Date: 5th April, 2025

Corporate Relations Department, **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	**The Listing Department,** **National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Ref: Scrip Code: 543385; Scrip ID/Symbol: NHIT

Sub: Amendment to the Valuation Report of National Highways Infra Trust ("NHIT" or "Trust") for the Project Ascent Roads

Dear Sir/Ma'am,

It is brought to notice that the Independent Valuer of NHIT for Project Ascent - M/s Ernst and Young Merchant Banking Services LLP ("E&Y" or "Valuer"), has issued an amendment vide its letter dated 28th March 2025 ("Amendment Letter") to the original valuation report of the Project Ascent dated 28th February 2025 ("Valuation Report"), highlighting a rounding off error in the base concession fee of the Chittor -Malavaram project. The final rectified figure is to be read as Rs. 1,530.1 crores instead of Rs. 1,530.2 crore. It is to be noted that there is no change in the base valuation figure of Rs. 17,640.50 Crores as per the disclosures/ filings made to the stock exchanges on 21st March, 2025.

In furtherance of the same, please find attached the amendment letter to Valuation Report as submitted by the Valuer as **Annexure I.**

You are requested to take the same on your record.

Sincerely,

For and on behalf of
National Highways Infra Investment Managers Private Limited
(in our capacity as Investment Manager of National Highways Infra Trust)

GUNJAN SINGH
Digitally signed by GUNJAN SINGH
Date: 2025.04.05 11:11:03 +05'30'

Gunjan Singh
Company Secretary and Compliance Officer

Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E/05/2021/155
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Tel: +91 22 61920000
Fax: +91 22 61920000
ey.com

28 March 2025

National Highways Infra Investment Managers Private Limited
Attention: Mr. Mathew George
Chief Financial Officer
National Highways Infra Investment Managers Private Limited
G-5 & 6, Sector-10, Dwarka
Delhi, 110075

Dear Mr. George,

Re: Amendment of report titled "National Highways Infra Trust_Report_SPV3_ 28Feb25" dated 28 February 2025

We refer to Ernst and Young Merchant Banking Services LLP's ("EY" or "We" or "our") report titled "National Highways Infra Trust_Report_SPV3_28Feb25" dated 28 February 2025 (the "Report") for National Highways Infra Investment Managers Private Limited (the "Client") whereby we had performed the work set out in our Letter of Award dated 09 August 2024 (referred to as "Engagement Agreement") pertaining to valuation of the Round 4 Assets for National Highways Infra Trust as at 28 February 2025 as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("SEBI InvIT Regulations").

We noted a numerical rounding off error in the table under Section XII of the Report. Please refer to Annexure 1 for the table as per the initial and amended Report. The Report should be read along with this letter for correct representation.

Very truly yours,

Nilesh Jain,
Partner
Ernst and Young Merchant Banking Services LLP

Annexure 1

Table as per the initial Report

Asset Currency: INR mn	Enterprise Value Feb'25
Muzaffarnagar- Haridwar	16,522
Bareilly- Sitapur	14,591
Gundugolanu Devarapalli Kovvur	21,829
AP Corridor 1	
Narasannapeta- Ranasthalam	13,883
Ranasthalam to Hanumanthvaka, Visakhapatnam Section	17,953
Anandapuram- Pendurthi- Anakapalle	10,421
AP Corridor 2	
Chittoor- Mallavaram	15,302
AP/ TN Border to Nalagampalli, AP/ Karnataka Border Section	12,618
Chhattisgarh Corridor	
Raipur- Simga section	13,040
Simga to Bilaspur Section	13,071
Gandhidham-Mundra Port	27,176
Total	**176,405**

Table as per the amended Report

Asset Currency: INR mn	Enterprise Value Feb'25
Muzaffarnagar- Haridwar	16,522
Bareilly- Sitapur	14,591
Gundugolanu Devarapalli Kovvur	21,829
AP Corridor 1	
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Chittoor- Mallavaram	15,301
AP/ TN Border to Nalagampalli, AP/ Karnataka Border Section	12,618
Chhattisgarh Corridor	
Raipur- Simga section	13,040
Simga to Bilaspur Section	13,071
Gandhidham-Mundra Port	27,176
Total	**176,405**

Ernst & Young Merchant Banking Services LLP
Registered Valuer
Registration No. IBBI/RV-E/05/2021/155
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

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Fax: +91 22 61920000
ey.com

28 February 2025

To,

National Highways Infra Investment Managers Private Limited
G-5 & 6, Sector-10, Dwarka
Delhi, 110075

Re: Report on Valuation of the Specified Asset for National Highways Infra Trust as at 28 February 2025 as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("SEBI InvIT Regulations")

Dear Sir/Madam,

In accordance with instructions of National Highways Infra Investment Managers Private Limited ("Client" or "you" or "NHIIMPL" or "Investment Manager") on behalf of National Highways Infra Trust ("NHIT" or "InvIT" or the "Trust"), Ernst & Young Merchant Banking Services LLP ("EYMBSLLP") have performed the work set out in our Letter of Award dated 09 August 2024 ("Engagement Agreement"). We are pleased to present the following report ("Report") in connection with the Enterprise Valuation of the Specified Asset (defined later on page 5) ("Specified Asset" or "InvIT Asset" or "SPV") as at 28 February 2025 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the management of NHIIMPL and NHIT (the "Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

EYMBSLLP has been appointed by National Highways Infra Investment Managers Private Limited as an independent valuer as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars, notifications and guidelines issued thereunder ("SEBI InvIT Regulations"), to undertake an independent Enterprise Valuation of the Specified Asset for NHIT (defined later on page 5) ("Specified Asset" or "InvIT Asset" or "SPV") as on 28 February 2025 for their internal management analysis, disclosure to unit holders and regulatory filings under Chapter V Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations ("Purpose"). This Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address various aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Please note that the Report must be read in conjunction with the Statement of limiting conditions contained in Section 4 of this Report. This letter, the Report and the summary of valuation included herein can be provided to the Trust's advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required in connection with the specified Purpose. The valuation analysis should not be construed as an investment advice; specifically, EYMBSLLP does not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

The valuation conclusion included here-in, and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by Securities and Exchange Board of India ("SEBI") thereunder.

This letter should be read in conjunction with the attached Report.

Yours faithfully,

Nilesh Jain
Partner
Membership No. IBBI/RV/05/2024/15540
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
LLPIN: AAO-2287

Date: 28 February 2025
Report No. EYMBS/RV/2024-25/148

Table of Contents

I. Executive Summary

National Highways Infra Trust ("NHIT" or "InvIT" or the "Trust") is registered as an infrastructure investment trust with Securities and Exchange Board of India ("SEBI") pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations"). It was registered on October 28, 2020 [Registration No.: IN/InvIT/20-21/0014].

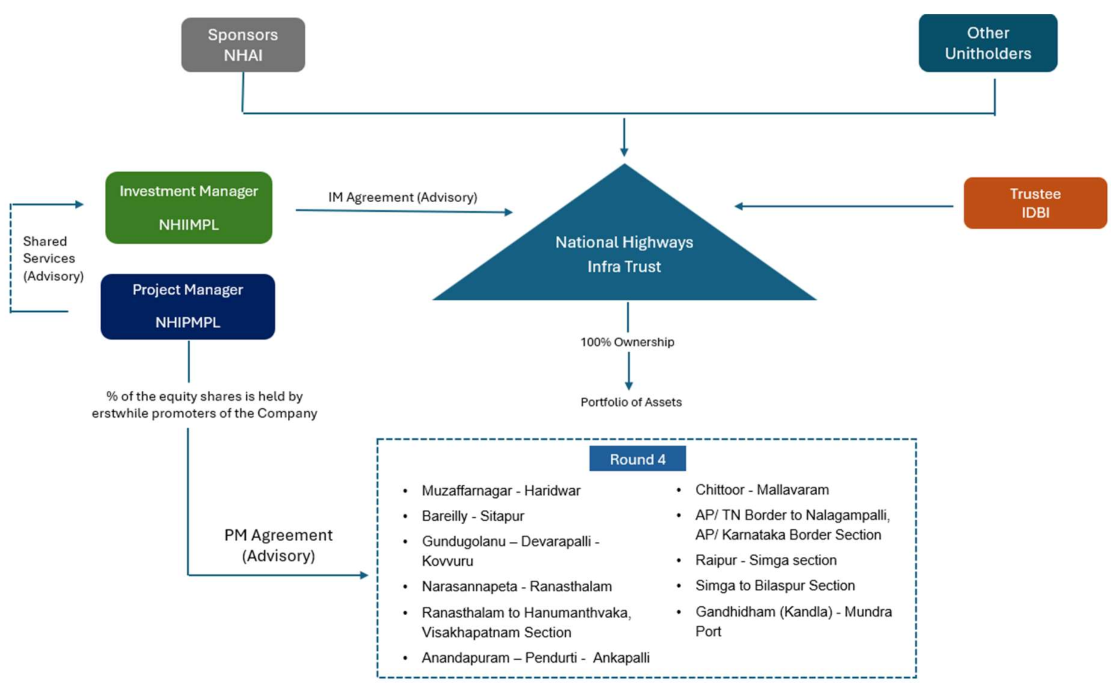
National Highways Infra Investment Managers Private Limited ("NHIIMPL" or "Investment Manager") acts as the investment manager to the Trust. NHIIMPL is a private limited company incorporated on 25 July 2020 under the Companies Act, 2013 and is a wholly owned subsidiary of the Government of India acting through the Ministry of Road Transport & Highways (MoRTH).

National Highways Authority of India ("NHAI" or "Sponsor") acts as the sponsor to the Trust. NHAI was set up by an act of the Parliament, NHAI Act, 1988 "An Act to provide for the constitution of an Authority for the development, maintenance and management of national highways and for matter connected therewith or incidental thereto".

IDBI Trustee Services Limited ("IDBI" or "Trustee") acts as the trustee to the Trust. IDBI holds registration under SEBI regulations as a debenture trustee. IDBI was jointly established by IDBI Bank, LIC, and GIC to provide corporate and other trusteeship services and is located in Mumbai, India.

National Highways Infra Project Managers Private Limited ("NHIPMPL" or "Project Manager") was incorporated as a private limited company on 9 March 2021 under the Companies Act 2013. The Project Manager is a wholly owned subsidiary of NHAI and undertakes operations and maintenance of the Specified Assets, including making arrangements for maintenance of the assets held by the Trust.

