The information in this Draft Placement Memorandum is not complete and may be changed. The Issue is meant only for Eligible Investors on a private placement basis and is not an offer to the public or to any other class of investors to subscribe to the Units. This Draft Placement Memorandum is not an offer to sell any Units and is not soliciting an offer to subscribe to or buy the Units in any jurisdiction where such offer, sale or subscription is not permitted. It is being issued for the sole purpose of information or discussion relating to the Units that may be allotted through the Final Placement Memorandum.

Draft Placement Memorandum
Not for circulation and strictly confidential
Serial Number: _____

HIGHWAYS INFRASTRUCTURE TRUST

*(Registered in the Republic of India as an irrevocable trust set up under the Indian Trusts Act, 1882 and registered as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**InvIT Regulations**") on December 23, 2021 having registration number IN/InvIT/21-22/0019)*

Principal place of business: 2nd Floor, Piramal Tower, Peninsula Corporate Park, Lower Parel, Mumbai 400 013, Maharashtra;
Tel: +91 98205 50707; **Compliance Officer**: Charmy Bhoot
E-mail: highwayinvit@virescent.co.in ; **Website**: www.highwaystrust.com

Sponsor **Galaxy Investments II Pte. Ltd.**	**Investment Manager** **Virescent Infrastructure Investment Manager Private Limited**	**Trustee** **Axis Trustee Services Limited**

Highways Infrastructure Trust ("**Highways Trust**") is proposing an initial offer by way of fresh issue of up to [●] Units through a private placement at a price of ₹[●] per Unit (the "**Issue Price**"), aggregating up to ₹4,000 million (the "**Issue**").

THE ISSUE, AND THE DISTRIBUTION OF THIS DRAFT PLACEMENT MEMORANDUM, IS BEING MADE ONLY TO THE ELIGIBLE INVESTORS IN RELIANCE UPON REGULATION 14(2) OF THE INVIT REGULATIONS.

The Units are proposed to be listed on the National Stock Exchange of India Limited (the "**NSE**" or the "**Stock Exchange**"). In-principle approval for listing of the Units has been received from the NSE on [●], 2022. NSE is the Designated Stock Exchange. Applications shall be made to the Stock Exchange for obtaining the final listing and trading approval for the Units to be Allotted pursuant to the Issue. The Stock Exchange assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Units to be Allotted pursuant to the Issue for trading on the Stock Exchange should not be taken as an indication of the merits of the Highways Trust or of the Units.

A copy of this Draft Placement Memorandum has been delivered to the Securities and Exchange Board of India (the "**SEBI**") and the Stock Exchange and a copy of the Placement Memorandum and the Final Placement Memorandum will be delivered to SEBI and the Stock Exchange. This Draft Placement Memorandum has not been, and will not be, registered as a prospectus, will not be circulated or distributed to the public at large in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

This is an initial offer of Units by way of fresh issue and there is no pre-existing formal market for the Units. The Issue Price (determined and justified in accordance with the InvIT Regulations by the Investment Manager in consultation with the Lead Manager), should not be taken to be indicative of the market price of the Units, after the Units are listed. No assurance can be given regarding an active or sustained market for trading in the Units or regarding the price at which the Units will be traded after listing.

The Investment Manager, having made all reasonable inquiries confirms that this Draft Placement Memorandum contains all information with regard to the Highways Trust, the Units and the Issue, which is material in the context of the Issue, that the information contained in this Draft Placement Memorandum is true, correct and adequate in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with the Investment Manager and that there are no other facts, the omission of which makes this Draft Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Units are being offered and allotted outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**") and applicable law of the jurisdictions where such offers and allotments occur.

THIS DRAFT PLACEMENT MEMORANDUM IS PERSONAL TO THE ELIGIBLE INVESTORS AND DOES NOT CONSTITUTE AN ISSUE OR INVITATION OR SOLICITATION OF AN ISSUE TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA. THIS DRAFT PLACEMENT MEMORANDUM HAS BEEN PREPARED BY THE HIGHWAYS TRUST SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

YOU MAY NOT, AND ARE NOT AUTHORISED TO, (1) DELIVER THIS DRAFT PLACEMENT MEMORANDUM TO ANY OTHER PERSON; OR (2) REPRODUCE THIS DRAFT PLACEMENT MEMORANDUM IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DRAFT PLACEMENT MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE INVIT REGULATIONS, AND/ OR OTHER APPLICABLE LAWS OF INDIA AND/ OR OF OTHER JURISDICTIONS.

