

OIT INFRASTRUCTURE MANAGEMENT LIMITED

(formerly known as Indian Technocrat Limited)

CIN: U74140DL1980PLC010753

February 20, 2023

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G
Bandra Kurla Complex, Bandra (E),
Mumbai-400051

Ref: Symbol: OSEINTRUST

Subject: Valuation Report and NAV of Oriental InfraTrust as on December 31, 2022

Dear Sir/Ma'am,

Please find enclosed Valuation Report and NAV of Oriental InfraTrust as on December 31, 2022.

You are requested to take the same on record.

Thanking you.

Yours Faithfully,
For **OIT Infrastructure Management Limited**
(as *Investment Manager of Oriental InfraTrust*)

GAUR
AV
PURI

Digitally signed
by GAURAV PURI
Date: 2023.02.20
10:42:57 +05'30'

Gaurav Puri
Compliance Officer

Cc:
Axis Trustee Services Limited
The Ruby | 2nd Floor | SW | 29 Senapati Bapat Marg |
Dadar West | Mumbai- 400 028
Tel Direct # 022 - 62300440

Reg. Off.: Unit No. 307A, 3rd floor, Worldmark 2, Asset Area No. 8, Hospitality District, Delhi Aerocity,
Near IGI Airport, New Delhi - 110037

Email ID: info@orientalinfratrust.com & **Tele. No.:** 011-44454600

Addendum Valuation Report for Determination of Fair Value of Total Assets and NAV

Oriental Infra Trust

February 2023

Ref: LM/Feb15-119/2023

February 15, 2023

To,
Oriental Infra Trust, (“the Trust”)
Acting through Axis Trustee Service Limited
(In its capacity as the “Trustee” of the Trust)
3rd floor, Plot no. 8 Sector B-7,
Local Shopping Complex
Vasant Kunj, New Delhi 110 070

Dear Sir(s)/ Madam(s),

Sub: Addendum Valuation Report for Determination of Fair Value of Total Assets and NAV of Oriental Infra Trust as on December 31, 2022

We, BDO Valuation Advisory LLP (“BDO Val” or “We” or “Us” or “Our”), have been appointed vide engagement letter appointing us to undertake an independent valuation of Trust Assets (“InvIT Assets” or “Trust Assets”), as per Securities Exchange Board of India (Infrastructure Investment Trust Regulations, 2014), and amendments thereto including any circulars and guidelines issued thereunder (“SEBI InvIT Regulations”). We have been requested by the management to give a separate report on the determination of fair value of Total Assets and Net Asset Value of Oriental Infra Trust on a standalone and consolidated basis. We are pleased to present herewith our addendum to the valuation report dated February 15, 2023 with Ref no. LM/Feb15-118/2023.

We hereby confirm that we have no present or planned future interest in the Company, except to the extent of our appointment as a registered valuer for this Report.

We hereby confirm that the valuation of the security of the Company is carried out as per international valuation standards (“IVS”).

Find enclosed the Report providing the fair value of total assets and Net Asset Value of Oriental Infra Trust, the cut-off date for the present valuation exercise has been considered as at December 31, 2022 (“Valuation Date”). A summary of the analysis as well as description of the methodology and procedure used, and the factors considered in formulating the opinion is presented in the accompanying report. In addition, we have listed the sources of information used in this Report and the scope of work in the course of the assignment, noting any limitations on the assignment. This Report is subject to the attached exclusions & limitations and to all terms and conditions in the engagement letter for this assignment.



We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, 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.

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

Regards,

For BDO Valuation Advisory LLP

IBBI Regn No.: IBBI/RV-E/02/2019/103



Lata Gujar More

Partner, IBBI Regn No.: IBBI/RV/06/2018/10488

VRN No: IOVRVF/BDO/2022-2023/1519

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1. Brief Background

- 1.1. We, BDO Valuation Advisory LLP (“BDO VAL” or “We” or “Us”), refer to our engagement by Oriental Infra Trust (“Trust” or “Client”) vide engagement letter, appointing us to undertake an independent valuation of Trust Assets (“InvIT Assets” or “Trust Assets”), as per Securities Exchange Board of India (Infrastructure Investment Trust Regulations, 2014), and amendments thereto including any circulars and guidelines issued thereunder (“SEBI InvIT Regulations”). The registration number of the Trust is No.IN/InvIT/18-19/0011.
- 1.2. The Six SPV’s are as follows:
 - a) Etawah Chakeri (Kanpur) Highway Private Limited (“ECKHPL” or “Etawah Chakeri Project”),
 - b) Oriental Pathways (Indore) Pvt. Ltd (“OPIPL” or “Indore Khalghat Project”),
 - c) OSE Hungund Hospet Highways Pvt. Ltd. (“OHHHPL” or “Hungund Hospet Project”),
 - d) Oriental Nagpur Betul Highway Pvt. Ltd. (“ONBHPL” or “Nagpur Betul Project”) and
 - e) Oriental Nagpur Bypass Construction Pvt. Ltd. (“ONBCPL” or “Nagpur Bypass Project”)
 - f) Biaora to Dewas Highway Private Limited (“BDHPL” or Biaora Dewas Project) (hereinafter referred as “6 SPV’s”),
- 1.3. We have been requested by the management to compute Fair Value of Total Assets and the Net Asset Value of the Oriental Infra Trust on a stand-alone and consolidated basis as at December 31, 2022 for the purpose of disclosure in the Statement of net assets at fair value and the Statement of total returns at fair value to be included in the Standalone and Consolidated Financial Statements of the Trust, as required under the SEBI Circular no. CIR/IMD/DF/114/2016 dated October 20, 2016.
- 1.4. This report is in addition to our original report dated February 15, 2023 with Ref no. LM/Feb15-118/2023 on the fair Enterprise values of the six SPVs on a going concern basis as at December 31, 2022 (“Valuation Date”) (hereinafter referred as “the Original Report”) as per the extant provisions of the SEBI InvIT Regulations.

2. Terms of Engagement

- 2.1. Oriental Infra Trust has appointed us to determine the Fair Value of Total Assets and the Net Asset Value of the Oriental Infra Trust on a stand-alone and consolidated basis as on December 31, 2022 as mentioned in Section 1 of this Report.
- 2.2. This valuation exercise and Valuation Report are solely for the purpose mentioned herein in the Report. As per the discussion held with the Management of Oriental Infra Trust (“the Management”), the cut-off date for present valuation exercise is December 31, 2022.

Restricted Audience

- 2.3. This Report and the information contained herein are absolutely confidential and are intended for the use of the Management and only for submitting to the Statutory Auditors for compliance under the SEBI InvIT Regulations.
- 2.4. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in accordance with the statutory provisions. In the event the Management extend the use of the Report beyond the purpose mentioned earlier in the Report, with or without our consent, we will not accept any responsibility to any other party (including but not limited to the identified investor(s), Merchant Bankers and Placement agent, if any) to whom this Report may be shown or who may acquire a copy of the Report.

3. Exclusions and Limitations

- 3.1. The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 3.2. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.
- 3.3. We have relied on the sources of information referred in Section 4 of the Report.
- 3.4. Further, this Report is based on the extant regulatory and current economic environment and the financial, monetary and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Company. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this report and we shall not be obliged to update, review or reaffirm this report if the information provided to us changes. The information presented in this Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the Report materially.
- 3.5. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the businesses.
- 3.6. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as 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.

- 3.7. This Report is based on information received from sources mentioned herein and discussions with the Management. We have assumed that the Management has furnished to us all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on our report.
- 3.8. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Company and has considered them at the value as disclosed by the Management in their regulatory filings or in submissions, oral or written, made to us. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 3.9. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified.
- 3.10. In the particular circumstances of this case, we shall be liable only to the Management. We shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused other than in cases of fraud, gross negligence or willful misconduct, or on account of any natural calamities, shall be limited to the amount of fees actually received by us as laid out in the engagement letter, for such valuation work.
- 3.11. Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, we, in any way, shall not be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 3.12. This Report does not look into the business / commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. The assessment of commercial and investment merits of the Company are sole responsibility of the identified investor(s) of the Company and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Company.
- 3.13. We are not advisor with respect to legal, tax and regulatory matters for the Proposed Transaction. Therefore, no responsibility is assumed for matters of a legal nature.
- 3.14. The valuation in this Report should not be construed as investment advice; and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Company.
- 3.15. The value arrived herein represents the value of the Company based on actual financial information as on the Valuation Date and key events impacting capital structure and

investments as informed by the management after the Valuation Date upto the date of this report for the purpose of Proposed Transaction.

4. Sources of Information

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of Oriental Infra Trust:

- Audited Standalone Financial Statements of Oriental Infra Trust for the period ended December 31, 2022;
- Industry related information from various publicly available sources; and
- Other relevant data and information provided to us, whether in oral or physical form or in soft copy, and discussions with the representatives of the Client.

5. Procedures Adopted for the purpose of valuation

In connection with this exercise, we have adopted the following procedures:

- Discussion with the Management to understand the standalone financials of Oriental Infra Trust;
- Consider the Fair Values of the SPVs in accordance with our separate report dated February 15, 2023 with Ref no. LM/Feb15-118/2023.
- Making appropriate consolidation adjustments to arrive at the fair value of total assets and Net Asset Value of Oriental Infra Trust;
- Selection of appropriate internationally accepted valuation methodologies after careful deliberations. Our valuation and this report are based on the premise of “going concern” value. Any change in the valuation base, or the premise could have significant impact on the outcome of the valuation exercise, and therefore, this Report;

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6. Valuation of Total Assets and Net Asset Value of Oriental Infra Trust

- 6.1. We have considered the provisional standalone balance sheet of Oriental Infra Trust for the period ended December 31, 2022 as provided by the representatives of the Trust and the valuation as determined vide our separate report dated February 15, 2023 with Ref no. LM/Feb15-118/2023.
- 6.2. On the basis of standalone balance sheet of Oriental Infra Trust, the fair value of total assets after adjusting for present value of IM expenses as on December 31, 2022 is arrived at INR 11,612.2 Crores. The Net Asset Value is arrived at INR 7,990.1 Crores and the Net Asset Value per unit is arrived at INR 137.0 (Refer Annexure 1).
- 6.3. On the basis of consolidated balance sheet of Oriental Infra Trust, the fair value of total assets after adjusting for present value of IM expenses as on December 31, 2022 is arrived at INR 17,779.6 Crores. The Net Asset Value is arrived at INR 7,990.1 Crores and the Net Asset Value per unit is arrived at INR 137.0 (Refer Annexure 2).

7. Valuation Conclusion

- 7.1. The valuation conclusions arrived at many cases are by their nature subjective and dependent on the exercise of individual judgment. There can be therefore no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness.
- 7.2. The current valuation has been carried out based on the 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.
- 7.3. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made.



Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible. "

- 7.4. This addendum shall be read in conjunction to the Valuation Report. All other terms and conditions & other contents mentioned in the Valuation Report shall remain unchanged and would apply to this Addendum to the Valuation Report as well.
- 7.5. In the light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, the Net Asset Value per unit of Oriental Infra Trust is arrived at INR 137.0 /- each as on December 31, 2022.

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8. Annexures

Annexure I - Net Asset Valuation of Oriental Infra Trust as on December 31, 2022 (Standalone)

Particulars (INR Cr)	December 31, 2022
Assets	
Net Fixed Assets	0.1
Total Fixed Assets (A)	0.1
Investments in SPVs (B)	7,590.0
Other Investments (C)	197.8
Current/Non-current Assets	0.0%
Cash and Cash Equivalents	13.9
Loans to SPVs	4,005.1
Non-Current Tax Assets (net)	2.4
Other Current Assets	0.8
Total Current/Non-Current Assets (D)	4,022.2
Fair Value of Total Assets (A)+(B)+(C)+(D)	11,810.0
Less: PV of IM Expenses	197.9
Fair Value of Total Assets (Standalone)	11,612.2
Less: Borrowings	3,612.5
Less: Current/Non-current Liabilities	9.5
Total Current/Non-current Liabilities (at book values)	3,622.1
Net Assets	7,990.1
No. of Units (in Cr)	58.3
Net Assets Value per Unit (INR)	137.0

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Annexure II - Net Asset Valuation of Oriental Infra Trust as on December 31, 2022 (Consolidated)

Particulars (INR Cr)	December 31, 2022
Etawah Chakeri Project	3,160.6
Indore Khalghat Project	412.0
Hungund Hospet Project	1,499.2
Nagpur Betul Project#	3,569.8
Nagpur Bypass Project*	4,903.0
Biaora Dewas Project	4,020.1
Oriental Infratrust (Standalone)	215.0
Fair Value of Assets	17,779.6
Less: Non-current Liabilities (at book value)	8,347.2
Less: Current Liabilities (at book value)#*	1,416.1
Less: Present value of Trust Expenses	26.2
Total Current/Non-current Liabilities	9,789.5
Net Assets	7,990.1
No. of Units (in Cr)	58.3
Net Assets Value per Unit (INR)	137.0

Includes Pass through item (NHAI Settlement claim payable to OSE) of INR 36.4 Cr.

* Includes Pass through item (Claim received against Bank Guarantee - NHAI) of INR 259.6 Cr.

Note: The above pass through items appear both as asset and liabilities in the Balance Sheet and are considered as it is in accordance with the requirements of the SEBI Master Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT regulations.

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Etawah Chakeri Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	2,171.9
Add: Cash & Cash Equivalents	13.4
Add: Non-Current Tax Asset	12.1
Add: Investments	17.5
Add: Deferred Payment Liability to NHAI	892.1
Add: MMR Provision	92.5
Add: Current Liabilities	8.0
Less: Contingent Liabilities	(13.3)
Less: Present value of Trust expense	(33.5)
Fair Value of assets	3,160.6

Indore Khalghat Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	343.3
Add: Cash & Cash Equivalents	2.4
Add: Non-Current Tax Asset	1.5
Add: Investments	28.4
Add: MMR Provision	37.9
Add: Current Liabilities	5.8
Less: Contingent Liability	(2.1)
Less: Present value of Trust expense	(5.1)
Fair Value of assets	412.0

Hungund Hospet Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	1,405.6
Add: Cash & Cash Equivalents	2.7
Add: Investments	51.3
Add: Non-Current Tax Asset	0.6
Add: MMR Provision	43.4
Add: Current Liabilities	12.6
Less: Present value of Trust expense	(16.9)
Fair Value of assets	1,499.2

Nagpur Betul Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	2,719.6
Add: Cash & Cash Equivalents	7.7
Add: Investments	611.6
Add: Non-Current Tax Asset	4.6
Add: Non-current tax asset pertaining to NHAI	
Settlement claim*	36.4
Add: Deferred Tax Asset	0.0
Add: Deferred Tax Liability	51.3
Add: Current Liabilities	16.5
Add: Contractual Payments for Annuity Preponement	151.0
Less: Contingent Liabilities	(0.3)
Less: Present value of Trust expense	(28.7)
Fair Value of assets	3,569.8

* Pass-through item

Nagpur Bypass Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	4,358.1
Add: Cash & cash equivalents	54.3
Add: Investment	6.1
Add: Non-Current Tax Asset	10.3
Add: Claim received against Bank Gurantee - (NHAI)*	259.6
Add: MMR Provision	79.6
Add: Current Liabilities	12.2
Add: Deferred Tax Liability	180.6
Less: Contingent Liabilities	(10.2)
Less: Present value of Trust expense	(47.6)
Fair Value of assets	4,903.0

* Pass-through item

Blaora Dewas Project

Fair value of assets (INR Cr)	December 31, 2022
Enterprise Value	3,521.4
Add: Cash & cash equivalents	68.7
Add: Investments	13.4
Add: Non-current tax assets	0.6
Add: Deferred Tax Liability	436.0
Add: Current liabilities	7.3
Add: MMR Provision	12.5
Less: Present value of Trust expense	(39.8)
Fair Value of assets	4,020.1



Addendum Letter to NAV Report

Oriental InfraTrust

February 2023

Ref: LM/Feb15-120/2023

February 15, 2023

To,
Oriental InfraTrust, (“the Trust”)
Acting through Axis Trustee Service Limited (In
its capacity as the “Trustee” of the Trust)
3rd floor, Plot no. 8 Sector B-7,
Local Shopping Complex
Vasant Kunj, New Delhi 110 070

Dear Sir(s)/ Madam(s),

Sub: Addendum Letter to NAV Report of Oriental InfraTrust as on December 31, 2022

We, BDO Valuation Advisory LLP (“BDO Val” or “We” or “Us” or “Our”), have been appointed vide engagement letter appointing us to undertake an independent valuation of Trust Assets (“InvIT Assets” or “Trust Assets”), as per Securities Exchange Board of India (Infrastructure Investment Trust Regulations, 2014), and amendments thereto including any circulars and guidelines issued thereunder (“SEBI InvIT Regulations”). We have been requested by the management to give an addendum report to Net Asset Value Report of Oriental InfraTrust issued on February 15, 2023 to include the presentation of the NAV of Oriental InfraTrust in the format attached in the annexure to this addendum letter. We are pleased to present herewith our addendum letter to the NAV report dated February 15, 2023 with Ref no. LM/Feb15-119/2023.

