-45**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 163 days on account of covid-19 and demonetization. (included above)
- The Management has confirmed to us to consider revised concession period till 19 October 2045. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 19 October 2045.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Premium payable

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

h. Tax

- Management represented that AETL has 80IA benefit from FY2027 to FY2036, the same has been considered while calculating forecast tax outflows along with any carried forward business loss and unabsorbed depreciation. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/3]

Discounted Cash Flow											
		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033
INR crores		**6 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12 months**
Revenue		75	155	181	210	243	280	320	367	420	477
EBITDA	**[A]**	32	77	98	167	197	232	270	191	235	284
EBITDA margin		43%	50%	54%	79%	81%	83%	84%	52%	56%	59%
Depreciation		(19)	(39)	(44)	(49)	(54)	(61)	(67)	(75)	(84)	(93)
EBIT		13	38	55	118	143	171	203	116	151	190
EBIT margin		18%	24%	30%	56%	59%	61%	63%	32%	36%	40%
Less: Tax on EBIT	[B]	(2)	(7)	(10)	(21)	(25)	(30)	(35)	(20)	(26)	(33)
Change in working capital	[C]	42	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**72**	**70**	**89**	**146**	**172**	**202**	**235**	**170**	**208**	**250**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**70**	**64**	**74**	**111**	**120**	**128**	**136**	**90**	**101**	**111**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/3]

Discounted Cash Flow											
INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months
Revenue		544	616	693	775	865	968	1,087	1,196	1,324	1,458
EBITDA	**[A]**	483	552	626	704	718	813	924	1,110	1,234	1,364
EBITDA margin		89%	90%	90%	91%	83%	84%	85%	93%	93%	94%
Depreciation		(104)	(115)	(126)	(119)	(119)	(131)	(145)	(159)	(174)	(190)
EBIT		379	437	500	585	599	681	779	951	1,060	1,174
EBIT margin		70%	71%	72%	76%	69%	70%	72%	80%	80%	80%
Less: Tax on EBIT	[B]	(66)	(76)	(87)	(102)	(105)	(119)	(146)	(267)	(310)	(343)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**416**	**476**	**539**	**602**	**613**	**693**	**778**	**842**	**923**	**1,021**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179
Present value of cash flows	**[E*F]**	**168**	**176**	**182**	**185**	**173**	**178**	**183**	**181**	**181**	**183**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [3/3]

Discounted Cash Flow				
INR crores		FY2044 12 months	FY2045 12 months	FY2046 6.6 months
Revenue		1,615	1,778	1,076
EBITDA	[A]	1,516	1,674	1,015
EBITDA margin		94%	94%	94%
Depreciation		(209)	(228)	(137)
EBIT		1,307	1,446	878
EBIT margin		81%	81%	82%
Less: Tax on EBIT	[B]	(382)	(421)	(256)
Change in working capital	[C]	-	-	-
Less : Capex	[D]	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**1,134**	**1,253**	**760**
Discounting period		20.000	21.000	21.553
Discount factor	[F]	0.163	0.149	0.142
Present value of cash flows	**[E*F]**	**185**	**187**	**108**

Source(s): Management information, KPMG analysis

Valuation conclusion	
INR Crore	
Present value of cash flows	3,275
Present value of release of working capital	(16)
Enterprise Valuation	**3,259**

WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 116 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of AETL, as on 30 September 2023 is INR 3,259 crore.

Please refer annexure 2a for WACC breakup.

Udaipur Tollway Limited

Overview

Project details

UTL was engaged to expand the Udaipur bypass (287.40 Km) to the 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 DBFOT basis.

Concession period

UTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 21 years commencing from the appointed date.

Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 4.2 years.

Premium

UTL was engaged on payment of premium of INR 163.8 Crs to NHAI immediately after the 3rd 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. UTL has filed Writ petition with Rajasthan High Court with prayer to commence payment of premium to NHAI, six months post actual completion of the project construction work. The High Court prima facie agreed with the contention and have provided interim relief from payment of premium. The matter is currently under arbitration.

Highlights

Particulars	Details
Project location	Udaipur Gujurat border
Concessionaire	UTL
State	Rajasthan/ Gujurat
Tollable length (kms)	113.8
No. of toll plazas	1
Concession agreement date	09-Dec-16
Appointed date	03-Sep-17
Six laning completion certificate date	01-Jun-21
Scheduled end date	02-Sep-38
New scheduled end date	13-Feb-43

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and UTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	14%
1.5% increase for every 1% decrease	21%
Maximum increase in concession period	20%
Increase in concession period (years)	4.2
Revised concession period	25.2
Scheduled end date	02-Sep-38
New scheduled end date	**13-Feb-43**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 106 days on account of covid-19. (included above)
- The Management has confirmed to us to consider revised concession period till 13 February 2043. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 13 February 2043.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Premium payable

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

h. Tax

- Management represented that UTL has 35AD benefit for income tax and the same has been considered while calculating forecast tax outflows along with any carried forward business loss and mat credit. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/2]

Discounted Cash Flow

INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		90	173	205	241	280	312	348	386	429	473
EBITDA	**[A]**	46	82	106	213	255	167	197	231	396	444
EBITDA margin		51%	47%	52%	89%	91%	54%	56%	60%	92%	94%
Depreciation		(22)	(47)	(52)	(58)	(64)	(70)	(77)	(85)	(93)	(102)
EBIT		24	35	53	156	191	97	119	146	302	342
EBIT margin		26%	20%	26%	65%	68%	31%	34%	38%	70%	72%
Less: Tax on EBIT	[B]	(4)	(6)	(9)	(27)	(33)	(17)	(21)	(26)	(53)	(60)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**42**	**76**	**96**	**186**	**222**	**150**	**176**	**205**	**343**	**384**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**41**	**69**	**80**	**142**	**154**	**95**	**102**	**109**	**166**	**170**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/2]

Discounted Cash Flow

INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 10.4 months
Revenue		526	581	640	703	774	852	940	1,023	1,119	1,070
EBITDA	[A]	410	459	489	670	740	817	904	984	1,081	1,041
EBITDA margin		78%	79%	76%	95%	96%	96%	96%	96%	97%	97%
Depreciation		(112)	(123)	(135)	(147)	(161)	(176)	(193)	(209)	(228)	(217)
EBIT		298	336	354	523	579	640	710	775	852	824
EBIT margin		57%	58%	55%	74%	75%	75%	76%	76%	76%	77%
Less: Tax on EBIT	[B]	(52)	(59)	(62)	(91)	(186)	(206)	(227)	(248)	(272)	(262)
Change in working capital	[C]	-	39	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**358**	**439**	**427**	**579**	**554**	**611**	**676**	**737**	**809**	**779**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	18.869
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.181
Present value of cash flows	**[E*F]**	**145**	**162**	**144**	**178**	**156**	**157**	**159**	**158**	**158**	**141**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	2,688
Present value of release of working capital	(16)
Enterprise Valuation	**2,673**

WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 90 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of UTL, as on 30 September 2023 is INR 2,673 crore.

Please refer annexure 2a for WACC breakup.

Chittorgarh Gulabpura Tollway Limited

Overview

Project details

CGTL was engaged for six laning the existing four lane highway on DBFOT basis The project stretch is 124.87 kms long involving the Kishangarh Udaipur Ahmedabad section from 90 kms (near Gulabpara) to 214.87 kms (end of Chittorgarh Bypass) of NH-79 in Rajasthan with 2 toll plazas.

Concession period

CGTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 20 years commencing from the appointed date.

Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 4 years.

Premium

CGTL was engaged on payment of premium of INR 228.6 Crs to NHAI immediately after the 3rd 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. CGTL has filed Writ petition with Rajasthan High Court with prayer to commence payment of premium to NHAI, six months post actual completion of the project construction work. The High Court prima facie agreed with the contention and have provided interim relief from payment of premium. The matter is currently under arbitration.

Source(s): Management information

Highlights

Particulars	Details
Project location	Gulabpura Chittorgarh
Concessionaire	CGTL
State	Rajasthan
Tollable length (kms)	124.87
No. of toll plazas	2
Concession agreement date	9-Dec-16
Appointed date	4-Nov-17
Six laning completion certificate date	14-Aug-21
Scheduled end date	3-Nov-37
New scheduled end date	3-Feb-42

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession Agreement between NHAI and CGTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	26%
1.5% increase for every 1% decrease	39%
Maximum increase in concession period	20%
Increase in concession period (years)	4
Revised concession period	24
Scheduled end date	03-Nov-37
New scheduled end date	**03-Feb-42**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 117 days on account of covid-19. (included above)
- The Management has confirmed to us to consider revised concession period till 3 February 2042. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 3 February 2042.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Premium payable

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

h. Tax

- Management represented that CGTL has 35AD benefit for income tax and the same has been considered while calculating forecast tax outflows along with any carried forward business loss and mat credit. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/2]

Discounted Cash Flow											
INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		80	179	218	261	311	350	396	436	483	533
EBITDA	**[A]**	72	116	152	192	269	307	350	302	342	385
EBITDA margin		90%	65%	70%	73%	87%	88%	88%	69%	71%	72%
Depreciation		(22)	(47)	(52)	(57)	(64)	(70)	(78)	(85)	(93)	(102)
EBIT		49	69	101	135	205	236	272	217	248	283
EBIT margin		62%	39%	46%	52%	66%	67%	69%	50%	51%	53%
Less: Tax on EBIT	[B]	(9)	(12)	(18)	(24)	(36)	(41)	(48)	(38)	(43)	(49)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**63**	**104**	**135**	**168**	**233**	**265**	**302**	**264**	**298**	**336**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**62**	**95**	**112**	**128**	**162**	**169**	**176**	**140**	**144**	**148**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/2]

Discounted Cash Flow

INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 10.1 months
Revenue		588	650	710	777	852	933	1,029	1,122	1,038
EBITDA	[A]	533	583	601	662	730	858	948	1,035	958
EBITDA margin		91%	90%	85%	85%	86%	92%	92%	92%	92%
Depreciation		(112)	(122)	(133)	(145)	(158)	(172)	(188)	(204)	(188)
EBIT		421	461	468	517	573	686	760	831	770
EBIT margin		72%	71%	66%	67%	67%	73%	74%	74%	74%
Less: Tax on EBIT	[B]	(74)	(118)	(151)	(167)	(184)	(216)	(239)	(260)	(241)
Change in working capital	[C]	-	50	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**459**	**515**	**450**	**495**	**546**	**642**	**710**	**774**	**717**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	17.842
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.199
Present value of cash flows	**[E*F]**	**186**	**190**	**152**	**153**	**154**	**165**	**167**	**166**	**142**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	2,811
Present value of release of working capital	(7)
Enterprise Valuation	**2,803**

WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 38 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of CGTL, as on 30 September 2023 is INR 2,803 crore.

Please refer annexure 2a for WACC breakup.

Kishangarh Gulabpura Tollway Limited

Overview

Project details

KGTL was engaged for six laning the existing four lane highway on DBFOT basis The project stretch is 90 kms long involving the Kishangarh to Gulabpura section of NH-79A and NH-79 in Rajasthan with a single toll plaza.

Concession period

KGTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 20 years commencing from the appointed date. Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 4 years.

Premium

KGTL was engaged on payment of premium of INR 186.3 Crs to NHAI immediately after the 3rd 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. KGTL has filed Writ petition with Rajasthan High Court with prayer to commence payment of premium to NHAI, six months post actual completion of the project construction work. The High Court prima facie agreed with the contention and have provided interim relief from payment of premium. The matter is currently under arbitration.