The following chart represents the structure of the Trust:



Source: [About us - National Highways Infra Trust]

We understand that NHIT is proposing to acquire Round 4 Assets ("R4" or "InvIT Asset" or "SPV" or "Specified Asset") have an aggregate length of ~819 kms (5,444 lane kms) spread across 5 states from NHAI in a related party transaction ("Proposed Transaction"). In this regard, valuation of the Specified Assets is required as at Valuation Date for internal management analysis, disclosures to unit holders if required, any corporate action and/or regulatory filings as per SEBI InvIT Regulations ("Purpose").

R4 has entered into concession agreements with NHAI to operate, maintain and transfer seven toll road projects, under the Toll, Operate and Transfer ("TOT") model (together referred to as the "R4 Projects" and individually referred to as the "Project").

The following is the list of the R4 Projects:

1. Muzaffarnagar- Haridwar
2. Bareilly- Sitapur
3. Gundugolanu- Devarapalli-Kovvuru
4. AP Corridor 1, which includes 3 road projects:
    a. Narasannapeta- Ranasthalam
    b. Ranasthalam to Hanumanthvaka, Visakhapatnam Section
    c. Anandapuram- Pendurthi- Anakapalle
5. AP Corridor 2, which includes 2 road projects:
    a. Chittoor- Mallavaram
    b. AP/ TN Border to Nalagampalli, AP/ Karnataka Border Section
6. Chhattisgarh Corridor, which includes 2 road projects:
    a. Raipur- Simga section
    b. Simga to Bilaspur Section
7. Gandhidham (Kandla)- Mundra Port

EYMBSLLP has been appointed as an independent valuer to undertake Enterprise Valuation of the InvIT Asset as on 28 February 2025, in accordance with Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations.

EYMBSLLP is appointed to undertake financial valuation only. We are placing reliance on other consultants appointed by the Client for traffic and other technical inputs. This report is our deliverable for the aforementioned Purpose.

EYMBSLLP is duly registered, as a Limited Liability Partnership under the Limited Liability Partnership Act, 2008, with the Ministry of Corporate Affairs (identified with a unique LLPIN: AAO-2287) and as a Registered Valuer with Insolvency and Bankruptcy Board of India ("IBBI") for securities or financial assets under Section 247 of the Companies Act, 2013 bearing registration number IBBI/RV-E/05/2021/155.

Identity of the Valuer

Name of entity registered	Ernst & Young Merchant Banking Services LLP
LLPIN	AAO-2287
Registration Number (for Registered Valuer)	IBBI/RV-E/05/2021/155
Registration (for Registered Valuer) valid from	01 November 2021

Disclosure of Valuer's Interest or Conflict

EYMBSLLP, Nilesh Jain and the team working on the valuation of the InvIT Asset do not have any present or planned future interest in the Trust, the InvIT Asset or the Investment Manager. EYMBSLLP is neither associated with nor carrying out any relationship with the Client, except carrying out valuation service.

Accordingly, there is no conflict of interest for carrying out the valuation.
The information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information were provided to us to carry out the valuation.

Declaration

- We hereby confirm on behalf of EYMBSLLP that EYMBSLLP is competent to undertake this valuation in terms of SEBI InvIT Regulations.
- We further confirm that EYMBSLLP is independent in terms of the SEBI InvIT Regulations and that this report has been prepared on a fair and unbiased basis in compliance with Regulation 13(1) and Regulation 21 of the SEBI InvIT Regulations.
- We have at least two partners having experience of 5 years each in the valuation of infrastructure assets.

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

II. Valuation Analysis

Income approach, specifically Discounted Cash Flow (“DCF”) method has been considered for arriving at the fair enterprise value of the InvIT Asset as on 28 February 2025. The valuation exercise has been carried out basis the financial projections of the InvIT Asset provided to us by the Management. Free Cash Flow to Firm approach under DCF method has been considered to determine the Enterprise Value of the InvIT Asset. The Enterprise Value has been computed by discounting the free cash flows to the firm from 01 March 2025 until the end of the concession period, using an appropriate Weighted Average Cost of Capital ("WACC"). The WACC parameters are based as on 31 December 2024 which is in line with the existing assets of NHIT, that is, NHIT Western Projects Private Limited (“NWPPL”) and NHIT Eastern Projects Private Limited (“NEPPL”).

The Investment Manager has appointed independent consultants to carry out traffic study for estimation of toll revenue and technical study for estimation of operating and maintenance expenses and major maintenance expenses, for the InvIT Asset over the concession period. The traffic study reports have been provided to us in final form. These reports presented an update of the traffic and revenue forecasts based on primary surveys undertaken in 2024, with actual traffic data up to November 2024 and other macro-economic assumptions. We have relied upon financial projections, traffic study reports, technical reports provided by independent consultants and other information provided to us for carrying out the valuation of the InvIT Asset.

The valuation is based on various assumptions with respect to the InvIT Asset, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The summary of valuation of the InvIT Asset is presented below:

SPV Currency: INR mn	Enterprise Value Feb’25
R4	176,405

Source: Calculation

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us, as of the date of this Report. Such conditions may change significantly over a relatively brief period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this Report to reflect events or developments subsequent to the date of the Report.

III. Sources of Information

The following sources of information have been utilized in conducting the valuation exercise:

- **SPV specific information** – The following information, as provided by the Management, have inter-alia been used in the Enterprise Valuation of the InvIT Asset:
  - Financial projections of the InvIT Asset from 01 March 2025 till the end of concession period including underlying assumptions (It includes forecasts of profit and loss statements, major maintenance expenditures, working capital requirements and respective underlying assumptions)
  - Concession Agreements entered into between the InvIT Asset and NHAI.
  - Traffic assessment reports and technical assessment reports by independent consultants for the InvIT Asset.
  - Background information regarding the InvIT Assets provided through emails or during discussions

- Besides the above listing, there may be other information provided by the Management which may not have been perused by EYMBSLLP in any detail, if not considered relevant for the defined scope.

- **Industry and economy information**: EYMBSLLP has relied on publicly available information, proprietary databases subscribed to by EYMBSLLP or its member firms, and discussions with the Management for analysing the industry and the competitors.

- In addition to the above, EYMBSLLP has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.

It may be mentioned that the Client has been provided an opportunity to review factual information in our draft report as part of our standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in our final report.

IV. Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The estimate of value contained herein are not intended to represent value of the InvIT Asset at any time other than the dates specifically mentioned for each valuation result, as per the agreed scope of our engagement and as required under the SEBI InvIT Regulations. Changes in market/industry conditions could result in opinions of value substantially different than those presented.
- The valuation report was prepared for the purpose of internal management analysis, disclosure to unitholders, any corporate action and/or regulatory filings as required under Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations. Its suitability and applicability of any other use has not been checked by us.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the Valuation Date.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
- The Client and its Management/representatives warranted to us that the information they supplied was complete, accurate, true and correct to the best of their knowledge. We have relied upon the representations of the clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMBSLLP is not aware of any contingency, commitment or material issue which could materially affect the economic environment and future performance of the InvIT Asset and therefore, the fair value of the InvIT Asset.
- We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of Management.
- The Report assumes that the InvIT Asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the InvIT Asset will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of

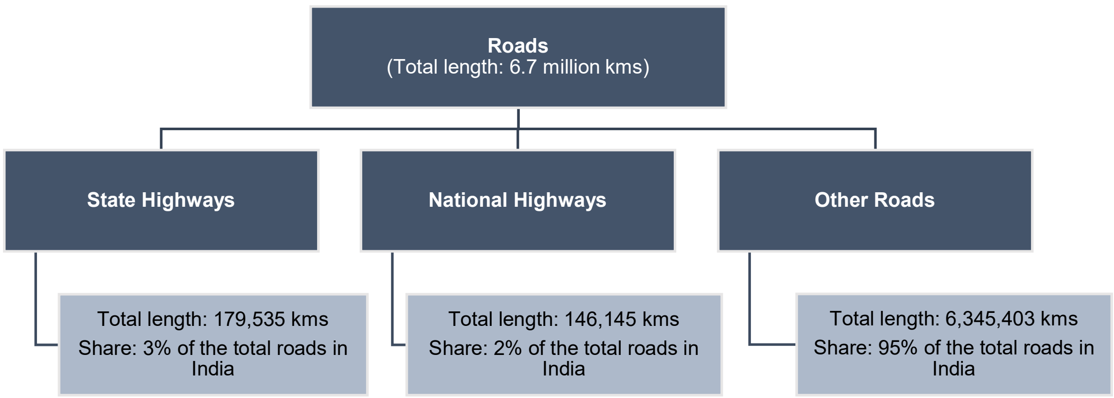
legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

- The valuation analysis and result are governed by concept of materiality.
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- The figures in the tables in this report may not sum or cross cast, due to rounding differences.
- We owe responsibility to only to the client that has appointed us under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person.
- The actual transacted value achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved.
- We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

V. Industry Overview

1. Road Network in India

The Roads sector in India is a crucial component of the country's infrastructure, facilitating transportation, connectivity, and economic growth. India has the second-largest road network in the world, spanning a total of 6.7 million kilometres (kms). This road network plays a pivotal role in India’s road infrastructure as it facilitates the transportation of 64.5% of all goods within the country, while 90% of India's total passenger traffic relies on roads for commuting. The road network is sub-divided into three categories:



Source: IBEF Roads Report, November 2024

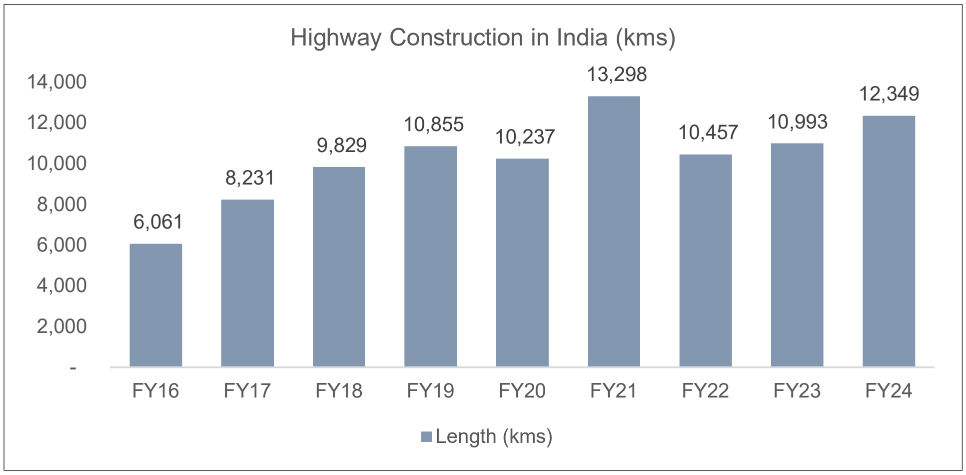
2. Key Statistics

Highway construction in India increased at a CAGR of 9.30% between FY16-FY24 and the roads sector is expected to account for 18% capital expenditure over FY 2019-25. The Government aims to construct 65,000 kms of national highways under Bharatmala Pariyojana Project at a cost of INR 5.35 lakh crore (USD 64.17 billion) and twenty-three new national highways by 2025.

