3rd March 2025

**BSE Limited**
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400001
**Scrip Code: 544137**

**National Stock Exchange of India Limited**
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex, Bandra(E)
Mumbai -400051
**Symbol: INDUSINVIT**

**Subject: Valuation Report of GR Galgalia Bahadurganj Highway Private Limited, proposed to be acquired by Indus Infra Trust *(erstwhile Bharat Highways InvIT)***

Dear Ma'am / Sir,

Pursuant to provisions of Regulation 21(6) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder from time to time ("**SEBI InvIT Regulations**"), please find enclosed the Valuation Report of GR Galgalia Bahadurganj Highway Private Limited, proposed to be acquired by Indus Infra Trust, ("Trust") in accordance with the terms of Right of First Offer Agreement between G R Infraprojects Limited and the Trust, issued by Valuer of the Trust, Mr. S. Sundararaman having IBBI Registration No. IBBI/RV/06/2018/10238.

The intimation is also being uploaded on the website of the InvIT at: www.Indusinvit.com.

You are requested to take the same on your record.

Thanking you,
Yours sincerely,

**For Indus Infra Trust *(erstwhile Bharat Highways InvIT)***
**Acting through its Investment Manager**
**GR Highways Investment Manager Private Limited**

MOHNISH DUTTA

Digitally signed by MOHNISH DUTTA
Date: 2025.03.03 20:59:43 +05'30'

**Mohnish Dutta**
**Company Secretary & Compliance Officer**
**M. No. FCS 10411**

**CC:**
**IDBI Trusteeship Services limited**
Ground Floor, Universal Insurance Building
Sir P.M. Road, Fort, Mumbai, Maharashtra – 400001

**Encl: as above**

**Prepared for:**
**Indus Infra Trust** **("the Trust")**

**GR Highways Investment Manager Private Limited** **("the Investment Manager")**

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

**Fair Enterprise Valuation**

**Valuation Date: 31st January 2025**

**Report Date: 3rd March 2025**

**Mr. S Sundararaman,**
**Registered Valuer,**
IBBI Registration No - IBBI/RV/06/2018/10238
Email chennaissr@gmail.com
Phone No: +91 97909 28047
GST No: 33AHUPS0102L1Z8

RV/SSR/EL/M/01 Date: 3rd March, 2025

**Indus Infra Trust**
*(acting through IDBI Trusteeship Services Limited [in its capacity as "the Trustee" of the Trust])*
2nd Floor, Novus Tower, Plot No. 18,
Sub. Major Laxmi Chand Road, Sector-18,
Gurugram, Haryana – 122 015.

**GR Highways Investment Manager Private Limited**
*(acting as the Investment Manager to Indus Infra Trust)*
2nd Floor, Novus Tower, Plot No. 18,
Sub. Major Laxmi Chand Road, Sector-18,
Gurugram, Haryana – 122 015.

**Sub: Fair Enterprise Valuation of InvIT Assets as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")**

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 22nd February 2025 as an independent valuer by **GR Highways Investment Manager Private Limited** ("**GHIMPL**" or "**the Investment Manager"**) acting as the Investment Manager for **Indus Infra Trust** ("**the Trust**" or "**Indus InvIT**"), an infrastructure investment trust, registered with the **Securities Exchange Board of India** (**"SEBI"**) and set up under the **SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("SEBI InvIT Regulations")**. The Investment Manager has appointed me to undertake valuation of the following special purpose vehicle (hereinafter referred as "**the SPV"**) proposed to be acquired by the Trust **("Proposed Transaction")**:

| Sr. No. | Name of the SPV | Abbreviation | Asset Type | PCOD |
|---|---|---|---|---|
| 1 | GR Galgalia Bahadurganj Highway Private Limited | GGBHPL | HAM | 6th April, 2024 |

*(Hereinafter referred to as the "SPV")*

The Trust is proposing to undertake a fair enterprise valuation of the above SPV. I am enclosing the Report providing opinion on the fair enterprise value of the SPV as defined hereinafter on a going concern basis as at 31st January 2025. ("**Valuation Date**").

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPV as at 31st January 2025, where the adjusted enterprise value ("**Adjusted EV**") is derived as EV as defined above plus cash and cash like items (which includes cash and cash equivalent and current investment) of the SPV as at 31st January 2025.

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

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

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

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

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

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period. The valuation provided by RV and the valuation conclusion are included herein.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors to the extent required for the Proposed Transaction only.

I draw your attention to the limitation of liability clauses in Section 10 of this Report.

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

Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2025.03.03 16:17:23 +05'30'

**S. Sundararaman**
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
**UDIN:** 25028423BMOMXB1781

## Definition, abbreviation & glossary of terms

| Abbreviations | Meaning |
|---|---|
| BOT | Build, Operate, Transfer |
| Capex | Capital Expenditure |
| CCIL | Clearing Corporation of India Limited |
| CCM | Comparable Companies Multiples |
| COD | Commercial Operation Date |
| CTM | Comparable Transactions Multiples |
| DCF | Discounted Cash Flow |
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortization |
| ERP | Equity Risk Premium |
| EV | Enterprise Value |
| FCFF | Free Cash Flow to the Firm |
| FDI | Foreign Direct Investment |
| FY | Financial Year Ended 31st March |
| GGBHPL | GR Galgalia Bahadurganj Highway Private Limited |
| GR Infra/Settlor | G R Infraprojects Limited |
| GQ | Golden Quadrilateral |
| HAM | Hybrid Annuity Mode |
| IND AS | Indian Accounting Standards |
| INR | Indian Rupees |
| Investment Manager/ GHIMPL | GR Highways Investment Manager Private Limited |
| IVS | ICAI Valuation Standards 2018 |
| Kms | Kilometers |
| MMR | Major Maintenance and Repairs |
| Mn | Million |
| MoRTH | Ministry of Road Transport and Highways |
| NAV | Net Asset Value Method |
| NH | National Highway |
| NHAI | National Highways Authority of India |
| NHDP | National Highways Development Project |
| NS-EW | North- South and East-West Corridors |
| O&M | Operation & Maintenance |
| PPP | Public Private Partnership |
| RFID | Radio Frequency Identification |
| RV | Registered Valuer |
| SEBI | Securities and Exchange Board of India |
| SEBI InvIT Regulations | SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended |
| SH | State Highway |
| Sponsor/ AIPL | Aadharshila Infratech Private Limited |
| SPV | Special Purpose Vehicle |
| Trustee | IDBI Trusteeship Services Limited |
| Trust | Indus InfraTrust |
| WACC | Weighted Average Cost of capital |

**Contents**

# 1. Executive Summary

1.1. **Background**

**The Trust**

1.1.1. Indus Infra Trust ("**Indus InvIT"** or "**the Trust**") erstwhile Bharat Highways InvIT, was established on 16th June 2022 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("**SEBI**") with effect from 3rd August 2022, bearing registration number IN/InvIT/22-23/0023, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("**the SEBI InvIT Regulations**"). Pursuant to change in name from Bharat Highways InvIT to Indus Infra Trust the Trust was issued a revised registration certificate by **SEBI** with effect from 13th December 2024, bearing registration number IN/InvIT/22-23/0023.

1.1.2. Indus Infra Trust is an infrastructure investment trust established to acquire, manage and invest in a portfolio of 8 HAM infrastructure assets across sectors and/or securities of companies engaged in the infrastructure sector.

1.1.3. IDBI Trusteeship Services Limited ("**the Trustee**") has been appointed as the Trustee of Indus Infra InvIT.

1.1.4. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 12th March 2024.

1.1.5. The unit holding of the Trust as on 31st December, 2024 is as follows:

| Sr. No. | Particulars | No. of units | % |
|---|---|---|---|
| 1 | Sponsor & sponsor group | 6,64,50,000 | 15.00% |
| 2 | Mutual Funds | 9,09,27,184 | 20.53% |
| 3 | Financial Institutions/Banks | 37,76,053 | 0.85% |
| 4 | Insurance Companies | 1,48,44,696 | 3.35% |
| 5 | Foreign Portfolio Investors | 70,74,604 | 1.60% |
| 6 | Alternative Investment Fund | 32,58,430 | 0.74% |
| 7 | Body Corporates | 22,31,23,662 | 50.37% |
| 8 | Non-Institutional Investors | 3,34,83,976 | 7.56% |
| | **Total** | **44,29,38,605** | **100.00%** |

*Source: Investment Manager*

**The Sponsor**

1.1.6. G R Infraprojects Limited ("**the Settlor**" or "**GR Infra**") has settled the infrastructure investment trust under the SEBI InvIT Regulations called "**Indus Infra InvIT**" ("**Indus InvIT"** or "**the Trust**") (erstwhile Bharat Highways InvIT) as an irrevocable trust under the provisions of the Indian Trusts Act, 1882, pursuant to the trust deed dated 16th June 2022.

1.1.7. Aadharshila Infratech Private Limited ("**the Sponsor**" or "**AIPL**") is the sponsor of Indus InvIT as per the amended & restated trust deed of Indus InvIT dated 11th November 2024.

1.1.8. The Sponsor is a private company, limited by shares and was incorporated on 30th June 2010 under the Companies Act, 1956.

1.1.9. Equity shareholding of the Sponsor as on 31st January 2025 is as under:

| Sr. No. | Particulars | No. of shares | % |
|---|---|---|---|
| 1 | Riya Agarwal | 4,300 | 43.00% |
| 2 | Rahul Agarwal | 3,185 | 31.85% |
| 3 | Mehul Agarwal | 2,515 | 25.15% |
| | **Total** | **10,000** | **100.00%** |

*Source: Investment Manager*

**The Transferor**

1.1.10. G R Infraprojects Limited ("**the Settlor**" or "**GR Infra**") was incorporated on 22nd December 1995 under the Companies Act, 1956. The equity shares of GR Infra are listed on the National Stock Exchange of India Limited and BSE Limited since 19th July 2021.

1.1.11. GR Infra is engaged in integrated road engineering, procurement and construction with an experience of over 25 years in design and construction of various road / highway projects across 16 states in India.

**The Investment Manager**

1.1.12. GR Highways Investment Manager Private Limited ("**GHIMPL**" or "**the Investment Manager**") has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

1.1.13. Shareholding Pattern of the Investment Manager as at 31st January, 2025 is as follows:

| Sr. No. | Particulars | No. of shares | % |
|---|---|---|---|
| 1 | Lokesh Builders Private Limited | 1,99,99,990 | 100.00% |
| 2 | Purshottam Agarwal | 10* | 0,00% |
| | **Total** | 2,00,00,000 | **100.00 %** |

**Lokesh Builders Private Limited is the beneficial owner of these shares*
*Source: Investment Manager*

## Scope and Purpose of Valuation

### 1.2. Financial Asset to be Valued

The financial asset under consideration to be valued at Enterprise Value is the following:

| Sr. No. | Name of the SPV | Abbreviation | Asset Type |
|---|---|---|---|
| 1 | GR Galgalia Bahadurganj Highway Private Limited | GGBHPL | HAM |

(Hereinafter referred to as "**the SPV**")

### 1.3. Purpose of Valuation

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

I understand that the Investment Manager is proposing to undertake a fair enterprise valuation of the SPV as on 31st January, 2025 for the purpose of their internal evaluation.

Further, on the request of the Investment Manager, I have calculated Adjusted Enterprise Value of the SPV which is derived as the EV as defined above plus cash or cash equivalents of the SPV as at the Valuation Date.

In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPV as at 31st January, 2025 .

I declare that:

i. I am competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

ii. I am not an associate of the sponsor(s) or investment manager or trustee and I have not less than five years of experience in valuation of infrastructure assets;

iii. I am independent and have prepared the Valuation Report ("the Report") on a fair and unbiased basis;

iv. I have valued the SPV based on the valuation standards as specified / applicable as per SEBI InvIT Regulations.