Source(s): Management information

Highlights

Particulars	Details
Project location	Kishangarh Gulabpura
Concessionaire	KGTL
State	Rajasthan
Tollable length (kms)	90
No. of toll plazas	1
Concession agreement date	22-Feb-17
Appointed date	21-Feb-18
Six laning completion certificate date	20-Jul-22
Scheduled end date	20-Feb-38
New scheduled end date	20-Jun-42

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and KGTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	19%
1.5% increase for every 1% decrease	29%
Maximum increase in concession period	20%
Increase in concession period (years)	4
Revised concession period	24
Scheduled end date	20-Feb-38
New scheduled end date	**20-Jun-42**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 136 days on account of covid-19. (included above)
- The Management has confirmed to us to consider revised concession period till 20 June 2042. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 20 June 2042.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Premium payable

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

h. Tax

- Management represented that KGTL has 35AD benefit for income tax and the same has been considered while calculating forecast tax outflows along with any carried forward business loss and mat credit. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

Discounted Cash Flows [1/2]

Discounted Cash Flow											
INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		79	129	158	190	224	263	293	325	361	400
EBITDA	**[A]**	78	104	131	62	195	232	261	291	326	259
EBITDA margin		98%	81%	83%	33%	87%	88%	89%	90%	90%	65%
Depreciation		(19)	(34)	(35)	(34)	(37)	(41)	(45)	(50)	(55)	(60)
EBIT		59	70	96	28	158	191	216	242	271	200
EBIT margin		75%	54%	61%	15%	70%	73%	74%	74%	75%	50%
Less: Tax on EBIT	[B]	(9)	(12)	(17)	(5)	(28)	(33)	(38)	(42)	(47)	(35)
Change in working capital	[C]	36	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**105**	**92**	**114**	**57**	**168**	**199**	**223**	**249**	**279**	**224**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**103**	**84**	**96**	**44**	**117**	**127**	**130**	**132**	**135**	**99**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/2]

Discounted Cash Flow

INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 2.7 months
Revenue		444	493	545	597	659	726	800	877	958	232
EBITDA	[A]	303	342	502	550	608	671	741	814	891	207
EBITDA margin		68%	69%	92%	92%	92%	92%	93%	93%	93%	89%
Depreciation		(65)	(72)	(79)	(86)	(94)	(102)	(112)	(122)	(133)	(32)
EBIT		237	270	423	464	514	568	629	692	759	175
EBIT margin		53%	55%	78%	78%	78%	78%	79%	79%	79%	75%
Less: Tax on EBIT	[B]	(41)	(47)	(126)	(138)	(153)	(169)	(187)	(205)	(224)	(52)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**261**	**294**	**375**	**412**	**455**	**502**	**555**	**609**	**667**	**155**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	18.222
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.192
Present value of cash flows	**[E*F]**	**106**	**109**	**127**	**127**	**128**	**129**	**130**	**131**	**131**	**30**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	2,211
Present value of release of working capital	(5)
Enterprise Valuation	**2,206**
WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 29 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of KGTL, as on 30 September 2023 is INR 2,206 crore.

Please refer annexure 2a for WACC breakup.

IRB Hapur Moradabad Tollway Limited

Overview

Project details

IHMTL was engaged for six laning the existing four lane highway on DBFOT basis The project stretch is 99.87 kms long involving the Hapur bypass to Moradabad section from 50 kms to 148.277 kms (Design chainage 149.87 kms) of NH-24 in Uttar Pradesh with 2 toll plazas.

Concession period

IHMTL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 22 years commencing from the appointed date.
Probable extension of concession period is estimated according to article 29 of concession agreement which comes to about 4.4 years.

Premium

IHMTL was engaged on payment of premium of INR 31.5 Crs to NHAI immediately after the 3rd 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.

Source(s): Management information

Highlights

Particulars	Details
Project location	Hapur Moradabad
Concessionaire	IHMTL
State	Uttar Pradesh
Tollable length (kms)	99.87
No. of toll plazas	2
Concession agreement date	29-May-18
Appointed date	28-May-19
Six laning completion certificate date	7-Apr-23
Scheduled end date	31-May-41
New scheduled end date	24-Jan-46

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Trust	100%

Key Assumptions

a. Modification in concession period

- As per Clause 29.2 of the concession agreement between NHAI and IHMTL, *"In the event actual average traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the concession period shall, subject to payment of concession fee in accordance with this agreement, be increased by 1.5% thereof; provided such increase in concession period shall not in any case exceed 20% of the concession period"*.
- Thus, the concession period is increased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	15%
1.5% increase for every 1% decrease	23%
Maximum increase in concession period	20%
Increase in concession period (years)	4.4
Revised concession period	26.4
Scheduled end date	31-May-41
New scheduled end date	**24-Jan-46**

- Besides the extension mentioned in the agreement, Management represented that the concession period will be increased by further 105 days on account of covid-19. (included above)
- The Management has confirmed to us to consider revised concession period till 24 January 2046. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 24 January 2046.

b. Traffic Volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

Source(s): Management information

c. Toll rates

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. Premium payable

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2030. For the forecast period post FY2030 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & Amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue.

h. Tax

- Management represented that IHMTL has 35AD benefit for income tax and the same has been considered while calculating forecast tax outflows along with any carried forward business loss and mat credit. The SPV will initially pay tax under MAT and gradually shift to the new regime of income tax once its MAT credit is exhausted.

i. Capex

- Capex of INR 106 Cr has been forecasted in FY2024.

Discounted Cash Flows [1/3]

Discounted Cash Flow											
INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		145	300	330	363	402	438	477	524	571	621
EBITDA	**[A]**	156	291	232	263	307	427	461	438	483	552
EBITDA margin		107%	97%	70%	73%	76%	98%	97%	84%	85%	89%
Depreciation		(25)	(52)	(57)	(57)	(63)	(68)	(74)	(81)	(88)	(96)
EBIT		131	239	175	207	244	359	387	358	394	456
EBIT margin		90%	80%	53%	57%	61%	82%	81%	68%	69%	73%
Less: Tax on EBIT	[B]	(23)	(42)	(31)	(36)	(43)	(63)	(68)	(62)	(69)	(80)
Change in working capital	[C]	60	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	(106)	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**87**	**249**	**201**	**227**	**264**	**364**	**393**	**376**	**414**	**472**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**85**	**227**	**168**	**173**	**184**	**232**	**228**	**199**	**200**	**209**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/3]

Discounted Cash Flow											
INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months
Revenue		680	740	796	854	922	994	1,074	1,154	1,243	1,336
EBITDA	**[A]**	665	727	569	609	669	972	1,055	1,131	1,217	1,307
EBITDA margin		98%	98%	72%	71%	73%	98%	98%	98%	98%	98%
Depreciation		(105)	(114)	(123)	(132)	(142)	(153)	(166)	(178)	(192)	(206)
EBIT		561	613	446	478	527	818	890	953	1,025	1,101
EBIT margin		82%	83%	56%	56%	57%	82%	83%	83%	82%	82%
Less: Tax on EBIT	[B]	(98)	(107)	(143)	(153)	(168)	(245)	(266)	(285)	(306)	(329)
Change in working capital	[C]	-	-	-	-	-	-	-	-	-	-
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**568**	**620**	**426**	**456**	**501**	**727**	**790**	**847**	**911**	**978**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179
Present value of cash flows	**[E*F]**	**229**	**229**	**144**	**140**	**141**	**187**	**185**	**181**	**178**	**175**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [3/3]

Discounted Cash Flow		FY2044	FY2045	FY2046
INR crores		**12 months**	**12 months**	**9.8 months**
Revenue		1,447	1,555	1,371
EBITDA	[A]	1,415	1,520	1,337
EBITDA margin		98%	98%	97%
Depreciation		(223)	(240)	(212)
EBIT		1,192	1,280	1,125
EBIT margin		82%	82%	82%
Less: Tax on EBIT	[B]	(356)	(383)	(336)
Change in working capital	[C]	-	-	-
Less : Capex	[D]	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**1,059**	**1,137**	**1,000**
Discounting period		20.000	21.000	21.817
Discount factor	[F]	0.163	0.149	0.139
Present value of cash flows	**[E*F]**	**173**	**170**	**139**

Source(s): Management information, KPMG analysis

Valuation conclusion	
INR Crore	
Present value of cash flows	4,178
Present value of release of working capital	(2)
Enterprise Valuation	**4,176**

WACC	**9.48%**

Present value of release in working capital represent working capital of negative INR 19 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of IHMTL, as on 30 September 2023 is INR 4,176 crore.

Please refer annexure 2a for WACC breakup.

Palsit Dankuni Tollway Private Limited

Overview

Project details

PDTPL was engaged for six laning the existing four lane highway on DBFOT basis The project stretch is 74.72 kms long involving the Palsit to Dankuni (up to NH-6 Connector) section from 588.87 kms to 652.7 kms (total design length - 63.83 kms) of NH-19 in West Bengal with 1 toll plaza.

Concession period

PDTPL is required to construct; operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 17 years commencing from the appointed date. Probable shortening of concession period is estimated according to Article 29 of concession agreement for all cases which comes to about 2.7 years.

Premium

PDTPL has to pay premium after the 1st anniversary of project completion date for every year of the remaining concession period, calculated on total realizable fee. For the 2nd year after project completion date premium shall equal to 10.8% of the total realizable fee during that year. For all subsequent years, the premium shall be determined on the total realizable fee by increasing the percentage of premium by an additional 1% as compared to the immediately preceding year.

Highlights

Particulars	Details
Project	Dankuni to Palsit
Concessionaire	PDTPL
State	West Bengal
Tollable length (kms)	63.83
No. of toll plazas	1
Concession agreement date	14-Jun-21
Appointed date	1-Apr-22
Completion certificate date	Under construction
Scheduled end date	1-Apr-39
New scheduled end date	6-Aug-36

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Developers Ltd	0.04%
IRB Infrastructure Trust	99.96%

Source(s): Management information

Key Assumptions

a. **Modification in concession period**

- As per Clause 29.2.2 of the concession agreement between NHAI and PDTPL, *"In the event actual average traffic shall have exceeded the target traffic by more than 5%, then for every 1% increase as compared to the target traffic, the remaining concession period shall, be reduced by 1% thereof; provided that such reduction in concession period shall not exceed 20% of the concession period."*
- Thus, the concession period is decreased as per the above clause as follows:

Particulars	Details
Shortfall in traffic (pessimistic scenario)	-27%
1% decrease for every 1% increase beyond 5%	-23%
Maximum decrease in concession period	20%
Decrease in concession period (years)	2.7
Revised concession period	14.3
Scheduled end date	1-April-39
New scheduled end date	**6-Aug-36**

- The Management has confirmed to us to consider revised concession period till 6 August 2036. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 6 August 2036.

b. **Traffic volume**

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in April 2023.

c. **Toll rates**

- The current toll rates provided by the Management have been corroborated from toll notifications issued by NHAI shared by the Management.
- Annual revision of toll rate is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. Additionally, the applicable

Source(s): Management information

- base rate shall be revised annually on April 1 to reflect the increase in wholesale price index ("WPI") but such revision shall be restricted to 40% of the increase in WPI on overall basis during the concession period. WPI has been projected to grow by 5% for the projected period.
- Additional PDTPL has forecasted the toll rate to increase from 75% of the toll rates to 100% of the toll rates (close to 33% increase), once it receives its provisional completion certificate in FY2025.

d. **Revenue**

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

e. **Premium payable**

- The premium payable to NHAI is considered and corroborated from the concession agreement as given by the Management.

f. **Periodic maintenance & routine maintenance costs**

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2032. For the forecast period post FY2032 (i) routine maintenance has been increased by 3% to 5% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. **Depreciation & amortization**

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue and capex being incurred in the forecast period.

h. **Tax**

- Management represented that the SPV has adopted the new tax regime. Thus, tax outflows for the forecast have been calculated based on the new regime of income tax. Carried forward business loss and unabsorbed depreciation if any has been considered while calculating tax outflows.

i. **Capex**

- Capex has been forecasted to be INR 840 Cr between FY2024 and FY2025 based on Management estimates. The Management has provided a project cost and completion certificate from an independent accountant which indicates the same.