We hereby confirm that we have no present or planned future interest in the Company, except to the extent of our appointment as a registered valuer for this Report.

We hereby confirm that the valuation of the security of the Company is carried out as per international valuation standards (“IVS”).

This Report is subject to the attached exclusions & limitations and to all terms and conditions in the engagement letter for this assignment.

We believe that our analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, 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.

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This letter should be read in conjunction with the Net Asset Value report dated February 15, 2023 with Ref no. LM/Feb15-119/2023 and all terms and conditions and exclusion and limitations stated therein applies to this addendum as well letter.

Regards,

For BDO Valuation Advisory LLP

IBBI Regn No.: IBBI/RV-E/02/2019/103



Lata Gujar More

Partner & Leader - Valuation Practice

IBBI Regn No.: IBBI/RV/06/2018/10488

VRN NO.: IOVRVF/BDO/2022-2023/1522

1. Annexures

Annexure I - Net Asset Valuation of Oriental InfraTrust as on December 31, 2022

Particulars (INR Cr)	December 31, 2022
Enterprise Value	
Etawah Chakeri Project	2,171.9
Indore Khalghat Project	343.3
Hungund Hospet Project	1,405.6
Nagpur Betul Project	2,719.6
Nagpur Bypass Project	4,358.1
Biora Dewas Project	3,521.4
Total Enterprise Value	14,519.9
Less: Non-invited debt at SPV level	(3,800.0)
Less: External debt at Trust level	(3,612.5)
Add: Cash and Bank Balance at SPV level	149.1
Add: Cash and Bank Balance at Trust level	13.9
Add: Investment at SPV level	728.3
Add: Investment at Trust level	197.8
Add: Tax Assets/(Liabilities) at SPV level	23.7
Add/(Less): Working capital related adjustments at trust level	(6.2)
Less: Present value of IM fees and other expenses	(197.9)
Less: Contingent liabilities at SPV level	(25.9)
Value of the Trust	7,990.1
No. of Units (Cr)	58.3
Net Assets Value per Share (INR)	137.0

Particulars (INR Cr)	December 31, 2022
Assets	
Cash and Bank Balance	
Etawah Chakeri Project	13.4
Indore Khalghat Project	2.4
Hungund Hospet Project	2.7
Nagpur Betul Project	7.7
Nagpur Bypass Project	54.3
BDHPL	68.7
Trust Level	13.9
Investments	
Etawah Chakeri Project	17.5
Indore Khalghat Project	28.4
Hungund Hospet Project	51.3
Nagpur Betul Project	611.6
Nagpur Bypass Project	6.1
BDHPL	13.4
Trust Level	197.8
Liabilities	
External debt/Non-Invit debt	
Etawah Chakeri Project	(511.7)
Indore Khalghat Project	(67.9)
Hungund Hospet Project	-
Nagpur Betul Project	(1,851.6)
Nagpur Bypass Project	
BDHPL	(1,368.9)
Tax Assets/Liabilities at SPV level	
Etawah Chakeri Project	12.1
Indore Khalghat Project	0.1
Hungund Hospet Project	0.6
Nagpur Betul Project	4.6
Nagpur Bypass Project	5.6
BDHPL	0.6
Contingent Liabilities	
Etawah Chakeri Project	(13.3)
Indore Khalghat Project	(2.1)
Hungund Hospet Project	
Nagpur Betul Project	(0.3)
Nagpur Bypass Project	(10.2)
BDHPL	
Trust Level	
Add/(Less): Working capital related adjustments at trust level	
Other Current assets	3.3
Sundry Creditors	(9.0)
Other current liabilities	(0.5)
Others payable	-
Current tax liabilities (net)	-
	(6.2)



ORIENTAL INFRA TRUST

VALUATION REPORT

FEBRUARY 2023

STRICTLY PRIVATE & CONFIDENTIAL





Private & Confidential
February 15, 2023
Ref no: LM/Feb15-118/2023

To,
Oriental InfraTrust, ("the Trust")
Acting through Axis Trustee Service Limited (In its
capacity as the "Trustee" of the Trust
3rd Floor, Plot no. 8, Sector B-7, Local Shopping
Complex, Vasant Kunj, New Delhi - 110 070

Dear Sir(s)/Madam(s),

Subject: Valuation of Trust Assets as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended

We, BDO Valuation Advisory LLP ("BDO VAL" or "We" or "Us"), refer to our engagement by Oriental Infra Trust ("Trust" or "Client") vide engagement letter, appointing us to undertake an independent valuation of Trust Assets ("InvIT Assets" or "Trust Assets"), as per Securities Exchange Board of India (Infrastructure Investment Trust Regulations, 2014), and amendments thereto including any circulars and guidelines issued thereunder ("SEBI InvIT Regulations"). We are pleased to present herewith our valuation report.

We have carried out the valuation as on December 31, 2022 ("Valuation Date") considering various data as stated in the 'Sources of information' section in the report. A summary of the analysis is presented in the accompanying report, as well as description of the methodology and procedure we used, and the factors we considered in formulating our opinion. In addition, we have listed the sources of information used in this report and the scope of work in the course of our assignment, noting any limitations on our assignment. This report is subject to the attached exclusions & limitations and to all terms and conditions in the engagement letter for this assignment. This valuation report is in relation to information provided by the Client and the SPVs.

BDO Valuation Advisory LLP
The Ruby, Level 9,
North West Wing,
Senapati Bapat Marg,
Dadar (W),
Mumbai -400 028.

Telephone: +91 (0) 22 6277 1600
Fax: + 91 (0)22 6277 1700

Should you require further information or clarifications, please feel free to contact us.

Regards

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103



Lata Gujar More

Partner, IBBI Regn No.: IBBI/RV/06/2018/10488

VRN No: IOVRVF/BDO/2022-2023/1518

DEFINITIONS, ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviation	Meaning
OSEPL or Sponsor 1	Oriental Structural Engineers Private Limited
OTPL or Sponsor 2	Oriental Tollways Private Limited
You or Client or Trust	Oriental InfraTrust
Investment Manager or IM	Indian Technocrat Limited
the Management	The Management of the Trust
Trustee	Axis Trustee Services Limited
ECKHPL or Etawah Chakeri Project	Etawah-Chakeri (Kanpur) Highway Private Limited
OPIPL or Indore Khalghat Project	Oriental Pathways (Indore) Pvt. Ltd.
OHHPL or Hungund Hospet Project	OSE Hungund Hospet Highways Pvt. Ltd.
ONBHL or Nagpur Betul Project	Oriental Nagpur Betul Highway Ltd.
ONBPCPL or Nagpur Bypass Project	Oriental Nagpur Bye Pass Construction Pvt. Ltd.
BDHPL or Biara Dewas Project	Biaora to Dewas Highway Private Limited
SEBI InvIT Regulations	Securities Exchange Board of India (Infrastructure Investment Trust Regulations, 2014)
InvIT	Infrastructure Investment Trust

Abbreviation	Meaning
BDO VAL, we, our, us	BDO Valuation Advisory LLP
EPC	Engineering, Procurement and Construction
BOT	Build, Operate and Transfer
EqV	Equity Value
SPV	Special Purpose Vehicle
SPVs	ECKHPL, OPIPL, OHHPL, ONBHL and ONBPCPL
NH	National Highway
SH	State Highway
NHDP	National Highways Development Project
DBFOT	Design, Build, Finance, Operate, Transfer
HUDCO	Housing and Urban Development Corporation
PPP	Public Private Partnership
MDR	Major district roads
ODR	Other district roads
PMGSY	Pradhan Mantri Gram Sadak Yojana
IBEF	India Brand Equity Foundation
Km	Kilometer

DEFINITIONS, ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviation	Meaning
PCU	Passenger Car Equivalent
CA	Concession Agreement
WPI	Wholesale Price Index
FCFF	Free Cash Flows to Firm
MAT	Minimum Alternative Tax
NHAI	National Highways Authority of India
COD	Commercial Operation Date
GDP	Gross Domestic Product
EV	Enterprise value
GVA	Gross Value Added
IRR	Internal rate of return
NAV	Net Asset Value
BUV	Break Up Value
PAT	Profit After Tax

Abbreviation	Meaning
HAM	Hybrid-Annuity Model
TOT	Toll Operate and Transfer
OMT	Operate-Maintain-Transfer
CCM	Comparable Companies Multiple
DCF	Discounted Cash Flow
EBITDA	Earning Before interest , taxes and depreciation and amortization
EBIT	Earning before interest and tax
CAGR	Compounded Annual Growth Rate
D/E ratio	Debt-Equity ratio
MCLR	Marginal Cost of Lending Rate
MoRTH	Ministry of Road Transport & Highways
Valuation Date	December 31, 2022

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SECTION 1

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Terms of Engagement:

- ▶ We have been appointed by Oriental InfraTrust (“OIT” or “the Client” or “the Trust”) to undertake equity valuation of Trust assets (“InvIT Assets” or “Trust Assets” or “the SPVs”) for internal assessment purpose.
- ▶ As per the Engagement Letter between BDO Val and OIT, the valuation is to be carried out as on December 31, 2022. This report (the “Report”) has been prepared by BDO Val pursuant to terms of Engagement Letter between BDO Val and OIT including the terms and conditions set out therein dated.

Purpose of Valuation:

- ▶ We have been appointed by OIT to undertake valuation of the SPVs as on December 31, 2022.

Particulars	NH/SH	Tollable Length (km)	Execution of CA	Expected Concession End Date
* Etawah Chakeri Project	NH 2	160.212 including structure of 23.167 kms	January 5, 2012	February 25, 2030
Indore Khalghat Project	NH 3 (New NH-52)	77.61 km	March 10, 2006	September 5, 2026
Hungund Hospet Project	NH 13	99.054 km	March 22, 2010	July 4, 2033
Nagpur Betul Project	NH - 69 (New NH-47)	174.20 km	August 30, 2010	January 19, 2032
Nagpur Bypass Project	NH 7	117.078 km	October 5, 2009	April 2, 2037
Biaora Dewas Project	NH 52 (Old NH 3)	141.26 km	July 9, 2016	August 12, 2043

**The Management of OIT has confirmed us to consider revised concession period till February 25, 2030, as per Independent Engineers Approval Letter dated December 15, 2022*

Valuation Approach & Methodology:

- ▶ For the current valuation, we have considered following Valuation Approach & Methodology:

Valuation Approach	Methodology
Income Approach	Discounted CashFlow Method (“DCF Method”)

Valuation Summary:

- ▶ The Enterprise Value (“EV”) of the 6 SPVs has been arrived as under:

S. No.	Particulars (INR Cr)	EV
(a)	Etawah Chakeri Project	2,171.9
(b)	Indore Khalghat Project	343.3
(c)	Hungund Hospet Project	1,405.6
(d)	Nagpur Betul Project	2,719.6
(e)	Nagpur Bypass Project	4,358.1
(f)	Biaora Dewas Project	3,521.4
Total		14,519.9

- ▶ The combined Enterprise value of the 6 SPVs is arrived at INR 14,519.9 Cr as on December 31, 2022.

SECTION 2

SOURCES OF INFORMATION



SOURCES OF INFORMATION

Sources of Information:

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information:

- ▶ Company specific information - The following information as provided by the management of the Trust (“the Management”), verbally or in written form have been inter alia used in valuation:
 - Audited financial statements as per Indian Accounting Standard (“Ind AS”) of the 6 SPVs for Financial Year (“FY”) FY2018, FY 2019, FY 2020, FY 2021 and FY 2022;
 - Provisional financial statements as per Ind AS of the 6 SPVs for period ended December 31, 2022;
 - Projected profit & loss statement, balance sheet and cash flow statement of the 6 SPVs from January 01, 2023 to the respective Concession end date;
 - Income Tax Return for each of the 5 SPVs for AY 20-21 and computation of advance tax paid for AY 22-23;
 - Income Tax Return for BDHPL for AY 22-23;
 - Details of brought forward losses and unabsorbed depreciation as on March 31, 2021;
 - Details of brought forward losses and unabsorbed depreciation for OHHPL as on March 31, 2022;
 - Concession Agreements entered with NHAI for each of the 6 SPVs;
 - Technical Due Diligence Reports issued by independent consultants for the 5 SPVs except BDHPL dated December 2018;
 - Sponsor ROFO Notice from Sponsor to OIT
 - Financial and Tax Due Diligence Report dated August 2021 carried out by Deloitte; and
 - Updated Draft Traffic Due Diligence Numbers issued by independent consultants of ECKHPL, OPIPL, OHHPL and ONBPCPL;
- Operation and Maintenance (“O&M”) contract entered into between ONBHL and Oriental Structural Engineers Pvt. Ltd;
- ▶ Toll Notifications of ECKHPL, OPIPL, OHHPL and ONBPCPL;
- ▶ Financial and Tax Due Diligence Report dated August 2021 carried out by Deloitte for BDHPL; and
- ▶ Revenue and Traffic Due Diligence Report issued by independent consultants of BDHPL;
- ▶ Major Maintenance Agreement between Axis Trustee Service Limited, OIT Infrastructure Management Ltd., Oriental Structural Engineers Pvt. Ltd. And BDHPL;
- ▶ Relevant data and information provided by the management and representatives of the Trust either in written or oral form or in form of soft copy.
- ▶ Other industry related information available in public domain and international databases.

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SECTION 3

EXCLUSIONS AND LIMITATIONS



EXCLUSIONS AND LIMITATIONS

Context and Purpose:

- ▶ We have been mandated by the Trust, vide engagement letter, to undertake valuation of the Trust assets.
- ▶ The valuation exercise and the Report are solely for the Purpose mentioned herein. As informed by the Trust, the cut-off date for the present valuation exercise is December 31, 2022 based on the information and explanation made available to us.
- ▶ The market parameters for the valuation exercise are taken upto December 31, 2022 for each of the 6 SPVs.

Restricted Audience:

- ▶ This report and the information contained herein are absolutely confidential and are intended for the use of the Client and only in connection with the purpose set out in the report.
- ▶ It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event the Client or its management extend the use of the report beyond the purpose mentioned earlier in the report, with or without our consent, we will not accept any responsibility to any other party (including but not limited to the Investors and Merchant Bankers, if any) to whom this report may be shown or who may acquire a copy of the report.

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Limitation Clause:

- ▶ Our report is subject to the limitations detailed hereinafter. This report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- ▶ The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.
- ▶ During the course of our work, we have relied upon assumptions and projections related to the SPVs made by the management of the sponsors/Trust. These assumptions require exercise of judgment and are subject to uncertainties. Also, we have relied on the technical due diligence and traffic due diligence report referred in 'Sources of Information' in Section II of the Report.
- ▶ Further, this valuation report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the SPV. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, review or reaffirm this report if the information provided to us changes. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially
- ▶ Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the SPV.

EXCLUSIONS AND LIMITATIONS

- ▶ The recommendation rendered in the Report only represent our recommendation based upon information furnished by the Trust (or its executives/representatives) and other sources.
- ▶ Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material.
- ▶ The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the SPVs under consideration and accordingly, we do not express any opinion on the same. We have not commented on the appropriateness of or independently verified the assumptions or information provided to us, for arriving at the financial projections. Further, while we have discussed the assumptions and projections with the management of the Trust/Sponsors, our reliance on them for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.
- ▶ This Report is based on information received from sources mentioned herein and discussions with the management of the Trust/Sponsors. This information has not been independently verified by us. We have assumed that the Trust/Sponsors has furnished to us all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on our Report.
- ▶ We have not made any independent verification with respect to the Sponsor's claim to title of assets or property for the purpose of this valuation. With respect to claim to title of assets or property, we have solely relied on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Report.
- ▶ For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- ▶ Whilst, all reasonable care has been taken to ensure that facts stated in the report are accurate and opinions given are fair and reasonable, neither us, nor any of our Partners or Employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the Company, its directors, employees or agents.
- ▶ In the particular circumstances of this case, we shall be liable only to the Sponsors, the Trust and the Investment Manager. We shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused other than in cases of fraud, gross negligence or willful misconduct, shall be limited to the amount of fees actually received by us as laid out in the engagement letter, for such valuation work.
- ▶ This Report does not look into the business / commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in the SPVs as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the SPV are sole responsibility of the investors of the Trust and we do not express our opinion on the suitability or otherwise of entering into any financial or other transactions with the SPVs, Investment Manager, the Trust or the Sponsors.

EXCLUSIONS AND LIMITATIONS

- ▶ We are not advisor with respect to legal, tax and regulatory matters for the Offering. No investigation of the SPV's claim to title or assets has been made for the purpose of this Report and the SPV's 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.
- ▶ The valuation analysis in this Report should not be construed as investment advice; specifically, and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or the SPVs.
- ▶ The estimate of value contained herein are not intended to represent value of the SPVs at any time other than the dates specifically mentioned for each valuation result, as per the agreed scope of engagement.
- ▶ A draft of this report was shared with the Client, prior to finalization of report, for confirmation of facts, key assumptions and other representations.