India's road network has expanded significantly, growing by 59% in the last nine years to become the second largest in the world. Under the Union Budget 2024-25, the Government of India has allocated a substantial sum of INR 2.70 lakh crore (USD 32.68 billion) to the Ministry of Road Transport and Highways, highlighting the prioritization of infrastructure development.

In November 2024, the Government of India allocated INR 111 lakh crore (USD 13.14 billion) under the National Infrastructure Pipeline for the period FY19-FY25, indicating a long-term commitment to infrastructure development across various sectors.

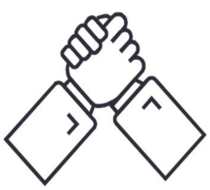
The private sector invested INR 15,164 crore (USD 1.98 billion) in road infrastructure development in FY22, indicating continued interest and participation in the sector. Additionally, NHAI raised the highest-ever amount of over INR 15,624 crore (USD 1.88 billion) through Infrastructure Investment Trust (InvIT) mode, reflecting investor confidence in NHAI projects.



Source: IBEF Roads Report, November 2024

3. Growth Drivers

Growing Vehicular Demand
Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles. This increase in commercial and freight vehicles will lead to strong tourist and trade flows between states, increasing the traffic and revenue.



Government Initiatives
During FY23-24 Budget, INR 276 crore (USD 34.04 million) has been announced to be designated for the Pradhan Mantri Gram Sadak Yojana (PMGSY).
Under Phase-I of Bharatmala Pariyojana, the Ministry has sanctioned the development of 34,800 km of national highways over a period of 5 years, with a budget allocation of INR 5,35,000 crore (US$ 76.55 billion).
Central Road and Infrastructure Fund (CRF): In the Union Budget 2022-23, government has planned for an increase in allocation for the central road fund by 19%, the total fund was INR 2.95 lakh crores (US$ 38.86 million).

Growth in Private Participation
As of July 2024, there were 826 roads projects PPP out of 1883 total projects in India.
The government has successfully rolled out over 60 road projects in India worth over USD 10 billion based on the Hybrid Annuity Model (HAM).
100% Foreign Direct Investment (FDI) is allowed under the automatic route in the road and highways sector, subject to applicable laws and regulation.

Lower tax burdens

Companies enjoy 100% tax exemption in road projects for the first 5 years and 30% relief over the next 5 years.

Interest payment on external commercial borrowings for infrastructure are now subject to a lower withholding tax of 5% vis-a-vis 20% earlier.

The GST on construction equipment has been reduced to 18% from 28%, which is expected to boost infrastructure development in the country.

4. E-Initiatives

a. Land Acquisition

The primary hurdle facing the sector involves land acquisition issues, prompting MoRTH to introduce the Bhoomi Raashi initiative to address this concern. The Bhoomi Rashi portal is an online platform launched by the Ministry of Road Transport and Highways (MoRTH) in India. It serves as a centralized database for land acquisition-related information for highway projects across the country.

The portal provides various functionalities related to land acquisition, including land records, ownership details, compensation disbursement, and project status updates. It aims to streamline the land acquisition process, enhance transparency, and facilitate efficient decision-making for highway development projects. The Bhoomi Rashi portal plays a crucial role in ensuring smooth implementation of infrastructure projects while addressing land acquisition-related challenges and avoid parking of public funds with the Competent Authority for Land Acquisition (CALA).

Since the launch of the portal, a total of 8629 land acquisition notifications have been issued using the portal. Additionally, as on December 2023, the Bhoomi Rashi Portal had incorporated 1467 projects of the National Highways Authority of India (NHAI).

b. Toll collection and Revenue Leakages

Before the introduction of FASTag, toll collection processes typically involved manual cash payments at toll booths, which often resulted in long queues, delays, and traffic congestion, especially during peak hours and busy travel periods.

To ensure seamless movement of traffic through fee plazas and increase transparency in collection of user fee using FASTag, the National Electronic Toll Collection (NETC) programme, the flagship initiative of Ministry of Road Transport and Highways, has been implemented on pan-India basis.

With FASTag, vehicles are equipped with a prepaid RFID tag that is linked to the vehicle's registration and a prepaid account. As vehicles approach the toll plaza, the RFID tag is automatically scanned, and the toll amount is deducted from the prepaid account, allowing for seamless and hassle-free passage through toll booths. As of March 2024, a total of 8.81 crore FASTags have been issued by thirty-nine banks, resulting in a cumulative collection of INR 5,938.86 crores.

The constant growth and adoption of FASTag by highway users is very encouraging and has helped increase efficiency in toll operations as it not only addresses the challenge of long queues and delays but also promotes digital payments, transparency, and accountability in toll collection operations.

Further, the industry offers abundant prospects for expansion and advancement, especially with the advent of technologies such as smart transportation systems, intelligent traffic management, and sustainable construction methods. Efforts are also underway to tackle environmental and safety issues, with a heightened emphasis on enhancing road safety protocols, mitigating traffic congestion, and advocating for the adoption of eco-friendly materials in road infrastructure development.

5. Future Outlook

The Roads sector in India is continually expanding, driven by numerous factors including urbanization, population growth, and the escalating demand for efficient transportation infrastructure. The surge in domestic trade flows has led to an increase in commercial vehicles and freight movement, further bolstering the sector's prospects.

The government's unwavering support, coupled with strategic investments and the adoption of advanced technologies, is expected to propel the sector forward, contributing to India's economic development and global competitiveness.

- NHAI has been allocated INR 1.70 lakh crore (USD 20 billion) during FY 2025-26 Budget.
- To improve commuting experience, Wayside Amenities (WSA) are planned to be developed at more than six hundred locations on National Highways and Expressways by FY25, with amenities at every 40-60 km.
- NHAI is also working towards the development of around 10,000 km of Optic Fibre Cables (OFC) infrastructure across the country by FY25, with the implementation of integrated utility corridors along National Highways to develop OFC infrastructure through National Highways Logistics Management Limited (NHLML).
- The Government plans to install charging stations at every 40 to 60 kilometres on national highways, with approximately 700 e-vehicle charging stations expected to be installed, covering 35,000 to 40,000 kilometres of national highways.
- Gati Shakti-National Master Plan aims to create a digital platform that would enable sixteen ministries to collaborate on integrated planning and coordinated implementation of projects. The plan will also bring together departments such as railways, roads & highways and others and implementation will be done with the help of geo-satellite imaging and Big Data, land and logistics.
- The Government has engaged a consultant to provide guidance on the integration of innovative technologies such as GNSS for toll collection without barriers. A pilot program for GNSS-based Electronic Toll Collection will be conducted in conjunction with FASTag on specific National Highways.
- The Ministry of Environment, Forests, and Climate Change (MoEF & CC) has directed the National Highways Authority of India (NHAI) and other relevant agencies to utilize fly ash in road construction projects located within a 300-kilometer radius of coal or lignite-based thermal power plants. This directive aims to encourage sustainable practices in road construction.

With ongoing projects and initiatives aimed at transforming the infrastructure landscape, the future outlook for the roads sector in India appears promising, poised to meet the evolving needs of the nation's growing economy and population.

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VI. Background of the SPVs

1.1. Muzaffarnagar – Haridwar

Muzaffarnagar – Haridwar is a four-lane road on NH-334 with a project length of 78.56 Kms. It starts near Muzaffarnagar in Uttar Pradesh at 130.56 Kms of the Haridwar- Bulandshahr highway of NH-334 and ends near Haridwar in Uttarakhand at 209.12 Kms of the Haridwar- Bulandshahr highway of NH-334. The Project has two toll plazas, that is, Chhapar and Bahadrabad at 138.55 Kms and 187.37 Kms, respectively.

The following table presents a summary of the concession:

Particulars	Details
State	Uttar Pradesh and Uttarakhand
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-334; four-lane
Toll Plaza	Chhapar and Bahadrabad
Length of the asset	78.56 Kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Muzaffarnagar – Haridwar route caters to the following type of strategic movements:

1. Meerut/Muzaffarnagar/Panipat and surroundings to Roorke/Dehradun and surroundings and to Haridwar/Rishikesh/West UP/Punjab and beyond
2. Delhi/Ghaziabad/Noida and surroundings to Roorke/Dehradun and surroundings and to Haridwar/Rishikesh/West UP/Punjab and beyond
3. East UP to Roorke/Dehradun and surroundings and to Haridwar/Rishikesh/West UP/Punjab and beyond
4. Rajasthan/Central/South India to Roorke/Dehradun and surroundings and to Haridwar/Rishikesh/West UP/Punjab and beyond

The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Muzaffarnagar - Haridwar	15	-	-	0	8	-	1,406	934	10	-

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Muzaffarnagar - Haridwar	-	-	11	145	-	-	13	2,156	-	-

Source: Management

The pictures of the asset are shown below:

Chhapar Toll Plaza

Bahadrabad Toll Plaza

Note: Site visit to Chhapar Toll Plaza and Bahadrabad Toll Plaza conducted by EYMBSLLP personnel on 01 February 2025 and 02 February 2025 respectively

1.2. **Bareilly – Sitapur**

Bareilly – Sitapur is a four-lane road on NH-30 (Old NH-24) with a project length of 157.59 Kms. It starts at Bareilly at 262.00 Kms of NH-30 and ends at Sitapur in Uttar Pradesh at 419.59 Kms of NH-30. The Project has two toll plazas, that is, Faridpur and Maigalganj at 267.00 Kms and 372.10 Kms, respectively.