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

*(Please refer appendix for further information about myself)*

### 1.4. Nature of the Asset to be Valued

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

### 1.5. Valuation Base

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

**Fair Value**

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

### 1.6. Valuation Date

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

The management seeks to determine the fair enterprise valuation of the SPV as on 31st January, 2025 ("**Valuation Date**"). The attached Report is accordingly drawn up by reference to accounting and financial information as on 31st January, 2025. The RV is not aware of any other events having occurred since 31st January, 2025 till date of this Report which he deems to be significant for his valuation analysis.

### 1.7. Premise of Value

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

**Going Concern Value**

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

## 1.8. Summary of Valuation

I have assessed the fair enterprise value of the SPV on a standalone basis by using the Discounted Cash Flow ("DCF") method under the income approach. Following table summarizes my explaination on the usage or non usage of different valuation methods:

| Valuation Approach | Valuation Methodology | Used | Explanation |
|---|---|---|---|
| Cost Approach | Net Asset Value | No | NAV does not capture the future earning potential of the business. Hence, NAV method is considered only for background reference. |
| Income Approach | Discounted Cash Flow | Yes | The revenue of the SPV is mainly derived from the annuity fees and O&M payments that is predetermined with NHAI and cannot be modified to reflect prevailing circumstances, other than annual adjustments to account for inflation and interest rate changes as applicable, as specified in the concession agreement. Accordingly, since the SPV is generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me the financial projections for the balance tenor of the concession agreement, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise. |
| Market Approach | Market Price | No | The equity shares of the SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method. |
| | Comparable Companies | No | In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation. |
| | Comparable Transactions | No | In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method. |

Under the DCF Method, the Free Cash Flow to Firm ("FCFF") has been used for the purpose of valuation of the SPV. In order to arrive at the fair EV of the SPV under the DCF Method, I have relied on Provisional Financial Statements as at 31st January, 2025 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPV prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the SPV for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for the SPV. As the SPV under consideration have executed project under the HAM, the operating rights of the underlying assets shall be transferred back to the appointing authority after the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road reverts to NHAI by the SPV. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

**INR Mn**

| Sr. No. | SPV | WACC | Enterprise Value | Adjusted Enterprise Value |
|---|---|---|---|---|
| 1 | GGBHPL | 7.65% | 6,433 | 6,556 |

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

*** Further, on the request of the Investment Manager, I have calculated Adjusted Enterprise Value of the SPV which is derived as the EV as defined above plus cash or cash equivalents of the SPV as at the Valuation Date. (Refer Appendix 1 & 2 for the detailed workings)*

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

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

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

1. WACC by increasing / decreasing it by 0.5%
2. WACC by increasing / decreasing it by 1.0%
3. Expenses by increasing / decreasing it by 10%
4. Expenses by increasing / decreasing it by 20%

**Sensitivity Analysis of Enterprise Value**

**1. Fair Enterprise Valuation Range based on**

**a. WACC parameter (0.5%)**

**INR Mn**

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 6,269 | 7.65% | 6,433 | 7.15% | 6,603 |

**b. WACC parameter (1.0%)**

**INR Mn**

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 6,113 | 7.65% | 6,433 | 6.65% | 6,782 |

**c. Expenses parameter (10%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,551 | 6,433 | 6,314 |

**d. Expenses parameter (20%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,670 | 6,433 | 6,195 |

## Sensitivity Analysis of Enterprise Value

**2. Fair Adjusted Enterprise Valuation Range based on**

**a. WACC parameter (0.5%)**

**INR Mn**

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 6,393 | 7.65% | 6,556 | 7.15% | 6,727 |

**b. WACC parameter (1.0%)**

**INR Mn**

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 6,237 | 7.65% | 6,556 | 6.65% | 6,906 |

**c. Expenses parameter (10%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,675 | 6,556 | 6,438 |

**d. Expenses parameter (20%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,794 | 6,556 | 6,319 |

## Sensitivity Analysis of Enterprise Value

### 3. Fair Equity Valuation Range based on

### a. WACC parameter (0.5%)

INR Mn

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 632 | 7.65% | 796 | 7.15% | 967 |

### b. WACC parameter (1.0%)

INR Mn

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 476 | 7.65% | 796 | 6.65% | 1,145 |

### c. Expenses parameter (10%)

INR Mn

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 914 | 796 | 677 |

### d. Expenses parameter (20%)

INR Mn

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 1,033 | 796 | 559 |

# 2. Procedures adopted for current valuation exercise

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

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

2.2.1. Requested and received financial and qualitative information relating to the SPV;

2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;

2.2.3. Discussions with the Investment Manager on:

- Understanding of the business of the SPV – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;

2.2.4. Undertook industry analysis:

- Research publicly available market data including economic factors and industry trends that may impact the valuation;
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;

2.2.5. Analysis of other publicly available information;

2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;

2.2.7. Conducted physical site visit of the road stretch of the SPV;

2.2.8. Determination of fair EV and Fair Adjusted EV of the SPV on a going concern basis at the Valuation Date.

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# 3. Overview of InvIT and SPV

## 3.1. The Trust

3.1.1. Indus Infra InvIT was established on 16th June 2022 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882. The Trust is registered as an Indian infrastructure investment trust with the SEBI with effect from 3rd August 2022, bearing registration number IN/InvIT/22-23/0023, pursuant to the SEBI InvIT Regulations.

3.1.2. IDBI Trusteeship Services Limited has been appointed as the Trustee of Indus Infra InvIT. GR Highways Investment Manager Private Limited has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

3.1.3. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 12th March 2024.

3.1.4. Following is the summary of the SPV, held under the Trust including the date and cost of acquisition:

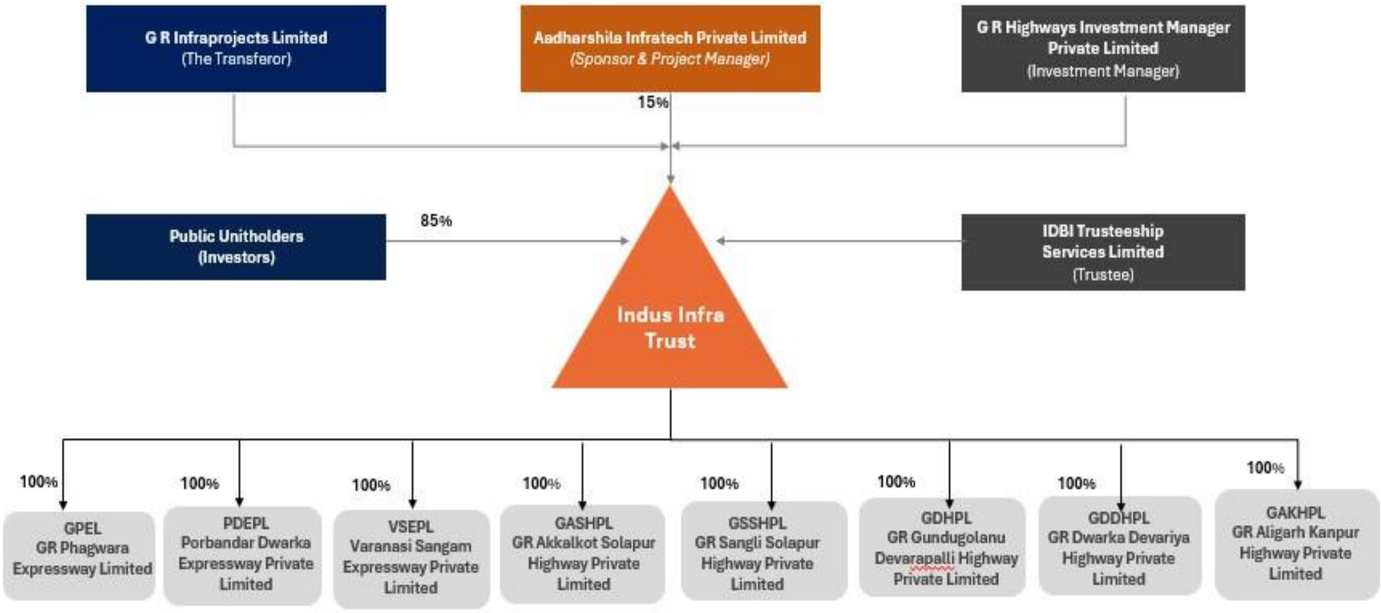
| Sr. No. | SPV | Name | Acquisition Date | Equity Stake Acquired | Acquisition Cost of Trust's Equity Stake (INR Mn) |
|---|---|---|---|---|---|
| 1 | GPEL | GR Phagwara Expressway Limited | 29-Feb-2024 | 100% | 1,232 |
| 2 | PDEPL | Porbandar Dwarka Expressway Private Limited | 29-Feb-2024 | 100% | 2,437 |
| 3 | GDHPL | GR Gundugolanu Devarapalli Highway Private Limited | 29-Feb-2024 | 100% | 2,075 |
| 4 | GASHPL | GR Akkalkot Solapur Highway Private Limited | 29-Feb-2024 | 100% | 1,260 |
| 5 | VSEPL | Varanasi Sangam Expressway Private Limited | 29-Feb-2024 | 100% | 4,044 |
| 6 | GSSHPL | GR Sangli Solapur Highway Private Limited | 29-Feb-2024 | 100% | 1,507 |
| 7 | GDDHPL | GR Dwarka Devariya Highway Private Limited | 29-Feb-2024 | 100% | 1,199 |
| 8 | GAKHPL | GR Aligarh Kanpur Highway Private Limited | 16-Sep-2024 | 100% | 986 |