Discounted Cash Flows [1/2]

Discounted Cash Flow											
INR crores		FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months
Revenue		133	286	353	365	400	433	472	507	549	587
EBITDA	**[A]**	115	243	308	318	350	349	378	414	487	513
EBITDA margin		86%	85%	87%	87%	87%	80%	80%	82%	89%	87%
Depreciation		(54)	(85)	(109)	(121)	(134)	(147)	(162)	(176)	(193)	(209)
EBIT		60	158	199	197	216	202	217	238	294	304
EBIT margin		45%	55%	56%	54%	54%	47%	46%	47%	54%	52%
Less: Tax on EBIT	[B]	(11)	(23)	(36)	(39)	(47)	(47)	(54)	(63)	(81)	(88)
Change in working capital	[C]	-	(85)	-	-	-	-	-	-	-	-
Less : Capex	[D]	(517)	(323)	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**(413)**	**(188)**	**272**	**279**	**303**	**302**	**324**	**351**	**406**	**425**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.976	0.909	0.827	0.751	0.683	0.621	0.565	0.513	0.467	0.424
Present value of cash flows	**[E*F]**	**(403)**	**(171)**	**225**	**210**	**207**	**188**	**183**	**180**	**189**	**181**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/2]

Discounted Cash Flow

INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 4.1 months
Revenue		633	682	730	274
EBITDA	**[A]**	554	598	590	250
EBITDA margin		88%	88%	81%	91%
Depreciation		(228)	(249)	(270)	(102)
EBIT		326	349	320	149
EBIT margin		52%	51%	44%	54%
Less: Tax on EBIT	[B]	(98)	(109)	(107)	(49)
Change in working capital	[C]	-	-	-	85
Less : Capex	[D]	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**456**	**488**	**482**	**287**
Discounting period		10.000	11.000	12.000	12.342
Discount factor	[F]	0.386	0.351	0.319	0.309
Present value of cash flows	**[E*F]**	**176**	**171**	**154**	**88**

Source(s): Management information, KPMG analysis

Valuation conclusion

INR Crore	
Present value of cash flows	1,577
Present value of release of working capital	(1)
Enterprise Valuation	**1,576**

WACC	**9.99%**

Present value of release in working capital represent working capital of negative INR 2 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.99%, the Enterprise Value of PDTPL, as on 30 September 2023 is INR 1,576 crore.

Please refer annexure 2b for WACC breakup.

IRB Golconda Expressway Private Limited

Overview

Project details

IGEPL is engaged to carry out the operation and maintenance of Nehru Outer Ring Road project in accordance with the concession agreement on TOT basis. The project stretch is 158 kms, 8 lane ring road encircling Hyderabad. with 22 toll plazas.

Concession period

IGEPL is required to operate and maintain and modify, repair or otherwise make improvements to the project highway in accordance with the concession agreement for a period of 30 years commencing from the appointed date. Article 24 of the concession agreement stipulates increase or decrease in the concession period on the basis of toll collection in April 2023 (Target point 1) and April 2043 (Target point2). As per the traffic report, no shortening or extension of concession period is estimated.

Upfront Concession fee

As per the concession agreement, IGEPL has paid INR 7,380 crores as upfront concession fee to Hyderabad Metropolitan Development Authority.

Highlights

Particulars	Details
Project	Nehru Outer Ring Road, Hyderabad
Concessionaire	IGEPL
State	Telangana
Tollable length (kms)	158
No. of toll plazas	22
Concession agreement date	26-Mar-23
Appointed date	12-Aug-23
Completion certificate date	NA
Scheduled end date	11-Aug-53
New scheduled end date	NA

Shareholding as at 30 September 2023

Particulars	Stake %
IRB Infrastructure Developers Ltd	99.99%
Nominees of IRB Infrastructure Developers Ltd	0.01%

Source(s): Management information

Key Assumptions

a. Modification in concession period

- Article 24 of the concession agreement of IGEPL provides for modification of the concession period.
- As per Article 24.5.1, "In the event actual fee 1 shall have fallen short of or exceeded the target fee 1 by more than 20%, then for every 1% shortfall or increase as compared to the target fee 1, the concession period, subject to fulfillment of terms of this agreement, shall be increased by 1.5% or decreased by 0.75% thereof. In the event of a shortfall or increase by 30% in target fee 1, the concession period shall be increased by 15% or decreased by 7.5% thereof."
- As per Article 24.5.2, "In the event actual fee 2 shall have fallen short of or exceeded the target fee 2 by more than 30%, then for every 1% shortfall or increase as compared to the target fee 2, the concession period, subject to fulfillment of terms of this agreement, shall be increased by 1.5% or decreased by 0.75% thereof. In the event of a shortfall or increase by 40% in target fee 2, the concession period shall be increased by 15% or decreased by 7.5% thereof."
- As per the traffic report, no variance in revenue is estimated as at the target dates. Thus, there shall be no modification to the concession period in line with the above articles of the concession agreement.
- The Management has confirmed to us to consider concession period to end on 11 August 2053. Thus, the explicit period for the current valuation analysis exercise has been considered from 1 October 2023 to 11 August 2053.

b. Traffic volume

- Traffic volume for the forecast period has been considered based on the traffic report prepared by an independent consultant in June 2023.

c. Toll rates

- The toll rates have been forecasted in accordance with the concession agreement with Hyderabad Metropolitan Development Authority and Hyderabad Growth Corridor Ltd and in accordance to Telangana Infrastructure Development Enabling Act, 2001 (Act No. 36 of 2001), Nehru Outer Ring Road, Hyderabad (Toll) Rules, 2012 issued vide G.O.Ms. No. 365 dated September 22, 2012 [published by Municipal Administration & Urban Development

c. (12) Department], the Andhra Pradesh Reorganisation Act, 2014, Amendment to Nehru Outer Ring Road, Hyderabad (Toll) Rules 2012 issued vide GOMs. No 5 dated 12 January 2023 [published by Municipal Administration & urban Development (Plg.II) Department] and any further amendments issued till bid due date (the "Fee Rules"). The toll rates shall be revised annually on April 01, subject to and in accordance with provisions of the Fee rules.

d. Revenue

- Toll revenue has been considered basis the pessimistic scenario from the traffic report prepared by an independent consultant.

f. Periodic maintenance & routine maintenance costs

- Periodic and routine maintenance is based on the agreement with IRB Infrastructure Developers Limited till FY2033. For the forecast period post FY2033 (i) routine maintenance has been increased by 2% to 3% and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management.

g. Depreciation & amortization

- Forecasted depreciation on assets has been provided by the Management. Management has forecasted depreciation to increase in line with the increase in revenue and capex being incurred in the forecast period.

h. Tax

- Management represented that the SPV has adopted the new tax regime. Thus, tax outflows for the forecast have been calculated based on the new regime of income tax.

i. Capex

- Capex is forecasted to be INR 406 Cr in FY2024. Management represented that the cost primarily pertains to EPC cost.

Source(s): Management information

Discounted Cash Flows [1/3]

Discounted Cash Flow											
INR crores		**FY2024 6 months**	**FY2025 12 months**	**FY2026 12 months**	**FY2027 12 months**	**FY2028 12 months**	**FY2029 12 months**	**FY2030 12 months**	**FY2031 12 months**	**FY2032 12 months**	**FY2033 12 months**
Revenue		314	734	815	903	1,004	1,113	1,215	1,353	1,494	1,656
EBITDA	**[A]**	282	608	631	661	751	688	779	906	1,034	1,346
EBITDA margin		90%	83%	77%	73%	75%	62%	64%	67%	69%	81%
Depreciation		(25)	(56)	(63)	(70)	(75)	(83)	(88)	(95)	(107)	(121)
EBIT		257	552	568	591	675	605	691	811	926	1,225
EBIT margin		82%	75%	70%	65%	67%	54%	57%	60%	62%	74%
Less: Tax on EBIT	[B]	(38)	(86)	(92)	(99)	(122)	(106)	(129)	(161)	(193)	(272)
Change in working capital	[C]	66	(9)	1	(59)	57	(10)	(37)	(52)	(39)	18
Less : Capex	[D]	(406)	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**(96)**	**513**	**540**	**503**	**686**	**572**	**613**	**693**	**802**	**1,092**
Discounting period		0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000
Discount factor	[F]	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443
Present value of cash flows	**[E*F]**	**(94)**	**469**	**451**	**383**	**478**	**364**	**356**	**367**	**388**	**483**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [2/3]

Discounted Cash Flow											
INR crores		FY2034 12 months	FY2035 12 months	FY2036 12 months	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months
Revenue		1,802	1,976	2,156	2,355	2,584	2,818	3,069	3,328	3,626	3,970
EBITDA	**[A]**	1,480	1,255	1,421	1,609	1,825	2,432	2,668	2,678	2,961	3,290
EBITDA margin		82%	64%	66%	68%	71%	86%	87%	80%	82%	83%
Depreciation		(133)	(146)	(161)	(176)	(193)	(212)	(234)	(256)	(280)	(306)
EBIT		1,347	1,109	1,260	1,433	1,632	2,219	2,433	2,422	2,681	2,984
EBIT margin		75%	56%	58%	61%	63%	79%	79%	73%	74%	75%
Less: Tax on EBIT	[B]	(305)	(249)	(290)	(338)	(392)	(545)	(604)	(607)	(678)	(761)
Change in working capital	[C]	57	14	1	15	15	15	(4)	17	17	17
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**1,232**	**1,020**	**1,132**	**1,286**	**1,448**	**1,902**	**2,059**	**2,088**	**2,300**	**2,546**
Discounting period		10.000	11.000	12.000	13.000	14.000	15.000	16.000	17.000	18.000	19.000
Discount factor	[F]	0.404	0.369	0.337	0.308	0.281	0.257	0.235	0.214	0.196	0.179
Present value of cash flows	**[E*F]**	**498**	**377**	**382**	**396**	**407**	**489**	**483**	**448**	**450**	**455**

Source(s): Management information, KPMG analysis

Discounted Cash Flows [3/3]

Discounted Cash Flow												
		FY2044	FY2045	FY2046	FY2047	FY2048	FY2049	FY2050	FY2051	FY2052	FY2053	FY2054
INR crores		**12 months**	**12 months**	**12 months**	**12 months**	**12 months**	**12.0 months**	**12.0 months**	**12.0 months**	**12.0 months**	**12.0 months**	**4.4 months**
Revenue		4,312	4,663	5,068	5,497	5,991	6,473	7,013	7,581	8,239	8,899	3,515
EBITDA	[A]	3,614	4,186	4,574	4,454	4,927	5,393	5,913	6,992	7,627	7,861	3,126
EBITDA margin		84%	90%	90%	81%	82%	83%	84%	92%	93%	88%	89%
Depreciation		(333)	(364)	(398)	(434)	(474)	(513)	(552)	(597)	(650)	(698)	(275)
EBIT		3,281	3,822	4,176	4,020	4,453	4,880	5,362	6,395	6,977	7,163	2,850
EBIT margin		76%	82%	82%	73%	74%	75%	76%	84%	85%	80%	81%
Less: Tax on EBIT	[B]	(842)	(986)	(1,084)	(1,054)	(1,173)	(1,290)	(1,421)	(1,693)	(1,852)	(1,911)	(762)
Change in working capital	[C]	138	76	-	-	-	-	-	-	-	(474)	(250)
Less : Capex	[D]	-	-	-	-	-	-	-	-	-	-	-
Free cash flows to the firm	**E = [A+B+C+D]**	**2,910**	**3,275**	**3,490**	**3,400**	**3,754**	**4,103**	**4,492**	**5,299**	**5,774**	**5,476**	**2,113**
Discounting period		20.000	21.000	22.000	23.000	24.000	25.000	26.000	27.000	28.000	29.000	29.364
Discount factor	[F]	0.163	0.149	0.136	0.124	0.114	0.104	0.095	0.087	0.079	0.072	0.070
Present value of cash flows	**[E*F]**	**475**	**489**	**476**	**423**	**427**	**426**	**426**	**459**	**457**	**396**	**148**

Source(s): Management information, KPMG analysis

Valuation conclusion	
INR Crores	
Present value of cash flows	12,634
Present value of release of working capital	48
Enterprise Valuation	**12,682**

WACC	**9.48%**

Present value of release in working capital represent working capital of INR 724 Cr released at the end of the concession period.