The following table presents a summary of the concession:

Particulars	Details
State	Uttar Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-30; four-lane
Toll Plaza	Faridpur and Maigalganj
Length of the asset	157.59 Kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Bareilly – Sitapur route caters to the following type of strategic movements:

1. Car trips originating from Uttrakhand and Delhi states
2. Truck traffic originating from Uttrakhand, Delhi, Haryana, Bihar, etc
3. Major origin-destination pairs such as Bareilly-Lucknow, Bareilly-Faridpur, Lucknow-Delhi, Bareilly-Shahjahanpur, Shahjahanpur-Lucknow, etc.

The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Bareilly - Sitapur	13	-	47	0	3,327	1,309	392	-	77	39

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Bareilly - Sitapur	4,346	1,421	9	508	53	165	3,363	-	52	573

Source: Management

The pictures of the asset are shown below:

Faridpur Toll Plaza **Maigalganj Toll Plaza**

Note: Site visit conducted by EYMBSLLP personnel on 03 January 2025

1.3. Gundugolanu – Devarapalli – Kovvuru

Gundugolanu – Devarapalli – Kovvuru is a six-lane road on NH-16 with a project length of 69.88 Kms. It starts at Gundugolanu at 15.32 Kms and ends at Kovvuru in Andhra Pradesh at 85.20 Kms. The Project has one toll plaza, that is, Veeravalli at 53.70 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-16; six-lane
Toll Plaza	Veeravalli
Length of the asset	69.88 Kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Gundugolanu – Devarapalli – Kovvuru route caters to the following type of strategic movements:

1. Eluru/Vijayawada & surroundings to Devarapalli/Rajamahendravaram & surroundings
2. travelling from/to Suryapet/Hyderabad and beyond to/from Devarapalli and beyond
3. travelling between Eluru/Vijayawada surroundings and Devarapalli/Rajamahendravaram & surroundings
4. from/to Bengaluru & surrounding-Devarapalli & beyond

The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Gundugolanu Devarapalli Kovvur	-	-	-	-	-	-	37	-	-	-

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Gundugolanu Devarapalli Kovvur	-	-	-	93	-	-	47	1,752	2,112	-

Source: Management

The pictures of the asset are shown below:

Note: Site visit conducted by EYMBSLLP personnel on 21 January 2025

1.4. **AP Corridor 1**

1.4.1. **Narasannapeta- Ranasthalam**

Narasannapeta- Ranasthalam is a six-lane road on NH-16 with a project length of 53.80 Kms. It starts at Narasannapeta at 580.67 Kms of NH-16 and ends at Ranasthalam at 634.47 Kms in Andhra Pradesh of NH-16. The Project has one toll plaza, that is, Madapam at 589.55 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-16; six-lane
Toll Plazas	Madapam
Length of the asset	53.80 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Narasannapeta- Ranasthalam route caters to the following type of strategic movements:

1. Majority of passenger traffic from Andhra Pradesh followed by Odisha
2. Majority of freight traffic from Andhra Pradesh followed by Odisha and West Bengal
3. Zones beyond Madapam toll plaza to Srikakulam, Vizianagaram, Sabbavaram/Anakapalle, Rajahmundry, Kakinada, Vijayawada/Hyderabad and surroundings
4. Rest of Andhra Pradesh/Bhubaneswar to Vizag City & port, Bangalore/Chennai and beyond

5. Kolkata/Jharkhand/East& North India to Vizag City & port, Bangalore/Chennai and beyond
6. Zones beyond Madapam toll plaza to Maharashtra/Gujarat & rest of Central/West India

The pictures of the asset are shown below:

Note: Site visit conducted by EYMBSLLP personnel on 22 January 2025

1.4.2. **Ranasthalam to Hanumanthvaka, Visakhapatnam Section**

Ranasthalam to Hanumanthvaka, Visakhapatnam Section is a four/six-lane road on NH-16 with a project length of 66.54 Kms. It is six-lane from Ranasthalam to Anandapuram at 634.00 Kms at NH-16 and four-lane from Anandapuram to Hanumanthvaka (Visakhapatnam) at 700.54 Kms at NH-16 in state of Andhra Pradesh. The Project has one toll plaza, that is, Nathavalasa at 656.70 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-16; four/six-lane
Toll Plazas	Nathavalasa
Length of the asset	66.54 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Ranasthalam to Hanumanthvaka, Visakhapatnam Section route caters to the following type of strategic movements:

1. Majority of passenger traffic from Andhra Pradesh followed by Odisha
2. Majority of freight traffic from Andhra Pradesh followed by Odisha and West Bengal
3. Beyond Srikakulam – Vizianagaram, Sabbavaram/Anakapalle, Srikakulam – Rajahmundry, Kakinada, Srikakulam – Vijayawada/Hyderabad and surroundings
4. Srikakulam and surroundings to Vizag City & port, Bangalore/Chennai and beyond
5. Rest of Andhra Pradesh/Bhubaneswar to Vizag City & port, Bangalore/Chennai and beyond
6. Kolkata/Jharkhand/East& North India to Vizag City & port, Bangalore/Chennai and beyond
7. Srikakulam and surroundings to Maharashtra/Gujarat & rest of Central/West India

The pictures of the asset are shown below:

Note: Site visit conducted by EYMBSLLP personnel on 22 January 2025

1.4.3.Anandapuram-Pendurthi-Anakapalle

Anandapuram-Pendurthi-Anakapalle is six-lane road on NH-16 with a project length of 48.60 Kms. It starts at Anandapuram at 682.98 Kms of NH-16 and ends at Ankapalli at 731.59 Kms in Andhra Pradesh of NH-16. The Project has two toll plazas, that is, Dukkavanipalem and Marripalem at 686.54 Kms and 722.17 Kms, respectively.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-16; six-lane
Toll Plaza	Dukkavanipalem and Marripalem
Length of the asset	48.60 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Anandapuram-Pendurthi-Anakapalle route caters to the following type of strategic movements:

1. Majority of passenger traffic from Andhra Pradesh followed by Odisha and Telangana
2. Majority of freight traffic from Andhra Pradesh followed by Odisha, West Bengal and Tamil Nadu
3. Vizianagaram/Srikakulam & beyond to Sabbavaram/Anakapalle, Vizag City & port, Rajahmundry/Kakinada, Vijayawada/Hyderabad and surroundings
4. Vizianagaram/Srikakulam & beyond to Bangalore/Chennai & beyond and to Maharashtra/Gujarat & Rest of Central/West India
5. Kolkata/Jharkhand/East& North India to Vizag City & port and Bangalore/Chennai & beyond
6. Sabbavaram/Vishakhapatnam/Vizianagaram & beyond to Anakapalle, Rajahmundry/Kakinada, Vijayawada/Hyderabad and surroundings
7. Sabbavaram/Vishakhapatnam/Vizianagaram & beyond to Bangalore/Chennai & beyond and to Maharashtra/Gujarat & Rest of Central/West India

The pictures of the asset are shown below:

Dukkavanipalem Toll Plaza

Marripalem Toll Plaza

Note: Site visit conducted by EYMBSLLP personnel on 21 January 2025

The forecast major maintenance expenses for AP Corridor 1 are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
AP Corridor 1	-	-	-	-	159	-	461	126	1	19

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
AP Corridor 1	81	328	1,119	-	241	2,818	6,189	128	836	1,620

Source: Management

1.5. AP Corridor 2

1.5.1. Chittoor – Mallavaram

Chittoor – Mallavaram is a six-lane road on NH-140 with a project length of 61.13 Kms. It starts from Chittoor at 0.00 Kms of NH-140 and ends to Mallavaram at 61.13 Kms in Andhra Pradesh of NH-140. Further, it connects Bengaluru in the west via Kolar (NH-75) and to Nellore in the northeast via NH-71 and also connects to Coimbatore, Kerala via Vellore. The Project has one toll plaza, that is, Gadanki at 37.25 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-140; six-lane
Toll Plaza	Gadanki
Length of the asset	61.13 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Chittoor – Mallavaram route caters to the following type of strategic movements:

1. Connection to Bangalore in the west, passing through Kolar via NH-75
2. Connection to Nellore in the northeast via NH-71

3. Connection to Anantapur in the northwest via NH-42
4. Connection to Chennai in the southeast via NH-48
5. Connection to major cities such as Mangalore, Kochi, Vishakhapatnam, Hyderabad, Pune and Goa
6. Significant car and truck traffic generating from Karnataka and Tamil Nadu

The pictures of the asset are shown below:

Note: Site visit conducted by EYMBSLLP personnel on 20 January 2025

1.5.2. **AP/ TN Border to Nalagampalli, AP/ Karnataka Border Section**

AP/ TN Border – Nalagampalli - AP/ Karnataka Border Section is a four-lane road on NH-4 with a project length of 84.80 Kms. It starts at TN/AP Border at 134.89 Kms of NH-4 and extends to Nalagampalli at 219.69 Kms of NH-4 to the Andhra Pradesh/ Karnataka border. Further, it connects to Bengaluru in the west via Kolar (NH-75), to Anantapur in the northwest via NH-42, and to Chennai in the southeast via NH-48. The Project has one toll plaza, that is, Mahasamudram at 164.10 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-4; four-lane
Toll Plaza	Mahasamudram
Length of the asset	84.80 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

TN/AP Border - Nalagampalli - AP/ Karnataka Border Section caters to the following type of strategic movements:

1. Connection to Bangalore in the west, passing through Kolar via NH-75
2. Connection to Nellore in the northeast via NH-71
3. Connection to Anantapur in the northwest via NH-42
4. Connection to Chennai in the southeast via NH-48
5. Connection to major cities such as Mangalore, Kochi, Vishakhapatnam, Hyderabad, Pune and Goa
6. Significant car and truck traffic generating from Karnataka and Tamil Nadu

The pictures of the asset are shown below:


Note: Site visit conducted by EYMBSLLP personnel on 20 January 2025

The forecast major maintenance expenses for AP Corridor 2 are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
AP Corridor 2	3	-	86	-	1	53	31	705	579	19

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
AP Corridor 2	819	132	85	78	70	1,597	2,047	-	-	749

Source: Management

1.6. **Chhattisgarh Corridor**

1.6.1. **Raipur – Simga section**

Raipur – Simga section is a four and six-lane road on NH-30 (Old NH-200) with a project length of 48.58 Kms. It starts at Raipur at 0.00 Kms of NH-30 and ends at Simga at 48.58 Kms of NH-30 in the state of Chhattisgarh. The Project has one toll plaza, that is, Tarpongi at 32.01 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Chhattisgarh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-30; four and six-lane
Toll Plaza	Tarpongi
Length of the asset	48.58 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Raipur – Simga section caters to the following type of strategic movements:

1. Connects Raipur to Jabalpur in the north while also passing through Jagdalpur, Sukma, Bhadrachalam, and Kothagudem before terminating in Vijayawada in the south
2. Significant car and truck traffic generating from Maharashtra and Madhya Pradesh

The pictures of the asset are shown below:

Note: Site visit conducted by EYMBSLLP personnel on 20 January 2025

1.6.2.Simga to Bilaspur Section

Simga to Bilaspur is a four-lane road on NH-130 (Old NH-200) and NH-49 including Bilaspur Bypass with a project length of 77.95 Kms. The Project has two toll plazas, that is, Bhojpuri and Mudipar at 97.52 Kms and 110.29 Kms, respectively.