3.1.5. Enterprise Valuation of the SPVs in the Previous Years (for existing projects of the InvIT)-

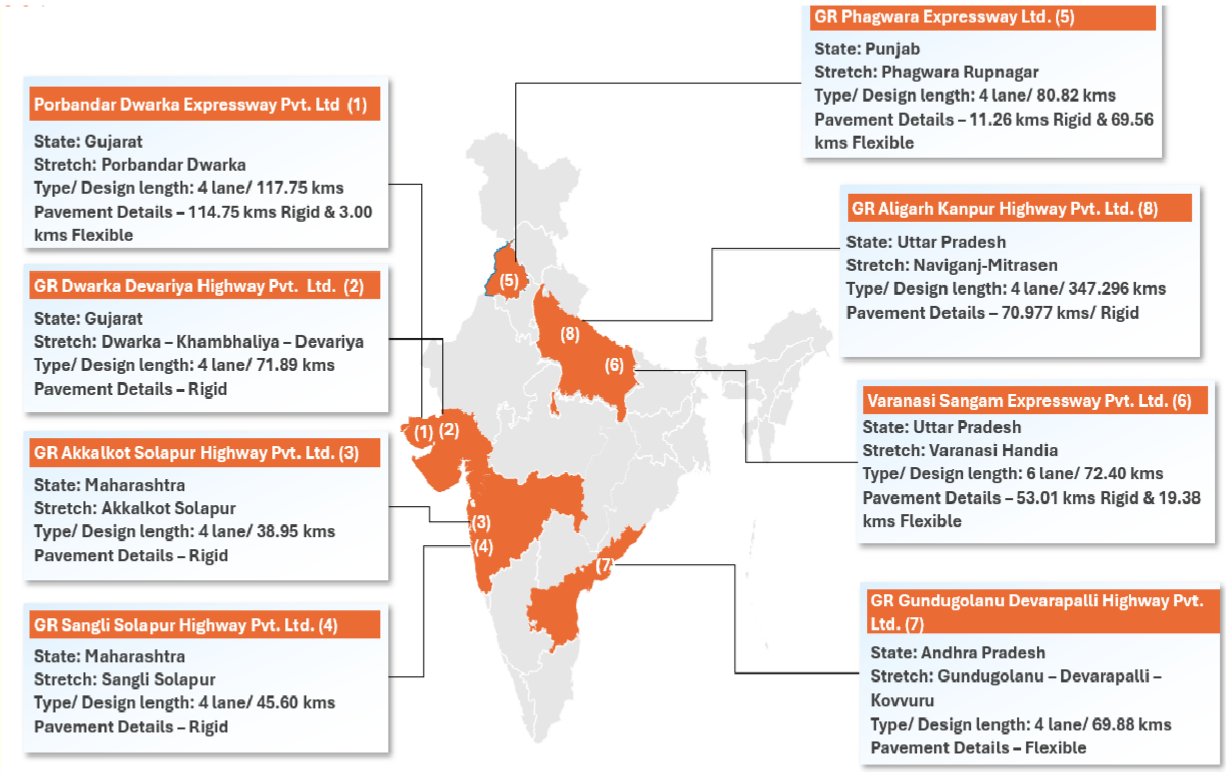
**INR Mn**

| Sr. No. | SPVs | Jun-22 | Mar-23 | Sep-23 | Mar-24 | Sep-24 |
|---|---|---|---|---|---|---|
| 1 | GPEL | 6,776 | 6,205 | 5,670 | 5,126 | 4,789 |
| 2 | PDEPL | 9,455 | 9,467 | 8,877 | 8,347 | 7,965 |
| 3 | GDHPL | 11,619 | 11,197 | 10,455 | 9,947 | 9,455 |
| 4 | GASHPL | 4,784 | 5,085 | 5,063 | 4,330 | 4,653 |
| 5 | VSEPL | 15,794 | 15,946 | 14,941 | 14,005 | 12,839 |
| 6 | GSSHPL | 5,910 | 6,089 | 5,796 | 5,557 | 5,327 |
| 7 | GDDHPL | 6,585 | 6,941 | 6,471 | 6,005 | 5,839 |
| 8 | GAKHPL | | | | | 10,671 |
| | **Total** | **60,923** | **60,930** | **57,273** | **53,317** | **61,538** |

3.1.6. Following is the Structure of the Trust as on the report date:




3.1.7. A map depicting the respective location of the existing projects of the Trust is provided below:



3.1.8. **Proposed Transaction**

Trust is contemplating to acquire 100% equity stake / economic interest in the SPV from the existing shareholders along with unsecured loan extended by the Transferor (G R Infraprojects Limited) ("**Proposed Transaction")**:

**INR Mn**

| Sr No. | Name of the SPV | Asset Type | Seller | Equity Stake acquired | Unsecured Loan (As on 31st Jan, 2025) | Whether a Related Party of Trust |
|---|---|---|---|---|---|---|
| 1 | GGBHPL | HAM | GR Infra | 100% | 1,819.78 | Yes |

**1. Equity Interest:**

I understand the Trust is proposing to acquire 100% Equity Stake in the above mentioned SPV.

**2. Unsecured Loan Interest:**

I understand the Trust is proposed to acquire the SPV along with the above mentioned Unsecured loan interest outstanding as at the Valuation Date.

**3. Related Party Transaction:**

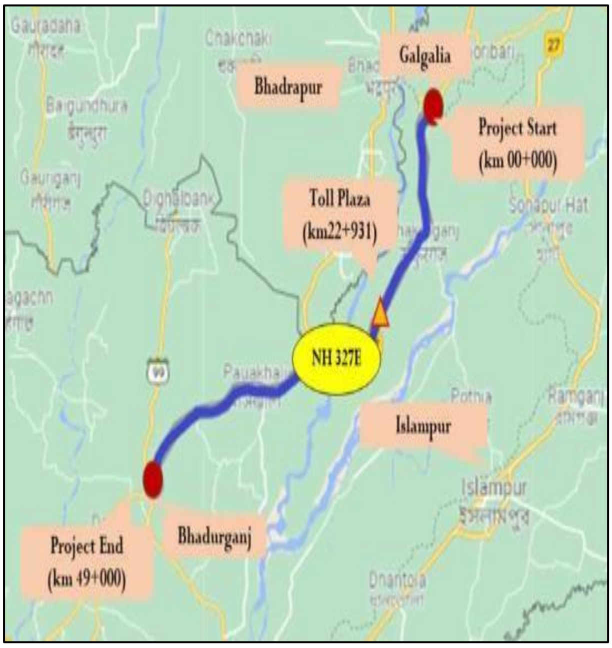
I understand the Seller and the Trust are related parties as per the definition of related parties as per regulation 2(1)(zv) of SEBI InvIT regulation and hence, the above Proposed Transaction is considered as a related party transaction.

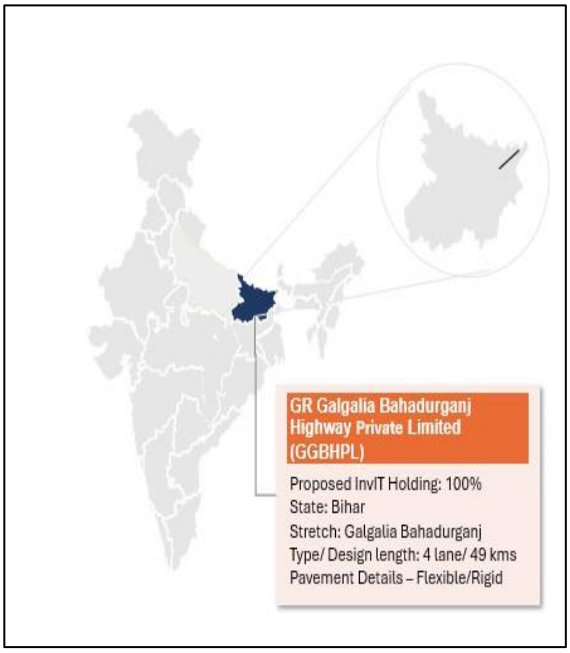
## Background of the SPV

## 3.2. GR Galgalia Bahadurganj Highway Private Limited ("GGBHPL")

3.2.1. GR Galgalia Bahadurganj Highway Private Limited ("the company") having its registered office at GR House, Hiran Magri, Udaipur, Rajasthan, 313002 was incorporated in Udaipur, Rajasthan, India on March 11, 2021 as a Private limited company under Companies Act, 2013 as a subsidiary of G R Infraprojects Limited. The company is formed as a SPV to design, build, operate and transfer basis, the project relating to Construction of Four Laning of Galgalia Bahadurganj section of NH327E from Km 0.00 to Km 49.00 (Package I) in the state of Bihar on Hybrid Annuity Model.

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




3.2.2. Summary of Project details of GGBHPL are as follows:

| Parameters | Details |
|---|---|
| Total Length | 49 km |
| Nos. of Lanes | 4 |
| NH / SH | NH-327 E |
| State Covered | Bihar |
| Area (Start and End) | Galgalia to Bahadurganj |
| Bid Project Cost | INR 10,510 Mn |
| Bid Project Cost (Post Descoping) | INR 10,377 Mn |
| PPP Model | HAM |
| Project Type | HAM |
| PCOD Date | 6th April, 2024 |
| COD Date | Under Progress |
| Concession Period (CP) | 15 years from commencement date |
| Number of Balance Annuities | 29 |
| Balance Completion Cost | INR 7371 Mn |
| Operational Period | 15 years |
| Construction period | 817 days |

*Source: Investment Manager*

3.2.3. The salient features of the project are as follows:

| Sr. No. | Salient Features | Units | Value |
|---|---|---|---|
| 1 | Total Length of Main Carriageway with Flexible Pavement | Lane Km | 30.21* |
| 2 | Total Length of Main Carriageway with Rigid Pavement | Lane Km | 67.79 |
| 3 | Total length of Service Roads | Km | 27.40 |
| 4 | Toll Plaza | Nos | 1 |
| 5 | Bus Bays with Shelters | Nos | 40 |
| 6 | Truck Lay Bays | Nos | 2 |
| 7 | No of Rest Areas | Nos | 1 |
| 8 | Major Junction | Nos | 1 |
| 9 | Minor Junctions | Nos | 30 |
| 10 | No of Small Vehicular underpasses | Nos | 3 |
| 11 | No of Light Vehicular underpasses | Nos | 6 |
| 12 | No of Flyovers | Nos | Nil |
| 13 | Pedestrian/Cattle Underpass | Nos | Nil |
| 14 | Railway Over Bridge | Nos | Nil |
| 15 | Major Bridges | Nos | 12 |
| 16 | Minor Bridges | Nos | 9 |
| 17 | Box/Slab Culverts | Nos | 47 |
| 18 | Pipe Culverts | Nos | Nil |

** including 2.7 km work done by other agency and 3.12 km of structure length*
*Source: Investment Manager*

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

| Sr. No. | Particulars | No. of Shares | % |
|---|---|---|---|
| 1 | G R Infraprojects Limited | 89,99,990 | 100% |
| 2 | Vinod Kumar Agarwal* | 10 | 0% |
| | **Total** | **90,00,000** | **100%** |

**Nominee of G R Infraprojects Limited*

*Source: Investment Manager*

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

3.2.5. My team had conducted physical site visit for GGBHPL on 1st March, 2025. Following are the pictures of the plant site:


# 4. Overview of the Industry

### 4.1 Introduction of Indian Infrastructure Industry

As India strives towards becoming a 50 trillion-dollar economy, the transport sector plays a crucial role. In the 2025-26 Budget, the capital expenditure allocation is set at Rs 11.21 lakh crore.

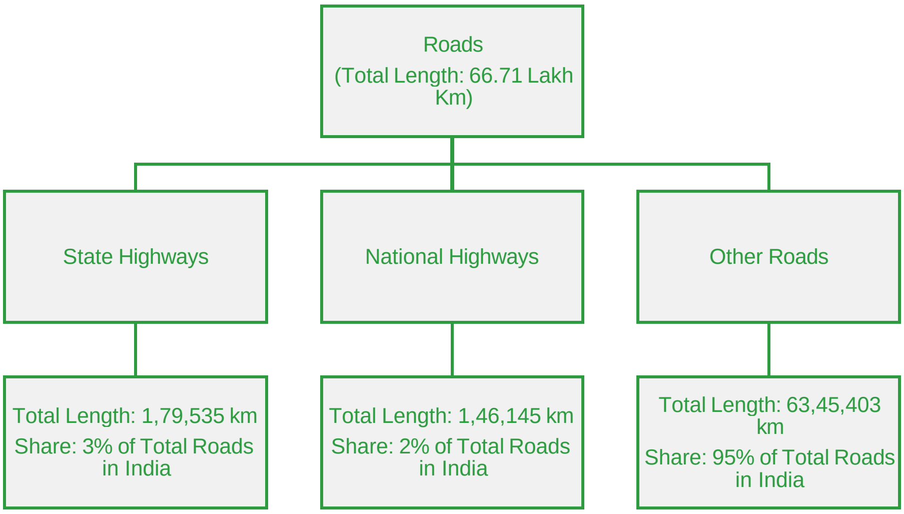
Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner Infrastructure related ministries to come up with 3-year pipeline of projects that can be implemented in public private partnership mode.

1.5 lakh crore have been outlaid for 50-year interest free loans to states for capital expenditure and incentives for reforms.

The second asset monetization plan for 2025-30 is to be launched for generating capital of Rs 10 lakh crore for new projects.

### 4.2 Road Network in India

4.2.1 India has the second largest road network in the world, spanning over 6.67 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.