Basis the above and using a WACC of 9.48%, the Enterprise Value of IGEPL, as on 30 September 2023 is INR 12,682 crore.

Please refer annexure 2a for WACC breakup.

6.

Valuation Conclusion

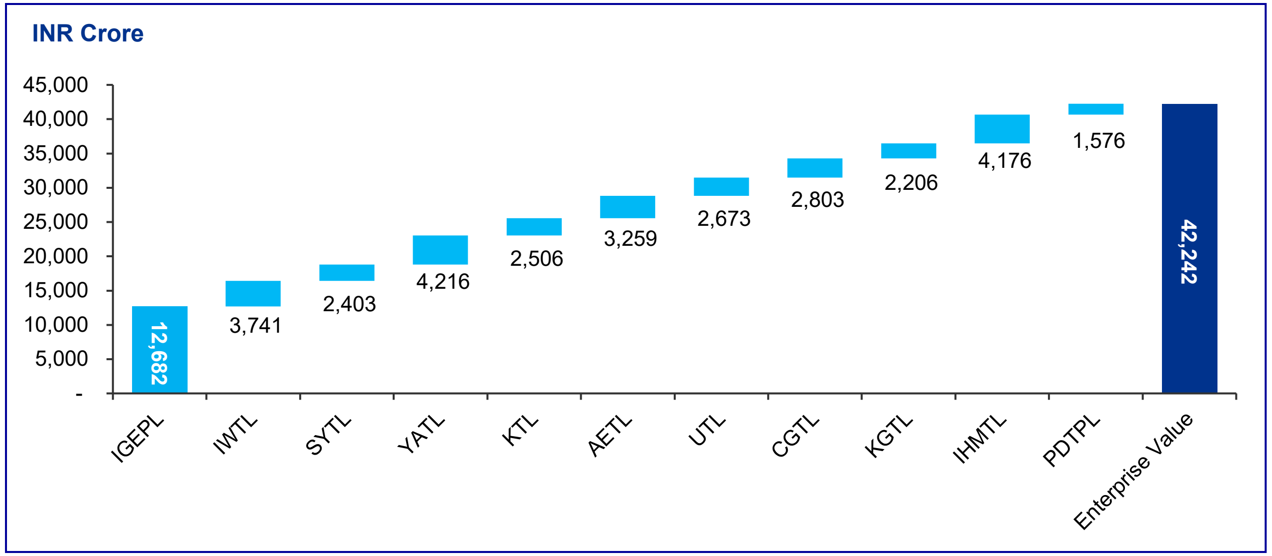
Valuation Conclusion (1/2)

Valuation Conclusion (INR Crs)

Valuation Conclusion 30 September 2023	INR Crore
IRB Golconda Expressway Private Limited	12,682
IRB Westcoast Tollway Limited	3,741
Solapur Yedeshi Tollway Limited	2,403
Yedeshi Aurangabad Tollway Limited	4,216
Kaithal Tollway Limited	2,506
AE Tollway Limited	3,259
Udaipur Tollway Limited	2,673
CG Tollway Limited	2,803
Kishangarh Gulabpura Tollway Limited	2,206
IRB Hapur Moradabad Tollway Limited	4,176
Palsit Dankuni Tollway Private Limited	1,576
Enterprise Value of the SPVs	**42,242**
Cash and cash Equivalents	1,237
Surplus assets	82
Debt and debt like items	(16,784)
PV of standalone expense pertaining to Trust	(218)
Capital Creditors	(454)
Equity Value of IRBI Trust	**26,106**

NAV at fair value per unit as on 30 September 2023	
Equity Value of IRBI Trust (INR Cr)	26,106
Units outstanding (No.)	1,021,693,265
NAV at fair value per unit (INR)	**255.52**

Enterprise Value of SPVs



The chart above presents the Enterprise Value of the SPVs. Refer subsequent slide for details about the post Enterprise Value adjustments.

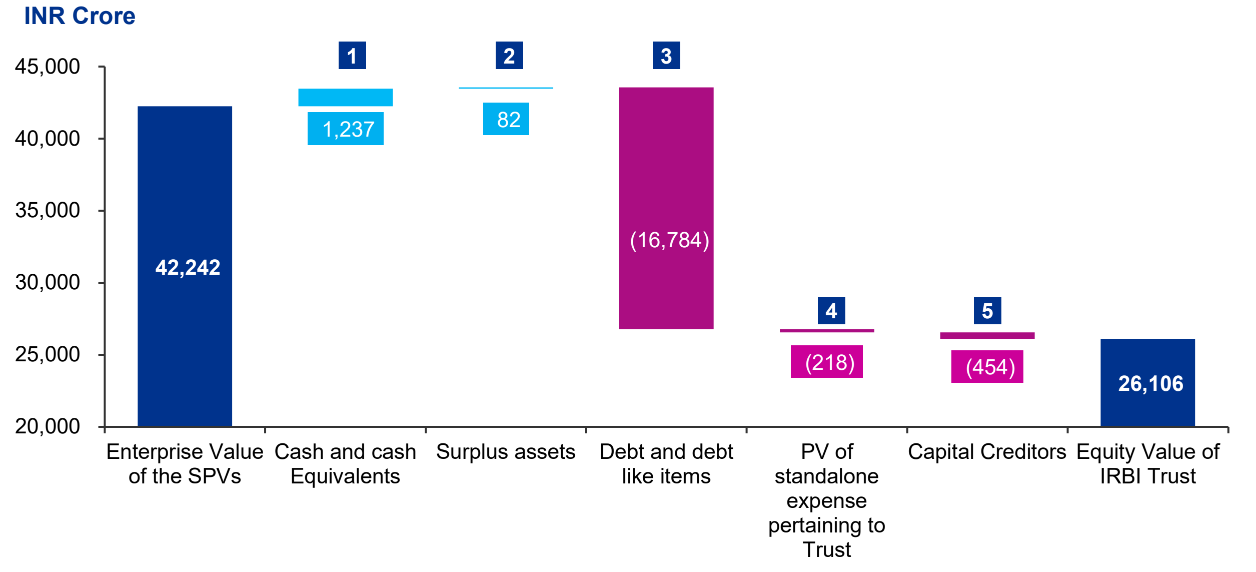
The Enterprise Value of the SPVs is INR 42,242 crores and the 100% Equity Value of the IRBI Trust is INR 26,106 crores as on 30 September 2023.

The NAV at fair value per unit of IRBI Trust as on 30 September 2023 is INR 255.52 per unit.

Source(s): Management information, KPMG analysis

Valuation Conclusion (2/2)

Post Enterprise Value adjustments



Post Enterprise Value adjustments

1	Cash and cash equivalents comprise balance and deposits with banks as at 30 September.
2	Surplus assets primarily comprise investment in mutual funds of INR 67.2 Cr and advance tax net of provisions of INR 8.4 Cr as at 30 September 2023.
3	Debt and debt like items primarily represents loan from bank, financial institutions, related parties (excluding INR 535 Cr payable to IRBIDL upon receipt of the same from NHAI claims) and non-convertible debentures as at 30 September 2023.
4	Present value of standalone expenses of the IRBI Trust represent the present value of the investment manager fee in the books of the IRBI Trust. The expenses have been forecasted to increase by 10% each year till 11 August 2053 (FY2054).
5	Capital creditors of INR 454 Cr have been considered debt like in nature and adjusted from the Enterprise Value to arrive at the Equity Value of IRBI Trust. Management represented that they do not consider these liabilities as part of the working capital and thus they have not been considered as part of the forecast working capital.

The Enterprise Value of the SPVs is INR 42,242 crores and the 100% Equity Value of the IRBI Trust is INR 26,106 crores as on 30 September 2023.

The NAV at fair value per unit of IRBI Trust as on 30 September 2023 is INR 255.52 per unit.

Source(s): Management information, KPMG analysis

7.

Annexures

Annexure 1: Sources of Information (1/2)

This Report is prepared based on the below sources of information as provided to us by the Management:

The following information provided to KPMG by Management was used in preparation of the Valuation Report:

- Audited financial statements for FY2020, FY2021, FY2022 and FY2023 of all the SPVs except IGEPL
- Consolidated audited financial statements for FY2020, FY2021, FY2022 and FY2023 of IRBI Trust.
- Provisional financial statements for the period ended 30 September 2023 for all the SPVs and IRBI Trust (standalone and consolidated).
- Financial projections of SPV's from 1 October 2023 till the end of the concession period of the respective SPV's
- Other data for all the SPVs which is as follows –
  - Concession Agreements
  - Completion Certificates
  - Traffic Reports prepared by GMD consultants
  - Toll Rate Notifications
  - Extract of O&M agreement with IRBIDL
- Since PDTPL is still under construction, the Management has provided project cost completion certificate from an independent accountant dated 09 October 2023.
- List of approvals, permits, licenses and litigations for the SPVs as at 30 September 2023.
- Management has provided Traffic consultant reports prepared by GMD Consultants (appointed independently by Client) dated June 2023 for IGEPL and April 2023 for other SPVs. Management has confirmed that the traffic studies shared are the most recent studies available. Forecast revenue has been considered from the aforesaid traffic study reports for each of the SPVs. We have compared the revenue considered in the forecast model with the revenue forecasted in the traffic study reports and noted that the Management has considered the pessimistic revenue scenario in their forecast. This is in line with the actual revenue recorded by the SPVs for last financial year compared to traffic study carried out historically.
- Management has informed that O&M for the SPVs projects would be done by IRBIDL based on fixed price contract. O&M payments are fixed for the contract period of 10 years (till FY2032 for PDTPL and FY2033 for IGEPL, till FY 2030 for other SPVs) after which terms of the contract may get renegotiated upon renewal. Management has shared extract of the contract and we have validated forecasted periodic and routine maintenance expense for contract period from the same. For the forecast period post the contract period (i) routine maintenance has been increased by 3% to 5% annually for inflation and (ii) periodic maintenance has been considered based on the technical feasibility study conducted by the Management. While the inflation considered is in line with long term inflation forecast for India, we have gone ahead with Management assumption on periodic maintenance. Given the technical nature of this study, review of the same is not part of our scope of work.
- We understand that CGTL, UTL and KGTL have filed Writ petition with Hon'ble Rajasthan High Court with prayer to commence payment of premium to NHAI, six months post actual completion of the project construction work. The Hon'ble High Court prima facie agreed with the contention of the SPVs and have provided interim relief from payment of premium. The matter is currently under arbitration. Forecast provided is based on assumption that said relief will be granted to respective SPV's.