RISKS IN RELATION TO THE ISSUE

INVESTMENTS IN UNITS INVOLVE RISKS AND ELIGIBLE INVESTORS SHOULD NOT INVEST ANY FUNDS IN THE ISSUE UNLESS THEY CAN AFFORD TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. FOR MAKING AN INVESTMENT DECISION, ELIGIBLE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE HIGHWAYS TRUST, THE UNITS, THE ISSUE AND THE PLACEMENT MEMORANDUM. ELIGIBLE INVESTORS ARE ADVISED TO CAREFULLY READ THIS DRAFT PLACEMENT MEMORANDUM, INCLUDING THE SECTIONS ENTITLED 'RISK FACTORS' AND 'RIGHTS OF UNITHOLDERS' ON PAGES 58 AND 287, RESPECTIVELY, BEFORE MAKING AN INVESTMENT DECISION. THE UNITS HAVE NOT BEEN RECOMMENDED OR APPROVED BY SEBI NOR DOES THE SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THIS DRAFT PLACEMENT MEMORANDUM. THE ELIGIBLE INVESTORS ARE ADVISED TO CONSULT THEIR OWN ADVISORS ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE UNITS BEING ISSUEED PURSUANT TO THIS DRAFT PLACEMENT MEMORANDUM.

Unless a serially numbered Placement Memorandum along with an Application Form is addressed to Eligible Investors, no invitation to offer shall be deemed to have been made to the Eligible Investors to make an offer to subscribe to Units on private placement basis pursuant to the Issue. For further details, please see the section 'Issue Procedure' on page 292. The distribution of this Draft Placement Memorandum and the Placement Memorandum or the disclosure of its contents without the Trustee's or Investment Manager's prior consent to any person other than the Eligible Investors is unauthorised and prohibited. Each addressee, by accepting delivery of the Placement Memorandum, agrees to observe the foregoing restrictions and to make no copies of the Placement Memorandum or any documents referred to in the Placement Memorandum. The information on the Sponsor's, Investment Manager's, Project Manager's, Lead Manager's or Highways Trust's website, as applicable, any website directly or indirectly linked to such websites, or the website of the Trustee does not form part of this Draft Placement Memorandum and Eligible Investors should not and shall not be entitled to rely on such information contained in, or available through, any such websites.

LEAD MANAGER	REGISTRAR AND UNIT TRANSFER AGENT
Axis Capital Limited Axis House, 1st Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli Mumbai – 400 025 **Tel.:** + 91 22 4325 2183 **E-mail:** highways.invit@axiscap.in **Website:** www.axiscapital.co.in **Investor grievance mail:** compliants@axiscap.in **Contact Person:** Harish Patel/Akash Aggarwal **SEBI Registration No:** INM000012029	**Link Intime India Private Limited** 247 Park, C-101 Ist Floor, L B S Marg Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 22 4918 6000 **E-mail:** ajit.patankar@linkintime.co.in **Website:** www.linkintime.co.in **Contact Person:** Ajit Patankar **SEBI Registration No.:** INR000004058

This Draft Placement Memorandum is dated March 24, 2022

TABLE OF CONTENTS

NOTICE TO THE ELIGIBLE INVESTORS 1
DEFINITIONS AND ABBREVIATIONS 6
PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION 12
FORWARD-LOOKING STATEMENTS 15
THE ISSUE 17
OVERVIEW OF THE HIGHWAYS TRUST 19
FORMATION TRANSACTIONS IN THE HIGHWAYS TRUST 21
SUMMARY COMBINED FINANCIAL INFORMATION OF THE HIGHWAYS TRUST 26
SUMMARY FINANCIAL INFORMATION OF THE SPONSOR 34
SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER 39
SUMMARY OF INDUSTRY 44
SUMMARY OF BUSINESS 50
RISK FACTORS 58
GENERAL INFORMATION 101
PARTIES TO THE HIGHWAYS TRUST 105
OTHER PARTIES INVOLVED IN THE HIGHWAYS TRUST 142
CORPORATE GOVERNANCE 146
INDUSTRY OVERVIEW 152
BUSINESS 170
SUMMARY OF CONCESSION AGREEMENTS 191
INFORMATION CONCERNING THE UNITS 215
USE OF PROCEEDS 216
FINANCIAL INDEBTEDNESS 218
DISTRIBUTIONS 221
DISCUSSION AND ANALYSIS BY THE DIRECTORS OF THE INVESTMENT MANAGER OF THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE PROJECT SPVS OF THE HIGHWAYS TRUST 224
RELATED PARTY TRANSACTIONS 257
REGULATIONS AND POLICIES 266
REGULATORY APPROVALS 274
LEGAL AND OTHER INFORMATION 278
SECURITIES MARKET OF INDIA 283
SELLING AND TRANSFER RESTRICTIONS 285
RIGHTS OF UNITHOLDERS 287
DILUTION 290
ISSUE STRUCTURE 291
ISSUE PROCEDURE 292
STATEMENT OF TAX BENEFITS 300
LEGAL MATTERS 310
INDEPENDENT ACCOUNTANTS 311
SPECIAL PURPOSE COMBINED FINANCIAL STATEMENTS 312
PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES 391
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 406
DECLARATION 408
ANNEXURE I - VALUATION REPORT
ANNEXURE II - TECHNICAL REPORT
ANNEXURE III – TRAFFIC CONSULTANT'S REPORT