*Source: MoRTH, Government of India*

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

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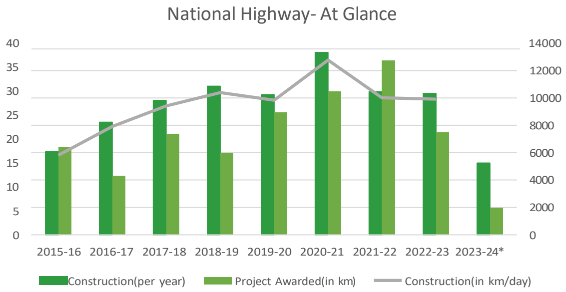
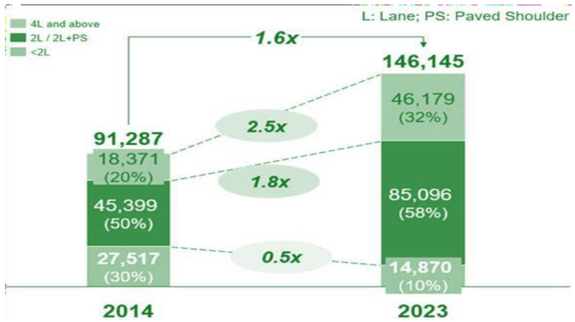
4.2.3 National Highway (NH) network increased by ~60% from 91,287 km in 2014 to 1,46,145 km in year 2024.

| Year | Construction (per year) | Project Awarded (in km) | Construction (in km/day) |
|---|---|---|---|
| 2015-16 | 6061 | 6397 | 16.6 |
| 2016-17 | 8231 | 4335 | 22.6 |
| 2017-18 | 9829 | 7400 | 26.9 |
| 2018-19 | 10855 | 6000 | 29.7 |
| 2019-20 | 10237 | 8948 | 28.1 |
| 2020-21 | 13327 | 10467 | 36.5 |
| 2021-22 | 10457 | 12731 | 28.6 |
| 2022-23 | 10331 | 7497 | 28.3 |
| 2023-24 | ~12,300 | ~2,500 | 34.0 |




Source: MoRTH, Government of India




Source: MoRTH, Government of India

## 4.3 Government Agencies for Road Development

4.3.1 The Ministry of Road Transport & Highway ("**MoRTH**") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.

4.3.2 The National Highways Authority of India ("**NHAI**") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("**NHDP**").

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

4.3.4 The National Highways Authority of India (NHAI) has made a big step towards improving the highway user experience, with the introduction of 'Rajmargyatra,' a citizen-centric unified mobile application. This user-friendly app provides travellers with in-depth knowledge of Indian National Highways as well as an effective procedure for filing complaints.

4.3.5 National Highways Authority of India (NHAI) has also recently introduced a 'Knowledge Sharing' platform for sharing of knowledge and innovative best practices. This effort, which is hosted on the NHAI website, will assist the authority in working with specialists and citizens who want to exchange knowledge and views about subjects including road design, construction, road safety, environmental sustainability, and related sectors. The platform will promote the exchange of best practices from all around the world and work to strengthen the nation's national highway system.

4.3.6 A total of 261 road projects under different Schemes of MoRTH with a total sanctioned cost of Rs. 1,02,594 crore (US$ 12.33 billion) are under implementation through the National Highways Authority of India (NHAI), National Highways & Infrastructure Development Corporation Ltd. (NHIDCL), and State Public Works Departments (PWDs) in the North-Eastern States. The Ministry of Development of the North-Eastern Region, under the erstwhile North-East Road Sector Development Scheme (NERSDS) and the present North-East Special Infrastructure Development Scheme (NESIDS), has sanctioned a total of 77 road projects amounting to Rs. 3,372.58 crore (US$ 405.5 million).

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

4.3.8 Roads in the jurisdiction of state governments are under different categories like State Highways (“SHs”) and Major District Roads. They are being developed/ upgraded through State PWDs and State Road Development Corporations. Pradhan Mantri Gramm Sadak Yojana is being implemented for rural roads through the Ministry of Rural Affairs with active participation by state governments. Further, roads within urban areas are maintained/ developed mostly with PWDs and Urban Local Bodies.

4.3.9 State Governments have a significant role to play in developing the SHs, Major District Roads, Other District Roads to ensure the last mile connectivity. States have varying levels of maturity in terms of road infrastructure development due to issues such as inadequate identification and prioritization of projects, funding shortfall, limited institutional capacity to implement projects, etc.

## 4.4 Trend of Road and Highways Construction

4.4.1 The current rate of road construction is almost three times that in 2007-08.

4.4.2 The launch of the Bharatmala Pariyojana in 2017 provided a big leap to construction activity, with the pace of construction doubling from 12 km per day in 2014-15 to 30 km per day in 2022-23, and peaking at 37 km per day in 2020-21.

4.4.3 Under Phase-I of Bharatmala Pariyojana, the Ministry has approved the implementation of 34,800 km of national highways in 5 years with an outlay of Rs. 5,35,000 crore (US$ 76.55 billion). Under this scheme, 22 greenfield projects (8,000 km length) are being constructed; this is worth Rs. 3.26 lakh crore (US$ 43.94 billion).

4.4.4 The government aims to take this up to 100 km per day in the next few years.

4.4.5 National Highway (NH) network increased by 60% from 91,287 km in 2014 to 1,46,145 km in year 2023

4.4.6 Length of 4 lanes and above NH increased by 2.5 times – 18,387 km (2014) to 46,179 km (Nov’23)

4.4.7 Length of less than 2 lane NH decreased from 30% (2014) to 10% (Nov’23)

4.4.8 Average pace of NH construction increased by 143% to 28.3 km/day from 2014

4.4.9 Expenditure is expected to increase by 9.4 times from 2014.

4.4.10 Out of 108 (3700 km) port connectivity road projects, 8 (294 km) are completed, 28 (1808 km) are awarded and DPR under-progress for 72 (1595 km) projects

4.4.11 With the Government permitting 100% Foreign Direct Investment (FDI) in the road sector, several foreign companies have formed partnerships with Indian players to capitalise on the sector's growth. Cumulative FDI inflows in construction development stood at US$ 33.91 billion between April 2000 - March 2024.

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

4.4.13 The NHDP is a program to upgrade, rehabilitate and widen major highways in India to a higher standard. The project was started in 1998 to be implemented in 7 phases.

4.4.14 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.

4.4.15 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the

Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).

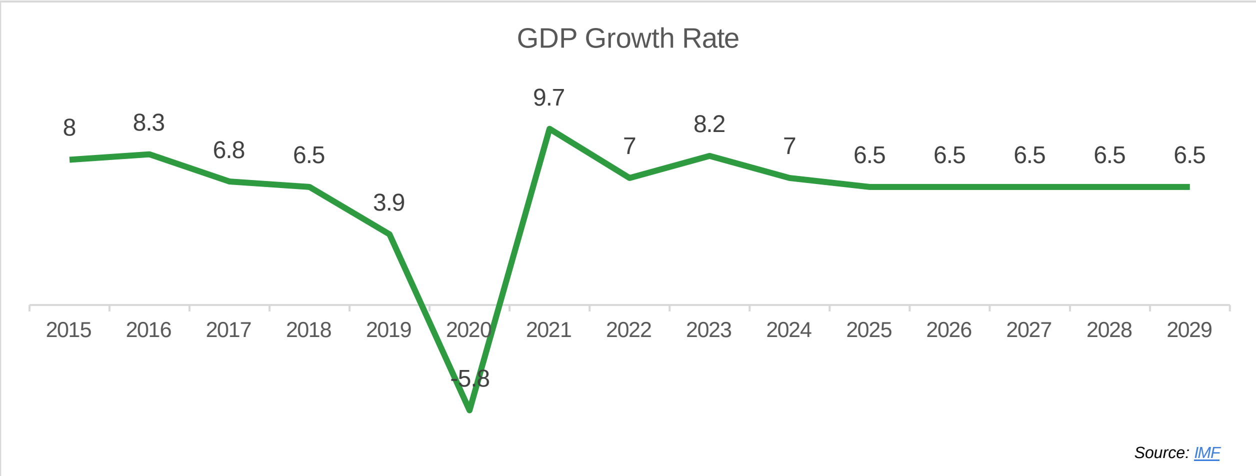
4.4.16 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.

4.4.17 The development of market for roads and highways is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.

4.4.18 **Economic and Financial Outlook**

- **GDP Growth**

  India's real GDP growth in FY26 is expected to be between 6.3 and 6.8%. The industrial sector is estimated to grow by 6.2 per cent in FY25. Strong growth rates in construction activities and electricity, gas, water supply and other utility services are expected to support industrial expansion.

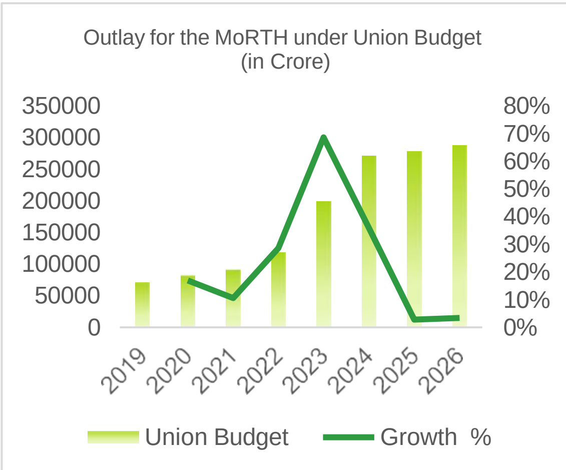



- Government Spending

  The Ministry of Road and Transport have been allocated ₹2.87 lakh crore under Budget 2025-26 which accounts to 5.7% of the total expenditure. This is an increase of 2.4% compared to the revised estimate for FY25.

  Nearly 60% of the total allocation is set aside for the National Highways Authority of India (NHAI) at ₹1.7 lakh crore.

  National Highways Authority of India (NHAI) spent a record-breaking Rs. 2,07,000 crore (US$ 24.79 billion) on the construction of national highways in the fiscal year 2023-24. This was the highest capital expenditure ever recorded, representing a 20% increase from last year.




- Financing & Capital Structure

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

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

4.4.19 Infrastructure debt funds (IDFs) - Government of India has set up the India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects. Interest payment on external commercial borrowings for infrastructure are now subject to a lower withholding tax of 5% vis-a-vis 20% earlier. IDF

**4.5 Implementation of important projects and expressways:**

4.5.1 Bharatmala Pariyojna

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

The Bharatmala Pariyojana envisages development of about 26,000 km length of Economic Corridors, which along with Golden Quadrilateral (GQ) and North-South and East-West (NS-EW) Corridors are expected to carry majority of the Freight Traffic on roads.

In Bharatmala Pariyojana, 60% projects are on Hybrid Annuity Mode (HAM), 10% projects on BOT (Toll) Mode and 30% projects on EPC mode have been envisaged respectively.

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

| Component | Length (Km) | Cost (INR Mn) |
|---|---:|---:|
| Economic corridors development | 9,000 | 12,00,000 |
| Inter-corridor & feeder roads | 6,000 | 8,00,000 |
| National Corridors Efficiency | 5,000 | 10,00,000 |
| Border & International connectivity | 2,000 | 2,50,000 |
| Coastal & port connectivity roads | 2,000 | 2,00,000 |
| Expressways | 800 | 4,00,000 |
| **Sub Total** | **24,800** | **38,50,000** |
| Other works - under NHDP | 10,000 | 15,00,000 |
| **Total** | **34,800** | **53,50,000** |

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

4.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

4.5.3 Eastern peripheral and western peripheral expressway

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

4.5.4 NH-544G Bengaluru–Vijayawada Economic Corridor

Mr. Nitin Gadkari has recently approved the development of 32 km long 6-lane Access Controlled Greenfield Highway on NH-544G Bengaluru–Vijayawada Economic Corridor in Hybrid Annuity Mode in Andhra Pradesh worth US$ 157 million (Rs. 1,292.65 crores).