Annexure 1: Sources of Information (2/2)

- The investment management fees is computed assuming 10% markup on the cost incurred by investment manager. The said expenses are projected to increase by 10 per cent annually which is in line with agreement between Trust and Investment manager.
- Based on the concession agreement and traffic study report of SYTL we note that the actual traffic for SYTL as on target traffic date is expected to exceed the target traffic. Pursuant to clause 29 of the concession agreement, concession period will need to be reduced by 2.1 year to account for excess traffic. However, Management has confirmed that concession period of SYTL will not be reduced as reduction in the concession period necessitated due to excess traffic will be offset by the extension in the concession period due to augmentation of capacity to serve excess traffic pursuant to clause 29.2.3 of the concession agreement. Management has confirmed that considering uncertainty of capex and corresponding extension of concession period they have neither factored in capex required for capacity augmentation nor any extension in concession period as per clause 29.2.3 or reduction in concession period due to excess traffic in their forecast. We have gone ahead with the same assumption..
- Management represented that due to covid 19 the concession period end dates across all SPVs (besides PDTPL and IGEPL) increased by 90-139 days pursuant to notification no F.184/2020-PPD dated 13th May 2020 and Notification no. Covid-19/Roadmap/JS(H)/2020 dated 26th August 2021. Concession period of Kaithal Tollways Limited in addition to covid 19 increase, increased by further 356 days due to farmer agitations on its route. Apart from this, concession period is increased for AETPL due to demonetization and for SYTL and YATL due to Kannad Ghat crisis. Based on this representation from Management, we have considered extended concession period in our analysis.
- We noted that other financial liabilities of INR 3,698 Cr, sub-debt of INR 1,204 Cr, capex payables of INR 87 Cr and loan from related parties of INR 535 Cr is outstanding in the consolidated financials of IRBI Trust is payable to IRBIDL as at 30 September 2023. These liabilities have not been considered as debt like in nature for the purpose of valuation analysis. We have been given to understand that SPV's have ongoing claims and litigations with NHAI for respective projects. IRBI Trust and its SPV’s have entered into a debt novation agreement with IRBIDL pursuant to which any amount received by SPVs or Trust towards these NHAI claims will be paid to IRBIDL. Management has also confirmed that these claims and liabilities have no financial impact on the SPVs or the IRBI Trust and the claim amounts from NHAI are significantly higher than the liabilities recognized by the IRBI Trust. Based on the above, we have not considered any impact of these liabilities in our valuation analysis.
- Given the nature of the liability, capital creditors of INR 454 Cr outstanding in the books of the SPVs have been considered debt like in nature and adjusted from the Enterprise Value to arrive at the Equity Value of IRBI Trust.
- Comparing the actual toll revenue in the first 6 months of FY2024 with the full year forecast of FY2024, we noted that close to 60% of the forecast revenue for IWTL, KTL, KGTL and PDTPL is to be achieved in the second half of the year. Management informed that due to monsoon season in second quarter of financial year, the traffic is lower and hence, remaining two quarters contribute more revenue in compare to first two quarters of financial year. Basis this, we have not considered any change in the forecast revenue for the remaining two quarters of the financial year.
- Besides the above, there may be other information provided by the Management which may not have been perused by us in any detail, if not considered relevant for our defined scope.
- In addition to the above, we have also obtained such other information and explanations from the Management, either verbally or in written form, as were considered relevant for the purpose of the valuation. We had discussions with the key members of the Management, including Mr. Tushar Kawedia; Ms. Shilpa Todankar; and Mr. Rushabh Gandhi.
- The following external sources were used in the preparation of the report:
  - External databases such as Capital IQ, Mergermarket, etc.
  - Relevant information made available to us by Management at our request.
  - Publicly available information and secondary information.

Annexure 2a: WACC – All SPVs other than PDTPL (1/2)

Risk free rate (Rf) 7.1%	• The nominal risk-free rate is based on our understanding of the analysis of 10 year benchmark government of India securities yield as well analysis of the consensus forecast yield.
Equity risk premium 7%	• Equity risk premium is estimated based on KPMG's understanding of prevailing market return in India.
Relevered beta 0.97	• Beta is a measure of the risk of the shares of a company. ß is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor for the Company, consideration must be given either to the market beta of the Company or betas of comparable quoted companies. • We have considered companies involved in the road operating industry. • Betas are low in this industry due to the stable nature of the road operating industry and low level of cash flow volatility due to the relatively steady usage of roads. Refer annexure 3.
Cost of equity 13.9%	• Based on above parameters cost of equity is 13.9%.

Source: KPMG analysis

Annexure 2a: WACC – All SPVs other than PDTPL (2/2)

Cost of debt 8.75%	• As per the Management, the average cost of debt for the SPVs is 8.75%.
Tax rate 25.17%	• We understand that eventually all the SPVs will transition to the new tax regime once its MAT credit is exhausted, hence we have considered tax rate of 25.17% for the WACC analysis which is the long term tax rate applicable to all SPVs.
Post-tax cost of debt 6.5%	• The post tax cost of debt is 6.5% for all SPVs
Debt Equity Ratio 150%	• We have considered a debt to equity ratio of 150% i.e. debt to capital of 60% and equity to capital of 40%. The median debt to equity ratio for comparable companies is 80.3%. Based on discussion with the Management we understand that all the assets of the IRBI Trust are operational and thus the SPVs and IRBI Trust can infuse higher leverage in their capital structure in the long term. Based on our analysis and discussion with the Management we have considered the debt to equity ratio to be 150%.
WACC 9.48%	• Based on the optimal capital structure, the weighted average cost of capital is 9.48%.

Source: KPMG analysis

Annexure 2b: WACC PDTPL (1/2)

Risk free rate (Rf) 7.1%	• The nominal risk-free rate is based on our understanding of the analysis of 10 year benchmark government of India securities yield as well analysis of the consensus forecast yield.
Equity risk premium 7%	• Equity risk premium is estimated based on KPMG's understanding of prevailing market return in India.
Relevered beta 0.97	• Beta is a measure of the risk of the shares of a company. ß is the co-variance between the return on sample stock and the return on the market. In order to determine the appropriate beta factor for the Company, consideration must be given either to the market beta of the Company or betas of comparable quoted companies. • We have considered companies involved in the road operating industry. • Betas are low in this industry due to the stable nature of the road operating industry and low level of cash flow volatility due to the relatively steady usage of roads. Refer annexure 3.
Alpha 1%	• Alpha is business specific risk premium. The quantification of alpha is based on but not limited to the following factors: Inherent execution risk in the Management business plan, size of operations and uncertainty related to expected growth in revenue. • Alpha has been considered at 1% only for PDTPL SPV because as at Valuation Date construction for all other SPVs is complete and although tolling has commenced in PDTPL, its construction is expected to be completed in FY2025.
Cost of equity 14.9%	• Based on above parameters cost of equity is 14.9%.

Source: KPMG analysis

Annexure 2b: WACC PDTPL (2/2)

Cost of debt 9%	• As per the Management, the average cost of debt for PDTPL is 9%.
Tax rate 25.17%	• We have considered tax rate of 25.17% for the WACC analysis which is the tax rate applicable to PDTPL.
Post-tax cost of debt 6.7%	• The post tax cost of debt is 6.7% for PDTPL.
Debt Equity Ratio 150%	• We have considered a debt to equity ratio of 150% i.e. debt to capital of 60% and equity to capital of 40%. The median debt to equity ratio for comparable companies is 80.3%. Based on discussion with the Management we understand that all the assets of the IRBI Trust are operational and thus the SPVs and IRBI Trust can infuse higher leverage in their capital structure in the long term. Based on our analysis and discussion with the Management we have considered the debt to equity ratio to be 150%.
WACC 9.99%	• Based on the optimal capital structure, the weighted average cost of capital is 9.99%.

Source: KPMG analysis

Annexure 3: Beta Computation

Beta computation										
	Market Capitalization	**Total Debt**	**Debt / Equity**	**Debt / Total Capital**	**Beta**	**Tax Rate**	**Unlevered Beta**	**Target's Debt Equity**	**Target's Tax Rate**	**Re Levered Beta**
IRB Infrastructure Developers Limited	192,406	167,397	87.0%	46.5%	1.19	25.17%	0.72	150.0%	25.17%	1.53
PNC Infratech Limited	92,709	62,713	67.6%	40.4%	0.73	25.17%	0.48	150.0%	25.17%	1.03
Dilip Buildcon Limited	46,543	66,580	143.0%	58.9%	0.89	25.17%	0.43	150.0%	25.17%	0.91
IRB InvIT Fund	41,245	30,380	73.7%	42.4%	0.53	25.17%	0.34	150.0%	25.17%	0.73
Median										**0.97**

Note:
(a) Market capitalization of comparable companies has been considered based on 1-month volume weighted average share prices till 30 September 2023.
(b) Beta has been computed based on 1-year daily average adjusted beta.

Source(s): KPMG analysis based on data sourced from S&P Capital IQ database.

Annexure 4: Investment Management Expenses

Present value of stand alone expenses pertaining to InvIT

INR crores	FY2024 6 months	FY2025 12 months	FY2026 12 months	FY2027 12 months	FY2028 12 months	FY2029 12 months	FY2030 12 months	FY2031 12 months	FY2032 12 months	FY2033 12 months	FY2034 12 months	FY2035 12 months	FY2036 12 months
Trust expenses	3.4	7.5	8.2	9.0	9.9	10.9	12.0	13.2	14.5	16.0	17.6	19.3	21.3
Discounting period	0.250	1.000	2.000	3.000	4.000	5.000	6.000	7.000	8.000	9.000	10.000	11.000	12.000
Discount factor	0.978	0.913	0.834	0.762	0.696	0.636	0.581	0.530	0.484	0.443	0.404	0.369	0.337
Present value of cash flows	**3.3**	**6.8**	**6.8**	**6.9**	**6.9**	**6.9**	**7.0**	**7.0**	**7.0**	**7.1**	**7.1**	**7.1**	**7.2**

Present value of stand alone expenses pertaining to InvIT

INR crores	FY2037 12 months	FY2038 12 months	FY 2039 12 months	FY2040 12 months	FY2041 12 months	FY2042 12 months	FY2043 12 months	FY2044 12 months	FY2045 12 months	FY2046 12 months	FY2047 12 months	FY2048 12 months	FY2049 12 months
Trust expenses	23.4	25.7	28.3	31.1	34.3	37.7	41.5	45.6	50.2	55.2	60.7	66.8	73.4
Discounting period	13.000	14.000	15.000	16.000	17.000	18.000	19.000	20.000	21.000	22.000	23.000	24.000	25.000
Discount factor	0.308	0.281	0.257	0.235	0.214	0.196	0.179	0.163	0.149	0.136	0.124	0.114	0.104
Present value of cash flows	**7.2**	**7.2**	**7.3**	**7.3**	**7.3**	**7.4**	**7.4**	**7.5**	**7.5**	**7.5**	**7.6**	**7.6**	**7.6**

Present value of stand alone expenses pertaining to InvIT

INR crores	FY2050 12 months	FY2051 12 months	FY2052 12 months	FY2053 12 months	FY2054 4.4 months
Trust expenses	80.8	88.9	97.8	107.5	43.0
Discounting period	26.000	27.000	28.000	29.000	29.364
Discount factor	0.095	0.087	0.079	0.072	0.070
Present value of cash flows	**7.7**	**7.7**	**7.7**	**7.8**	**3.0**

Source(s): Management Information

Valuation conclusion

INR Crore	
Present value of cash flows	**218**

WACC	***9.48%***

The investment management fees have been forecasted to increase by 10% each year. Management represented that the fees is computed as cost incurred by investment manager +10% markup. We have relied on Management representation for the same.