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SECTION 4

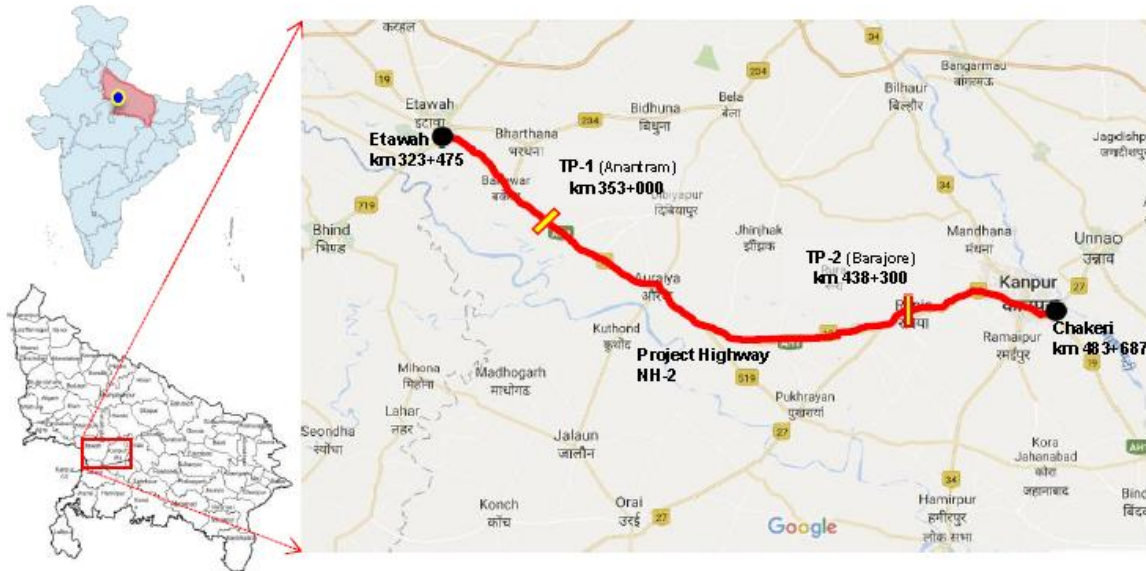
OVERVIEW OF THE SPV_s



ETAWAH-CHAKERI (KANPUR) HIGHWAY PRIVATE LIMITED (“ECKHPL”)

Background:

- ▶ Etawah-Chakeri (Kanpur) Highway Private Limited, undertakes development of six lane Etawah - Chakeri (Kanpur) section of NH 2 in the State of Uttar Pradesh on Design, Build, Finance, Operate and Transfer (“DBFOT”) based public-private partnership (“PPP”) mode.
- ▶ The Etawah-Chakeri Project highway forms an arm of Golden Quadrilateral connecting Delhi (North India) with Kolkata (East India).
- ▶ The Etawah-Chakeri Project comprised of widening and improvement of existing 4-lane section to 6-lane section starting at km 323+475 at end point of Etawah bypass and ending at km 483+687 near Chakeri passes via four districts i.e., Etawah, Auriya, Kanpur Dehat and Kanpur Nagar in Uttar Pradesh admeasuring 160.210 km on Agra - Etawah - Kanpur - Allahabad section of NH 2.
- ▶ Etawah-Chakeri Project was awarded by the NHAI for a Concession Period of 16 years starting from Appointed Date on March 13, 2013.



ETAWAH-CHAKERI (KANPUR) HIGHWAY PRIVATE LIMITED (“ECKHPL”)

Key Details of the Project:

- ▶ The toll collection commenced from the same date of appointed date i.e. March 13, 2013 and the Completion certificate has been received on November 30, 2016.
- ▶ The key details of Etawah-Chakeri Project are as follows:

Particulars	Details
Project name	Six-laning of Etawah - Chakeri (Kanpur) section of NH-2 from km 323.475 to km 483.687 in the State of Uttar Pradesh under NHDP Phase-V on DBFOT Toll basis
Name of Concessionaire	M/s Etawah Chakeri (Kanpur) Highway Private Limited
State	Uttar Pradesh
NH/SH	NH 2
Project lane	6 lane
PPP mode	DBFOT
Execution of CA	January 5, 2012
Appointed date	March 13, 2013
Completion Certificate	November 30, 2016
Scheduled Concession End Date	March 12, 2029
Original Concession period	16 years
*Expected Concession End Date	February 25, 2030
Tollable Length (km)	160.212 including structure of 23.167 kms
Toll Plaza	2 Nos. TP-1: km 353+000 (actual at km 353+000) - Anantram TP-2: km 437+000 (actual at km 438+300) - Barajore
Salient features	Etawah Chakeri Project is of strategic importance as it forms an arm of Golden Quadrilateral connecting Delhi and Kolkata.

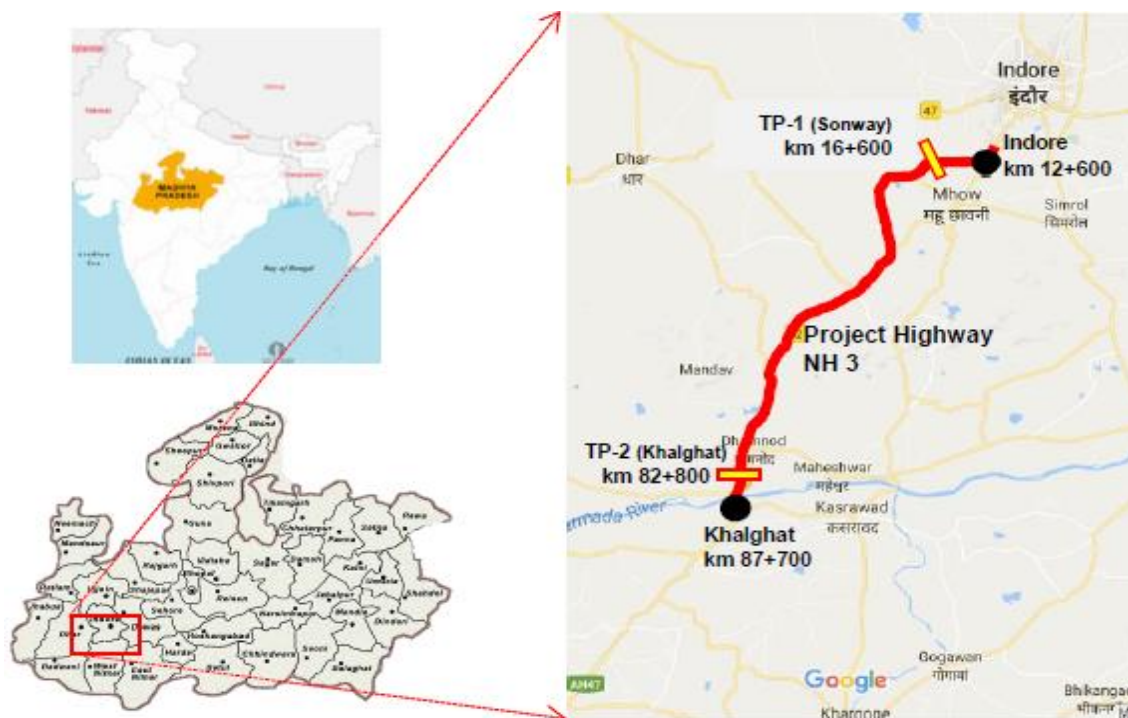
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**The Management of OIT has confirmed us to consider revised concession period till February 25, 2030 as per Independent Engineers Approval Letter dated December 15, 2022*

ORIENTAL PATHWAYS (INDORE) PVT LTD (“OPIPL”)

Background:

- ▶ Oriental Pathways (Indore) Private Limited, undertakes development of four lane Indore - Khalghat section of NH 3 in the State of Madhya Pradesh on Build, Operate and Transfer (“BOT”) based PPP mode.
- ▶ It is a key link on NH 3 which is known as Agra - Bombay (Mumbai) Highway connecting Delhi and Mumbai. The Indore Khalghat Project comprised of improvement, operation and maintenance including strengthening and widening of existing 2-lane section to 4-lane section starting at km 12+600 and ending at km 84+700 admeasuring about 77.610 km.
- ▶ Indore Khalghat Project was awarded by the NHA for a Concession Period of 20 years starting from Appointed Date on September 6, 2006.



Source: Management of the Trust

ORIENTAL PATHWAYS (INDORE) PVT LTD (“OPIPL”)

Key Details of the Project:

- ▶ The toll collection of Indore Khalghat Project commenced from August 20, 2009.
- ▶ The key details of Indore Khalghat Project are as follows:

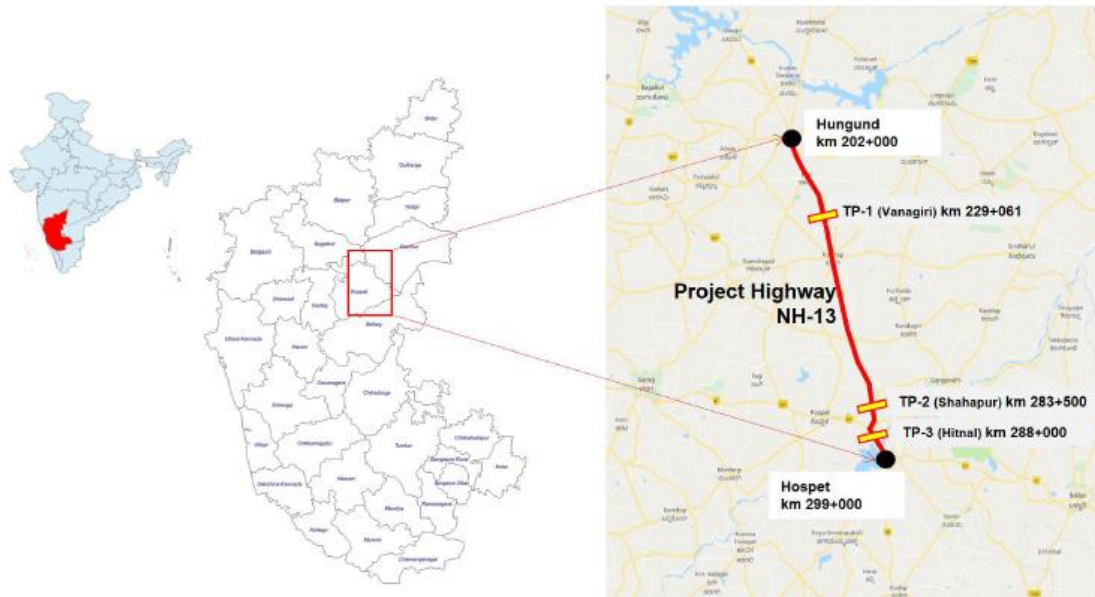
Particulars	Details
Project name	4-laning of Indore - Khalghat section of NH 3 from km 12+600 to km 84+700 in the state of Madhya Pradesh on Build, Operate and Transfer (BOT) basis
Name of Concessionaire	Oriental Pathways (Indore) Pvt Ltd
State	Madhya Pradesh
NH/SH	3 (New NH-52)
Project lane	4 laned divided Carriageway with 1.5m paved shoulders & 0.5m kerb shyness - Carriageway (2 x 9.0m)
PPP mode	Build, Operate and Transfer (BOT) basis
Execution of CA	March 10, 2006
Appointed date	September 6, 2006
COD Date	August 20, 2009
Scheduled Concession End Date	September 5, 2026
Expected Concession End Date	September 5, 2026
Concession period	20 years
Tollable Length (km)	77.61 km
Toll Plaza	TP-1: km 4+000 (actual at km 16+600 - Sonway) TP-2: km 75+600 (actual at km 82+800 - Khalghat)

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OSE HUNGUND HOSPET HIGHWAYS PRIVATE LIMITED (“OHHPL”)

Background:

- ▶ OSE Hungund Hospet Highways Private Limited, undertakes development of four lane Hungund - Hospet section of NH 13 in the State of Karnataka on DBFOT based PPP mode.
- ▶ The Hungund Hospet Project highway is a key link on NH 13 acting as one of the regional spine roads for movement in entire Southern India.
- ▶ Hungund Hospet Project comprises of development, maintenance and management of developed 4-lane section starting at km 202+000 and ending at km 299+000 and measuring about 99.054 km.
- ▶ It was awarded by the NHAI for a Concession Period of 19 years starting from Appointed Date on September 18, 2010.



Source: Management of the Trust

OSE HUNGUND HOSPET HIGHWAYS PRIVATE LIMITED (“OHHPL”)

Key Details of the Project:

- ▶ The toll collection of Hungund Hospet Project commenced from May 14, 2014.
- ▶ The key details of Hungund Hospet Project are as follows:

Particulars	Details
Project name	4-laning of Hungund - Hospet section of NH 13 from km 202+00 to km 299+00 in the state of Karnataka on Design, Build, Finance, Operate and Transfer (DBFOT) basis
Name of Concessionaire	GMR OSE Hungund Hospet Highways Private Limited
State	Karnataka
NH/SH	NH 13
Project lane	4 lane
PPP mode	DBFOT
Execution of CA	March 22, 2010
Appointed date	September 18, 2010
COD Date	May 14, 2014
Scheduled Concession End Date	September 18, 2029
Expected Concession End Date	July 4, 2033
Concession period	19 years
Tollable Length (km)	99.054 km
Toll Plaza	TP-1: km 229+061 (Vanagiri) TP-2: km 283+500 (Shahapur) TP-3: km 288+000 (Hitnal)

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ORIENTAL NAGPUR BETUL HIGHWAY PRIVATE LIMITED (“ONBHPL”)

Background:

- ▶ Oriental Nagpur Betul Highway Private Limited, undertakes development of four lane Nagpur Saoner Betul section of NH 69 in the State of Maharashtra and Madhya Pradesh on DBFOT - Annuity based PPP mode.
- ▶ The Nagpur Betul Project comprises of development, maintenance and management of developed 4-lane section starting at Nagpur from km 3.000 to Km 59.300 in the State of Maharashtra and Km 137.000 to Km 257.400 in the State of Madhya Pradesh terminating at Betul and measuring about km 174.200.
- ▶ It was awarded by NHA for a Concession Period of 20 years starting from Appointed Date on August 30, 2010.



Source: Management of the Trust

- ▶ ONBHL is entitled to receive semi-annual annuity of INR 290.80 Cr for the period from February 24, 2015 to February 24, 2031. As per revised Schedule for Annuity Payment Schedule, the annuity will be payable on April 11 and October 11 every year over the remaining concession period.

ORIENTAL NAGPUR BETUL HIGHWAY PRIVATE LIMITED (“ONBHPL”)

Key Details of the Project:

- ▶ The key details of the Nagpur Betul Project are as follows:

Particulars	Details
Project name	4-laning of Nagpur-Saoner-Betul section of NH 69 from Km 3.000 to Km 59.300 in the State of Maharashtra and from Km 137.000 to Km 257.400 in the State of Madhya Pradesh
Name of Concessionaire	Oriental Nagpur Betul Highway Private Limited
State	Maharashtra and Madhya Pradesh
NH/SH	NH - 69 (New NH-47)
Project lane	4 laned divided Carriageway with median width varies from 1.20 m to 4.50 m, service roads and other arrangements
PPP mode	Design, Build, Finance, Operate and Transfer on Annuity (DBFOT Annuity) basis
Execution of CA	August 30, 2010
Appointed date	August 30, 2010
PCOD Date	February 18, 2015
Expected Concession End Date	January 19, 2032
Concession period	20 years
Tollable Length (km)	174.20 km
Toll Plaza	T.P 1: Km 25.000 Maharashtra Highway section, temporarily constructed due to non availability of land T.P 2: Km 14.700 Madhya Pradesh section (Milanpur) T.P 3: Km 71.050 Madhya Pradesh section (Khambara)
Annuity Amount	INR 290.80 Cr payable after every six months commencing from February 24, 2015 to February 24, 2031

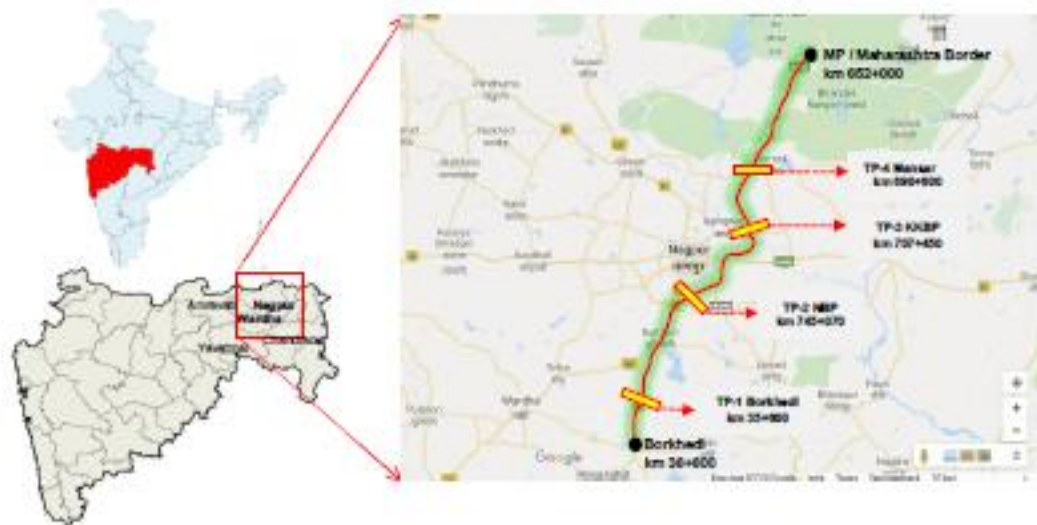
- ▶ Further, as per settlement agreed between NHAI and Concessionaire, the annuity schedule for ONBHL has been modified, pursuant to which annuity shall be payable on April 11 and October 12 every year instead of August 18 and February 18. As a result, annuity payments are preponed by 4 months every year over the remaining concession period. The benefit of INR 154 Cr is arising on preponement of Annuity and the same is recognized as modification gain in the book of accounts of ONBHL. Since all benefits are to be passed on to OSEPL as per Sale & Transfer Agreement dated June 03, 2019 executed between ONBHL, Sponsors, Trustees and Investment Managers. The corresponding provision of expense of INR 154 Cr has also been recognized. The modification gain and provision is based on current estimates of outflow attributable to OSEPL at ONBHL level. However, the actual payment of benefit to OSEPL shall be passed on basis of realisation of the same.