4.5.5 Setu Bharatam:

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

4.5.6 To further augment road infrastructure, more economic corridors are also being planned by Government of India.

a. Prime Minister Mr. Narendra Modi has dedicated a six-lane Greenfield motorway part of the Amritsar-Jamnagar Economic Corridor and the first phase of the Inter-State Transmission Line for Green Energy Corridor.

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

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

d. In the Union Budget of 2024-25, the Government of India allocated Rs. 2.7 lakh crore (US$ 32.68 Billion) to the Ministry of Road Transport and Highways.

e. Up to FY24, the Ministry of Road Transport and National Highways had awarded a total length of 2,595 kms.

**4.6 Opportunities in road development & maintenance in India**

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

b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 53.5 lakh Mn (US$ 741.51 billion).

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

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

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

**4.7 Asset Monetisation**

4.7.1 **TOT Model** – Under this model, the right of collection of user fee (toll) in respect of selected operational highways constructed through public funding are assigned through a concession agreement as a result of bidding for a specified period of 15-30 years to the Concessionaire against upfront payment of a lump-sum amount quoted to the Government/NHAI. During the concession period, the responsibility for operations and maintenance of the road assets rests with the Concessionaire.

4.7.2 **InVIT Model** – NHAI has set up an InvIT under the SEBI InvIT Regulations, 2014 which is a pooled investment vehicle that issues units to investors, while having three entities for management of the Trust – Trustee, Investment Manager and Project Manager. The three entities have defined roles and responsibilities under the SEBI Regulations.

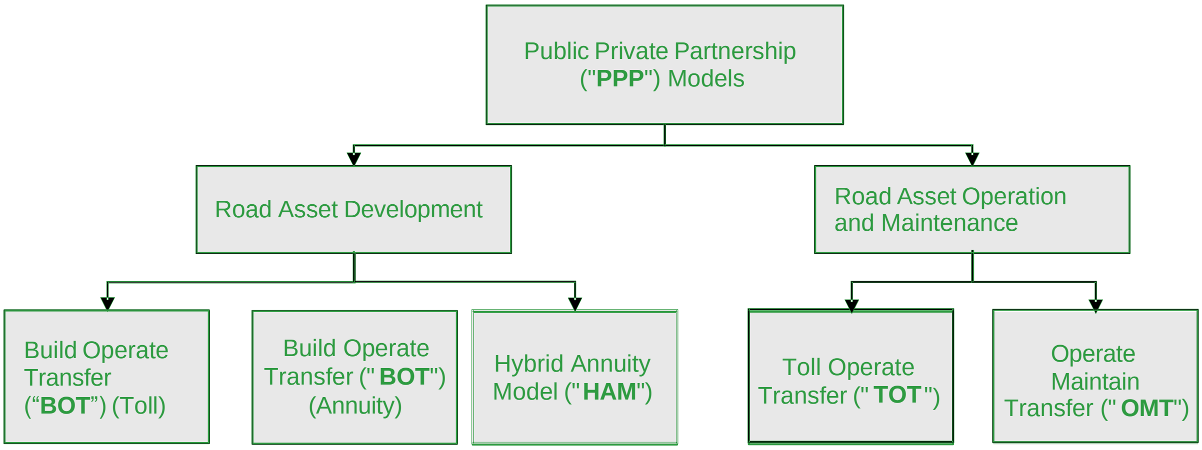
4.7.3 **Securitization through SPV Model** – A SPV/DME (100% owned by NHAI), has been created by bundling road assets under consideration and securitizing the future user fee from the road assets. NHAI will collect tolls, maintain the road assets and periodically transfer payments to the SPV sufficient for servicing debt obligations at the SPV level. About Rs.3,70,000 Mn has already been raised through this method (DME- Delhi Mumbai Expressway) by NHAI so far.

**4.8 Utility Corridors**

Working towards development of around 10,000 km of Optic Fibre Cables (OFC) infrastructure across the country by FY2024-25, National Highways Logistics Management Limited (NHLML), a fully owned Company of NHAI, is implementing the network of Digital Highways by developing integrated utility corridors along the National Highways to develop OFC infrastructure. Around 1,367 km on Delhi – Mumbai Expressway and 512 km on Hyderabad - Bangalore Corridor have been identified for the Digital Highway Development.

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

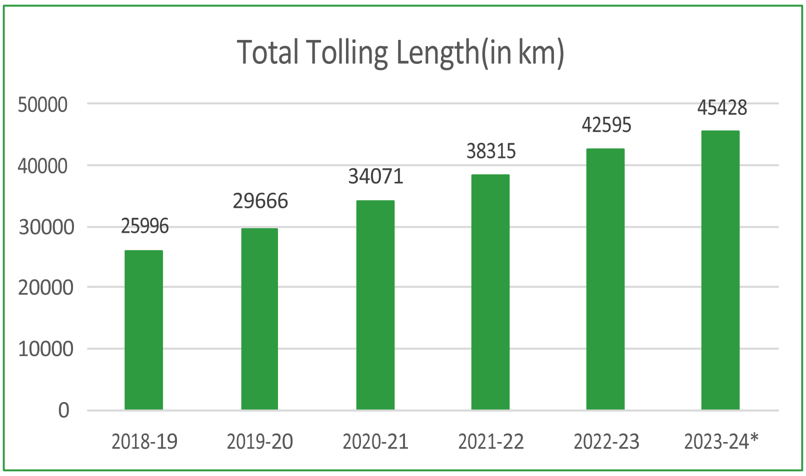
4.9.1 India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become fragmented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




**4.10 <u>Road Asset Development Models</u>**

- **BOT Toll**

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




- **BOT Annuity**

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

- **HAM**

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

### 4.11 Major Events of 2023 and 2024

- In March 2024, Prime Minister Narendra Modi inaugurated and laid the foundation stone for 112 national highway projects across various states, with a total worth of approximately US$ 12.04 billion (Rs. 1 lakh crore).
- The country's first elevated eight-lane access control Dwarka expressway of 29.6 km length is built at a cost of Rs. 1 lakh crore (US$ 12.04 billion).
- In FY24 approximately 12,300 km of National Highways were constructed.
- Delhi-Vadodara Expressway: The Hon'ble Prime Minister dedicated to the nation 244.50 km long stretch of Delhi-Vadodara Expressway developed at a cost of about Rs. 1,18,950 Mn.
- The Hon'ble Prime Minister dedicated to the nation a road project 'four laning of 59 km long Suryapet to Khammam section of NH-365BB' built at a cost of about Rs.24,600 Mn.
- The Hon'ble Prime Minister laid the foundation stone of key road projects that are part of Nagpur -Vijayawada Economic Corridor.
- Foundation Stone laying for Karnataka Section of Six Lane Surat – Chennai Expressway (1270 Km)
- Hon'ble Prime Minister dedicated 118 km long Bengaluru-Mysuru Expressway to the nation and laid the foundation stone for the 92 km Mysuru-Kushalnagar 4-lane highway in Mandya, Karnataka
- Hon'ble Prime Minister inaugurated and laid the foundation stone of road projects worth about Rs.37,000 Mn at Chennai, Tamil Nadu.
- Hon'ble Prime Minister inaugurated and laid the foundation stones for upgradation of two lanes roads in Rajsamand and Udaipur.
- Foundation stones of five **National Highway projects worth Rs. 64,000** Mn were laid in Raipur on 07$^{th}$ July 2023.
- **Sustainable Road with Bio-Bitumen:** India's first eco-friendly road using lignin-based bio-bitumen was inaugurated on December 21, 2024, on the Nagpur-Mansar Bypass
- **PMGSY Phase IV Approval:** The government approved ₹70,125 crore for Phase IV of PMGSY to improve rural connectivity and upgrade bridges in August 2024.
- **Bengaluru–Chennai Expressway:** The Karnataka section of the Bengaluru–Chennai Expressway was completed and opened for traffic on December 9, 2024, with full completion expected by August 2025.

### 4.12 Growth Drivers

4.12.1 Robust Demand :

Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles which commands stronger road network in India. Higher individual discretionary spending has led to increased spending on two and four wheelers. Domestic sales of passenger vehicles, three-wheelers and two-wheelers, reached 3,069,499, 260,995, and 13,466,412 units, respectively. Road's traffic share of the total traffic in India has grown from 13.8% to 65% in freight traffic and from 32% to 90% in passenger traffic over 1951–2019.

4.12.2 Increasing Investment :

Huge investment have been made in the sector with total investment increasing more than three times from 2014-15 to 2018- 19. Plans are in place to raise up to INR 45,00,000 Mn through monetization, of which INR 3,00,000 Mn will be raised through ToT mode and INR1,50,000 Mn through InvITs. NHAI will bid out nearly 75% of new highway projects on PPP. Projects worth over INR 5000 Mn will preferably be executed through PPP mode.

4.12.3 Policy Support :

100% FDI is allowed under automatic route subject to applicable laws and regulations, standardized process for bidding and tolling. Government of India has set up India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects.

## 4.13 Challenges & Issues in the Sector

4.13.1 Land Acquisition Delays & Cost :

- Land acquisition cost has increased more than 30% since 2017, primarily due to enhanced compensation payment requirements as per 'The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013'.
- Delay in pre-construction activities (such as land acquisition, relocation) affects project timelines. Land acquisition for road projects involves various stages. Each stage involves a number of stakeholders and regulatory bodies. Thus processes consume considerable time.

4.13.2 Regulatory Approvals & Disputes :

- Road development process requires a number of approvals such as environmental clearance, forest clearance, railways clearance, etc. Each of these activities takes considerable time and non-adherence to timelines result in cost overruns due to delays.
- Claims arising out of disputes between the concessionaire/ contractor and the government authorities are also a significant cost which can lead to large liabilities.

4.13.3 Operational Issues :

- Uncertainty of toll revenue collection and variation of collected toll revenue compared to projected levels as Actual traffic is much less than the anticipated traffic.
- Often unforeseen weather conditions require unplanned O&M, over and above the routine and periodic maintenance activities. This results in enhanced O&M expenses. The increase in O&M costs is also affecting the project returns.

4.13.4 Financing road construction projects :

- In the case of toll motorways, the challenge of financing construction projects is different but still remains. Traditionally, the construction of toll motorways is a profitable investment but in the times of recession, funding may be rare or nonexistent.
- Powerful national economies may be able to efficiently tackle the problem but weaker economies can hardly find the financing sources for road construction projects.

4.14.5 Climate Change:

- The road sector is vulnerable to climate change impacts. Climate change and extreme weather events pose a significant challenge to the safety, reliability, effectiveness and sustainability of road transportation systems. Tsunami waves, wildfires, floods and hurricanes constitute a big risk for passengers, vehicles and goods, as well as for the integrity of the transport infrastructure.
- Since reliable road transport is an essential driver of economic growth and social wellbeing worldwide, national road authorities and motorway operators must adapt the infrastructure to climate change and increase the resilience of road transport to extreme weather

4.14.6 Economy and cost effectiveness:

- Among all transport modes, road transport occupies a significant place in short- and medium distance travel operations. However, the unit cost of transportation (per ton × km), compared with other modes of transport, remains high and is getting higher and cost-ineffective as the travel distance increases.
- Road transport cost comprises direct costs (fuel, capital depreciation, maintenance, motorway tolls, ferry fares and wages) and external costs (noise, congestion, infrastructure damages, health and environmental issues).