The following table presents a summary of the concession:

Particulars	Details
State	Chhattisgarh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-130 and NH-49; four lane
Toll Plaza	Bhojpuri and Mudipar
Length of the asset	77.95 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Simga to Bilaspur caters to the following type of strategic movements:

1. Connects Raipur with Bilaspur, Katghora, and Ambikapur.
2. Significant car traffic generating from Jharkhand, Maharashtra and Madhya Pradesh
3. Significant truck traffic generating from Jharkhand, Maharashtra, Odhisha and Madhya Pradesh

The pictures of the asset are shown below:

Bhojpuri Toll Plaza

Mudipar Toll Plaza

Note: Site visit conducted by EYMBSLLP personnel on 20 January 2025

The forecast major maintenance expenses for Chhattisgarh corridor is shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Chhattisgarh Corridor	10	-	226	-	5	2,203	-	212	60	-

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Chhattisgarh Corridor	-	642	3	-	460	89	3	528	3,509	-

Source: Management

1.7. **Gandhidham (Kandla) – Mundra Port**

Gandhidham (Kandla) – Mundra Port is a four-lane road on NH-41 with a project length of 71.40 Kms. The Project has one toll plaza, that is, Mokha at 44.50 Kms.

The following table presents a summary of the concession:

Particulars	Details
State	Gujarat
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH-41; four lane
Toll Plaza	Mokha
Length of the asset	71.40 kms
Commencement of operations	01 April 2025
Concession period	20 years
Concession end	31 March 2045

Source: Management

Gandhidham (Kandla) – Mundra Port caters to the following type of strategic movements:

1. Traffic from Mundra port, Gandhidham and Anjar region due to the presence of warehouses storing agro products, plywood, FMCG, etc
2. Key areas which contribute to the Project's traffic is from Mundra, Gandhidham and Morbi
3. Other areas influencing the Project's traffic includes Rajasthan, North India, Ahmedabad and south Gujarat

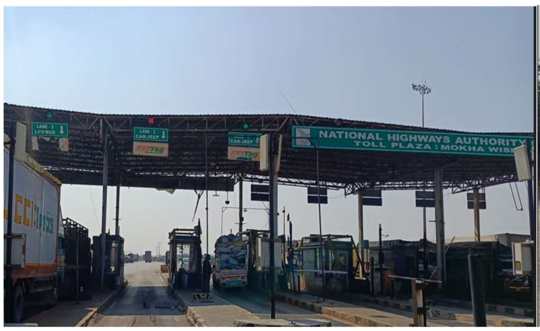
The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Gandhidham-Mundra Port	-	-	-	-	-	-	39	-	-	-

(INR mn)	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44	FY45
Gandhidham-Mundra Port	-	-	-	99	-	-	-	-	2,066	1,547

Source: Management

The pictures of the asset are shown below:



Note: Site visit conducted by EYMBSLLP personnel on 21 January 2025

VII. Procedures Adopted

We have carried out the Valuation of the InvIT Asset, in accordance with valuation standards as specified / applicable as per SEBI InvIT Regulations to the extent applicable.

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

- Discussed with the Investment Manager on background of the SPV– business and fundamental factors that affect its earning-generating capacity and historical and expected financial performance;
- Requested and received financial and qualitative information relating to the InvIT Asset;
- Considered the key terms of Concession Agreements;
- Considered the traffic study reports and technical reports;
- Analysis of the Management projections;
- Analysis of the key economic and industry factors which may affect the valuation of the SPV;
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Analysis of other publicly available information, as considered relevant by us;
- Conducted site visits to assess the operating condition of the InvIT Asset as per the requirements of SEBI InvIT Regulations;
- Selection of valuation approach and valuation methodology/(ies), in accordance with SEBI InvIT Regulations, as considered appropriate and relevant by us; and
- Determination of Enterprise Value of the InvIT Asset as on the Valuation date.

VIII. Valuation Methodology

To determine the value of enterprises, three traditional approaches can be considered:

A. Market approach

The market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.

B. Income approach

The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.

C. Asset approach

The asset approach seeks to determine the business value based on the value of its assets.

Summary of various methods used / not used in this engagement is as given below:

Valuation Methodology	Used	Remarks
Income Approach		
Discounted Cash Flows method	Yes	DCF method is considered to be one of the most scientific methods of valuation. The individual InvIT Asset have definite concession periods and estimable cash flows for the entire length of the concession. We have therefore relied on the DCF method using the financial projections provided to us.
Market Approach		
Market Price method	No	Not applicable as the SPV is not publicly listed
Comparable Companies' multiples method	No	There are no listed companies comparable to the SPV in terms of concession period, type or region
Comparable Transactions' multiples method	No	There were no recent transactions in comparable assets where sufficient information was available in the public domain.
Cost approach		
Net Asset Value method	No	Does not capture the earning capacity of the business and hence, NAV would not be representative of the fair value

In the case of this SPV, the Discounted Cash Flow method was considered the most appropriate method for valuation based on the characteristics of the assets being valued (as mentioned above).

Discounted Cash Flow method

Income Based Approach

- ► Taking into consideration the specifics of the InvIT Asset and the business environment, we have used the discounted cash flow (DCF) method (specifically, the Free Cash Flow to Firm approach) to determine the Enterprise value of the InvIT Asset.
- ► The profit and loss account forecast covers the remaining concession period of individual InvIT Asset.

DCF Methodology

Step 1	Projections	Analysis of cash flow projections and their parameters specified in the financial plan
Step 2	Discount Rate	Determination of the investor's rate of risk and corresponding discount rate
Step 3	Perpetuity Value	Estimation of the value of the Company beyond the financial plan period
Step 4	Adjustments	Considering the value of assets and liabilities not reflected in the cash flow projections
Step 5	Value	Determination of the enterprise value

Calculation of Weighted Average Cost of Capital ("WACC")

Purpose of a discount rate

The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of the Valuation Date.

The discount rate reflects the time value of money and the risk associated with projected future cash flows. It is derived on the basis of the expected return on capital and the price of the best alternative investment. Therefore, the discount rate indicates the minimum required return from the asset being valued if the investor is not to be worse off than he would be if he had invested his money in the next best alternative. The return on this alternative investment must be comparable in terms of dimensions, timing and certainty, with the net cash flows expected to be derived from the subject asset.

To derive the discount rate, the weighted average cost of capital ("WACC"), which refers to the total capital invested (equity and debt), is used and adjusted for risk premiums or discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. To determine the appropriate WACC, it is adequate to consider cost of equity and cost of debt separately.

The derivation of the WACC is based on a group of guideline companies (peer group) which are operating in the same industry/sector as the InvIT Asset (so called "potential acquirers"). To calculate the WACC, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of "potential acquirers." The WACC parameters used for the valuation of the InvIT Asset are based as at 31 December 2024, which is in line with the existing projects of NHIT, that is, NWPPL and NEPPL.

Formula for WACC Computation

Calculation for WACC

$$WACC = W_E * R_E + W_D * R_D$$

where:

W_E = Value of equity/value of total capital, E/E+D

K_E = Cost of equity

W_D = Value of interest-bearing debt/value of total capital, D/E+D

R_D = After-tax cost of interest-bearing debt

Calculation of Cost of equity

For the estimation of the cost of equity for the InvIT Asset, the capital asset pricing model ("CAPM") is applied. According to the CAPM, cost of equity consists of a risk-free interest rate and a risk premium. The risk premium is calculated by multiplying the market risk premium by the beta-factor, a company-specific measure of the systematic risk of an equity investment in a company.

To determine the cost of equity, its components, that is, risk-free rate and risk premium have to be analysed.

1. Risk-free rate

The starting point for the calculation of an appropriate equity rate of return is the calculation of the risk-free rate, which corresponds to the minimum return that an investor can expect from an investment "without" risk. This risk-free rate of return is therefore generally derived from the rate of return on a high-quality long-term government bond. The risk-free rate is based on current YTMs as on 31 December 2024 of Gilt Bonds with 10-year residual maturity (rounded).

2. Risk premium

   i. Market risk premium

According to CAPM, long-term capital market studies have shown that historically investments in shares have yielded higher returns than investments in low-risk bonds. Market Risk Premium ("MRP") has been considered based on EYMBSLLP internal study on the prevailing MRP in India (Annexure 1)

   ii. Beta coefficient

According to the CAPM in arriving at the appropriate risk premium, non-systematic risk, which attaches to the specific enterprise and can therefore generally be eliminated by diversifying, is distinguished from systematic risk. A risk premium will only be required to compensate for systematic risk, which cannot be eliminated by diversification. In practice, systematic risk is measured in terms of the beta coefficient and the market risk premium. The market risk premium is defined as the difference between the expected return on a market portfolio and the risk-free rate. The beta coefficient indicates the risk of the equity of the enterprise that is being valued relative to the average market risk (for stocks), which is represented by the market risk premium. A beta higher than one implies that the systematic risk of the company's stock is higher than the market risk. The risk premium is calculated by multiplying the market risk premium by the enterprise's beta coefficient.