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ORIENTAL NAGPUR BYE PASS CONSTRUCTION PVT. LTD. (“ONBPCPL”)

Background:

- ▶ Oriental Nagpur Bye Pass Construction Private Limited, undertakes development and operation of four lane Madhya Pradesh / Maharashtra Border - Nagpur section of NH 7 including construction of Kamptee - Kanhan and Nagpur bypass and maintenance of 4-laned section of Nagpur - Hyderabad section in the state of Maharashtra on DBFOT based PPP mode.
- ▶ The Nagpur Bypass Project highway is a key link on NH 7 connecting North and South India. It comprises of development, maintenance and management of 4-lane section starting at km 652+000 and ending at km 729+000 admeasuring about 95.063 km and maintenance of already 4-laned section from km 14+585 to km 36+600 admeasuring 22.015 km. Therefore, total length of this project highway is 117.078 km.
- ▶ It was awarded by NHAI for a Concession Period of 27 years starting from Appointed Date on April 3, 2010.



Source: Management of the Trust

ORIENTAL NAGPUR BYE PASS CONSTRUCTION PVT. LTD. (“ONBPCPL”)

Key Details of the Project:

- ▶ The key details of the Nagpur Bye Pass Project are as follows:

Particulars	Details
Project name	4 - Laning of Madhya Pradesh / Maharashtra Broder - Nagpur Section of NH-7 from Km 652+000 to 729+000 including construction of Kamptee - Kanhan and Nagpur Bypass and Maintenance of already 4-landed section from Km 14+585 to Km 36+600 of NH-7 (Nagpur - Hyderabad Section)
Name of Concessionaire	Oriental Nagpur Bye Pass Construction Pvt. Ltd.
State	Maharashtra
NH/SH	NH 7
Project lane	4 lane
PPP mode	Design, Build, Finance, Operate and Transfer (DBFOT)
Execution of Concession Agreement	October 5, 2009
Appointed date	April 3, 2010
COD Date	For 78.628 km: June 11, 2012 For 33.700 km: August 13, 2018 For 4.750 km: March 19, 2019
Scheduled Concession End Date	April 2, 2037
Expected Concession End Date	April 2, 2037
Concession period	27 years
Tollable Length (km)	117.078 km
Toll Plaza	TP-1: km 35+600 (Borkhedi) TP-2: km 745+070 (NBP) TP-3: km 707+450 (KKBPP) TP-4: km 682+000 (Khumari)*

*Toll plaza shifted from Mansar to Khumari

Key Details of the Project:

- ▶ Section 1: 4-laning work in forest area from km 652.000 to km 689.450 including Parsivini GS, Lihigaon UP, 24kms Service road and Bhandara clover leaf 37.450 km.
- ▶ Section 2: 4-Laning of Madhya Pradesh / Maharashtra Border - Nagpur Section of NH-7 from km. 689.450 to km 747.063 including construction of Kamptee Kanhan and Nagpur Bypass and maintenance of already 4-laned section from km 14.585 to km 36.600 of NH-7 (Nagpur - Hyderabad Section) - 79.628 km.
- ▶ The Nagpur Bypass Project commenced its commercial operation on June 11, 2012 for a length of 78.628 km, on August 13, 2018 for a further 33.700 km and on March 19, 2019 for the balance 4.750 km. Thus, the total length of this project in commercial operation is 117.078 km.

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BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Background:

- ▶ Biaora To Dewas Highway Private Limited is a subsidiary of Oriental Structural Engineers Private Limited, a Delhi - based infrastructure firm.
- ▶ The company is a special purpose vehicle that was set up for improvement, operation and maintenance, rehabilitation and strengthening of the existing 2-lane and widening it to 4-lane divided highway of Bioara to Dewas Section of NH 52 on design, build, finance, operate and transfer (DBFOT) basis from Kms 426.100 to kms 566.450 in the state of Madhya Pradesh.
- ▶ The Biaora-Dewas Project was awarded by the NHAI for a Concession Period of 27 years starting from Appointed Date on July 9, 2016.



Source: Management of the Trust

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Key Details of the Project:

- ▶ The toll collection commenced from the commercial operation date i.e. July 9, 2016. The first and the second Provisional Completion certificates were received on April 30, 2019 and December 30, 2019 respectively. The final COD was received in July 2020,
- ▶ The key details of Biaora-Dewas Project are as follows:

Particulars	Biaora To Dewas Highway Private Limited
State	Madhya Pradesh
NH/SH	NH 52 (Old NH 3)
Project lane	4 lane
PPP mode	DBFOT
Appointed date	July 9, 2016
Provisional Commercial Operation Date	First PCOD (107.750 km) : April 30, 2019 Second PCOD (133.865 km) : December 30, 2019 Final COD : July 22, 2020
Commercial Operation Date	July 22, 2020
Concession period	27 years
Scheduled Concession End Date	July 9, 2043
Revised Concession End Date	August 12, 2043
Grant ^[1]	INR 252.89 Cr
Tollable Length (km)	Km 141.260
Toll Plaza	2 Nos. TP-1: km 60.06 - Chappra TP-2: km 81.21 - Rojwas
Design Capacity	60,000 PCUs
Target Traffic Date	April 1, 2025
Target Traffic	21,711 PCU

- ▶ Grant of INR 252.89 Cr was payable to BDHPL as per CA, out of which grant of INR 251.1 Cr was received till December 2021. As per draft ROFO agreement with the Sponsors, the balance grant will be given to the Sponsors as and when received from NHAI.

SECTION 5

INDUSTRY OVERVIEW

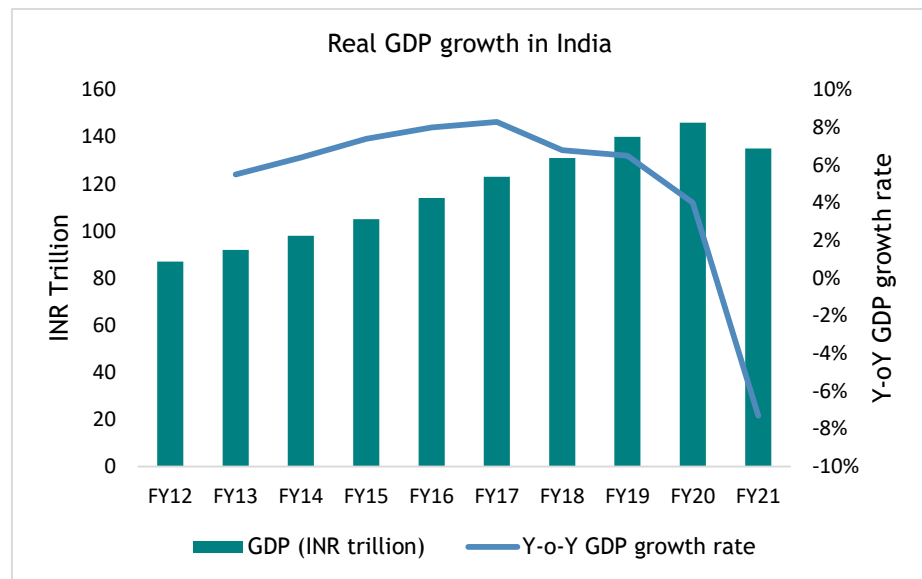


INDUSTRY OVERVIEW

The information in this section is derived from the report “Report on Roads and Highways Industry”, June 16, 2020 (the “CARE Report”), prepared by CARE Research, an independent division of CARE Ratings Limited (the “Ratings Division”), except for other publicly available information as cited in this section. The Sponsors commissioned the CARE Report for the purposes of confirming the understanding of the industry in connection with the Offer.

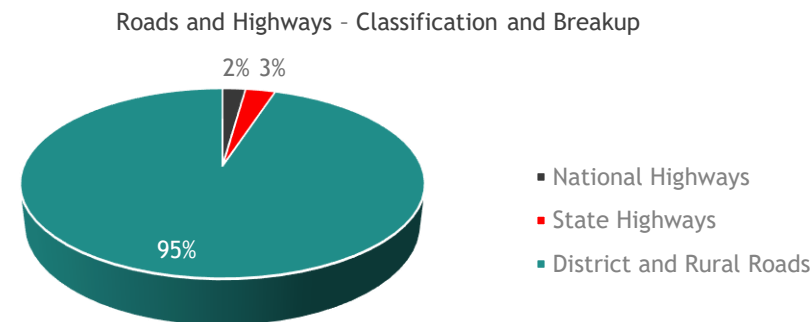
OVERVIEW OF INDIAN ECONOMY

- ▶ India, ranked as the sixth largest economy by nominal GDP and the third largest by purchasing power parity, has been amongst the fastest growing economies in the world over the past few years.
- ▶ According to the Economic Survey 2021-22, the GDP growth is likely to remain 8 to 8.5 per cent in 2022-23 and 7.1 per cent in 2023-24
- ▶ The real GDP of India grew at a CAGR of 4.29% from Rs.105.4 trillion in 2014-15 to Rs.135.58 trillion in 2020-21. (Source: Economic Survey India 2020-21)



ROADS & HIGHWAYS SECTOR IN INDIA

- ▶ Roads and highways are the major logistical bloodstream of the Indian economy. Globally, India ranks second in road network, spanning a total length of over 6.22 million km of roads. Roads contribute to 64.5% of total goods movement and 90% of total passenger traffic in the India. As per data from National Highways Authority of India (NHAI), national highways make up for about 2.7% of the total road network but handle approximately 40% of the total road traffic.

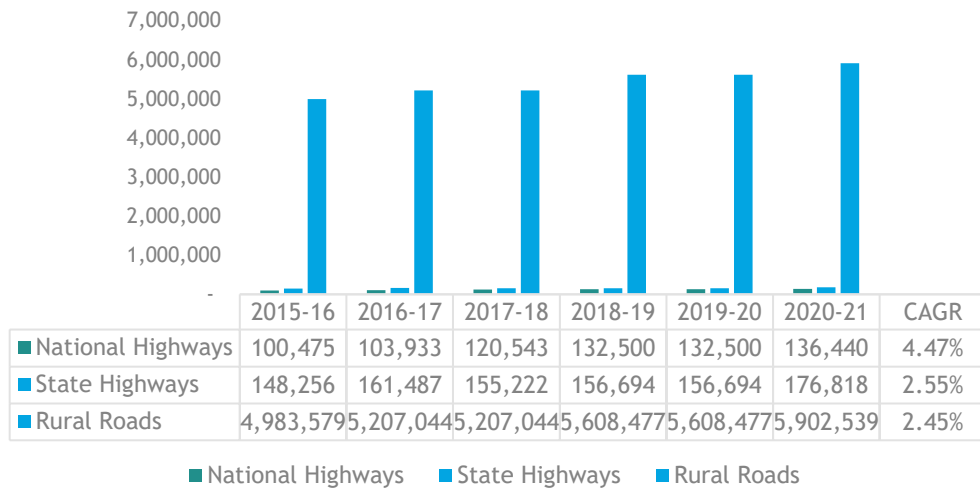


- ▶ During the Twelfth Five Year Plan (FYP i.e., for the period 2012-17), Government earmarked an investment of US\$ 32.4 billion for the development of roads. The Union Budget 2022 made an allocation of Rs. 1,99,107.71 crores towards roads and highway development which is a sizeable growth of 68% over Union Budget 2021.
- ▶ As a stimulus to the sector over the next decade, the Government’s initiative, “Bharatmala Pariyojana” is aimed at development of an all-integrated road-transport network. This is an important initiative for the sector, as the Government would now focus on developing highway networks which would connect it with other modes of logistics like ports, railways etc. Additionally, an integrated road development approach focused on developing entire networks of roads/highways like the Golden Quadrilateral, would aid in the development of new geographies, also leading to an increase in employment opportunities.

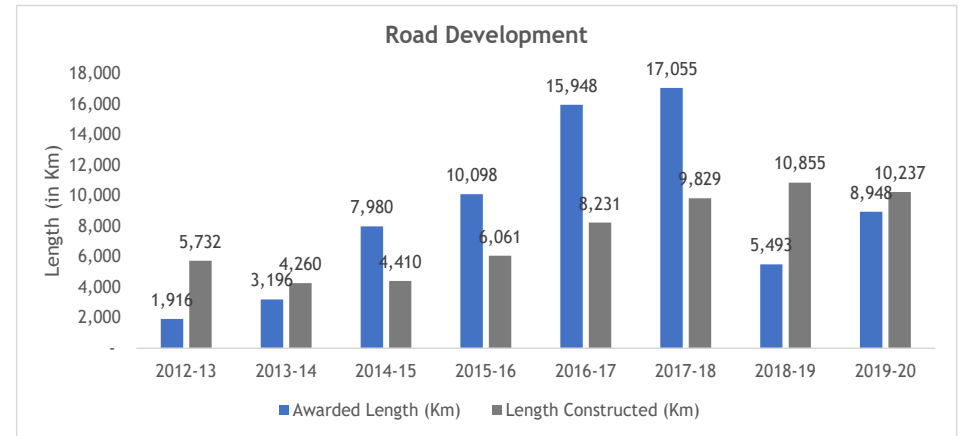
INDUSTRY OVERVIEW

- ▶ In India, roads and highways are broadly classified under following categories:
 - a) National Highways facilitate medium and long distance inter-city passenger and freight traffic across the country. The National Highways have a total length of 1,40,937 km as on November 30, 2021.
 - b) State Highways are intended to carry the traffic along major centers within the State.
 - c) District Roads primarily link and provide accessibility within the district and provide the secondary function of linkage between main roads and rural roads.
 - d) Rural Roads provide villages accessibility to meet their social needs as also the means to transport agriculture produce from village to nearby markets.

Length of Roads by Category



- ▶ The tendering and awarding of projects has picked up pace after the sanction of ambitious Bharatmala programme.



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INDUSTRY OVERVIEW

REGULATORY FRAMEWORK

► Ministry of Road, Transport and Highways (MoRTH):

MoRTH, a ministry of the Government of India, is the apex body for formulation and administration of the rules, regulations and laws relating to road transport, and transport research, in order to increase the mobility and efficiency of the road transport system in India.

► National Highways Authority of India (NHAI)

The NHAI is an autonomous agency of the Government of India, responsible for management of a network of over 1 lakh km of National Highways in India. It is a nodal agency of the Ministry of Road Transport and Highways (MoRTH). The NHAI is also responsible for the toll collection on several highways.

► State Public Works Department (PWD)

Each state has a Public Works Department which is governed and funded by the respective State Governments. It is engaged in planning, designing, construction and maintenance of various infrastructural assets of the State Government with roads being one of the major asset. The PWD much like the NHAI, is also engaged in setting up tolls across its projects or awarding them to private players in the state.

► District Municipal Corporations and Gram Panchayats

A Municipal Corporation is a local governing body, of cities, towns, districts etc. Gram Panchayats are equivalents of Municipal Corporations at village level. These governing bodies are independent like the PWD but are funded by both the Government of India as well as the State Government under various schemes. Major District Roads and Rural roads & highways are developed and maintained by these bodies.

ROADS & HIGHWAYS DEVELOPMENT:

The Government of India has taken various initiatives to bolster the growth of the roads and highways in India.

► National Highway Development Project (“NHDP”)

NHDP is a 7-phase project aimed at upgrading, rehabilitating and widening major highways in India to a higher standard. The project was started in 1998 and managed by NHAI under MoRTH. The NHDP represents 49,260 km of roads and highways work and construction in order to boost economic development of the country. The Government planned to end the NHDP programme in early 2018 and subsume the ongoing projects under a larger “Bharatmala” project.

► Bharatmala Pariyojana

“Bharatmala Pariyojana” envisages improving the efficiency of the National Corridor (Golden-Quadrilateral and NS-EW corridor) by decongesting its choke points through lane expansion, construction of ring roads, bypasses/ elevated corridors and logistics parks at identified points.