## e. Recent Initiatives by Government

**i.** Bhoomi Rashi – Land Acquisition Portal

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

ii. Central Road and Infrastucuture Fund (CRF)

A majority of the Ministry's expenditure is managed through transfers from the CRIF. A portion of the cess collected on motor spirit and high-speed diesel is earmarked for the development of NHs and SHs, and the amount is transferred to the non-lapsable CRIF. This amount is eventually released to the NHAI, and to the state/UT governments for the development of road infrastructure, and other projects (such as ports, railway track, airports) in the country. For 2024-25, the transfer from CRIF towards the Ministry is estimated at Rs 3,46,400 Mn.

iii. National Investment Fund (NIF)

The NIF was created in 2005, and is credited with proceeds from disinvestments of public sector enterprises. The Ministry finances the Special Accelerated Road Development Programme in North East (SARDP-NE) with funds from the NIF.

iv. Investment in roads and other infrastructure

- CareEdge Ratings estimates that India will require additional infrastructure investment of US$ 18-20 trillion in the next 25 years to become a US$ 25-30 trillion economy by 2047.
- The Cabinet Committee on Economic Affairs, has given the approval for the development of eight key National High-Speed Corridor projects, spanning a total length of 936 km, with an investment of Rs. 50,655 crore (US$ 6.09 billion) nationwide.

v. FASTag – Electronic Toll Collection

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

vi. Revival of languishing projects

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

vii. Rural development

The Central government launched the Pradhan Mantri Gram Sadak Yojana to provide all-weather road connectivity to the eligible unconnected habitations in rural areas. Over 7 lakh kilometres of roads have been constructed under the first and second phases of the scheme, which is currently in its third phase. Under the Union Budget 2024-25, the Government of India allocated Rs.1,90,000 Mn (US$ 2,370 million) for Pradhan Mantri Gram Sadak Yojana (PMGSY).

viii. Improve safety standards

The Government of India has announced rules to improve road safety, such as fixed driving hours for commercial truck drivers and a mandate to install sleep detection sensors in commercial vehicles. A memorandum of understanding (MoU) has been signed with the National Highways Authority of India (NHAI) by Guru Nanak Dev University (GNDU) to conduct advanced research on various aspects, including highway architecture, protection and revitalisation. The GNDU will undertake studies on ~137 km length of the National Highways passing through Pathankot, Gurdaspur and Amritsar districts.

ix. Portfolios in roads & highways sector

The National Investment and Infrastructure Fund (NIIF) is constantly making progress towards integrating its road and highway portfolio. The NIIF has acquired Essel Devanahalli Tollway and Essel Dichpally Tollway through the NIIF master fund. These road infra-projects will be supported by Athaang Infrastructure, NIIF's proprietary road network, assisted by a team of established professionals with diverse domain expertise in the transport field.

x. International Tie-ups

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

xi. Encourage private funding to reduce finance constraints

- FDI inflows in construction development stood at US$ 33.91 billion between April 2000 – March 2024.
- Indian Government and Asian Development Bank signed US$ 500 million loan agreement to build the longest bridge across river Ganga, in Bihar.
- The Government of India and New Development Bank (NDB) recently signed two loan agreements for US$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.

**f. Outlook**

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

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

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

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

v. The Government of India has allocated Rs. 111 lakh crore (US$ 1.4 trillion) under the National Infrastructure Pipeline for FY25. The roads sector is likely to account for 18% capital expenditure over FY25.

*Sources: IBEF Roads Report, August 2024;; ICRA reports, website of Ministry of Road Transport and Highways, Government of India*

# 5. Valuation Methodology and Approach

5.1. The present valuation exercise is being undertaken in order to derive the fair EV and fair adjusted EV of the SPV.

5.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.

5.3. There are three generally accepted approaches to valuation:

a) “Cost” approach

b) “Market” approach

c) “Income” approach

### Cost Approach

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

### Net Asset Value (“NAV”) Method

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

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

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

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

### Market Approach

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

### Comparable Companies Multiples (“CCM”) Method

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

### Comparable Transactions Multiples (“CTM”) Method

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

### Market Price Method

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

### Income Approach

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

### DCF Method

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

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

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

### Conclusion on Cost Approach

5.12. The existing book value of EV of the SPV comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the Provisional Financial Statements as at 31st January 2025 prepared as per Indian Accounting Standards (Ind AS) are as under :

**INR Mn**

| Sr. No. | SPV | Book EV | Adjusted EV |
|---|---|---|---|
| 1 | GGBHPL | 5,571 | 5,981 |

* Enterprise Value (“EV”) is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

** Adjusted Enterprise Value of the SPV is derived as the EV as defined above plus cash or cash equivalents of the SPV as at the Valuation Date.

In the present case, the SPV operate and maintain the project facilities in accordance with the terms and conditions under the concession agreement. During the concession period, the SPV operate and maintain the road asset and earn revenues through annuity payment that are pre-determined as per the concession agreement. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise

### Conclusion on Market Approach

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

### Conclusion on Income Approach

5.14.1. The SPV operate under HAM based concession agreement with NHAI. The revenue of the SPV is based on tenure, annuity payments, operations and other factors that are unique to the SPV. The revenue of the SPV is mainly derived from the annuity payments (annuity fees), interest income on balance annuity payments (which is linked to MCLR rate) and O&M payments (adjusted for inflation), that is defined under the Concession Agreement for the operation period.

5.14.2. The annuity fees are typically pre-determined with the relevant government authority (NHAI in this case) and cannot be modified to reflect prevailing circumstances. Interest on balance annuity payments are linked to MCLR of top 5 scheduled commercial banks plus spread of 1.25%.

5.14.3. The rights in relation to underlying asset of the SPV shall be transferred after the expiry of the Concession Period. Accordingly, since the SPV is generating income based on pre-determined agreements / mechanism and since the

Investment Manager has provided me with the financial projections of the SPV for the balance tenor of the concession agreement, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

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# 6. Valuation of the SPV

**6.1.** In the present exercise, my objective is to determine the Fair Enterprise Value of the SPV as per the DCF Method. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash and cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.

**6.2.** While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPV as provided by the Investment Manager. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information. However, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

**6.3.** Following are the major steps I have considered in order to arrive at the EV of the SPV as per the DCF Method:

1. Determination of Free Cash Flows to Firm which included:
   a) Obtaining the financial projections to determine the cash flows expected to be generated by the SPV from the Investment Manager;
   b) Analyzed the projections and its underlying assumptions to assess the reasonableness of the cash flows;
2. Determination of the discount rate for the explicit forecast period; and
3. Applying the discount rate to arrive at the present value of the explicit period cash flows and for arriving at the terminal value.

**6.4.** The key assumptions of the projections provided to me by the Investment Manager are:

**Key Assumptions:**

6.4.1. **Revenue cash flows:**

The Cash flow for the SPV can be divided into two segments:

**Payment from NHAI during the Construction Period:**
The SPV is eligible to receive 40% of the Bid Project Cost (BPC), adjusted for the price index multiple, in 10 installments of during the construction period. I have been represented by the Investment Manager that the SPV has received the agreed portion of the inflation adjusted bid project cost (of 40%) as per the concession agreement.

**Payment by NHAI during the Operation Period:** Accordingly, the revenue of the SPV would mainly consist of the following receipts:

a) **Annuity payments:** The Bid Project Cost remaining, adjusted for the price index multiple, to be paid in pursuance of the concession agreement (i.e. the Balance Completion Cost) is eligible to be received by the SPV by way of specified biannual installments as mentioned in its concession agreement for the balance period of operations.

The following table represents the balance number of biannual annuity installments expected to be received by the SPV after 31st January 2025:

| Sr. No. | SPV | Annuities received till valuation date | Balance annuities to be received |
|---|---|---|---|
| 1 | GGBHPL | 1 | 29 |

b) **Interest:** As per the concession agreement, the SPV is entitled to receive interest on reducing Balance Completion Cost equal to applicable average of one year MCLR of top 5 Scheduled Commercial Banks plus 1.25%. Such interest is due and payable along with each of the biannual installments as mentioned above; and

**c)** **Operation and Maintenance Revenue:** In lieu of O&M expenses to be incurred by SPV, SPV is eligible for certain O&M income (as defined in the concession agreement) at each biannual installment date, duly adjusted for an appropriate inflation rate.

6.4.2. **Operating and Maintenance Expenses:**

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

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

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, project management fees, professional fees, insurance, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the concession agreement. SPV is responsible for carrying out operation and maintenance activities at the road during the concession period. Within the scope of such operation and maintenance obligations, the SPV may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure safe traffic movement, deploy adequate human resources for incident management, maintain proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the projects as may be required. The Investemnt Manager has escalated these costs by approximately ~4.5% p.a. The following table shows the breakup of O&M cost which is used in our valuation:

INR Mn

| Payments | GGBHPL |
|---|---|
| Operating Expenses | 68.9 |
| Routine Maintenance | 25.2 |
| **Total Payout** | **94.1** |

Further, Operation & Maintenance Costs have been considered based on the Technical Due Diligence ("TDD") Reports prepared by Cube Highways Technologies Private Limited for GGBHPL as provided to me by the Investment Manager. Given the technical nature of this study, I have relied on the expert's report for these costs. Further, no payment schedule for O&M Costs was provided to me and hence to that extent I have relied on the management's estimate.

**Major Maintenance and Repairs Costs ("MMR Costs")**

**Estimating the MMR Costs**

Major maintenance expenses will be incurred on periodic basis. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its normal condition as per the concession agreement terms. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly, such costs include considerable amounts of materials and labour. The Investment Manager has a view that there will be approximately ~4.5% p.a. escalation.

Further, Major Maintenance Costs have been considered based on the Technical Due Diligence ("TDD") Report for the SPV prepared by Cube Highways Technologies Private Limited as provided to me by the Investment Manager. Given the technical nature of this study, I have relied on the expert's report for these costs.

6.4.3. **Depreciation and Amortization:** The financial rights (intangible assets) of the SPV are being amortized over the period of concession using the revenue based amortization method prescribed under Schedule II of the Companies Act, 2013.

6.4.4. **Capital Expenditure ("Capex"):** As represented by the Investment Manager,there is no balance of Capital Expenditure for the projected period.

6.4.5. **Direct Taxes**: As per the discussions with the Investment Manager, the new provisions of Income Tax Act, 1961 (Section 115BAA) have been considered for the projected period of the SPV. The SPV has been filing its income tax returns on the basis of IND AS Income, adjusted for adjustments prescribed by Income Computation and Deduction Standards IV i.e Revenue Recognition and ICDS III i.e. Construction Contracts which can be substantiated from the income tax returns and tax audit report of the SPV.

6.4.6. **Working Capital and other income**: The Investment Manager has provided projected financial information on biannual basis for the SPV. The biannual period are based on the annuity dates of the SPV. The amount of O&M expenses payable to O&M Contractor by the SPV on the basis of its O&M Agreements is also due and payable on the basis of the annuity amount and date on which annuities are received. Hence, for the SPV where annuity payments are material component of revenue, there are no receivables and payables estimated to be outstanding at their respective annuity dates during the biannually prepared projected period. Other working capital items outstanding as at the Valuation Date mainly represents the advance income tax, GST input tax (and cash) credit, prepaid expenses, MMR, DSRA ("Debt Service Reserve Account") etc.

The other income includes interest on FDR and The Investment Manager has provided projected Working Capital information and Other Income information for the SPV. I have relied on the same.

6.4.7. **GST Claim:** The Investment Manager has informed us that due to the changes in extant provision of the Goods & Services Tax ("GST") laws, the SPV is eligible to receive GST claims from NHAI which are as follows:

- **(i) On Annuity:** As per the clarification notification of Ministry of Road Transport & Highways as on 27th August 2021 vis-à-vis Ministry of Finance circular dated 17th June 2021, SPVs are eligible to claim reimbursement of GST on annuity, considering change in law, after adjusting GST input credit lying with the SPVs.
- **(ii) On Interest on Annuity:** As per the Ministry of Finance circular dated 17th June 2021, GST will be applicable on annuity (deferred payments) paid for construction of roads i.e. annuity plus interest, additionally Ministry of Road Transport & Highways issued clarification dated 17th June 2021 that the SPV will be eligible to claim reimbursement of GST on interest.
- **(iii) Change in GST Rates:** Ministry of Finance vide notification no. 03/2022 dated 13th July 2022, increased the GST rates applicable on road construction services from 12% to 18%. As per the Policy circular of Ministry of Road Transport & Highways as on 23rd December 2022, the above increase in GST rates are eligible for reimbursement from NHAI as it is considered as change in law (i.e. change of rate).