Annexure 5: Other disclosures as required under SEBI InvIT Regulations

The following disclosures are as at 30 September 2023 for the SPVs

1. **Valuation of the project in the previous 3 years:** Refer annexure 5a for the aforementioned information.
2. **List of one-time sanctions/approvals which are obtained or pending/ List of up to date/overdue periodic clearances:** Refer annexure 5b for the aforementioned information.
3. **Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion:** Refer annexure 5c for the aforementioned information.
4. **Purchase price of the project by the InvIT:** Refer annexure 5d for the aforementioned information.
5. **On-going and closed material litigations including tax disputes in relation to the assets, if any:** Management represented that there are no on-going and closed material litigations in PDTPL and IHMTL. Refer annexure 5e for the aforementioned information for other SPV's.
6. **Statement of assets**: Refer annexure 5f for the aforementioned information.
7. **Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any:** Management represented that there are no revenue pendencies including local authority taxes and compounding charges with respect to the 11 SPVs.
8. **Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control:** Management represented that there are no such natural or induced hazards which have been not considered in town planning/building control with respect to the 11 SPVs.
9. **Latest pictures of the SPVs:** Refer annexure 5g for the aforementioned information.
10. **Date of site inspection**: During the month of October 2023.
11. **In term of the SEBI InvIT Regulations, we hereby confirm that:**

- We are competent to undertake the valuation.
- We are independent and have prepared this Report on fair and unbiased basis.
- The Valuation has been performed as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.
- KPMG is not affiliated to the Client in any manner whatsoever. Further KPMG does not have a prospective interest in the Targets which is the subject of this Valuation and KPMG's fee is not contingent on an action or event resulting from the analysis, opinions or conclusions in the Valuation.

Caveat to disclosures
KPMG has not independently verified the documents related to disclosures mentioned in the annexures and have relied on Management representation for the same.

Source(s): Management information, KPMG analysis

Annexure 5a: Valuation of the projects in the previous 3 years

Valuation summary			
INR Crore			
Name of the SPV	**Mar-21**	**Mar-22**	**Mar-23**
IRB Westcoast Tollway Limited	2,423	2,844	3,640
Solapur Yedeshi Tollway Limited	1,979	1,935	2,373
Yedeshi Aurangabad Tollway Limited	3,705	3,510	4,177
Kaithal Tollway Kimited	3,135	2,691	2,471
AE Tollway Limited	2,783	2,919	3,183
Udaipur Tollway Limited	2,318	2,685	2,607
CG Tollway Limited	2,476	2,444	2,744
Kishangarh Gulabpura Tollway Limited	1,639	1,930	2,136
IRB Hapur Moradabad Tollway Limited	3,521	3,490	4,112
Palsit Dankuni Private Tollway Limited	NA	NA	1,095
IRB Golconda Expressway Private Limited	NA	NA	NA

Source(s): Company website and Management Information

Annexure 5b: One-time sanctions and approvals and overdue periodic clearances

Sr. No.	Description	Remarks
IRB Westcoast Tollway Limited		
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

Sr. No.	Description	Remarks
Palsit Dankuni Private Tollway Limited		
A	Permission of the State Government for extraction of boulder from quarry.	Applied
B	Permission of Village Panchayat and Pollution Control Board for installation of crusher;	Applied
C	License for use of explosives	Applied
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	Labour License taken

Source(s): Management information

The information has been represented by the Management. The above disclosure is not required in case of SYTL, YATL, AETL, UTL, KTL, CGTL, KGTL, IHMTL and IGEPL since the projects have received COD.

Annexure 5c: Estimates of already carried as well as proposed major repairs and improvements (1/2)

Estimates of already carried out as well as propsed major repairs and improvements

INR Crore

Name of the SPV	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
IRB Westcoast Tollway Limited	40	41	43	-	1	-	111	41
Solapur Yedeshi Tollway Limited	-	-	18	19	20	-	-	-
Yedeshi Aurangabad Tollway Limited	-	-	31	32	-	-	-	-
Kaithal Tollway Kimited	-	43	45	48	-	-	-	-
AE Tollway Limited	-	37	39	41	-	-	-	-
Udaipur Tollway Limited	-	57	69	77	4	-	120	125
CG Tollway Limited	-	-	27	28	30	-	-	-
Kishangarh Gulabpura Tollway Limited	-	-	-	-	100	-	-	-
IRB Hapur Moradabad Tollway Limited	-	4	-	89	90	85	-	5
Palsit Dankuni Private Tollway Limited	-	-	-	-	-	-	55	61
IRB Golconda Expressway Private Limited	-	-	-	-	-	-	161	161

Estimates of already carried out as well as propsed major repairs and improvements

INR Crore

Name of the SPV	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
IRB Westcoast Tollway Limited	-	-	2	12	166	2	-	-
Solapur Yedeshi Tollway Limited	-	-	61	64	67	-	-	-
Yedeshi Aurangabad Tollway Limited	-	110	115	121	-	-	-	-
Kaithal Tollway Kimited	-	128	134	140	-	-	-	-
AE Tollway Limited	123	130	135	-	-	-	-	74
Udaipur Tollway Limited	128	5	-	86	91	119	-	-
CG Tollway Limited	86	91	95	-	9	46	48	51
Kishangarh Gulabpura Tollway Limited	-	-	104	102	111	-	-	-
IRB Hapur Moradabad Tollway Limited	74	77	57	2	-	212	230	238
Palsit Dankuni Private Tollway Limited	57	-	-	-	-	51	7	-
IRB Golconda Expressway Private Limited	161	162	-	-	386	387	386	386

Source(s): Management information

Annexure 5c: Estimates of already carried as well as proposed major repairs and improvements (2/2)

Estimates of already carried out as well as propsed major repairs and improvements

INR Crore

Name of the SPV	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046
IRB Westcoast Tollway Limited	148	53	-	-	-	-	-	-
Solapur Yedeshi Tollway Limited	-	-	-	42	44	47	-	-
Yedeshi Aurangabad Tollway Limited	60	63	67	-	-	-	-	-
Kaithal Tollway Kimited	-	94	99	104	-	-	-	-
AE Tollway Limited	77	81	-	-	-	-	-	-
Udaipur Tollway Limited	-	-	-	-	-	-	-	-
CG Tollway Limited	-	-	-	-	-	-	-	-
Kishangarh Gulabpura Tollway Limited	-	-	-	-	-	-	-	-
IRB Hapur Moradabad Tollway Limited	7	-	-	-	-	-	-	-
Palsit Dankuni Private Tollway Limited	-	-	-	-	-	-	-	-
IRB Golconda Expressway Private Limited	-	-	235	235	235	236	-	-

Estimates of already carried out as well as propsed major repairs and improvements

INR Crore

Name of the SPV	FY 2047	FY 2048	FY 2049	FY 2050	FY 2051	FY 2052	FY 2053	FY 2054
IRB Westcoast Tollway Limited	-	-	-	-	-	-	-	-
Solapur Yedeshi Tollway Limited	-	-	-	-	-	-	-	-
Yedeshi Aurangabad Tollway Limited	-	-	-	-	-	-	-	-
Kaithal Tollway Kimited	-	-	-	-	-	-	-	-
AE Tollway Limited	-	-	-	-	-	-	-	-
Udaipur Tollway Limited	-	-	-	-	-	-	-	-
CG Tollway Limited	-	-	-	-	-	-	-	-
Kishangarh Gulabpura Tollway Limited	-	-	-	-	-	-	-	-
IRB Hapur Moradabad Tollway Limited	-	-	-	-	-	-	-	-
Palsit Dankuni Private Tollway Limited	-	-	-	-	-	-	-	-
IRB Golconda Expressway Private Limited	531	532	531	531	-	-	404	150

Source(s): Management information

Annexure 5d: Purchase price of the SPVs by the InvIT

Purchase price of the SPVs			
Name of the SPV	No. of equity shares transferred to the Trust	No. of units of trust issued to the Sponsor	% Stake in SPV
IRB Westcoast Tollway Limited	174,194,303	17,419,000	100.00%
Solapur Yedeshi Tollway Limited	98,250,000	9,825,000	100.00%
Yedeshi Aurangabad Tollway Limited	215,757,001	21,576,000	100.00%
Kaithal Tollway Kimited	328,000,000	32,800,000	100.00%
AE Tollway Limited	436,500,000	43,650,000	100.00%
Udaipur Tollway Limited	116,800,000	11,680,000	100.00%
CG Tollway Limited	203,500,000	20,350,000	100.00%
Kishangarh Gulabpura Tollway Limited	155,500,000	15,550,000	100.00%
IRB Hapur Moradabad Tollway Limited	189,500,000	18,950,000	100.00%

The table above presents the number of equity shares transferred to the Trust and the number of units issued by the Trust to the Sponsor to acquire 100% of the equity stake in the aforementioned SPVs. The transfer is as per the share purchase agreement between the Trust and Sponsor dated 19 February 2020.

PDTPL
IRBI Trust acquired 99.96% stake in PDTPL by acquiring 121,200,000 equity shares in PDTPL through an equity infusion of INR 121.2 Cr in April 2022.

IGEPL
IRBI Trust issued and allotted 142,400,000 units to the eligible unitholders of the Trust for cash at an Issue price of INR 200.98 per unit, aggregating to approximately INR 2,861.95 Cr. The Sponsor of the Trust, has been allotted 72,800,000 units of the Trust while GIC Affiliates have been allotted 69,600,000 units. Proceeds from the issue were used for Acquisition of IGEPL through subscription to the equity shares of IGEPL pursuant to the IGEPL share subscription agreement for a consideration of INR 715.45 Cr.

Source(s): Management information

Annexure 5e: Pending litigations - IWTL

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Mr. Sachhidananda Shetty.	The Chief General Manager, Modern Road Makers Pvt. Ltd.	Judicial Magistrate First Class Court, Kundapura.	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	Laxman Neelakanth Desai, Goangeri, Majali, Karwar	IRB West Coast Tollway Pvt Ltd,	Civil Judge & JMFC II Court, Karwar	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	Venkatramana S	Chief General Manager (IRB), Kumta	JMFC at Bhatkal (O.S. No. 103/2018)	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.	The matter is dosposed by the court.	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.
4	Mr. Vithobha Ganesh Naik	IRB West Coast Tollway Pvt Ltd,	Principal Judge, Karwar	The complainant is alleging that IRB WTL is encroaching upon the Petitioner’s land to construct the highway.	There are no Adverse orders against the company. The matter is pending.	

Source(s): Management information

Annexure 5e: Pending litigations - SYTL (1/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Raosaheb Chadre	Modern Road Makers Pvt. Ltd.	Civil Judge, Senior Division, Osmanabad (Special suit number 73/2018)	The plaintiffs have prayed that due to mining work by the defendant, the levelling of the ground has been disturbed and there have been huge holes in the ground which should be filled by the defendants and that the plaintiffs should pay Rs. 82,41,800/- towards the extraction cost.	The matter is pending	The company had undertaken the work with the consent of the plaintiff after obtaining necessary permissions. The claim of the plaintiff is false. The company has denied all the allegations. Considering the merits of the matter, there are no financial implications in this matter.
2	Bhagwan Rambhau Jadhwar	Solapur Yedeshi Tollway Pvt. Ltd. and others	Civil Judge, Junior Division, Kallam (regular civil suit number 1139/2018)	The plaintiff has filed suit claiming that due to the negligence of the defendants, in construction of drainage adjoining the road, the water from the drainage had entered in field of the plaintiff and has caused loss to the tune of Rs. 2,00,000/-, which should be made good by the respondents.	The matter is pending	The company has taken all the necessary safety measures while construction of the road and denied any negligence on its part. Considering the merits of the matter, there are no financial implications in this matter.