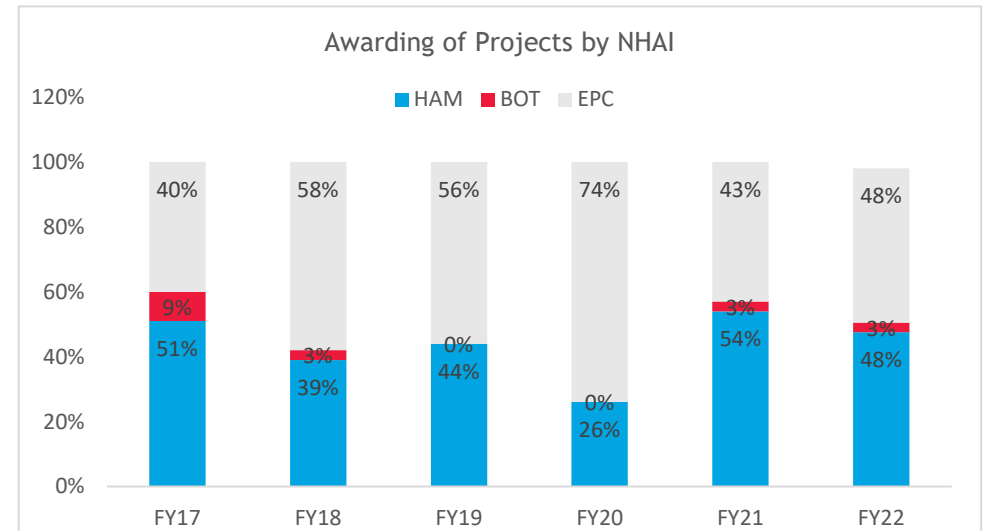
Outlay of BHARATMALA Pariyojana Phase I (2017-18 to 2021-22)

Components	Length (in KM)	Outlay (in Rs. billion)
Economic Corridor Development	9,000	1,200
Inter-corridor and feeder roads	6,000	800
National Corridors efficiency improvements	5,000	1,000
Border and international connectivity roads	2,000	20
Coastal and port connectivity roads	2,000	200
Expressways	800	400
Balance of NHDP	10,000	1,500
Total	34,800	5,350

Source : MORTH

INDUSTRY OVERVIEW

- c) Operate-Maintain-Transfer (OMT): NHAI has taken up award of select highway projects to private sector players under an OMT Concession. Till recently, the tasks of toll collection and highway maintenance were entrusted with tolling agents/operators and subcontractors, respectively. These tasks have been integrated under the OMT concession. Under the concession, private operators would be eligible to collect tolls on these stretches for maintaining highways and providing essential services (such as emergency/ safety services).
- d) Engineering, Procurement and Construction (EPC): This framework of PPP relies on assigning the responsibility for investigations, design and construction of roads to the contractor for a lump sum price determined through competitive bidding.
- e) Hybrid Annuity Model (HAM): HAM is a relatively new PPP framework, which combines the features of BOT (Annuity) and EPC. Under this, the Government accepts revenue/ toll collection risk, along with partial sharing (40% or on a case to case basis) of financial risk and assigns the contractor to continue managing executional and operational & maintenance risk. HAM as a model was brought in keeping in mind the stressed balance sheets of most infrastructure groups which was hampering their participation in the road construction segment, due to their inability to secure funds to invest in new projects.
- f) Toll-Operate-Transfer (T-O-T): As a recent measure to mobilize funds, NHAI decided to auction its operational highways to private investor's maintenance and toll collection for a period of 30 years. A private player is expected to operate and maintain the highway and collect toll for 30 years after making an upfront payment, without having to build the highway.



OUTLOOK FOR ROADS & HIGHWAYS SECTOR BETWEEN FY19 AND VALUATION DATE

- ▶ As per the Economic Survey 2020-21, to achieve the GDP of \$5 trillion by 2024-25, India needs to spend about \$1.4 trillion (100 lakh crore) over these years on infrastructure. To draw up the National Infrastructure Pipeline (NIP) for each of the years from FY 2019-20 to FY 2024-25, an inter-ministerial Task Force was set up in September 2019 under the chairmanship of Secretary (DEA), Ministry of Finance. NIP is expected to enable well-prepared infrastructure projects which will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive. NIP also intends to facilitate supply side interventions in infrastructure development to boost short-term as well as the potential GDP growth. Improved infrastructure capacities will also drive competitiveness of the Indian economy.

INDUSTRY OVERVIEW

- ▶ The Finance Minister released the Report of the Task Force on National Infrastructure Pipeline (abridged version) on 31.12.2019. The NIP has projected total infrastructure investment of INR 111 lakh crore during the period FY 2020 to 2025 in India. Energy (24 per cent), Roads (19 per cent), Urban (16 per cent), and Railways (13 per cent) amount to over 70 per cent of the projected capital expenditure during the said period.
- ▶ As per the Annual Report of MoRTH 2021-22, The Ministry took a decision to complete all ongoing projects that had been awarded upto 2015-16 and placed the highest ever target of construction of at least 12,000 kms of National Highways. Overall road projects exceeding 64,000 km in length, costing more than Rs. 11 lakh crore, are in progress. National Highways of 5,835 km length have been completed in the first nine months of FY 2021-22, as against 7,767 km for the corresponding period during the last financial year. The Ministry has scaled new heights in expanding the Highway infrastructure throughout the country, despite nation-wide lockdown due to Pandemic COVID-19.
- ▶ A good road network is an essential requirement for the rapid growth of the economy. Roads provide connectivity to remote areas, open up backward regions and facilitate access to markets, trade and investment. As per the Annual Report of MoRTH 2021-22, India has a road network of about 6.72 Mn km. The total length of National Highways was 1,40,995 km as on November 30, 2021. The pace at which roads have been constructed has grown significantly from 17 kms per day in 2015-16 to 37 kms per day in 2020-21. Total investment in the Roads and Highway sector has gone up more than three times in five year period of 2014-15 to 2018-19.
- ▶ The road sector has seen major development in the past one decade and along with participation from the private sector, has witnessed almost doubling of the national highway network. But even after doubling of the national highways, the road connectivity seems to be inadequate considering specific geographies and regions. The authorities in the country seem to have identified this gap in connectivity and have been aggressively awarding new projects. The outlook for the roads and highways sector seems promising with growing Government thrust on the sector, with increase in budgetary outlay and initiatives such as Bharatmala Pariyojana, National Infrastructure Pipeline, new road development models, financing frameworks and rising interest from pension funds and private equity firms to make investments in the sector. All these measures put together will be crucial to achieve the ambitious targets laid down by the Government for the sector.
- ▶ Projects comprising length of 19,265 km have been awarded with cost of Rs. 5,60,216 crore, under the Bharatmala Pariyojana Phase-I. Till now, length of about 6,750 km has been completed. The Government has set a target of 12,000 km of National Highway for construction during the current financial year 2021-22 against which 5,118 Km has been constructed as on 30th November 2021.
- ▶ The Green National Highways Corridor Project (“GNHCP”) Scheme has been approved by the CCEA involving investment of Rs.7,662.47 crores which includes a loan amount of US\$ 500 Million from the World Bank. Loan agreement was signed on 22.12.2020 with World Bank. Rehabilitation and Upgrading to 2-lane/2-lane with paved shoulders/4-lane configuration and strengthening of stretches of various National Highways covering a total length of 781.38 km in the States of Himachal Pradesh, Rajasthan, Uttar Pradesh and Andhra Pradesh, with loan assistance of the World Bank under Green National Highways Corridor Project (GNHCP). Eight (8) packages out of total 23 packages have already been awarded at award cost of Rs.1,217 Cr. for a total length of 233 km.

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Award of NHs/Road Projects	15,948	17,055	5,493	8,948	12,000
Construction of NHs/Roads	8,231	9,829	10,855	10,237	12,000
Road construction per day (Km)	22.55	26.93	29.74	28.04	37.00

INDUSTRY OVERVIEW

- ▶ The total length of National Highway construction up to March 31, 2021 is 13,505 km. Despite the pandemic, execution reached 37 km per day in FY2020-21. In FY 22, per day execution is expected to cross 50 km per day data shared by the Ministry of Road Transport and Highways.
- ▶ As per the Budget 2022, The government has extended its Rs 111-lakh-crore (\$1.5 trillion) National Infrastructure Pipeline to cover more projects by 2025 in an effort to shore up economic growth as the nation recovers from the pandemic-induced recession. The National Infrastructure Pipeline, which was launched with 6,835 projects, has now expanded to 7,400 projects. Around 217 projects worth Rs 1.10 lakh crore under some key infrastructure ministries have been completed.
- ▶ The outbreak of Novel Coronavirus (Covid-19) pandemic will have a significant impact on the buildout of roads and highways, a key enabler of India's growth. The toll collections had witnessed a significant decline in FY 20 due to nationwide lockdown imposed. However the toll collection hit an all time high as on December 2021 The Ministry of Road Transportation and Highways (MORTH) has suspended tolling on all national highways for the 21-days period, which was extended by another 19 days up to May 3. As per the Ministry circular, the toll suspension would be treated as force majeure event. Under force majeure event, for the BOT Toll and TOT projects, the revenue loss is compensated in the form of extension in concession period. In addition, 100 per cent of operations and maintenance (O&M) and interest costs are reimbursed for the BOT Toll projects for the affected period; this would amount to 50-55 per cent estimate of loss of revenue incurred by these projects.
- ▶ Further, the economy has restarted gradually post lockdown. Freight movement has strong correlation with the health of the economy and thereby the toll collections is directly related to movement in GDP. Therefore, the detrimental impact of COVID-19 on the overall economy would in turn affect the movement of commercial freight on the road stretches thereby, adversely affecting the toll collections.
- ▶ The MORTH proposed to extend the concession period to compensate for the loss in net present value terms for majority of the BOT Toll projects. The recent relief package announced by NHAI for BOT Toll concessionaires has two parts: (1) the revenue loss during and after toll suspension period will be compensated in the form of extension by three to six months in the concession period and (2) Covid-19 loan is provided for concessionaires to the extent relief is not granted under moratorium under RBI guidelines.
- ▶ The union budget for next fiscal has announced the outlay of INR 1.99 lakh crore for the Ministry of Road Transport and Highway. Till December 2021, NHAI has awarded 8,781 km of HAM projects of which around 60% of projects have been completed.
- ▶ In the first half of this fiscal, traffic had logged a high growth of ~27% on-year, partly due to a weak base of last fiscal and in part because of less stringent restrictions which didn't disrupt supply chain during the second wave, as compared with the first one.
- ▶ Starting September 2021, however, there was a reversal of fortunes. Heavy and prolonged monsoons as well as supply chain disruptions, linked to semi-conductor chips and container shortages, impacted the traffic performance. As a result, traffic declined ~8% on-year between September 2021 and January 2022
- ▶ Next fiscal, traffic growth is expected to remain adequate at 5-7% considering linkage to the macroeconomic environment. Historically, the traffic growth has remained closely linked to real GDP growth which is expected to be 7.8% next fiscal against 9.2% in the current one. Additionally, 8-10% higher toll rates - due to higher WPI inflation - will translate into a healthy 14-16% revenue growth for toll road operators. This will be better than current fiscal revenue growth estimate of 11-13%. Rising coverage of FASTag and, hence, lower leakages will continue to support overall toll collections for operators.

SECTION 6

VALUATION APPROACH



VALUATION APPROACH

The present valuation exercise is being undertaken in order to determine the fair value of the SPV.

There are three generally accepted approaches to valuation:

- ▶ “Cost” Approach
- ▶ “Market ” Approach
- ▶ “Income” Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

a) Cost Approach:

- ▶ 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, asset 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 Method

- ▶ The Net Asset Value (“NAV”) method under cost approach, consider 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 the company.
- ▶ NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.

- ▶ This valuation approach is mainly used in cases where the asset base dominates earnings capability.
- ▶ As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.
- ▶ Additionally, net asset value does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many respects, net asset value represents the minimum benchmark value of an operating business.

Summation Method

- ▶ ‘Summation Method or Underlying Assets Method’ is typically used for valuing investment companies or other type of assets or entities for which value is primarily a factor of the values of their holdings.
- ▶ The following key steps for valuing an entity under Summation Method -
 - value each of the component assets that are part of the subject asset using the appropriate valuation approaches and methods, and
 - add the value of the component assets together to reach the value of the subject asset.

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VALUATION APPROACH

b) Market Approach:

Market Price Method

- ▶ Under this approach, the market price of an equity share 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.

Comparable Companies Multiple Method

- ▶ Under the Comparable Companies Multiple ("CCM") method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- ▶ To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to Preference Shareholders, if any, in order to arrive at the value for equity shareholders.

Comparable Transactions Multiple Method

- ▶ Under the Comparable Transactions Multiple ("CTM"), the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

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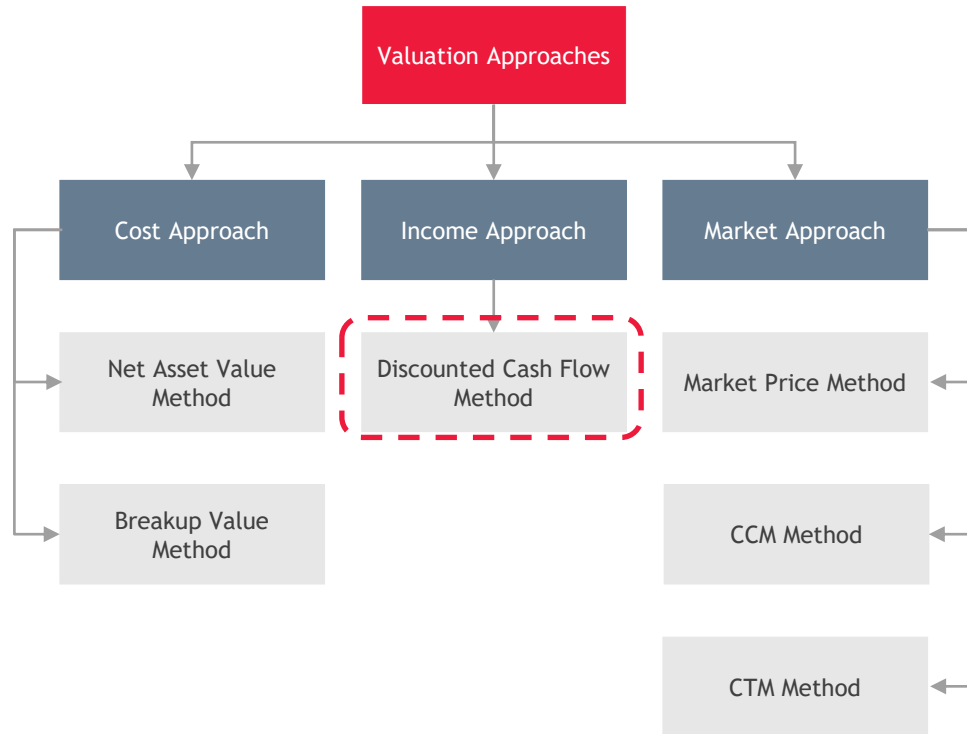
c) Income Approach:

- ▶ The Income approach focuses on the income prospects of a company.

Discounted Cash Flow Method

- ▶ Under the Discounted Cash Flow ("DCF") method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- ▶ Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.
- ▶ Discount rate is the Weighted Average Cost of Capital ("WACC"), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.
- ▶ The perpetuity (terminal) value is calculated based on the business's 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's future operations.
- ▶ The Business/equity Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The Surplus Assets / Non Operating assets are also adjusted.

SELECTED VALUATION APPROACH



Rationale for Valuation Approaches & Methodologies :

- ▶ **Cost Approach:** This valuation approach is mainly used in cases where the asset base dominates earnings capability. Thus, cost approach has not been considered for the present valuation exercise.
- ▶ **Income Approach:** The Discounted cash flow method takes into account the specific strength of the company to be valued and represents the expected performance of the company based on its projections including the incremental working capital and capital expenditure requirement to achieve the projections. In the current case, the value of the SPVs would be reflected in its future earnings potential. Hence, the DCF Method under the income approach has been considered as an appropriate method for the valuation of the SPVs.
- ▶ **Market Approach:** As any of the 6 SPVs are not listed on any recognized stock exchange, the market price method of valuation was not considered. Since current valuation is for specific projects in an SPV (BOT and Annuity based projects), CCM Method and CTM Method for the present valuation analysis exercise are not considered as each SPV has different concession period, geographical differences which are not identical to the listed companies.

SECTION 7

VALUATION ANALYSIS



VALUATION ANALYSIS

- ▶ As mentioned in Section VI, the value of undertaking is determined based on the future cash flow to be generated by each SPV for the remaining concession period.
- ▶ These cash flows have been estimated based on the projected financial information provided by the Management. The assumptions for arriving these cash flows are discussed separately in each SPV section.
- ▶ The assumptions considered for the projections are management's best estimate of the range of economic conditions that will exist over the remaining useful life of the assets i.e. remaining agreed concession period for each SPV, capturing growth prospects and earning capabilities.
- ▶ The financial forecast provided by the Management has been reviewed for consistency and reasonableness and we have relied on the estimates provided.
- ▶ The other key assumptions considered in DCF method is determination of an appropriate rate to discount the future cash flows. The Free Cash Flows to Firm ("FCFF") have been calculated for each SPV as on the Valuation Date based on the financial projections provided by the Management.
- ▶ FCFF refers to cash flows that are available to all the providers of capital, i.e. equity shareholders, preference shareholders and lenders.
- ▶ In FCFF, the free cash flows available to the firm are discounted by Weighted Average Cost of Capital (WACC) to arrive the net present value and terminal period cash flows. For present valuation analysis exercise, Capital Asset Pricing Model (CAPM) is considered for the calculation of Cost of Equity.