### 6.5. Impact of Ongoing Litigations on Valuation

As on 31st January 2025, there are no ongoing litigations.

Further, I have been informed by the Investment Manager that the tax litigations prior to acquisition of SPVs by the Trust shall be covered by an indemnity given by the Settlor (GR Infra) for a period of eight years (from date of such transfer) through the Share Purchase Agreement ("SPA") to be executed between the Trust and the Settlor.

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

### 6.7.1. Cost of Equity:

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

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

K(e) = Rf + [ERP* Beta] + CSRP

Wherein:

K(e) = cost of equity

Rf = risk free rate

ERP = Equity Risk Premium

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

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

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

### 6.7.2. Risk Free Rate:

I have applied a risk free rate of return of 6.71% on the basis of the zero coupon yield curve as on 31st January, 2025 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

### 6.7.3. Equity Risk Premium ("ERP"):

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. For my estimation of the ERP, I have considered rolling historical returns of 10, 15 & 20 year of Nifty 50 index from year 2000 to 2024. The 10 year rolling return, 15 year rolling return and the 20 year return for several periods were calculated. I have computed equity risk premium for each rolling period and accordingly I have arrived at ERP in the range of 6.2%, 6.4% & 8.1% which averages to ~7.0%. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

**6.7.4. Debt – Equity Ratio:**

I have considered the target debt-equity ratio as per the industry standards. I have considered the industry bench mark since the cost of capital is a forward looking measure, and captures the cost of raising new funds to buy the asset at any valuation date (not the current actually deployed). Specifically, such benchmark is required to consider the nature of the asset class, and the comparative facts from the industry to arrive at the correct assumption.

Current Debt – EV ratio of Indus Infra Trust is 29.08%

Given the risk profile of HAM projects, and considering the leverage at 70-80% of the total project cost based on a rating agencies report available in public domain, and further considering the InvIT Regulations allowing in general upto 70% leverage in assets where AAA rating has been obtained, a debt-to-equity ratio of 70% for HAM asset was found to be appropriate.

**6.7.5. Beta:**

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

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

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

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

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

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

Accordingly, as per above, I have arrived at re-levered betas of the SPV. (Refer Appendix 2)Accordingly, as per above, I have arrived at re-levered betas of the SPV. (Refer Appendix 3)

**6.7.6. Company Specific Risk Premium ("CSRP")**

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case, considering the counterparty risk for the SPV, considering the length of the explicit period for the SPV, and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSRP for the SPV.

**6.7.7. Cost of Debt:**

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

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

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered as 8.40% for the SPV, as represented by the Investment Manager based on the weighted average Cost of Debt of the SPV.

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

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:

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

Accordingly, as per above, I have arrived at the WACC for the explicit period of the SPV.

*(Refer appendix 2 for detailed working)*

**6.7.9. Cash Accrual Factor (CAF) and Discounting Factor:**

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

In case of HAM Projects, the annuities are received bi-annually at a predetermined date and the concession agreement provides that the annuities would be realized in 20 days from the annuity date. Hence we have considered the annuity realizations date for the purpose of determination of the CAF Accordingly, the cash flows during each year of the projected period are discounted back from the respective annuity realization to Valuation Date.

**6.7.10. Discounting Factor:**

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

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

Where,

CF = Cash Flows,

CAF = Cash accrual factor for particular period

r = Discount Rate (i.e. WACC)

**6.8.** At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road revert to NHAI. Hence, SPV is not expected to generate cash flow after the expiry of its concession agreement. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the assets or into perpetuity if the assets have an indefinite life, in this valuation exercise.

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# 7. Valuation Conclusion

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

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

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

**INR Mn**

| Sr. No. | SPVs | Last Date | Approximate Balance Period | Enterprise Value | Adjusted Enterprise Value |
|---|---|---|---|---|---|
| 1 | GGBHPL | 6-Apr-39 | 14 years 2 months | 6,433 | 6,556 |

*(Refer Appendix 1 for detailed workings)*

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

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

7.6. On request of the Investment Manager, I have also calculated the 100% Equity Value of the SPV as on the Valuation Date. For arriving at the 100% Equity Value, I have adjusted the EV arrived under DCF method for cash & cash equivalents, borrowings from lenders and Subordinated debts from related party, based on the balance sheet of the SPV as on the Valuation Date to arrive at the 100% Equity Value of the SPV.

7.7. Also, on request on the Investment Manager, I have calculated sensitivity on the Equity value based on various parameters in Section 1 and 7.

7.8. Calculation of Equity Value of the SPV as on the Valuation Date:

**INR Mn**

| | GGBHPL |
|---|---|
| **Fair Enterprise Value** | **6,433** |
| *Adjustments:* | |
| Cash & Cash Equivalents | 124 |
| Borrowings | (3,684) |
| Current Maturities of Long Term Borrowings | (257) |
| Loan from related parties- GR Infra | (1,820) |
| **Equity Value** | **796** |

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

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

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

1. WACC by increasing / decreasing it by 0.5%
2. WACC by increasing / decreasing it by 1.0%
3. Expenses by increasing / decreasing it by 10%

4. Expenses by increasing / decreasing it by 20%

## Sensitivity Analysis of Enterprise Value

**4. Fair Enterprise Valuation Range based on**

**a. WACC parameter (0.5%)**

**INR Mn**

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 6,269 | 7.65% | 6,433 | 7.15% | 6,603 |

**b. WACC parameter (1.0%)**

**INR Mn**

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 6,113 | 7.65% | 6,433 | 6.65% | 6,782 |

**c. Expenses parameter (10%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,551 | 6,433 | 6,314 |

**d. Expenses parameter (20%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,670 | 6,433 | 6,195 |

## Sensitivity Analysis of Enterprise Value

**5. Fair Adjusted Enterprise Valuation Range based on**

**a. WACC parameter (0.5%)**

**INR Mn**

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 6,393 | 7.65% | 6,556 | 7.15% | 6,727 |

**b. WACC parameter (1.0%)**

**INR Mn**

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 6,237 | 7.65% | 6,556 | 6.65% | 6,906 |

**c. Expenses parameter (10%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,675 | 6,556 | 6,438 |

**d. Expenses parameter (20%)**

**INR Mn**

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 6,794 | 6,556 | 6,319 |

## Sensitivity Analysis of Enterprise Value

**6. Fair Equity Valuation Range based on**

**a. WACC parameter (0.5%)**

INR Mn

| Sr. No. | SPV | WACC +0.50% | EV | Base WACC | EV | WACC -0.50% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.15% | 632 | 7.65% | 796 | 7.15% | 967 |

**b. WACC parameter (1.0%)**

INR Mn

| Sr. No. | SPV | WACC +1.00% | EV | Base WACC | EV | WACC -1.00% | EV |
|---|---|---|---|---|---|---|---|
| 1 | GGBHPL | 8.65% | 476 | 7.65% | 796 | 6.65% | 1,145 |

**c. Expenses parameter (10%)**

INR Mn

| Sr. No. | SPV | EV at Expenses -10% | EV at Base Expenses | EV at Expenses +10% |
|---|---|---|---|---|
| 1 | GGBHPL | 914 | 796 | 677 |

**d. Expenses parameter (20%)**

INR Mn

| Sr. No. | SPV | EV at Expenses -20% | EV at Base Expenses | EV at Expenses +20% |
|---|---|---|---|---|
| 1 | GGBHPL | 1,033 | 796 | 559 |

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

## 8.1. Scope of Work

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

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

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

While the SEBI InvIT Regulations are not applicable in the present case, as a matter of prudence, I have made these additionals disclosured in Para 8.3 below.

## 8.2. Limitations

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

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

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

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

## 8.3. Analysis of Additional Set of Disclosures for the SPV

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

The list of sanctions/ approvals obtained by the SPV till the date of this Report is provided in Appendix 4. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPV for which approval is pending as on 31st January 2025. Further, I have been informed by the Investment Manager that any applicable approvals required for any works to be undertaken during the operation phase are obtained as and when necessary based on the nature or extent of such works.

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

The Investment Manager has confirmed that the SPV is not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 31st January 2025.

C. **Statement of assets included:**

The details of assets of the SPV as at 31st January, 2025 are as mentioned below:

**INR Mn**

| Sr. No. | SPV | Net Fixed Assets | Net Intangible Asset | Non-Current Assets | Current Assets |
|---|---|---|---|---|---|
| 1 | GGBHPL | - | - | 4,788 | 819 |
| | **Total** | **0** | **0** | **4,788** | **819** |

*Source: Investment Manager*

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

I have been informed that maintenance is regularly carried out by SPV in order to maintain the working condition of the assets. Further, I have been represented by the Investment Manager, that no major repairs were undertaken with regards to the SPV till 31st January, 2025.

**Forecasted major repairs**

**INR Mn**

| SPVs | FY 26 | FY 27 | FY 28 | FY 29 | FY 30 | FY 31 | FY 32 |
|---|---|---|---|---|---|---|---|
| GGBHPL | - | - | - | - | - | 232 | 242.4 |

**INR Mn**

| SPV | FY 33 | FY 34 | FY 35 | FY 36 | FY 37 | FY 38 | FY 39 |
|---|---|---|---|---|---|---|---|
| GGBHPL | - | - | - | - | - | 315.7 | 329.9 |

*Source: Investment Manager, TDD Report*

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

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

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

As informed by the Investment Manager, there are no litigations outstanding as at the Valuation Date, and hence I have relied on the same.

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

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

# 9. Sources of Information

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

i. Audited Financial Statements of the SPV for Financial Year ("FY") ended 31st March 2022, 31st March 2023 and 31st March 2024;

ii. Provisional Financial Statements of the SPV for the period ended 31st January, 2025;

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

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

v. Technical Due Diligence ("**TDD**') Report dated February 2024 prepared by Cube Highways Technologies Private Limited for GGBHPL;

vi. Details of Depreciation is as per Income Tax Act, as at Valuation Date;

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

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

ix. Shareholding pattern as on the report date of the SPV and other entities mentioned in this Report;

x. Management Representation Letter by the Investment Manager dated 1st March 2025;

xi. Relevant data and information about the SPV provided to us by the Investment Manager either in written or oral form or in the form of soft copy;

9.2. Information provided by leading database sources, market research reports and other published data.

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

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

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

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# 10. Exclusions and Limitations

10.1. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

10.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 31st January 2025 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

10.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPV till 31st January 2025. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 31st January 2025 and the Report Date and that no material changes have occurred in the operations and financial position between 31st January 2025 and the Report date.

10.4. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPV or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPV in its regulatory filings or in submissions, oral or written, made to me.

10.5. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out here in which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.

10.6. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPV or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

10.7. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.

10.8. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

10.9. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

10.10. This Report is based on the information received from the sources as mentioned in Section 9 of this Report and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

10.11. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.

10.12. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.

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

10.14. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.

10.15. My conclusion assumes that the assets and liabilities of the SPV, reflected in its latest balance sheet remain intact as of the Report date.

10.16. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my associates, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.

10.17. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

10.18. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by me.

10.19. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter for such valuation work.

10.20. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.

10.21. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

10.22. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPV claim to title of assets has been made for the purpose of this Report and the SPV claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

10.23. I have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or SPV.

10.24. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of the factual data used in my analysis and to prevent any error or inaccuracy in this Report.

**Limitation of Liabilities**

10.25. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV personally.