Beta reported in public sources are "leveraged," which means that the additional risk to a stockholder due to the debt financing of the company is incorporated in the corresponding beta coefficient.

We have used the re-levered beta which means that the impact of the capital structure of the target company is incorporated in the beta coefficient. It is derived by adjusting the unlevered beta using the company's debt equity ratio and tax rate.

We have used the re-levered beta (based on a three-year data considering monthly returns) of listed Indian companies that are engaged in primarily in construction and operation of road assets in India.

In order to arrive at the comparable companies, we have carried out screening on S&P Capital IQ while applying the following selection criteria:

a. Indian companies listed on either Bombay Stock Exchange or National Stock Exchange (provides a set of 9,442 companies)
b. Industry classification as mentioned below (provides a set of 90 companies):
    i. Sector: Industrial; Sub-sector: Construction and Engineering; and Sub-sub-sector: Highways and Street Construction
    ii. Sector: Industrial; Sub-sector: Transportation Infrastructure; and Sub-sub-sector: Highways and Rail Tracks
c. The set of 90 companies were further shortlisted on the basis of the availability of their market capitalization (provides a set of 86 companies)
d. Basis the above list of 86 companies, we have further filtered the companies by applying a filter on the business description of the companies using the keywords "Road" or "Highway" or "Develop" (provides a set of 46 companies)
e. From the list of 46 companies, we have considered only those companies for which majority revenue contribution is from road assets and construction activities (provides a set of 32 companies)
f. On the set of 32 companies, we separately applied a filter on the business segment of the companies using the following keywords:
    i. "BOT" or "Road" to arrive at a set of 7 companies.
    ii. "Engineering" and "Construction" to arrive at set of additional 5 companies.
g. From these 12 companies, we analysed the segment reporting basis the information available in the annual report and ruled out 5 companies who were majorly engaged in EPC and/or revenue contribution from BOT/TOT was minimal

Accordingly, we arrived at a set of 7 companies. Further, we have also added one listed InvIT fund which has sufficient trading history and has toll road assets in its portfolio.

Based on above screening criteria, we shortlisted a total of 8 companies. Please refer Appendix 2.1.1 for the list of comparable companies used for computation of beta.

iii. Additional Risk Premium

An additional risk premium is generally applied to account for any non-systematic risk, that is, company/enterprise specific risk. Based on the fact that the InvIT Asset do not have traffic history, an additional risk premium has been applied appropriately.

Formula for Cost of Equity Computation

Calculation for COE		
COE = R_f + B* MRP + ARP		
where:		
R_f	=	Risk-free rate
B	=	Re-levered beta
MRP	=	Market risk premium
ARP	=	Additional Risk premium

Calculation of Cost of Debt

To determine the cost of debt, its components, that is, pre-tax cost of debt and tax rate have to be analysed.

1. Pre-tax cost of debt

The pre-tax cost of debt is the effective interest rate or the total amount of interest that a company or individual owes on any liabilities, such as bonds and loans. Pre-tax cost of debt of SPV has been considered basis discussions with the Management regarding the effective interest rate.

2. Tax Rate

Tax rate to be considered for computation of post-tax cost of debt should be the effective rate of the company. The effective tax rate represents the present value of the percentage of taxable income paid in taxes as at the Valuation Date. Tax rate of the SPV has been considered basis the effective tax rate of the SPV.

Calculation of Weighted Average Cost of Capital

The Summary of WACC computed for the InvIT Asset is presented below:

Particulars	Weights	R4
Weighted cost of debt (%)	50.0	3.29
Weighted cost of equity (%)	50.0	7.24
WACC (rounded) (%)		**10.55**

Source: Calculation

The computed WACC is 10.55% for R4. Detailed WACC Calculation has been provided in Appendix 2.

IX. Valuation Assumptions

Key underlying assumptions as provided by the Management are as follows:

- **Operating Revenue:** Operating revenue for the InvIT Asset is projected based on the traffic study reports of independent consultants appointed by the Management. The traffic study reports have been provided to us in final form. These reports presented an update of the traffic and revenue forecasts based on primary surveys undertaken in 2024, with actual traffic data up to November 2024 and other macro-economic assumptions. Operating revenue for Toll-Operate-Transfer ("TOT") assets have been projected by the Management basis these traffic study reports, dated January/February 2025.

  Further, the toll rates for each of these assets is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. The toll rates have been estimated based on annual base rate increase (if applicable) and forecast of macro-economic factors such as Wholesale Price Index ("WPI") upto 40% on an overall basis over the concession period.

  WPI of 2.4% and 4.5% has been considered in FY26 and FY27-28 respectively which have been estimated on the basis of the analysis of WPI observed in FY22-24. Further, it has been assumed that WPI will subsequently converge to the long-term rate of 3.5% from FY28. The long term WPI has been employed based on the research conducted by the traffic consultants from various research articles and recent traffic due diligence studies. Based on our understanding of the market and data available on public sources, i.e., Oxford Economics, Trading Economics, etc., the long term WPI used by the Management seems to be within a reasonable range.

- **Operational Expenditure:** Operational expenditure includes base operating expenditure, admin expenses, insurance costs, PM expenses, one-time expenses, IM fees, SPV costs and other miscellaneous expenses. These expenses are estimated by the Management over the concession period and based on the Technical Due Diligence ("TDD") reports shared by independent technical consultants.

- **Routine Repair and Maintenance Expenses:** Routine repair and maintenance expenses are estimated by the Management over the projected period and based on the TDD reports shared by independent technical consultants.

- **Major Maintenance Expenses (MMR / Periodic maintenance):** Periodic maintenance expenses are incurred to bring the road asset back to an earlier condition or to keep the road asset operating at its present condition. MMR expenditures have been estimated based on TDD reports shared by independent technical consultants appointed by the Trust and internal estimates by the Management over the concession period.

- **Depreciation and Amortization:** In relation to the TOT Assets, the concession fee paid to NHAI has been capitalized in the books of the respective SPVs as an intangible asset. The said intangible asset has been amortized basis WDV depreciation method over the respective period of concession. Since depreciation and amortization is a non-cash expenditure, it has been added back to arrive at the net cash flows.

- **Taxes:** Income taxes are estimated considering, as appropriate, brought forward losses, unabsorbed depreciation, tax depreciation/ amortisation policy proposed to be followed by the InvIT

Assets and applicable corporate income tax rate of 25.17%.

Working Capital: Considering the nature of the business of operating toll road projects, incremental working capital requirement is expected to be zero for the projected period.

- **Capital expenditure:** Initial capital expenditure in relation to the InvIT Assets as shown below has been projected by the Management based on based on TDD reports shared by independent technical consultants appointed by the Trust and internal estimates by the Management over the concession period.

SPV (INR mn)	FY25 (1M)	FY26	FY27
R4	-	4,761	649

Source: Management

X. Basis and Premise of Valuation

1. Basis of Valuation

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

Fair Value/Market Value

For this valuation, we have considered the International Valuation Standards ("IVS") and have adopted a definition of Market Value as given in IVS 104, "Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The Fair Value referred elsewhere in the Report is same as Market Value as defined above

2. Valuation Date

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

The Valuation Date considered for the Enterprise Valuation of the InvIT Asset is 28 February 2025. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances.

Premise of Value

Premise of Value refers to the conditions and circumstances of how an asset is deployed. In the present case, we have determined the Fair Enterprise Value of the SPV on a Going Concern Value defined as under:

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

XI. Valuation Conclusion

The fair valuation of the InvIT Asset as on 28 February 2025 has been carried out basis the Discounted Cash Flow method of valuation. We have considered the financial projections of the InvIT Asset provided to us by the Management. Free Cash Flow to Firm approach under DCF method has been considered to determine the Enterprise Value of the InvIT Asset. The Enterprise Value has been computed by discounting the free cash flows to the firm from 01 March 2025 until the end of the concession period, using an appropriate WACC. The WACC parameters are based as on 31 December 2024 which is in line with the existing assets of NHIT, that is, NWPPL and NEPPL.

The Management has appointed independent consultants to carry out traffic study and estimation of toll revenue and technical study for estimation of operating and maintenance expenses and major maintenance expenses for the InvIT Asset over the concession period. We have relied upon the financial projections, traffic study reports, technical reports provided by independent consultants and other information provided to us for carrying out the valuation of the InvIT Asset.

The valuation is based on various assumptions with respect to the InvIT Asset, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The summary of valuation of the InvIT Asset is presented below:

SPV Currency: INR mn	Enterprise Value Feb'25
R4	176,405

Source: Calculation

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us, as of the date of this Report. Such conditions may change significantly over a relatively brief period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of the Report.