Cost of Equity:

- ▶ Cost of Equity ("Ke") is a discounting factor to calculate the present value of the net free cash flows to equity of the entity, which will be used to calculate its equity value. The present value is determined by discounting the net free cash flows to equity by Ke.
- ▶ The returns expected by the equity depend on the perceived level of risk associated with the business and the industry in which the business operates.
- ▶ For this purpose, Capital Asset Pricing Model (CAPM) is used, which is a commonly used model to determine the appropriate cost of equity.

- ▶ The CAPM can be defined as follows:

$$K_e = R_f + (R_p * \text{Beta}) + \text{CSRP}$$

Wherein:

K_e = cost of equity

R_f = risk free rate

R_p = risk premium

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

CSRP = Company Specific Risk Premium

Note 1(a): Risk Free Rate (R_f)

- ▶ The risk free rate of return is based on yields of 10 year zero coupon bond yield as on December 31, 2022 and as listed on www.ccilindia.com. In the present case, the risk free rate of return is arrived at 7.32%.

VALUATION ANALYSIS

Note 1(b): Market Return (R_m)

- ▶ Market Return is a measure of rate of return that investors earn by investing in equity markets. It is calculated based on the average historical market return. In the present case, the market return is considered at 15%.

Note 1(c): Risk Premium (R_p)

- ▶ Risk premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. A risk premium is calculated as follows:
 - ▶ Risk premium = Equity market return (R_m) - Risk free rate (R_f)
- ▶ In the present case, the risk premium is arrived at 7.68%.

Note 1(d): Beta

- ▶ Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. For present valuation analysis exercise, the comparable companies that are engaged in primarily construction and operation of road assets in India are considered.
- ▶ Beta of the following companies engaged in construction and operation of road assets in India, are considered for present valuation analysis:
 - IRB Infrastructures Developers Limited
 - PNC Infratech Limited
 - IRB InvIT Fund
 - MEP Infrastructure Developers Limited

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VALUATION ANALYSIS

WACC:

- ▶ The discount rate for arriving at the present value of the Free Cash Flows to the Firm is the Weighted Average Cost of Capital (“WACC”).

- ▶ The WACC is derived as follows:

$$\text{WACC} = K_e * [E/(D+E)] + K_d * (1-t) * [D/(D+E)]$$

Wherein:

K_e = cost of equity

$E/(D+E)$ = equity / total capital

K_d = cost of debt

T = tax rate

$D/(D+E)$ = debt / total capital

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- ▶ The assumptions for the WACC considered for each individual SPV is stated in each SPV section.

90- days Extension in concession period as a relief on account of impact of Covid-19 pandemic:

- ▶ Since the government has not yet approved the extension of concession period to consider the impact due to Covid 19 pandemic induced lockdowns, we have reverted back and not considered the extension period of 90 days above the period as per Concession Agreement also based on our discussions held with the management to over its uncertainty and will continue with this assumptions till the official confirmation is received from the authorities for the extension.

SECTION 8

VALUATION OF THE SPV_s



VALUATION OF THE SPVs

Etawah-Chakeri (Kanpur) Highway Private Limited (“ECKHPL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

a) Modification in Concession Period

- ▶ As per the Clause 29.2.1 of the Concession Agreement between NHAI and ECKHPL as provided to us by the management of the Sponsors, *“In the event Actual Average Traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the Concession period shall, subject to payment of Concession Fee in accordance with this Agreement, be increased by 1.5% thereof; provided such increase in Concession period shall not in any case exceed 20% of the Concession period”.*
- ▶ Thus, the Concession period of 16 years as per Concession Agreement between NHAI and ECKHPL as provided by the Management is increased as per the above clause as given in the table alongside.
- ▶ Actual Traffic as on the Target date is as per the traffic volumes provided by the Management supported by Traffic Due Diligence report carried out by independent consultant dated April 2022.
- ▶ The Management of OIT has confirmed us to consider revised concession period till February 25, 2030 as per Independent Engineers Approval Letter dated December 15, 2022. The revised Concession end date considering the impact of Clause 29.2 - Modification in Concession Period is February 25, 2030.
- ▶ Thus, the explicit period for the current valuation analysis exercise has been considered from January 01, 2023 to February 25, 2030.

Particulars	Unit	Details
Target date as per CA	Date	October 1, 2021
Target traffic as per CA	PCUs	48,750
Actual traffic on Target date	PCUs	46,443
Comparison of average traffic at test date with target		
	%	-4.0%
Original concession period	years	16.0
Increase in concession period	%	6.0%
Change in concession period	years	0.96
Revised concession period	years	16.96
Appointed date	Date	March 13, 2013
Original concession end date	Date	March 12, 2029
Revised concession end date	Date	February 25, 2030

b) Traffic Volume

- ▶ Traffic volumes as received from the Management supported by Traffic Due Diligence report carried out by independent consultant dated June 2022 are considered.

c) Revenue

- ▶ Revenue forecast is as per latest draft Traffic Due Diligence numbers prepared by an independent party. The toll revenue earned in FY19, FY20, FY21, FY22 and for the period ended December 31, 2022 is INR 335.7 Cr, INR 343.8 Cr, INR 374.3 Cr, INR 422.9 Cr and INR 367.3 Cr respectively.

VALUATION OF THE SPVs

Etawah-Chakeri (Kanpur) Highway Private Limited (“ECKHPL”)

d) Toll rates

- ▶ The current toll rates provided by the Management has been validated from NHAI’s site on Toll Information system (www.tis.nhai.gov.in.) as well as toll notifications issued by NHAI shared by the Management.
- ▶ The Management has considered annual revision of toll rate (user fees) which is in accordance to National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto dated December 3, 2010 whereby the base rate shall be increased without compounding by 3% p.a. and additionally, the applicable base rate shall be revised annually to reflect the increase in wholesale price index (“WPI”) but such revision shall be restricted to forty percent of the increase in WPI on overall basis during the concession period.
- ▶ WPI has been projected to grow by 5% for the projected period.

e) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for projected Periodic Maintenance & Routine Maintenance Costs from the Management supported by Technical Due Diligence report carried out by LEA Associates South Asia Pvt Ltd dated December 2018 are considered.
- ▶ As discussed with the Management, the major maintenance and repairs for ECKHPL that will be incurred within 2 years post Concession period have been preponed and considered at the second last year of the concession period on an appropriate basis.

f) Premium payable

- ▶ The premium payable to NHAI is considered as given by the Management of the Trust and validated the same from the Concession Agreement.

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VALUATION OF THE SPVs

Etawah-Chakeri (Kanpur) Highway Private Limited (“ECKHPL”)

DCF Method:

- ▶ The key assumptions and other key inputs, mentioned in the previous paragraphs, as provided by the Management are considered in the projections.
- ▶ The projections provided by the Management, based on Traffic Due Diligence report, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.
- ▶ The explicit period has been considered from January 01, 2023 to February 25, 2030.
- ▶ The tax computation as provided by the Management has been considered and reviewed to assess that the same has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate equity Value of ECKHPL.
- ▶ In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the equity Value. The detailed computation of WACC is given in the next page.
- ▶ The Business/Enterprise Value of ECKHPL as on December 31 2022 is arrived at INR 2,171.9 Cr.

VALUATION OF THE SPVs

Etawah-Chakeri (Kanpur) Highway Private Limited (“ECKHPL”)

Computation of WACC:

Particulars	Nil Tax	MAT	Full Tax	Explanation
Risk free return (Rf)	7.3%	7.3%	7.3%	Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0%	15.0%	Market Return has been considered based on the long term average returns earned by an equity investor investing in India
Risk premium	7.7%	7.7%	7.7%	Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (B)	1.0	0.9	0.8	We have considered 5 years beta for comparable companies
Cost of equity (Ke)	15.3%	14.4%	13.6%	Ke = Rf + B x (Rm-Rf)
Cost of debt (I)	7.1%	7.1%	7.1%	Kindly refer note below.
Tax Rate (t)	0.0%	17.5%	34.9%	Based on statutory corporate tax rate in India as of the Valuation date.
Cost of Debt [Net of Tax] (Kd)	7.1%	5.9%	4.6%	I * (1 - t)
Debt / (Debt +Equity)	60.0%	60.0%	60.0%	Target long-term debt equity ratio of the comparable companies
WACC	10.4%	9.3%	8.2%	WACC = Ke*(E/(D+E))+Kd*(D/(E+D))
WACC Adopted	10.4%	9.3%	8.2%	After rounding off

Note: The Trust has given loan to the SPVs at the interest rate of 10.8%.

The infrastructure funding in India for such operating BOT projects is in the range of 7 to 10%. The interest rate on external borrowings obtained by the Trust from banks are revised in FY22 with an effective cost of debt of 7.08%.

Further the trust being a pass through structure, from the unit holders perspective, the cost of the debt for the SPVs is the rate at which the trust borrows the loan which is in turn lent to the SPVs. Thus the cost of debt of the trust loan becomes relevant from the unit holders perspective for the valuation. We have hence considered a cost of debt of 7.08% for the current valuation exercise.

VALUATION OF THE SPVs**Etawah-Chakeri (Kanpur) Highway Private Limited (“ECKHPL”)**

Valuation as per Discounted Cash Flow Method (INR Cr)								
WACC at Nil Tax rate		10.4%						
WACC at MAT		9.3%						
WACC at Income Tax rate		8.2%						
Year Ending	FY23*	FY24	FY25	FY26	FY27	FY28	FY29	FY30**
Revenue	140.6	562.2	626.1	694.7	768.8	855.5	942.5	943.5
Cash EBITDA	94.9	372.9	460.8	474.8	537.8	613.0	687.9	699.0
<i>EBITDA Margins</i>	<i>67.5%</i>	<i>66.3%</i>	<i>73.6%</i>	<i>68.3%</i>	<i>70.0%</i>	<i>71.7%</i>	<i>73.0%</i>	<i>74.1%</i>
Less : Outflows								
Major Maintenance expenses	-	(16.2)	(17.0)	(28.2)	(246.4)	(19.6)	(18.5)	(88.5)
Capital Expenditure	-	(67.0)	(0.1)	(0.1)	(0.6)	(1.5)	(0.1)	-
Incremental Working Capital	(4.3)	-	-	-	-	-	-	6.6
Taxation	(5.7)	(29.1)	(37.6)	(45.4)	(19.1)	(72.7)	(85.5)	(77.4)
Free Cash Flows to Firm (FCFF)	84.9	260.6	406.2	401.1	271.8	519.1	583.8	539.6
Partial Period Factor	0.3	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Midpoint	0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.7
Present Value Factor	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.6
Present Value of Cash Flows	84.0	243.8	347.7	314.1	194.7	340.3	350.1	297.3
Enterprise Value (EV)	2,171.9							

* for the 3 months period ended March 31, 2023

** Represents period from April 1, 2029 to February 25, 2030

NOTE: The Management of OIT has confirmed us to consider revised concession period till February 25, 2030 as per Independent Engineers Approval Letter dated December 15, 2022

VALUATION OF THE SPVs

Oriental Pathways (Indore) Private Limited (“OPIPL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

a) Modification in Concession Period

- ▶ The traffic during the period of demonetization has fallen. As per the information received from the management of the Client, the OPIL has already received claim on account of loss in revenue due to demonetization.
- ▶ The Concession end date as per Concession Agreement is September 5, 2026.
- ▶ Thus, the explicit period for the current valuation analysis exercise has been considered from January 2023 to September 5, 2026.

Particulars	Unit	Details
Original concession period	years	20 years
Appointed date	Date	September 6, 2006
Additional days due to pandemic and demonetization	Days	0.00
Revised concession end date	Date	September 5, 2026

b) Traffic Volume

- ▶ Traffic volumes as received from the Management supported by Traffic Due Diligence report carried out by independent consultant dated June 2022 are considered.

c) Revenue

- ▶ Revenue forecast is as per latest draft Traffic Due Diligence numbers prepared by an independent party. The toll revenue earned in FY19, FY20, FY21, FY22 and for the period ended December 31, 2022 is INR 118.0 Cr, INR 119.9 Cr, INR 120.9 Cr, INR 129.7 Cr and INR 116 Cr respectively.

d) Toll rates

- ▶ The current toll rates provided by the Management has been validated from NHAI’s site on Toll Information System (www.tis.nhai.gov.in.) as well as toll notifications issued by NHAI shared by the Management.
- ▶ The Management has considered annual revision of toll rate (user fees) whereby the applicable base rate shall be revised annually to reflect the increase in WPI.
- ▶ WPI has been projected to grow by 5% for the projected period.

e) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for projected Periodic Maintenance & Routine Maintenance Costs from the Management supported by Technical Due Diligence report carried out by M/s Resotech Consultancy Services Pvt Ltd dated December 2018 are considered.

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VALUATION OF THE SPVs

Oriental Pathways (Indore) Private Limited (“OPIPL”)

DCF Method:

- ▶ The key assumptions and other key inputs, mentioned in the previous paragraphs, as provided by the Management are considered in the projections.
- ▶ The projections provided by the Management, based on Traffic Due Diligence report and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.
- ▶ The explicit period has been considered from January 01, 2023 to September 5, 2026.
- ▶ The tax computation as provided by the Management has been considered and reviewed to assess that the same has calculated as per the provisions of The Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate equity Value of OPIPL.
- ▶ In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the equity Value. The detailed computation of WACC is given in the next page.
- ▶ The Business/Enterprise Value of OPIPL as on December 31 2022 is arrived at INR 343.3 Cr.

VALUATION OF THE SPVs

Oriental Pathways (Indore) Private Limited (“OPIPL”)

Computation of WACC:

Particulars	Nil Tax	MAT	Full Tax Explanation
Risk free return (Rf)	7.3%	7.3%	7.3% Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0%	15.0% Market Return has been considered based on the long term average returns earned by an equity investor investing in India
Risk premium	7.7%	7.7%	7.7% Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (β)	1.03	0.92	0.82 We have considered 5 years beta for comparable companies
Cost of equity (Ke)	15.3%	14.4%	13.6% $Ke = Rf + \beta \times (Rm-Rf)$
Cost of debt (I)	7.1%	7.1%	7.1% Kindly refer note below.
Tax Rate (t)	0.0%	17.5%	34.9% Based on statutory corporate tax rate in India as of the Valuation date
Cost of Debt [Net of Tax] (Kd)	7.1%	5.9%	4.6% $I * (1 - t)$
Debt / (Debt +Equity)	60.0%	60.0%	60.0% Target long-term debt equity ratio of the comparable companies
WACC	10.4%	9.3%	8.2% $WACC = Ke*(E/(D+E))+Kd*(D/(E+D))$
WACC Adopted	10.4%	9.3%	8.2% After rounding off

Note: The Trust has given loan to the SPVs at the interest rate of 14%.

The infrastructure funding in India for such operating BOT projects is in the range of 7 to 10%. The interest rate on external borrowings obtained by the Trust from banks are revised in FY22 with an effective cost of debt of 7.08%.

Further the trust being a pass through structure, from the unit holders perspective, the cost of the debt for the SPVs is the rate at which the trust borrows the loan which is in turn lent to the SPVs. Thus the cost of debt of the trust loan becomes relevant from the unit holders perspective for the valuation. We have hence considered a cost of debt of 7.08% for the current valuation exercise.

VALUATION OF THE SPVs**Oriental Pathways (Indore) Private Limited (“OPIPL”)**

Valuation as per Discounted Cash Flow Method (INR Cr)					
WACC at Nil Tax rate		10.4%			
WACC at MAT		9.3%			
WACC at Income Tax rate		8.2%			
Year Ending	FY23*	FY24	FY25	FY26	FY27**
Revenue	38.9	175.4	188.0	200.3	95.4
Cash EBITDA	35.6	150.0	161.3	172.3	82.7
<i>EBITDA Margins</i>	91.3%	85.5%	85.8%	86.0%	86.7%
Less : Outflows					
Major Maintenance expenses	-	(58.7)	-	-	(81.4)
Change in MMRA	(39.1)	58.7	(27.1)	(54.3)	81.4
Capital Expenditure	-	(2.1)	-	(0.3)	-
Incremental Working Capital	(30.4)	-	-	-	6.1
CSR Expense	(0.2)	(0.8)	(0.9)	(1.0)	(1.4)
Interest incomes on cash reserves (MMR)	0.7	2.1	1.0	3.8	2.8
Taxation	(3.5)	(5.8)	(17.1)	(18.8)	-
Free Cash Flows to Firm (FCFF)	-37.0	143.4	117.1	101.7	90.2
Partial Period Factor	0.3	1.0	1.0	1.0	0.4
Midpoint	0.1	0.8	1.8	2.8	3.5
Present Value Factor	1.0	0.9	0.9	0.8	0.7
Present Value of Cash Flows	(36.6)	134.2	100.2	79.6	65.8
Enterprise Value (EV)	343.3				

* for the 3 months period ended March 31, 2023

**Represents period from April 1, 2026 to September 5, 2026

VALUATION OF THE SPVs

OSE Hungund Hospet Highways Private Limited (“OHHPL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

a) Modification in Concession Period

- ▶ As per the Clause 29.2.1 of the Concession Agreement between NHAI and OHHPL as provided by the Management, *“In the event Actual Average Traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the Concession period shall, subject to payment of Concession Fee in accordance with this Agreement, be increased by 1.5% thereof; provided such increase in Concession period shall not in any case exceed 20% of the Concession period”*.
- ▶ Thus, the Concession period of 19 years as per Concession Agreement between NHAI and OHHPL as provided by the Management is increased as per the above clause as given in the table alongside.
- ▶ The actual traffic as on the Target date is as per the traffic volumes provided by the Management supported by Traffic Due Diligence report carried out by independent consultant dated January 2021. The actual traffic on October 01, 2020 is less than the target traffic.
- ▶ The revised Concession end date considering the impact of Clause 29.2 - Modification in Concession Period is July 04, 2033.
- ▶ Thus, the explicit period for current valuation analysis exercise has been considered from January 01, 2023 to July 04, 2033.