Source(s): Management information

Annexure 5e: Pending litigations - SYTL (2/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
3	Solapur Yedeshi Tollway Ltd.	NHAI	Arbitration	SYTL (Claimant) had submitted claims to NHAI for compensation as per Clause 35.2 and Clause 35.3 of the Concession Agreement on account of delays attributable to NHAI. The claim for cost stands at Rs. 571.36 Crore in terms of Clause 35.2 and extension of Concession Period for 539.20 days in terms of Clause 35.3 of the Concession Agreement. Since there was no response received from NHAI, SYTL crystallised the matter as contractual dispute on 09.03.2022 and requested for amicable settlement through Conciliation as per Clause 44.2 of the Concession Agreement.	The matter is pending	Rs. 790.54 Cr + interest & extension of extension of 647.43 days

Source(s): Management information

Annexure 5e: Pending litigations - YATL (1/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Shaikh Rafiq and others	IRB Infrastructure Developers Limited and others	Bombay High Court Aurangabad Bench Writ Petition 5410/2015	This matter is pertaining to Yedeshi Aurangabad Project. 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	Panditrao Chausalkar and others	IRB Infrastructure Developers Limited And Others	Bombay High Court Aurangabad Bench Writ Petition 92/2017	This matter is pertaining to Yedeshi Aurangabad Project. 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.

Source(s): Management information

Annexure 5e: Pending litigations - YATL (2/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
3	Pruthviraj shahane	IRB Infrastructure Developers Limited and others	Civil Judge senior division, Beed. Civil suit number 10/2016	This matter is pertaining to Yedeshi Aurangabad Project. 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.
4	Yedeshi Aurangabad Tollway Ltd	NHAI	Arbitration	YATL (Claimant) had submitted claims to NHAI for compensation as per Clause 35.2 and Clause 35.3 of the Concession Agreement on account of delays attributable to NHAI. The claim for cost stands at Rs. 1,501.84 Crore in terms of Clause 35.2 and extension of Concession Period for 831.08 days in terms of Clause 35.3 of the Concession Agreement. YATL had proposed to NHAI for amicable settlement through CCIE. Since no written settlement reached between the Parties, YATL invoked arbitration on 09.03.2022 in terms of Clause 44.3 of the Concession Agreement.	The matter is pending.	Rs. 1720.80 Cr +interest & extension of 869.41 days

Source(s): Management information

Annexure 5e: Pending litigations - KTL (1/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	SirsaEagle CHS Ltd. and another	National Highways Authority of India and Others (Kaithal Tollway Pvt. Ltd. is Respondent Number 5)	Punjab and Haryana High Court, Writ Petition Number 27756/2017	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. 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.

Source(s): Management information

Annexure 5e: Pending litigations - KTL (2/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
2	Kaithal Tollway Ltd	NHAI	Arbitration	Claimant had submitted claims to NHAI for compensation as per Clause 35.2 and Clause 35.3 of the Concession Agreement on account of delays attributable to NHAI. The claim for cost stands at Rs. 190.68 Crore in terms of Clause 35.2 and extension of Concession Period for 136.77 days in terms of Clause 35.3 of the Concession Agreement. The Claimant crystallised dispute on 09.03.2022 (and subsequently invoked arbitration on 19.04.2022) Against the claim of Rs 100.1 Cr on account of Farmer's strike, Rs 58.48 Cr was released by NHAI on 10.10.2022 NHAI recommended extension of Concession Period of 365 days. The Balance claim amount of Rs 41.62 Crore was disputed. and arbitration was invoked This matter is clubbed with the above referred arbitration.	The matter is pending	Rs. 288.07 Cr + 582.77 days of extension of Concesison Period

Source(s): Management information

Annexure 5e: Pending litigations - AETL

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	AE Tollway Limited	NHAI	Arbitration	Arbitraion is invoked. AETL filed Statement of Claim account of delay in completion of construction and other Force Majeure claims such as Covid 19 etc. along with claim for loss of revenue during the delayed period.	The matter is pending	Rs. 1317.98 Cr + interest & Extension to Concession Period by 351.41 days
2	Hakim Singh Yadav and others	AE Tollway Private Limited	High Court of Allahabad	The petitiiner filed a writ petition before the High Court of Allahabad against the Sponsor and others (the "Respondents") in relation to the drainage system for the road asset operated by AETL. AETL had crystallised dispute and requested NHAI to take up the matter of payment of premium with proportionate reduction of revenue losses (the figures under dispute are excess payment of Premium of Rs. 12.84 Cr and outstanding payment of Premium including interest of Rs.55.34 Cr as on June 07, 2021) on account of Covid and delay in completion of construction as a dispute and for amicable settlement though Conciliation. Since no written settlement reached between the Parties, the AETL on 14.03.2022 invoked arbitration as per Clause 44.3 of the Concession Agreement. The matter is pending.	the matter is pending.	

Source(s): Management information

Annexure 5e: Pending litigations - UTL

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Hiteshkumar Ramanlal Gandhi	Bhairulal Salvi (Bus Driver)	FIR number 0299 dated 18/11/2017, Kherwada Police Station	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.
2	(Shift Incharge Khandiobri Toll)	Dist - Bhilwada.	Tah – Kherwara, Dist – Udaipur State – Rajasthan			
3	Udaipur Tollway Ltd	NHAI	Arbitration	Claimants filed Statement of Claim including the claim on account of compensation of Force Majeure Cost and extension in Concession Period on account of COVID 19) , Claim for compensation under Clause 35.2 & 35.3 along with a prayer that Premium is applicable after 6 months of Actual completion	The matter is pending	Commencement of Premium after 6 months of actual completion Claim Rs. 906.08 Cr + interest & extension of 214.99 days

Source(s): Management information

Annexure 5e: Pending litigations - CGTL

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Shri Azad Sharma & Other	NHAI and others (The Manager, IRB is respondent number 7)	Lok Adalat, Bhilwara	The plaintiff has filed case challenging the collection of toll without completion of six lane. 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. 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.
2	CGTollway Ltd	NHAI	Arbitration	Claimants filed Statement of Claim including the claim on account of compensation of Force Majeure Cost and extension in Concession Period on account of COVID 19) , Claim for compensation under Clause 35.2 & 35.3 along with a prayer that Premium is applicable after 6 months of Actual completion	The matter is pending	Commencement of Premium after 6 months of actual completion Claim: Rs. 502.12 + + interest & extension of 241.37 days

Source(s): Management information

Annexure 5e: Pending litigations - KGTL

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Kishangarh Gulabpura Tollway Ltd	NHAI	Arbitration	Claimants filed Statement of Claim including the claim on account of compensation of Force Majeure Cost and extension in Concession Period on account of COVID 19) , Claim for compensation under Clause 35.2 & 35.3 along with a prayer that Premium is applicable after 6 months of Actual completion	The matter is pending	Commencement of Premium after 6 months of actual completion Claim :Rs. 868.96 Cr+ + interest & extension of 387.18 days

Source(s): Management information

Annexure 5e: Pending litigations - IGEPL (1/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
1	Gadeela Raghuveer Reddy	1.State of Telangana, 2. Hyderabad Metropolitan Development Authority (HMDA), 3. Hyderabad Growth Corridor Ltd (HGCL), 4. IRB Golconda Expressway Pvt Ltd (IRB GEPL) and 5. IRB Infrastructure Developers Ltd. (IRB)	High Court of State of Telangana	The Petitioner had filed a Writ Petition (PIL) against the Respondents The Petitioner is seeking (i) to direct the State of Telangana (Municipal Administration and Urban Development) & HMDA to disclose the Initial Estimated Concession Value (IECV) for the Nehru Outer Ring Road (NORR) for the period of concession of the concession agreement and to direct the Comptroller and Auditor General of India (CAG) to check the veracity of the IECV arrived at by the these Respondents; and (ii) in the event that the concession amount realized is undervalued, to declare the action of the HMDA in signing a concession agreement with the IRB GEPL for Tolling, Operations and Maintenance of the Nehru Outer Ring Road is illegal and to annual the Concession Agreement.	The matter is disposed	Nil

Source(s): Management information

Annexure 5e: Pending litigations - IGEPL (2/2)

Sr. No.	Complainant/ Applicant/ Plaintiff	Respondents	Name & address of the aourt and case number	Brief description of case	Status as on September 2023	Financial implications
2	Kanugula Mahesh Kumar (Petitioner)	1.State of Telangana, 2. Hyderabad Metropolitan Development Authority (HMDA), 3. Hyderabad Growth Corridor Ltd (HGCL), 4. IRB Golconda Expressway Pvt Ltd (IRB GEPL) and 5. IRB Infrastructure Developers Ltd. (IRB)	High Court of State of Telangana	The Petitioner filed a public interest litigation before the High Court of Telangana against Respondents, praying, inter alia, to set aside the award of the Toll, Operate and Transfer ("TOT") tender for the Nehru Outer Ring Road project to the IRB and IRB GEPL by entering into a concession agreement for a period of 30 years by not disclosing the initial estimated concession value for the project and seeking to illegally and unlawfully divert the funds from. The Petitioner has also sought quashing or setting aside of the concession agreement and all other agreements entered into by State of Telangana, HMDA and HGCL with IRB and IRB GEPL in relation to the Project. The Petitioner has also prayed, inter alia, to pass an order directing the IRB and IRB GEPL to not transfer the bid concession fee of ₹7,380 Crores to the HMDA or alternatively, not to transfer any funds from the bid concession fee of ₹7,380 Crores to the State of Telangana.	The matter is pending	Nil

Source(s): Management information

Annexure 5f: Statement of assets as at 30 September 2023

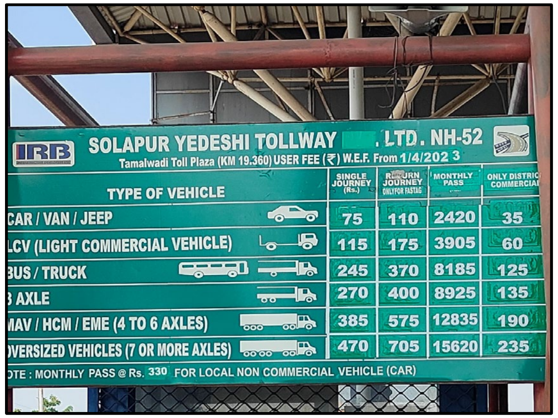
Statement of assets				
INR Crore				
Name of the SPV	Net tangible assets	Intangible assets	Non current assets	Current assets
IRB Westcoast Tollway Limited	0	3,015	3,015	228
Solapur Yedeshi Tollway Limited	-	1,307	1,307	90
Yedeshi Aurangabad Tollway Limited	0	3,439	3,439	175
Kaithal Tollway Kimited	-	1,954	1,954	58
AE Tollway Limited	0	3,006	3,006	76
Udaipur Tollway Limited	-	2,549	2,549	98
CG Tollway Limited	0	2,057	2,057	106
Kishangarh Gulabpura Tollway Limited	0	1,600	1,600	89
IRB Hapur Moradabad Tollway Limited	1	3,117	3,118	155
Palsit Dankuni Private Tollway Limited	-	1,492	1,492	88
IRB Golconda Expressway Private Limited	-	7,559	7,559	401