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XII. Project Wise Valuation Conclusion

The summary of project-wise valuation of R4 Assets is presented below:

Asset Currency: INR mn	Enterprise Value Feb'25
Muzaffarnagar- Haridwar	16,522
Bareilly- Sitapur	14,591
Gundugolanu Devarapalli Kovvur	21,829
<u>AP Corridor 1</u>	
Narasannapeta- Ranasthalam	13,883
Ranasthalam to Hanumanthvaka, Visakhapatnam Section	17,953
Anandapuram- Pendurthi- Anakapalle	10,421
<u>AP Corridor 2</u>	
Chittoor- Mallavaram	15,302
AP/ TN Border to Nalagampalli, AP/ Karnataka Border Section	12,618
<u>Chhattisgarh Corridor</u>	
Raipur- Simga section	13,040
Simga to Bilaspur Section	13,071
Gandhidham-Mundra Port	27,176
Total	**176,405**

Source: Calculation

XIII. Appendices

1. Discounted Cash flow workings for the InvIT Asset as at 28 February 2025

Currency: INR Mn	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Number of months	1	12	12	12	12	12	12	12	12	12
Net revenue	**-**	**16,511**	**18,197**	**19,710**	**21,449**	**23,490**	**25,641**	**28,049**	**30,446**	**33,272**
Operating expenses	-	(1,869)	(3,191)	(3,404)	(3,672)	(4,142)	(4,379)	(4,269)	(4,617)	(4,869)
Gross profit	**-**	**14,642**	**15,007**	**16,305**	**17,777**	**19,348**	**21,262**	**23,780**	**25,829**	**28,402**
Major maintenance expenses	-	(42)	-	(359)	(0)	(3,501)	(3,564)	(2,365)	(1,978)	(727)
EBITDA	**-**	**14,600**	**15,007**	**15,946**	**17,777**	**15,847**	**17,698**	**21,415**	**23,852**	**27,675**
Depreciation and amortisation (as per tax)	-	(45,291)	(34,131)	(25,598)	(19,199)	(14,399)	(10,799)	(8,099)	(6,075)	(4,556)
EBIT	**-**	**(30,691)**	**(19,124)**	**(9,652)**	**(1,422)**	**1,448**	**6,899**	**13,316**	**17,777**	**23,119**
Tax expense	-	-	-	-	-	-	-	-	-	(420)
Debt free net income	**-**	**(30,691)**	**(19,124)**	**(9,652)**	**(1,422)**	**1,448**	**6,899**	**13,316**	**17,777**	**22,699**
Add: Depreciation and amortisation (as per tax)	-	45,291	34,131	25,598	19,199	14,399	10,799	8,099	6,075	4,556
(Increase)/ Decrease in net working capital	-	-	-	-	-	-	-	-	-	-
Less: Capital expenditure	-	(4,761)	(649)	-	-	-	-	-	-	-
Debt free cash flow	**-**	**9,839**	**14,357**	**15,946**	**17,777**	**15,847**	**17,698**	**21,415**	**23,852**	**27,255**
Discount rate (%)	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55
Present value factor- Mid year discounting	1.00	0.94	0.85	0.77	0.70	0.63	0.57	0.52	0.47	0.42
Present value debt free cash flow	**-**	**9,277**	**12,246**	**12,303**	**12,406**	**10,004**	**10,107**	**11,062**	**11,145**	**11,520**
Present value for explicit period	176,405									
Enterprise value	**176,405**									

Currency: INR Mn	Mar35	Mar36	Mar37	Mar38	Mar39	Mar40	Mar41	Mar42	Mar43	Mar44	Mar45
Number of months	12	12	12	12	12	12	12	12	12	12	12
Net revenue	**36,028**	**39,195**	**42,710**	**46,295**	**50,213**	**53,943**	**57,769**	**61,858**	**64,062**	**58,844**	**49,743**
Operating expenses	(4,870)	(5,451)	(6,469)	(7,086)	(7,532)	(7,808)	(8,311)	(10,126)	(10,413)	(10,855)	(9,976)
Gross profit	**31,158**	**33,743**	**36,241**	**39,209**	**42,681**	**46,135**	**49,459**	**51,732**	**53,649**	**47,989**	**39,767**
Major maintenance expenses	(77)	(5,246)	(2,521)	(1,227)	(923)	(824)	(4,668)	(11,662)	(4,564)	(8,575)	(4,489)
EBITDA	**31,080**	**28,498**	**33,719**	**37,982**	**41,758**	**45,311**	**44,791**	**40,070**	**49,085**	**39,414**	**35,278**
Depreciation and amortisation (as per tax)	(3,417)	(2,563)	(1,922)	(1,442)	(1,081)	(811)	(608)	(456)	(342)	(257)	(192)
EBIT	**27,663**	**25,935**	**31,797**	**36,541**	**40,677**	**44,500**	**44,183**	**39,614**	**48,743**	**39,158**	**35,085**
Tax expense	(6,962)	(6,527)	(8,003)	(9,197)	(10,238)	(11,200)	(11,120)	(9,970)	(12,268)	(9,855)	(8,830)
Debt free net income	**20,701**	**19,408**	**23,795**	**27,344**	**30,440**	**33,300**	**33,063**	**29,644**	**36,476**	**29,303**	**26,255**
Add: Depreciation and amortisation (as per tax)	3,417	2,563	1,922	1,442	1,081	811	608	456	342	257	192
(Increase)/ Decrease in net working capital	-	-	-	-	-	-	-	-	-	-	-
Less: Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Debt free cash flow	**24,118**	**21,970**	**25,717**	**28,786**	**31,521**	**34,111**	**33,671**	**30,100**	**36,818**	**29,559**	**26,447**
Discount rate (%)	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55	10.55
Present value factor- Mid year discounting	0.38	0.35	0.31	0.28	0.26	0.23	0.21	0.19	0.17	0.16	0.14
Present value debt free cash flow	**9,221**	**7,598**	**8,045**	**8,146**	**8,069**	**7,899**	**7,053**	**5,703**	**6,310**	**4,583**	**3,709**

Source: Calculation

2. Detailed WACC Computation

2.1 Computation of Cost of Equity

Based on the parameters mentioned above, the cost of equity for the InvIT Asset is computed in the following table:

Particulars	Notes	R4
Risk-free rate (%)	a	7.00
Beta	b	1.00
Equity market risk premium (%)	c	7.00
Additional risk premium (%)	d	0.50
Cost of equity capital (%)		**14.48**

Source: Calculation

Notes:

a) Based on current YTMs of Gilt Bonds with 10-year residual maturity (rounded) as on 31 December 2024.

b) Please refer the table for Beta working below
c) Based on EYMBSLLP understanding of prevailing market risk premium in India
d) Based on the traffic risk of the InvIT Asset

2.1.1 Calculation of Beta

Currency: ₹ mn	Equity beta	Market capitalisation	Net debt	Enterprise value	Debt-EV ratio based on 3 year average	Effective tax rate (%)	Unlevered beta based on 3 year debt-equity	Re-levered beta
IRB Infrastructure Developers Limited	1.36	3,37,206	88,726	4,25,931	37.93	25.17	0.93	1.69
PNC Infratech Limited	1.04	83,698	61,969	1,45,667	38.51	25.17	0.71	1.28
Dilip Buildcon Limited	2.07	76,347	27,386	1,03,733	47.33	25.17	1.24	2.23
Bharat Road Network Limited	0.85	4,941	10,591	15,532	75.75	25.17	0.25	0.46
IRB InvIT Fund	0.05	35,013	27,929	62,942	38.10	25.17	0.04	0.06
Ashoka Buildcon Limited	0.81	87,628	45,131	1,32,760	58.08	25.17	0.40	0.71
Sadbhav Infrastructure Project Limited	1.37	2,397	32,169	34,566	95.27	25.17	0.09	0.15
KNR Constructions Limited	0.86	94,865	7,203	1,02,068	8.88	25.17	0.80	1.45
Average	**1.05**				**49.98**		**0.56**	**1.01**
Median	**0.95**				**42.92**		**0.55**	**1.00**

Source: Capital IQ

2.2 Computation of Cost of Debt

Based on the parameters mentioned above, the cost of debt for the InvIT Asset is computed in the following table:

Particulars	Notes	R4
Debt borrowing rate (%)	a	8.15
Expected income tax rate (%)	b	19.38
After-tax cost of debt (%)		**6.57**

Source: Calculation

Notes:
a) Based on cost of borrowing applicable to the SPV
b) Based on effective tax rate of the SPV

2.3 Calculation of WACC

Considering the finite life of the asset, the cashflows being prone to traffic and inflation risk and the current & expected debt to equity structure of the InvIT and comparable companies, we have considered a long-term debt-to-equity ratio of 50:50 for the SPV.

Particulars	Weights	R4
Weighted cost of debt (%)	50.0	3.29
Weighted cost of equity (%)	50.0	7.24
WACC (rounded) (%)		**10.55**

Source: Calculation

The computed WACC is 10.55% for the InvIT Asset.

3. Statement of Asset

Since NHIT is envisaging to acquire stake in the SPV, hence, as at the Valuation Date, the Statement of Asset for the SPV is shown in the table below:

Currency: INR mn	Net Tangible assets	Net Intangible assets	Non-Current Assets	Current Assets	Total
R4	-	-	-	-	-

Source: Management

4. Details of capex for the SPV

4.1 Forecast expenses relating to the initial capital expenditures:

The forecast expenses relating to the initial capital expenditures for the InvIT Asset are shown in the tables below:

SPV (INR mn)	FY25 (1M)	FY26	FY27
R4	-	4,761	649

Source: Management

5. Disclosures regarding list of one-time sanctions/approvals which are obtained or pending

The Management has informed that the disclosures regarding list of one-time sanctions/approvals which are obtained for the InvIT Asset are not available with the Trust.

6. Disclosures regarding list of up to date/overdue periodic clearances

The Management has informed that all other material permits, registrations, licenses, approvals, consents and other authorizations (collectively "Governmental Licenses") shall be obtained as per individual project requirement once the Management assumes the right and obligations. The new project SPV under the Trust would in due course and as required under applicable law procure all the Governmental Licenses issued by, and shall make all material declarations and filings with, the applicable Governmental Authority to own, lease, license, operate and use its properties and assets and to conduct the business by the Project SPV, as will be described in the placement documents. Further, no notice or proceedings have been received relating to the revocation or modification of any Government Licenses, which would have a Material Adverse Effect. The general list of Governmental Licenses are as below:

Sr. No.	Statutory Permission
1	Environmental Clearance
2	Forest Clearance
3	Tree Cutting permission
4	Borrow Area permission from state & local panchayat office
5	Boulder Extraction permission from state & local panchayat office
6	Quarry permission
7	Drilling & Blasting Explosive License & permissing
8	Permission from State to draw Ground Water from river/ reservoir
9	Factory License for Camp Setup
10	Shop & Establishment License for Setting up of Office other than Camp
11	Labour License
12	Inspector of Factories - For Setting up of Crusher, Batching Plant and HMP (CTE)
13	Inspector of Factories & Local Panchayat – For Consent to Operate - Crusher, Batching Plant and HMP (CTO)
14	CPCB permission for Batching plant, HMP and Crusher Setup
15	CPCB Permission/ State permission forusing DG sets in camp and Construction projects
16	Approval /permission from Utility Shifting Agency - Electricity, Gas, Water pipelines for Excavations & elevated structure erection
17	Approval of Railways for ROB/ RUB Construction
18	RTO permission to Operate and Run Construction equipment (movable) which does not have registration
19	Other any, as per local body/state

Source: Management

7. On-going material litigations including tax disputes and claims in relation to the assets

The Management has confirmed that there are no litigations pending against the Specified Asset, which may have a bearing on the operations of NHIT and the new SPV formed, in the respective Concession Agreement.