Particulars	Unit	Details
Target date as per CA	Date	October 1, 2020
Target traffic as per CA	PCUs	57,623
Actual traffic on Target date	PCUs	31,066
Comparison of average traffic at test date with target	%	-46.1%
Original concession period	years	19
Increase in concession period	%	20%
Change in concession period	years	3.80
Revised concession period	years	22.80
Appointed date	Date	September 18, 2010
Original concession end date	Date	September 17, 2029
Revised concession end date	Date	July 4, 2033

b) Traffic Volume

- ▶ Traffic volumes as received from the Management supported by Traffic Due Diligence report carried out by independent consultant dated June 2022 are considered.

c) Revenue

- ▶ Revenue forecast is as per latest draft Traffic Due Diligence numbers prepared by an independent party. The revenue earned in FY19, FY20, FY21, FY22 and for the period ended December 31, 2022 is INR 133.3 Cr, INR 130.2 Cr, INR 131.7 Cr, INR 149.7 Cr and INR 142.4 Cr respectively.

VALUATION OF THE SPVs

OSE Hungund Hospet Highways Private Limited (“OHHPL”)

d) Toll rates

- ▶ The current toll rates provided by the Management has been validated from NHAI’s site on Toll Information system (www.tis.nhai.gov.in.) as well as toll notifications issued by NHAI shared by the Management
- ▶ The Management has considered annual revision of toll rate (user fees) which is in accordance to National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto dated December 3, 2010 whereby the base rate shall be increased without compounding by 3% p.a. and additionally, the applicable base rate shall be revised annually to reflect the increase in wholesale price index (“WPI”) but such revision shall be restricted to forty percent of the increase in WPI on overall basis during the concession period.
- ▶ WPI has been projected to grow by 5% for the projected period.

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e) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for projected Periodic Maintenance & Routine Maintenance Costs from the Management supported by Technical Due Diligence report carried out by FP Project Management dated December 2018 are considered.

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VALUATION OF THE SPVs

OSE Hungund Hospet Highways Private Limited (“OHHPL”)

DCF Method:

- ▶ The key assumptions and other key inputs, mentioned in previous paragraphs, as provided by the Management are considered in the projections.
- ▶ The projections provided by the Management, based on Traffic Due Diligence report and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness, and have relied on them.
- ▶ The explicit period has been considered from January 01, 2023 to July 04, 2033.
- ▶ The tax computation as provided by the Management has been considered and reviewed to assess that the same has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate equity Value of OHHPL.
- ▶ In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the equity Value. The detailed computation of WACC is given in the next page.
- ▶ The Business/Enterprise value of OHHPL as on December 31 , 2022 is arrived at INR 1,405.6 Cr.

VALUATION OF THE SPVs

OSE Hungund Hospet Highways Private Limited (“OHHPL”)

Computation of WACC:

Particulars	Nil Tax	MAT	Full Tax	Explanation
Risk free return (Rf)	7.3%	7.3%	7.3%	Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0%	15.0%	Market Return has been considered based on the long term average returns earned by an equity investor investing in India
Risk premium	7.7%	7.7%	7.7%	Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (β)	1.0	0.9	0.8	We have considered 5 years beta for comparable companies
Cost of equity (Ke)	15.3%	14.4%	13.6%	Ke = Rf + β x (Rm-Rf)
Cost of debt (I)	7.1%	7.1%	7.1%	Kindly refer note below.
Tax Rate (t)	0.0%	17.5%	34.9%	Based on statutory corporate tax rate in India as of the Valuation date.
Cost of Debt [Net of Tax] (Kd)	7.1%	5.9%	4.6%	I * (1 - t)
Debt / (Debt +Equity)	60.0%	60.0%	60.0%	Target long-term debt equity ratio of the comparable companies
WACC	10.4%	9.3%	8.2%	WACC = Ke*(E/(D+E))+Kd*(D/(E+D))
WACC Adopted	10.4%	9.3%	8.2%	After rounding off

Note: The Trust has given loan to the SPVs at the interest rate of 14%.

The infrastructure funding in India for such operating BOT projects is in the range of 8 to 10%. The interest rate on external borrowings obtained by the Trust from banks are revised in FY22 with an effective cost of debt of 7.08%.

Further the trust being a pass through structure, from the unit holders perspective, the cost of the debt for the SPVs is the rate at which the trust borrows the loan which is in turn lent to the SPVs. Thus the cost of debt of the trust loan becomes relevant from the unit holders perspective for the valuation. We have hence considered a cost of debt of 7.08% for the current valuation exercise.

VALUATION OF THE SPVs**OSE Hungund Hospet Highways Private Limited (“OHHPL”)**

Valuation as per Discounted Cash Flow Method (INR Cr)												
WACC at Nil Tax rate	10.4%											
WACC at MAT	9.3%											
WACC at Income Tax rate	8.2%											
Year Ending	FY23*	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34**
Revenue	42.5	206.5	227.6	249.7	272.1	298.8	325.2	351.8	382.3	416.7	448.3	126.1
Cash EBITDA	39.8	178.7	198.3	219.0	239.9	265.0	289.7	314.5	343.1	375.6	405.1	111.5
<i>EBITDA Margins</i>	93.6%	86.5%	87.2%	87.7%	88.2%	88.7%	89.1%	89.4%	89.8%	90.1%	90.4%	88.4%
Less : Outflows												
Major Maintenance expenses	(7.6)	(58.6)	-	-	-	(77.1)	(80.9)	-	-	(93.7)	(98.4)	-
Capital Expenditure	-	(3.1)	-	(0.3)	(0.4)	(1.6)	-	-	-	-	-	-
Incremental Working Capital	(12.3)	-	-	-	-	-	-	-	-	-	-	5.1
Taxation	-	-	(2.1)	(25.7)	(28.2)	(17.8)	(20.1)	(30.6)	(33.4)	(20.4)	(22.5)	(10.7)
Free Cash Flows to Firm (FCFF)	19.9	117.0	196.3	193.0	211.3	168.5	188.7	284.0	309.7	261.5	284.3	105.8
Partial Period Factor	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.3
Midpoint	0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.4
Present Value Factor	1.0	0.9	0.8	0.8	0.7	0.7	0.6	0.5	0.5	0.5	0.4	0.4
Present Value of Cash Flows	19.6	108.6	166.7	150.0	150.3	109.6	112.3	154.6	154.3	119.2	118.5	41.7
Enterprise Value (EV)	1,405.6											

* for the 3 months period ended March 31, 2023

**Represents period from April 1,2033 to July 04, 2033

VALUATION OF THE SPVs

Oriental Nagpur Betul Highway Private Limited (“ONBHL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

a) Modification in Concession Period

- ▶ As per the Clause 27.1.1 of the Concession Agreement between NHAI and ONBHL as provided by the Management, *“the Concessionaire upon achieving COD for the Project Highway and in consideration of the Concessionaire accepting the Concession and undertaking to perform and discharge its obligations in accordance with the terms, conditions and covenants set forth in this Agreement, Authority agrees and undertakes to pay to the Concessionaire, for each Annuity Payment Period, on each Annuity Payment Date as set forth in Schedule M -Annuity Payment Schedule, the sum of INR 290.80 Cr as set forth in its Bid”*.
- ▶ ONBHL is entitled to receive semi-annual annuity of INR 290.80 Cr for the period from February 24, 2015 to February 24, 2031. As per revised Schedule for Annuity Payment Schedule, the annuity will be payable on April 11 and October 11 every year over the remaining concession period.
- ▶ Further, as per settlement agreed between NHAI and Concessionaire, the annuity schedule for ONBHL has been modified, pursuant to which annuity shall be payable on April 11 and October 12 every year instead of August 18 and February 18. As a result, annuity payments are preponed by 4 months every year over the remaining concession period. The benefit of INR 154 Cr is arising on preponement of Annuity and the same is recognized as modification gain in the book of accounts of ONBHL. Since all benefits are to be passed on to OSEPL as per Sale & Transfer Agreement dated June 03, 2019 executed between ONBHL, Sponsors, Trustees and Investment Managers. The corresponding provision of expense of INR 154 Cr has also been recognized. The modification gain and provision is based on current estimates of outflow attributable to OSEPL at ONBHL level. However, the actual payment of benefit to OSEPL shall be passed on basis of realisation of the same.
- ▶ In FY22, settlement claim of INR 583.6 Cr was received by ONBHL from NHAI. As per Sale & Transfer Agreement dated June 03, 2019 all the benefits belong to OSEPL as and when realized. ONBHL transferred INR 547.1 Cr to OSEPL in FY22. The balance claim amount of INR 36.4 Cr will be paid to OSEPL in FY23.
- ▶ As informed by the Management, the modification gain of INR 154 Cr on account of preponement of Annuity will also be paid to OSEPL in FY23.

b) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for Periodic Maintenance & Routine Maintenance Costs as provided by the Management.
- ▶ The Operation and Maintenance contract entered between ONBHL and Oriental Structural Engineers Pvt Ltd on December 1, 2015 to carry out Periodic Maintenance & Routine Maintenance work for 4-laning of Nagpur-Saoner-Betul, Section NH-69 from Km 3.00 to Km 59.300 in Maharashtra and Km 137.000 to 257.400 Km in Madhya Pradesh including major maintenance work and overlay.
- ▶ The above contract sets out the estimated expenditure on Periodic Maintenance & Routine Maintenance over the period of concession agreement which has been considered in the projections provided by the Management.

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VALUATION OF THE SPVs

Oriental Nagpur Betul Highway Private Limited (“ONBHL”)

DCF Method:

- ▶ The key assumptions and other key inputs, as provided by the Management are considered in the projections.
- ▶ The projections provided by the Management, based on independent traffic and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness and have relied on them.
- ▶ The explicit period has been considered from January 01, 2023 to January 19, 2032.
- ▶ The tax computation as provided by the Management has been considered and reviewed to assess that the same has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate equity Value of ONBHL.
- ▶ In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the equity Value. The detailed computation of WACC is given in the next page.
- ▶ The Business/Enterprise value of ONBHL as on December 31, 2022 is arrived at INR 2,719.6 Cr.

VALUATION OF THE SPVs

Oriental Nagpur Betul Highway Private Limited (“ONBHL”)

Computation of WACC:

Particulars	Nil Tax	MAT	Full Tax Explanation
Risk free return (Rf)	7.3%	7.3%	7.3% Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0%	15.0% Market Return has been considered based on the long term average returns earned by an equity investor investing in India
Risk premium	7.7%	7.7%	7.7% Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (B)	1.03	0.92	0.82 We have considered 5 years beta for comparable companies
Cost of equity	15.3%	14.4%	13.6% $Ke = Rf + B \times (Rm-Rf)$
Company Specific Risk Premium	-1.0%	-1.0%	-1.0% Risk reduced on account of lower risk in Annuity mode of BOT projects as compared to Toll based projects
Revised Cost of equity (Ke)	14.3%	13.4%	12.6%
Cost of debt (I)	8.1%	8.1%	8.1% Based on historical cost of debt
Tax Rate (t)	0.0%	17.5%	34.9% Based on statutory corporate tax rate in India as of the Valuation date.
Cost of Debt [Net of Tax] (Kd)	8.1%	6.7%	5.3% $I * (1 - t)$
Debt / (Debt +Equity)	60.0%	60.0%	60.0% Target long-term debt equity ratio of the comparable companies
WACC	10.6%	9.4%	8.2% $WACC = Ke*(E/(D+E))+Kd*(D/(E+D))$
WACC Adopted	10.6%	9.4%	8.2% After rounding off

VALUATION OF THE SPVs**Oriental Nagpur Betul Highway Private Limited (“ONBHL”)**

Valuation as per Discounted Cash Flow Method (INR Cr)										
WACC at Nil Tax rate		10.6%								
WACC at MAT		9.4%								
WACC at Income Tax rate		8.2%								
Year Ending	FY23*	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32**
Revenue	-	581.6	581.6	581.6	581.6	581.6	581.6	581.6	581.6	290.8
Cash EBITDA	(6.1)	553.9	552.5	551.1	549.5	547.9	546.2	544.5	542.6	257.8
<i>EBITDA Margins</i>		95.2%	95.0%	94.7%	94.5%	94.2%	93.9%	93.6%	93.3%	88.7%
Less : Outflows										
Major Maintenance expenses	-	-	(49.7)	(52.1)	-	-	-	-	(66.5)	(69.9)
Change in MMRA	(40.8)	(40.8)	8.9	11.3	(59.9)	(79.0)	(80.0)	394.8	-	-
Incremental Working Capital	(14.5)	-	-	-	-	-	-	-	-	3.8
Interest incomes on cash reserve (MMR)	2.4	12.3	13.4	12.7	14.4	19.3	24.8	13.8	-	-
CSR Expense	(2.3)	(5.3)	(4.7)	(2.9)	(2.9)	(2.8)	(2.7)	(2.3)	(1.5)	(0.3)
Taxation	(16.2)	(63.7)	(53.5)	(52.9)	(51.2)	(39.4)	(31.0)	(18.5)	(58.3)	(8.7)
Free Cash Flows to Firm (FCFF)	(77.5)	456.5	466.9	467.2	450.0	446.0	457.3	932.3	416.3	182.8
Partial Period Factor	0.3	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Midpoint	0.1	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5
Present Value Factor	1.0	1.0	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.5
Present Value of Cash Flows	(76.6)	436.6	408.2	373.3	328.7	297.8	279.1	520.1	214.6	87.1
Enterprise Value (EV)	2,869.0									
Contractual payments on Annuity prepayment by FY23	(149.3)									
Adjusted Enterprise Value (EV)	2,719.6									

* for the 3 months period ended March 31, 2023

**Represents half year from April 1, 2031 to January 19, 2032

VALUATION OF THE SPVs

Oriental Nagpur Bye Pass Construction Private Limited (“ONBCPL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

a) Modification in Concession Period

- ▶ As per the Clause 29.2.1 of the Concession Agreement between NHAI and ONBCPL as provided by the Management, *“In the event Actual Average Traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the Concession period shall, subject to payment of Concession Fee in accordance with this Agreement, be increased by 1.5% thereof; provided such increase in Concession period shall not in any case exceed 20% of the Concession period”*.
- ▶ Actual Traffic as on the Target date is as per the traffic volumes provided by the Management supported by Traffic Due Diligence report carried out independent consultant dated January 2021.
- ▶ The Concession end date is April 02, 2037.
- ▶ Thus, the explicit period for current valuation analysis exercise has been considered from January 01, 2023 to April 02, 2037.
- ▶ Also, as per Clause 27.6 of the Concession Agreement between NHAI and ONBCPL as provided by the Management, *“In the event Average Daily Traffic of PCU’s in an accounting year have reached a level of 120% of Design Capacity (“Traffic Cap”), the fee collected from the traffic exceeding the Traffic Cap shall be deemed to be due and payable to NHAI”*. Further, if the Average daily traffic exceeds the design capacity of the Project Highway and shall continue to exceed for 3 accounting years following thereafter, and Indirect Political event will be deemed to have occurred and NHAI may terminate the agreement. NHAI will grant 180 days to the company to make a representation.
- ▶ However, as per the Traffic Due Diligence report carried out by independent consultant dated April 2022, the Actual Traffic (PCU’s) is not exceeding the Design Capacity in the concession period. Therefore, termination of project is not considered in the current valuation.

Particulars	Unit	Details
Target date as per CA	Date	October 1, 2019
Target traffic as per CA	PCUs	26,894
Actual traffic as on Target date	PCUs	35,127
Comparison of average traffic at test date with target	%	30.6%
Original concession period	years	27
Increase in concession period	%	0.0%
Change in concession period	years	0.0
Revised concession period	years	27.0
Appointed date	Date	April 3, 2010
Original concession end date	Date	April 2, 2037

- ▶ As per Traffic Due Diligence report dated April 2022, actual traffic on target date was 30.6% more than Target traffic. Therefore, as per concession agreement, there can be either reduction in Concession Period or ONBCPL can opt for 25% revenue share with NHAI in lieu of such reduction in Concession Period. The independent traffic expert has assumed sharing 25% revenue in the Traffic Due Diligence Report with NHAI and we have considered the same as reasonable assumption.