10.26. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable(s).

10.27. It is clarified that the Investment Manager will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

10.28. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by the Investment Manager.

10.29. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,

SWAMINATHAN SUNDARARAMAN
Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2025.03.03 16:15:21 +05'30'

**S. Sundararaman**
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 25028423BMOMXB1781

## Appendix 1 – Valuation of GGBHPL as on 31st January 2025 under the DCF Method

INR Mn

| Date | Finance Income | Changes in Financial Asset | O&M Income | Other Income | O&M Expense | MM Expense | Wcap | Tax | FCFF | CAF | WACC | DF | PVFCFF |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | G | H | I | J=Sum from A to I | K | L | M | N=J*M |
| 2-Apr-25 | 401 | 28 | 95 | 6 | (69) | (26) | (37) | (57) | 340 | 0.22 | 7.65% | 0.98 | 335 |
| 2-Oct-25 | 338 | 104 | 80 | 5 | (54) | (26) | 34 | (73) | 407 | 0.72 | 7.65% | 0.95 | 386 |
| 2-Apr-26 | 330 | 131 | 56 | 5 | (56) | - | 30 | (78) | 418 | 1.22 | | 0.91 | 382 |
| 2-Oct-26 | 320 | 138 | 56 | 5 | (56) | - | (8) | (78) | 377 | 1.72 | 7.65% | 0.88 | 332 |
| 2-Apr-27 | 310 | 140 | 58 | 6 | (58) | - | 40 | (75) | 420 | 2.22 | 7.65% | 0.85 | 357 |
| 2-Oct-27 | 300 | 147 | 58 | 6 | (58) | - | 40 | (75) | 418 | 2.72 | 7.65% | 0.82 | 342 |
| 2-Apr-28 | 289 | 152 | 60 | 7 | (60) | - | 35 | (73) | 409 | 3.22 | 7.65% | 0.79 | 323 |
| 2-Oct-28 | 278 | 158 | 60 | 7 | (60) | - | 32 | (72) | 403 | 3.73 | 7.65% | 0.76 | 306 |
| 2-Apr-29 | 266 | 161 | 63 | 8 | (63) | - | 31 | (70) | 396 | 4.22 | 7.65% | 0.73 | 290 |
| 2-Oct-29 | 254 | 169 | 63 | 8 | (63) | - | 35 | (70) | 398 | 4.73 | 7.65% | 0.71 | 281 |
| 2-Apr-30 | 244 | 55 | 181 | 9 | (65) | (116) | 14 | (38) | 283 | 5.22 | 7.65% | 0.68 | 193 |
| 2-Oct-30 | 240 | 55 | 181 | 8 | (65) | (116) | 122 | (37) | 388 | 5.73 | 7.65% | 0.66 | 254 |
| 2-Apr-31 | 237 | 44 | 189 | 6 | (68) | (121) | 128 | (33) | 382 | 6.22 | 7.65% | 0.63 | 242 |
| 2-Oct-31 | 233 | 43 | 189 | 5 | (67) | (121) | 110 | (31) | 360 | 6.73 | 7.65% | 0.61 | 219 |
| 2-Apr-32 | 228 | 161 | 70 | 4 | (70) | - | 93 | (60) | 426 | 7.23 | 7.65% | 0.59 | 250 |
| 2-Oct-32 | 215 | 204 | 70 | 4 | (70) | - | (38) | (67) | 317 | 7.73 | 7.65% | 0.57 | 179 |
| 2-Apr-33 | 200 | 212 | 73 | 5 | (73) | - | (38) | (66) | 314 | 8.23 | 7.65% | 0.55 | 171 |
| 2-Oct-33 | 184 | 224 | 73 | 6 | (73) | - | (38) | (65) | 311 | 8.73 | 7.65% | 0.53 | 164 |
| 2-Apr-34 | 168 | 232 | 76 | 6 | (76) | - | (33) | (63) | 310 | 9.23 | 7.65% | 0.51 | 157 |
| 2-Oct-34 | 151 | 244 | 76 | 7 | (76) | - | (33) | (62) | 306 | 9.73 | 7.65% | 0.49 | 150 |
| 2-Apr-35 | 133 | 252 | 79 | 7 | (79) | - | (41) | (60) | 292 | 10.23 | 7.65% | 0.47 | 137 |
| 2-Oct-35 | 114 | 266 | 79 | 8 | (79) | - | (37) | (58) | 293 | 10.73 | 7.65% | 0.45 | 133 |
| 2-Apr-36 | 95 | 277 | 82 | 9 | (82) | - | (32) | (56) | 291 | 11.23 | 7.65% | 0.44 | 127 |
| 2-Oct-36 | 74 | 287 | 82 | 9 | (82) | - | (32) | (54) | 284 | 11.73 | 7.65% | 0.42 | 120 |
| 2-Apr-37 | 56 | 127 | 243 | 10 | (85) | (158) | (32) | (9) | 152 | 12.23 | 7.65% | 0.41 | 62 |
| 2-Oct-37 | 47 | 136 | 243 | 8 | (85) | (158) | 99 | (9) | 281 | 12.73 | 7.65% | 0.39 | 110 |
| 2-Apr-38 | 37 | 138 | 254 | 4 | (89) | (165) | 323 | (6) | 496 | 13.23 | 7.65% | 0.38 | 187 |
| 2-Oct-38 | 27 | 134 | 254 | 2 | (89) | (165) | 125 | (2) | 286 | 13.73 | 7.65% | 0.36 | 104 |
| 2-Apr-39 | 14 | 368 | 15 | (0) | (15) | - | 119 | (95) | 405 | 14.23 | 7.65% | 0.35 | 142 |
| **Enterprise Value** | | | | | | | | | | | | | **6,433** |
| (+) Closing cash or cash equivalents as at the Valuation Date | | | | | | | | | | | | | 124 |
| **Adjusted Enterprise Value** | | | | | | | | | | | | | **6,556** |

## Appendix 2 – Weighted Average Cost of Capital of the SPVas on 31st January 2025

| Particulars | GGBHPL | Remarks |
|---|---|---|
| Risk free return (Rf) | 6.71% | Risk Free Rate has been considered based on zero coupon yield curve as at 31st January 2025 of Government Securities having maturity period of 10 years, as quoted on CCIL's website |
| Market Risk Premium (ERP) | 7.00% | Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India |
| Beta (Relevered) | 0.59 | Beta has been considered based on the beta of companies operating in the similar kind of business in India |
| **Cost of Equity (Ke)** | **10.84%** | **Base Ke = Rf + (β x ERP)** |
| Company Specific Risk Premium (CSRP) | 0% | Based on SPV specific risk(s) |
| **Revised Cost of Equity (Ke)** | **10.84%** | **Adjusted Ke = Rf + (β x ERP) + CSRP** |
| Pre-tax Cost of Debt (Kd) | 8.40% | As per the Existing Cost of Debt of the SPVs, as represented by the Investment Manager |
| Tax rate of SPV | 25.17% | Tax Rate Applicable to SPVs is considered |
| **Post-tax Cost of Debt (Kd)** | **6.29%** | **Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)** |
| Debt/(Debt+Equity) | 70.00% | Debt : Equity ratio computed as [D/(D+E)] |
| **WACC** | **7.65%** | **WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]** |

## Appendix 3– Computation of Unlevered and Re-levered Beta for the SPV

| Particulars | Raw Beta | Debt to Market Capitalisation | Effective Tax Rate (%) | Unlevered Beta |
|---|---|---|---|---|
| IRB InvIT Fund | 0.39 | 70% | 25.17% | 0.256 |
| PowerGrid Infrastructure Investment Trust | 0.172 | 4% | 25.17% | 0.175 |
| | | | **Average** | **0.215** |

| Particulars | GGBHPL |
|---|---|
| Unlevered Beta | 0.215 |
| Debt Equity Ratio Considered | 2.33 |
| Effective Tax rate of SPV | 25.17% |
| **Relevered Beta** | **0.59** |

**Justification of Companies used for calculation of Beta for SPV:**

**The following companies are integral players in the Indian infrastructure sector and contributes significantly to the development, operation and maintenance of infrastructure project. Their strong market presence, diversified portfolios and cosistent involvement in the key infrastructure projects make them relevant for the computation of beta of HAM SPV in the context of road business valuation.**

**1) IRB InvIT Fund**

The IRB InvIT fund is a dedicated trust that manages toll roads and related infrastructure projects. With a portfolio comprising six highway assets, the fund has a focused strategy in the road sector, making it comparable to other infrastructure trusts. Its structure shares similarities with entitites like Indus Infra Trust, which makes IRB InvIT Fund a key player in the road sector for the purpose of beta computation in the valuation exercise under consideration. Further, the IRB InvIT is operating and earning cash flows from completed and earning cash flows from completed road assets similar to Indus Infra Trust. Hence for the reasons mentioned above I found it appropriate to consider the same for Beta calculation.

## 2) PG InvIT

PG InviT primarily holds and operates high-voltage power transmission lines, providing essential services for the transmission of electricity across the country. The trust collects fees from utilities for the use of its infrastructure, which are typically based on long-term, fixed contracts. Similar to PG InviT, Indus Infra's valuation could be evaluated using standard InvIT valuation techniques, such as Discounted Cash Flow (DCF), which focus on future cash flows and the yield investors can expect. EV/EBITDA multiples, which are commonly used for infrastructure-based valuations, can also be compared between PG InviT and Indus Infra, as both are expected to generate long-term returns for their investors. Considering this history, I found it appropriate to use these projects as a basis for calculation Beta, as the valuation arrived by the company is similar to those of HAM SPV.

***Source: The above information has been derived from annual reports, investor presentations, investor call transcripts and other relevant data which is publicly available and can be verified independently by any reader.***

**Appendix 4- GGBHPL: Summary of approval and licenses**

| Sr. No. | Description of permits | Issuing Authority | Date of issue | Validity/Current Status |
|---|---|---|---|---|
| 1 | Employee Compensation Insurance Policy- Construction of road, major/minor bridges | The New India Assurance Co Ltd | 8th November 2024 | 7th November 2025 |
| 2 | Contract Labour (Regulation and Abolition) Central Rules, 1971 | Chief Labour Commissioner (Central) | 5th July 2021 | 4th July 2022 |
| 3 | Registration Certificate under the provisions building and other construction workers (Regulation of Employment and Conditions of Service) Central Rules, 1998 | Chief Labour Commissioner (Central) | 24th September 2021 | |
| 4 | Employee Compensation Insurance Policy- Construction of road, major/minor bridges | The New India Assurance Co Ltd | 8th November 2024 | 7th November 2025 |

## Appendix 5- Brief Details about the Valuer

### Professional Experience

Sundararaman is a fellow member from the Institute of Chartered Accountants of India, Graduate member of the Institute of Cost and Works Accountants of India, Information Systems Auditor (DISA of ICAI) and has completed the Post Qualification Certification courses of ICAI on IFRS, Valuation. He is a registered Insolvency Professional and a Registered Valuer for Securities or Financial Assets, having been enrolled with the Insolvency and Bankruptcy Board of India (IBBI) after passing the respective Examinations. He possesses more than 30 years of experience in servicing large and medium sized clients in the areas of Corporate Advisory including Strategic Restructuring, Governance, Acquisitions and related Valuations and Tax Implications apart from Audit and Assurance Services.

His areas of specialization include valuation for various Infrastructure Companies including valuation for Investment Infrastructure Trusts (InvITs)

### Professional Qualifications & Certifications

- FCA
- Grad CWA
- Certificate Courses on Valuation
- Certificate Course on IFRS
- Information Systems Audit (DISA of ICAI)
- Registered Insolvency Professional
- IBBI Registered Valuer

### Contact Details:

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### Registation Details

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

***<< End of Report >>***