Source(s): Management information

Annexure 5g: Site pictures - IWTL

Source(s): Site visits

Annexure 5g: Site pictures - SYTL



Source(s): Site visits

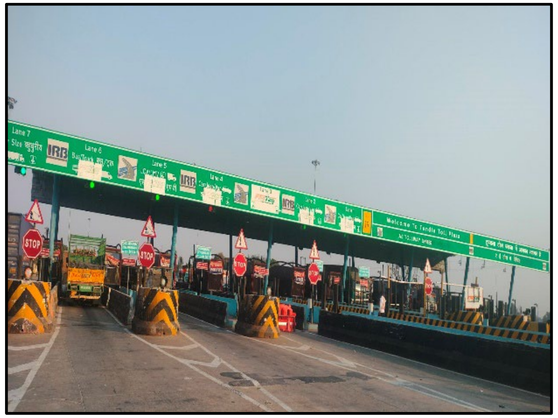
Annexure 5g: Site pictures - YATL

Source(s): Site visits

Annexure 5g: Site pictures - KTL

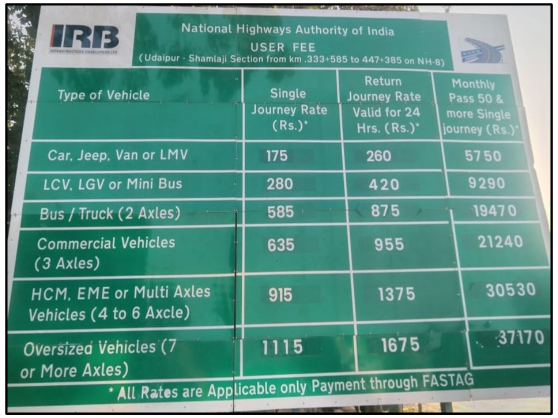
Source(s): Site visits

Annexure 5g: Site pictures - AETL



Source(s): Site visits

Annexure 5g: Site pictures - UTL

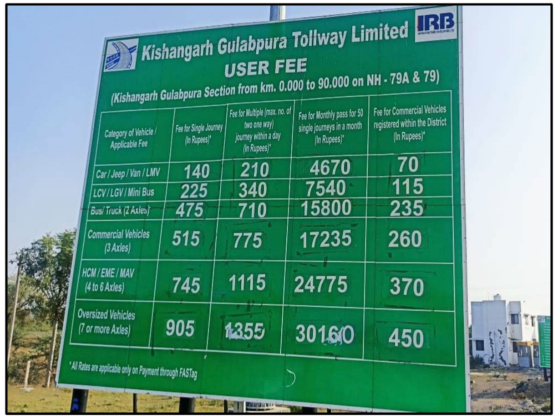


Source(s): Site visits

Annexure 5g: Site pictures - CGTL

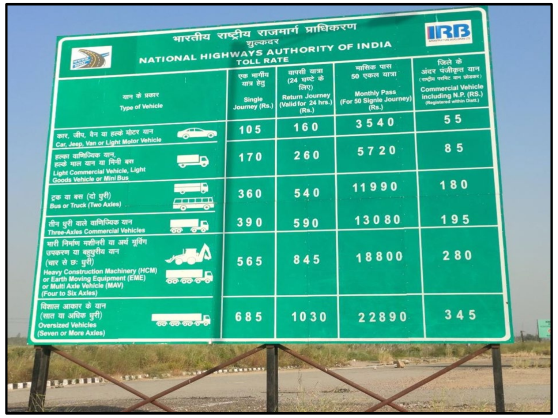
Source(s): Site visits

Annexure 5g: Site pictures - KGTL



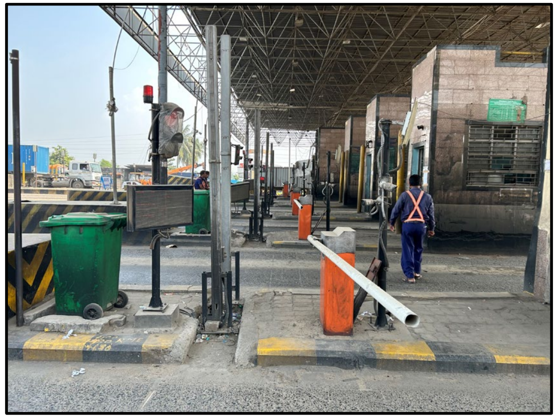
Source(s): Site visits

Annexure 5g: Site pictures - IHMTL



Source(s): Site visits

Annexure 5g: Site pictures - PDTPL



Source(s): Site visits

Annexure 5g: Site pictures - IGEPL

Source(s): Site visits

8.

Scope & Limitations

Scope & Limitations (1/3)

Terms of Engagement

- KPMG Valuation Services LLP ("KPMG" or "we") has been appointed by IRB Infrastructure Trust ("IRBI Trust", "Trust" or "Client" or "you") in relation to carrying out Enterprise Valuation of 11 Special Purpose Vehicles ("SPVs" or "IRBI Trust Assets") of IRBI Trust and Equity Valuation of IRBI Trust (jointly referred as "Targets") as on the agreed date of the valuation in accordance with Regulation 21 of the Securities Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 where valuation is required to be conducted by a registered valuer (as defined under section 247 of the Companies Act, 2013) and such valuation report ("Report") is required to be in compliance with the SEBI InvIT Regulations ("Engagement" or "Valuation").
- The terms of the Engagement are set out in our letter of engagement dated 16 October 2023 ("LoE"). This letter of engagement is preceded by signed undertaking dated 11 July 2023 ("Undertaking letter") provided by us. As agreed, Undertaking letter shall be read in conjunction and shall form part of the aforesaid letter of engagement.
- The date of Valuation is 30 September 2023 ("Valuation Date").
- This Report sets out KPMG's conclusions on the Valuation and has been prepared in accordance with LoE. Our Report is confidential to the Client and will be used by the Client only for purposes mentioned in the LoE. The Report will be issued by us on the express understanding that it shall not be copied, disclosed or circulated or referred to in correspondence or discussion with any third party. This Report is confidential to the Client and it is given on the express understanding that it is not communicated, in whole or in part, to any third party without KPMG's prior written consent. Neither the Report nor its content may be used for any other purpose without prior written consent of KPMG. This Report has a limited scope as specified in it. KPMG will not accept any responsibilities to any other party to whom the Report may be shown or who may acquire a copy of the Report.
- We are not responsible to any other person/ party for any decision of such person/ party based on this Report. Any person/ party intending to provide finance/ invest in the shares/ businesses of the Targets/ their holding companies/ subsidiaries/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- We are aware that the Report may have to be shared with certain regulatory authorities in India and stock exchanges in India and therefore Report may enter the public domain and hereby provide our consent to such sharing. You shall indemnify and hold us harmless against any loss that may be incurred by us arising out of or relating to sharing of the Report with regulatory authorities in India or stock exchanges in India or the Report entering the public domain as mentioned herein, as also against all costs, charges and expenses (including legal expenses) suffered or incurred by us on account of the aforesaid. In this clause "us" shall include all Firm Persons and "you" shall include Other Beneficiaries (as these terms have been defined in the LoE).

Disclosure of Interest/Conflict

- KPMG is not affiliated to the Client in any manner whatsoever. Further, KPMG does not have a prospective he agreed date interest in the business which is the subject of this engagement.
- KPMG's fee is not contingent on an action or event resulting from the analyses, opinions or conclusions in this Report.

Scope & Limitations (2/3)

Basis of Value

- The report has been prepared on the basis of “Fair Value” as at Valuation Date. The generally accepted definition of “Fair Value” is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

Premise of Value

- The report has adopted “Going Concern Value” as the premise of value in the given circumstances. The generally accepted definition of Going concern value is the value of a business enterprise that is expected to continue to operate in the future.
- The valuation has been performed as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

Scope and Limitations

- This Report is based on the information provided by the Client and has been confirmed by the Client. KPMG have not independently verified or checked the accuracy or timeliness of the same. KPMG have indicated within this Report the sources of the information presented and have satisfied ourselves, so far as possible, that the information presented is consistent with other information which is made available to us in the course of our work in accordance with the terms of this engagement letter. KPMG have not, however, sought to establish the reliability of the sources by reference to other evidence, except as may be specifically agreed in writing between us.
- KPMG has read, analyzed and discussed the financial information and underlying management assumptions pertaining to the Targets as provided by the Management of the Client (“Management”). This information has been solely relied upon by KPMG for the Valuation.
- We have based our analysis on the audited financial statements of the Targets (other than IGEPL), for the years ended 31 March 2021 to 31 March 2023 and provisional financial statements of the Targets for the period from 01 April 2023 to 30 September 2023. Additionally, our analysis is based on the business plan of the SPVs for the period from 1 October 2023 to the end of the concession periods of respective SPVs as provided by the Management ("Management Business Plan") and key underlying assumptions. Any changes in the assumptions or methodology used to consolidate the financial statements may significantly impact our analysis and therefore the Valuation.
- KPMG has read and analyzed but have not commented on the appropriateness of or independently verified the Management Business Plan and underlying data and assumptions and accordingly provided no opinion on the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, this may have a material effect on our findings and therefore the Valuation.
- The realization of the projections in the Management Business Plan will be dependent on the continuing validity of assumptions on which it is based. Our analysis therefore will not and cannot be directed to providing any assurance about the achievability of the future plans. Since the projections relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected and the differences may be material.
- This Report makes reference to ‘KPMG analysis’. This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.
- Our work did not constitute an audit of the financial statements and accordingly, we do not express any opinion on the truth and fairness of the financial position as indicated in this Report. Our work did not constitute a validation of the financial statements of the Targets, and accordingly, we do not express any opinion on the same.

Scope & Limitations (3/3)

Scope and Limitations

- We have carried out the Valuation based on Management Business Plan received. Our scope of work does not include any commercial / legal / technical due diligence or carrying out any environmental / technical feasibility analysis or comparison of Management Business Plan with approved budgets / annual operating plans of the Targets. We have relied on Management's representation on such considerations and any changes in the same may significantly impact our analysis and therefore the Valuation.
- Wherever applicable, we have relied upon the legal opinion document / affidavit copies provided by Management in relation to the current status of the projects. We have not carried out / sought any independent legal opinion, nor have we verified the accuracy of the legal opinion shared. Any discrepancy in the same may significantly impact our analysis and therefore the Valuation.
- Our opinion is based on prevailing market, economic, and other conditions at the Valuation Date. It should be appreciated that these conditions can change over relatively short periods of time, not only as a result of internal factors, but because of external factors, which could impact the value, either positively or negatively.
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Client. We have not independently verified the accuracy or timeliness of the same.
- Neither KPMG nor any of its affiliates worldwide are responsible for updating this Report because of events or transactions occurring subsequent to the date of this Report. Any updates or second opinions in this Report cannot be sought by the Management from external agencies including global offices of KPMG without the prior written permission of KPMG.
- KPMG has not considered any finding made by other external agencies in carrying out the Valuation analysis other than the one mentioned herein.
- For the purpose of the Valuation, our scope does not include valuation or legal due diligence of current assets and liabilities and as represented by the Management, the same has been considered at their respective book value.
- For the purpose of this engagement and Report, we have made no investigation of, and assume no responsibility for the title to, or liabilities against the Targets. Our conclusion of value assumes that the title to the assets and liabilities of the Targets reflected in the financial statements as on Valuation Date is intact as at the date of this Report.
- Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.
- The Report should be read in the light of these limitations, and we caution that had these matters been within the scope of our review, our conclusions may have changed, and that change could be material.
- The information presented in this Report does not reflect the outcome of any due diligence procedures. The reader is cautioned that the outcome of due diligence process could change the information herein and our Valuation, and that change could be material.
- This Report forms an integral whole and cannot be split in parts. The outcome of the Valuation can only lead to proper conclusions if the Report as a whole is taken into account.

Management representation

- This Report is prepared on the basis of the sources of information listed in Annexure 1. KPMG has relied upon written representation provided by the Management that the information contained in the Report is materially accurate and complete, fair in its manner of portrayal and therefore forms a reliable basis for the Valuation.

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