VALUATION OF THE SPVs

Oriental Nagpur Bye Pass Construction Private Limited (“ONBPCPL”)

b) Traffic Volume

- ▶ Traffic volumes as received from the Management supported by Traffic Due Diligence report carried out by independent consultant dated June 2022 are considered.

c) Revenue

- ▶ Revenue forecast is as per latest draft Traffic Due Diligence numbers prepared by an independent party. The revenue earned in FY19, FY20, FY21, FY22 and for the period ended December 31, 2022 is INR 222.3 Cr, INR 256.0 Cr, INR 218.7 Cr, INR 321.5 Cr and INR 296.6 Cr respectively.

d) Toll rates

- ▶ The current toll rates provided by the Management has been validated from NHAI’s site on Toll Information system (www.tis.nhai.gov.in.) as well as toll notifications issued by NHAI shared by the Management.
- ▶ The Management has considered annual revision of toll rate (user fees) which is in accordance to National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto dated December 3, 2010 whereby the base rate shall be increased without compounding by 3% annually and additionally, the applicable base rate shall be revised annually to reflect the increase in WPI but such revision shall be restricted to forty percent of the increase in WPI on overall basis during the concession period.
- ▶ WPI has been projected to grow by 5% for the projected period.

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e) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for projected Periodic Maintenance & Routine Maintenance Costs provided by the Management supported by Technical Due Diligence report carried out by AECOM India Pvt Ltd dated December 2018 are considered.

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VALUATION OF THE SPVs

Oriental Nagpur Bye Pass Construction Private Limited (“ONBPCPL”)

DCF Method:

- ▶ The key assumptions and other key inputs, mentioned in the previous paragraphs, are considered in the projections.
- ▶ The projections provided by the Management, based on Traffic Due Diligence report and technical studies, are only the best estimates of growth and sustainability of profitability margins. The financial forecast provided by the Management were reviewed for consistency and reasonableness, and have relied on them.
- ▶ The explicit period has been considered from January 01, 2023 to April 02, 2037.
- ▶ The tax computation as provided by the Management has been considered and reviewed to assess that the same has been calculated as per the provisions of the Income Tax Act, 1961. The interest expense is adjusted in the same for arriving at the tax computation under FCFF.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate equity Value of ONBPCPL.
- ▶ In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the equity Value. The detailed computation of WACC is given in the next page.
- ▶ The Business/Enterprise value of ONBPCPL as on December 31, 2022 is arrived at INR 4,358.1 Cr.

VALUATION OF THE SPVs

Oriental Nagpur Bye Pass Construction Private Limited (“ONBPCPL”)

Computation of WACC:

Particulars	Nil Tax	MAT	Full Tax Explanation
Risk free return (Rf)	7.3%	7.3%	7.3% Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0%	15.0% Market Return has been considered based on the long term average returns earned by an equity investor investing in India corroborated by long term average returns of the Bombay Stock Exchange.
Risk premium	7.7%	7.7%	7.7% Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (β)	1.03	0.92	0.82 We have considered 5 years beta for comparable companies
Cost of equity	15.3%	14.4%	13.6% $Ke = Rf + \beta \times (Rm-Rf)$
Cost of debt (I)	7.1%	7.1%	7.1% Kindly refer note below.
Tax Rate (t)	0.0%	17.5%	34.9% Based on statutory corporate tax rate in India as of the Valuation date.
Cost of Debt [Net of Tax] (Kd)	7.1%	5.9%	4.6% $I * (1 - t)$
Debt / (Debt +Equity)	60.0%	60.0%	60.0% Target long-term debt equity ratio of the comparable companies
WACC	10.4%	9.3%	8.2% $WACC = Ke*(E/(D+E))+Kd*(D/(E+D))$
WACC Adopted	10.4%	9.3%	8.2% After rounding off

Note: The Trust has given loan to the SPVs at the interest rate of 14%.

The infrastructure funding in India for such operating BOT projects is in the range of 8 to 10%. The interest rate on external borrowings obtained by the Trust from banks are revised in FY22 with an effective cost of debt of 7.08%.

Further the trust being a pass through structure, from the unit holders perspective, the cost of the debt for the SPVs is the rate at which the trust borrows the loan which is in turn lent to the SPVs. Thus the cost of debt of the trust loan becomes relevant from the unit holders perspective for the valuation. We have hence considered a cost of debt of 7.08% for the current valuation exercise.

VALUATION OF THE SPVs

Oriental Nagpur Bye Pass Construction Private Limited (“ONBPCPL”)

Valuation as per Discounted Cash Flow Method (INR Cr)																
WACC at Nil Tax rate	10.4%															
WACC at MAT	9.3%															
WACC at Income Tax rate	8.2%															
Year Ending	FY23*	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38**
Revenue	86.8	430.4	475.4	529.5	587.6	650.9	718.3	792.7	870.5	958.9	1,051.3	1,151.1	1,040.5	1,034.8	1,124.9	6.7
Cash EBITDA	83.7	402.1	445.8	498.4	554.9	616.6	682.3	754.9	830.8	917.2	1,007.6	1,105.1	992.3	984.1	1,071.7	3.3
EBITDA Margins	96.4%	93.4%	93.8%	94.1%	94.4%	94.7%	95.0%	95.2%	95.4%	95.7%	95.8%	96.0%	95.4%	95.1%	95.3%	49.7%
Less : Outflows																
Major Maintenance expenses	(0.1)	-	(106.1)	(2.8)	(107.2)	(0.7)	-	-	(159.6)	(14.9)	(41.6)	(43.7)	-	(17.7)	(84.3)	(1.7)
Incremental Working Capital	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.5)
Capital Expenditure	-	(0.3)	(3.2)	(0.4)	(3.2)	(0.1)	(0.1)	(0.4)	(0.6)	(4.6)	(0.2)	(4.5)	(0.1)	(0.2)	(0.1)	-
CSR Expenses	(0.7)	(0.4)	(1.5)	(2.5)	(4.3)	(5.3)	(6.3)	(7.4)	(8.6)	(9.9)	(11.3)	(12.9)	(14.5)	(15.0)	(14.8)	-
Taxation	(12.9)	(59.1)	(47.5)	(73.8)	(64.5)	(92.9)	(103.5)	(115.1)	(99.3)	(138.2)	(147.8)	(162.9)	(152.5)	(148.2)	(150.5)	-
Free Cash Flows to Firm (FCFF)	72.3	342.3	287.5	418.9	375.6	517.7	572.4	632.0	562.8	749.6	806.6	881.2	825.1	803.0	821.9	(3.9)
Partial Period Factor	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Midpoint	0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8	11.8	12.8	13.8	14.3
Present Value Factor	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3
Present Value of Cash Flows	71.5	320.2	246.0	328.0	269.1	339.3	343.3	346.8	282.5	344.3	338.9	338.8	290.2	258.4	242.0	(1.1)
Enterprise Value (EV)	4,358.1															

* for the 3 months period ended March 31, 2023

**Represents period from April 1,2037 to April 2, 2037

VALUATION OF THE SPVs

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Key Inputs in Projections:

The key inputs of the projections provided by the Management are as follows:

- ▶ *BDHPL had claimed for 90 days extension for COVID-19 related lockdown as per NHAI’s policy circular while NHAI has recommended 35.36 days extension as per CA. Hence, the revised concession end date is considered as August 12, 2043 as per Revenue and Traffic Due Diligence report carried out by independent consultant dated August 2022.

a) Modification in Concession Period

- ▶ As per the Clause 29.2.1 of the Concession Agreement between NHAI and BDHPL as provided by the Management, *“In the event Actual Average Traffic shall have fallen short of the target traffic, then for every 1% shortfall as compared to the target traffic, the Concession period shall, subject to payment of Concession Fee in accordance with this Agreement, be increased by 1.5% thereof; provided such increase in Concession period shall not in any case exceed 20% of the Concession period”*.
- ▶ The projected traffic as on the Target date is as per the traffic volumes provided by the Management supported by Revenue and Traffic Due Diligence report carried out by independent consultant dated August 2022. The projected traffic on April 01, 2025 is greater than the target traffic. The concession period on the basis of above clause shall be reduced.
- ▶ However, as per the CA, the Management has the option to retain the concession for the original concession period, by paying an additional premium of 25% to NHAI. The Management has opted to share revenue with NHAI.
- ▶ Thus, the explicit period for current valuation analysis exercise has been considered from January 01, 2023 to August 12, 2043.

Particulars	Unit	Details
Target date as per CA	Date	April 01, 2025
Target traffic as per CA	PCUs	21,711
Projected traffic as on Target date	PCUs	30,973
Comparison of average traffic at test date with target	%	43%
Original concession period	years	27
Decrease in concession period	%	10%
Change in concession period	years	2.7
Revised concession period	years	24.3
Appointed date	Date	July 09, 2016
Original concession end date	Date	June 09, 2043
Extension due to COVID-19 related lockdown	Days	35.36
Revised concession end date*	Date	August 12, 2043

b) Traffic Volume

- ▶ Traffic volumes as received from the Management supported by Revenue and Traffic Due Diligence report carried out by independent consultant dated August 2022 are considered.

c) Revenue

- ▶ Revenue forecast is as per latest draft Revenue and Traffic Due Diligence report prepared by an independent party. The revenue earned in FY22 and for the period ended December 31, 2022 is INR 203.9 Cr, and INR 175.2 Cr respectively.

VALUATION OF THE SPVs

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

d) Toll rates

- ▶ The current toll rates provided by the Management has been validated from NHAI’s site on Toll Information system (www.tis.nhai.gov.in.) as well as toll notifications issued by NHAI shared by the Management
- ▶ The Management has considered annual revision of toll rate (user fees) which is in accordance to National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto dated December 3, 2010 whereby the base rate shall be increased without compounding by 3% p.a. and additionally, the applicable base rate shall be revised annually to reflect the increase in wholesale price index (“WPI”) but such revision shall be restricted to forty percent of the increase in WPI on overall basis during the concession period.
- ▶ WPI has been projected to grow by 11.1% in FY24, 5.4% in FY25 and 4.5% for the remaining concession period.

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e) Periodic Maintenance & Routine Maintenance Costs

- ▶ Estimates for projected Periodic Maintenance & Routine Maintenance Costs from the Management supported by the Major Maintenance Agreement as mentioned in Sources of Information is considered.

VALUATION OF THE SPVs

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Valuation of BDHPL by Discounted Cash Flow Method:

- ▶ The going concern projections as provided by the Management, for the period starting from January 01, 2023 to August 12, 2043, are considered for the purpose of valuation.
- ▶ The projections provided by the Management are based on Revenue and Traffic Due Diligence report. Further, revenue and traffic due diligence report are only the best estimates of growth and sustainability of profitability margins. However, we have reviewed the logical consistencies and reasonableness of the financial forecast provided by the Management.
- ▶ We have used the Free Cash Flows to Firm (“FCFF”) method under DCF to calculate the enterprise value of BDHPL. In FCFF, the free cash flows available are discounted by weighted average cost of capital (WACC) to derive the Enterprise Value. The detailed computation of WACC is given in the next page.
- ▶ The explicit period has been considered from January 01, 2023 to August 12, 2043.
- ▶ The Management has opted for new tax regime and hence the tax computation as provided by the Management has been considered and reviewed to assess that the same has been calculated as per the provisions of the Income Tax Act, 1961.
- ▶ The Business/Enterprise value of BDHPL as on December 31, 2022 is arrived at INR 3,521.4 Cr.

VALUATION OF THE SPVs

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Computation of WACC:

Particulars	Nil Tax	Full Tax Explanation
Risk free return (Rf)	7.3%	7.3% Risk free rate as on December 31, 2022
Market Return (Rm)	15.0%	15.0% Market Return has been considered based on the long term average returns earned by an equity investor investing in India corroborated by long term average returns of the Bombay Stock Exchange.
Risk premium	7.7%	7.7% Risk Premium = Market Return (Rm)- Risk Free Rate (Rf)
Relevered Beta (B)	1.03	0.88 We have considered 5 years beta for comparable companies
Cost of equity	15.3%	14.1% $K_e = R_f + B \times (R_m - R_f)$
Cost of debt (I)	8.1%	8.1% Kindly refer note below.
Tax Rate (t)	0.0%	25.2% Based on statutory corporate tax rate in India as of the Valuation date.
Cost of Debt [Net of Tax] (Kd)	8.1%	6.1% $I * (1 - t)$
Debt / (Debt +Equity)	60.0%	60.0% Target long-term debt equity ratio of the comparable companies
WACC	11.0%	9.3% $WACC = K_e * (E / (D + E)) + K_d * (D / (E + D))$
WACC Adopted	11.0%	9.3% After rounding off

Note : BDHPL has 8.5% term loans from banks amounting to INR 498.1 Cr, 9.5% NCDs worth INR 789.2 Cr and Trust Loan worth INR 1,262.9 Cr at 7.1%. Hence the average Cost of debt of all the 3 loans is arrived at e 8.1%.

VALUATION OF THE SPVs

BIAORA TO DEWAS HIGHWAY PRIVATE LIMITED (“BDHPL”)

Valuation as per Discounted Cash Flow Method (INR Cr)																						
WACC at Nil Tax rate	11.0%																					
WACC under new tax regime	9.3%																					
Year Ending	FY23*	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44**
Revenue	71.7	288.0	314.2	323.5	356.6	392.7	429.3	471.0	513.1	561.3	609.0	662.3	718.0	778.1	840.1	906.9	978.0	1,057.8	1,039.4	915.2	986.4	384.4
Cash EBITDA	65.7	261.7	286.6	294.5	326.1	360.7	395.8	435.8	476.0	522.4	568.2	619.4	673.0	730.9	790.5	854.8	923.3	1,000.3	979.1	851.8	919.9	359.0
EBITDA Margins	91.6%	90.9%	91.2%	91.0%	91.5%	91.9%	92.2%	92.5%	92.8%	93.1%	93.3%	93.5%	93.7%	93.9%	94.1%	94.3%	94.4%	94.6%	94.2%	93.1%	93.3%	93.4%
Less : Outflows																						
Major Maintenance expenses	(1.0)	(1.8)	(23.5)	(2.3)	(2.4)	(13.0)	(2.6)	(30.0)	(2.9)	(3.0)	(3.2)	(3.4)	(3.5)	(52.7)	(3.9)	(4.1)	(4.3)	(23.3)	(4.7)	(70.6)	(5.2)	(5.5)
Change in MMRA	(1.6)	(13.0)	14.7	(1.1)	(6.4)	4.5	(16.4)	18.8	(0.1)	(0.1)	(0.1)	(4.9)	(29.4)	33.8	(0.2)	(2.0)	(11.4)	6.5	(39.4)	45.4	0.4	3.8
Interest on MMRA	0.1	0.5	0.4	0.0	0.2	0.3	0.7	0.6	0.0	0.0	0.0	0.2	1.2	1.1	0.1	0.1	0.5	0.7	1.7	1.5	0.1	(0.0)
Incremental Working Capital	3.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8.6
CSR Expenses	-	-	-	-	-	(0.4)	(1.0)	(1.6)	(2.4)	(3.3)	(4.2)	(5.1)	(5.9)	(6.8)	(7.8)	(9.0)	(10.1)	(11.2)	(11.7)	(11.3)	(11.0)	(2.9)
Taxation	-	-	-	-	(0.1)	(74.1)	(89.0)	(94.7)	(113.4)	(126.5)	(139.0)	(152.7)	(167.0)	(169.6)	(197.0)	(213.4)	(230.9)	(245.6)	(245.3)	(196.8)	(230.0)	(88.4)
Free Cash Flows to Firm (FCFF)	67.0	247.3	278.3	291.2	317.6	278.0	287.4	328.8	357.2	389.5	421.7	453.6	468.4	536.8	581.7	626.5	667.1	727.4	679.6	620.1	674.1	274.6
Partial Period Factor	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.4
Midpoint	0.1	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	10.8	11.8	12.8	13.8	14.8	15.8	16.8	17.8	18.8	19.8	20.4
Present Value Factor	1.0	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Present Value of Cash Flows	66.1	228.7	231.8	218.5	218.1	174.7	165.2	172.9	171.9	171.5	169.8	167.1	157.9	165.6	164.2	161.7	157.6	157.2	134.4	112.2	111.6	42.8
Enterprise Value (EV)	3,521.4																					

* for the 3 months period ended March 31, 2023

**Represents period from April 1,2043 to August 12, 2043

SECTION 9

VALUATION SUMMARY



VALUATION SUMMARY

Enterprise value of the 6 SPVs:

- ▶ The derived Enterprise value of the 6 SPVs, based on the valuation approach and methodology as discussed herein, as on December 31, 2022, is as under :

S. No.	Particulars (INR Cr)	EV
(a)	Etawah Chakeri Project	2,171.9
(b)	Indore Khalghat Project	343.3
(c)	Hungund Hospet Project	1,405.6
(d)	Nagpur Betul Project	2,719.6
(e)	Nagpur Bypass Project	4,358.1
(f)	Biaora Dewas Project	3,521.4
	Total	14,519.9

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