8. Other Disclosures

8.1 Details of revenue pendency including local authority rates associated with SPV and compounding charges

The Management has confirmed that there are no revenue pendencies including local authority taxes or compounding charges associated with the Specified Asset

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

The Management has confirmed that any natural or induced hazards would be adequately covered by insurance

8.3 Any other matters which may affect the project or its value

There are no other matters which may affect the project or its value

9. Forecast Profit and Loss Statement

The forecast profit and loss statement for the InvIT Asset is shown in the table below:

Currency: INR Mn	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34	Mar35
Number of months	**1**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
Muzaffarnagar- Haridwar	-	1,922	1,800	2,118	2,290	2,502	2,743	2,994	3,243	3,552	3,575
Bareilly- Sitapur	-	2,345	2,418	2,306	2,518	2,744	2,994	3,277	3,567	3,890	4,236
Gundugolanu Devarapalli Kovvur	-	1,784	2,030	2,240	2,429	2,659	2,898	3,148	3,426	3,731	4,053
AP Corridor 1	-	3,576	4,091	4,624	5,147	5,673	6,179	6,749	7,334	8,003	8,742
AP Corridor 2	-	2,518	2,985	3,004	3,117	3,422	3,755	4,110	4,494	4,915	5,368
Chhattisgarh Corridor	-	2,428	2,756	3,078	3,375	3,693	4,031	4,370	4,688	5,122	5,593
Gandhidham-Mundra Port	-	1,938	2,117	2,339	2,573	2,797	3,042	3,401	3,694	4,060	4,461
Net Sales	**-**	**16,511**	**18,197**	**19,710**	**21,449**	**23,490**	**25,641**	**28,049**	**30,446**	**33,272**	**36,028**
Tolling Operations cost	-	(438)	(1,012)	(1,087)	(1,162)	(1,397)	(1,396)	(1,384)	(1,431)	(1,538)	(1,653)
Incident Management cost	-	(160)	(346)	(371)	(399)	(454)	(508)	(463)	(498)	(535)	(505)
Routine Maintenance cost	-	(247)	(524)	(543)	(621)	(661)	(700)	(638)	(668)	(693)	(599)
Repairs cost	-	(85)	(178)	(184)	(199)	(217)	(258)	(213)	(237)	(248)	(211)
ATMS	-	(23)	(173)	(179)	(185)	(201)	(214)	(187)	(194)	(201)	(170)
PM Expenses	-	(72)	(77)	(83)	(89)	(96)	(103)	(111)	(119)	(128)	(138)
Transition Costs	-	(99)	-	-	-	-	-	-	-	-	-
Insurance Expenses	-	(142)	(148)	(154)	(160)	(167)	(174)	(185)	(192)	(209)	(219)
SPV Costs + IE Fees	-	(430)	(585)	(643)	(708)	(776)	(834)	(890)	(965)	(1,069)	(1,113)
Periodic SPV Expenses	-	(63)	(25)	(26)	(1)	(11)	(13)	(1)	(98)	(13)	(2)
CSR expenses	-	-	-	-	-	-	-	-	-	-	-
IM expenses	-	(111)	(122)	(134)	(147)	(162)	(178)	(196)	(216)	(237)	(261)
Pre-MMR Operating EBITDA	**-**	**14,642**	**15,007**	**16,305**	**17,777**	**19,348**	**21,262**	**23,780**	**25,829**	**28,402**	**31,158**
MMR expenses	-	(42)	-	(359)	(0)	(3,501)	(3,564)	(2,365)	(1,978)	(727)	(77)
Operating EBITDA	**-**	**14,600**	**15,007**	**15,946**	**17,777**	**15,847**	**17,698**	**21,415**	**23,852**	**27,675**	**31,080**

Currency: INR Mn	Mar36	Mar37	Mar38	Mar39	Mar40	Mar41	Mar42	Mar43	Mar44	Mar45
Number of months	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
Muzaffarnagar- Haridwar	3,847	4,462	4,823	5,232	5,685	6,143	6,646	4,519	-	-
Bareilly- Sitapur	4,578	4,945	5,316	5,747	6,292	6,752	7,263	7,826	8,429	9,025
Gundugolanu Devarapalli Kovvur	4,405	4,759	5,154	5,571	6,031	6,494	6,996	7,526	2,569	-
AP Corridor 1	9,481	10,221	11,075	11,967	12,283	12,878	13,384	14,406	15,539	10,280
AP Corridor 2	5,888	6,365	6,925	7,541	8,199	8,844	9,579	10,354	11,274	10,144
Chhattisgarh Corridor	6,109	6,642	7,225	7,838	8,548	9,212	9,947	10,752	11,647	10,244
Gandhidham-Mundra Port	4,886	5,315	5,779	6,318	6,905	7,446	8,042	8,679	9,386	10,051
Net Sales	**39,195**	**42,710**	**46,295**	**50,213**	**53,943**	**57,769**	**61,858**	**64,062**	**58,844**	**49,743**
Tolling Operations cost	(1,777)	(1,911)	(2,054)	(2,208)	(2,373)	(2,551)	(2,743)	(2,822)	(2,665)	(2,378)
Incident Management cost	(628)	(888)	(1,060)	(1,140)	(1,041)	(1,119)	(1,528)	(1,585)	(1,852)	(1,597)
Routine Maintenance cost	(704)	(910)	(974)	(1,008)	(895)	(926)	(1,376)	(1,321)	(1,383)	(1,322)
Repairs cost	(249)	(333)	(339)	(351)	(308)	(319)	(505)	(482)	(584)	(588)
ATMS	(197)	(268)	(287)	(297)	(248)	(257)	(385)	(376)	(421)	(389)
PM Expenses	(148)	(159)	(171)	(184)	(198)	(213)	(229)	(237)	(222)	(191)
Transition Costs	-	-	-	-	-	-	-	-	-	-
Insurance Expenses	(245)	(357)	(427)	(442)	(476)	(493)	(520)	(512)	(511)	(431)
SPV Costs + IE Fees	(1,200)	(1,328)	(1,409)	(1,506)	(1,645)	(1,783)	(2,041)	(2,128)	(2,067)	(1,765)
Periodic SPV Expenses	(16)	-	(17)	-	(125)	(21)	(17)	-	-	-
CSR expenses	-	-	-	(13)	(79)	(167)	(273)	(392)	(535)	(640)
IM expenses	(287)	(316)	(347)	(382)	(420)	(462)	(508)	(559)	(615)	(676)
Pre-MMR Operating EBITDA	**33,743**	**36,241**	**39,209**	**42,681**	**46,135**	**49,459**	**51,732**	**53,649**	**47,989**	**39,767**
MMR expenses	(5,246)	(2,521)	(1,227)	(923)	(824)	(4,668)	(11,662)	(4,564)	(8,575)	(4,489)
Operating EBITDA	**28,498**	**33,719**	**37,982**	**41,758**	**45,311**	**44,791**	**40,070**	**49,085**	**39,414**	**35,278**

Source: Management

10. Abbreviations

Particulars	Abbreviation
Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended	SEBI Invit Regulations
National Highways Infra Investment Managers Private Limited	Client/you/NHIIMPL /Investment Manager
National Highways Infra Trust	NHIT/InvIT/Trust
Ernst & Young Merchant Banking Services LLP	EYMBSLLP
Letter of Award dated 09 August 2024	Engagement Agreement
Report	Report
Round 4 Assets	Specified Asset/SPV/InvIT Asset
28 February 2025	Valuation Date
Management of NHIT and NHIIMPL	Management
Securities and Exchange Board of India	SEBI
National Highways Authority of India	NHAI/Sponsor
IDBI Trustee Services Limited	IDBI/Trustee
National Highways Infra Project Managers Private Limited	NHIPMPL/Project Manager
Toll, Operate and Transfer	TOT
Individual R4 project	Project
Insolvency and Bankruptcy Board of India	IBBI
Discounted Cash Flow	DCF
Weighted Average Cost of Capital	WACC
Capital Asset Pricing Model	CAPM
Market Risk Premium	MRP
Technical Due Diligence	TDD
International Valuation Standards	IVS
Material permits, registrations, licenses, approvals, consents and other authorizations	Governmental Licenses

India Equity Market Risk Premium: EY Study

Equity Market Risk Premium (EMRP or MRP) is the excess return earned by an investor over a risk free rate, when they invest in the stock market. This return compensates investors for taking on the higher risk of equity investing.

There are various approaches to estimating MRP like surveying investors, or calculating MRP implied in stock prices via forward forecasts. One of the most objective approach is to calculate MRP by analysing historical MRP earned over a long period of time. EY has used this approach. This has involved the following steps

Time period to be considered:

A relatively long time period is selected, as in the short term markets can be volatile leading to under/over-estimation of MRP depending upon near term market performance. stock market data is available from 1979 onwards. Further a period commencing from 1990 onwards is also suitable as it coincides with India's economic liberalization.

Rm: Market Return

Returns on BSE Sensex/BSE100 Index or NSE Nifty may be considered as a proxy for the market returns. Since data for NSE Nifty is available only from 1994, returns on BSE Sensex and BSE 100 have been considered for analysis of a longer period of data.

Rf: Risk Free Rate

Hypothetically, risk free rate is the return on security or portfolio securities that has no default risk and is completely uncorrelated with returns on anything else in the economy. In India, the yield on 10-year residual maturity government bond is considered as a reasonable proxy for the risk-free rate.

Adjustment for dividend yields

Return on equities is derived from a combination of dividend receipts and increase in share prices/ index. Since BSE Sensex and BSE100 Index are price return indices, the dividend yields for them are added to the average MRP to arrive at total return on equities.

Choice between Arithmetic and Geometric Mean

Geometric mean is preferred on the grounds that it takes compounding into account over the sample period.

Since the dividends are paid out in cash, it is assumed they are not re-invested, hence arithmetic mean of the dividend yield is added to the MRP.

Conclusion

Rf calculated for each of the year is deducted from Rm, which includes both returns on the stock index and the dividend yield of the index. The difference Rm- Rf is averaged over the period by using Geometric Mean.

The calculations of the study show that Market Risk Premium, while varying as per period and choice of index, converges around 7% (rounded). This is then considered a reasonable benchmark for India's Market Risk Premium.