NOTICE TO THE ELIGIBLE INVESTORS

The statements contained in this Draft Placement Memorandum relating to the Highways Trust and the Units are material, true, correct and adequate and not misleading in all material respects to enable investors to make an informed decision. The opinions and intentions expressed in this Draft Placement Memorandum with regard to the Highways Trust and the Units are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available with the Investment Manager, or the Sponsor, or both, as applicable. There are no other facts in relation to the Highways Trust and the Units, the omission of which would, in the context of the Issue, make any statement in this Draft Placement Memorandum misleading in any material respect. Further, each of the Investment Manager Trustee and the Sponsor, has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements disclosed in this Draft Placement Memorandum.

The Lead Manager nor any of its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking and accept no responsibility or liability as to the accuracy or completeness of the information contained in this Draft Placement Memorandum or any other information supplied in connection with the Issue or the distribution of the Units, other than in relation to themselves. Each Eligible Investor receiving this Draft Placement Memorandum acknowledges that such person has neither relied on the Lead Manager, or any financial, legal or other advisors to the Sponsor nor any of their shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with their investigation of the accuracy of such information or such person's investment decision. Each Eligible Investor must rely on its own examination of the Highways Trust and the merits and risks involved in investing in the Units. The Eligible Investors should not construe the contents of this Draft Placement Memorandum as legal, tax, accounting or investment advice. The Eligible Investors receiving this Draft Placement Memorandum acknowledge that in making an investment decision, they have relied solely on the information contained in this Draft Placement Memorandum and not on any other disclosure or representation by the Investment Manager, Sponsor, Trustee or any of their respective financial, legal or other advisors or other party.

No person is authorized to give any information or to make any representation not contained in this Draft Placement Memorandum and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Trust or by, or on behalf, of the Sponsor, the Investment Manager or the Lead Manager. The delivery of this Draft Placement Memorandum, at any time, does not imply that the information contained in it, is correct as of any time subsequent to its date. This Draft Placement Memorandum is personal to the Eligible Investors. This Draft Placement Memorandum shall not be relied upon by, and the Investment Manager, Sponsor, Trustee or the Project Manager and/ or the Lead Manager shall not be liable to any subsequent acquirer, transferee or investor of the Units.

This Draft Placement Memorandum contains summaries of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents.

The distribution of this Draft Placement Memorandum, the Placement Memorandum and the Final Placement Memorandum or the disclosure of their contents to any person, other than the Eligible Investors to whom it is addressed and retained by the Eligible Investors to enable them to make a decision with respect to its subscription to the Units, is unauthorised and prohibited. The Eligible Investors, by accepting delivery of this Draft Placement Memorandum, the Placement Memorandum and the Final Placement Memorandum, agree to observe the foregoing restrictions and make no copies of this Draft Placement Memorandum, the Placement Memorandum and the Final Placement Memorandum or any other material in connection with the Issue or the Units.

Certain U.S. Matters

The Units have not been, and will not be, registered under the Securities Act or any other applicable state securities laws of the U.S. and, unless so registered, may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Units are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S, in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

The Eligible Investors will be deemed to have made the representations, agreements and acknowledgments as described in the section entitled '*Notice to the Investors – Representations by the Eligible Investors'* on page 1.

THE UNITS OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE

"SEC") OR ANY STATE SECURITIES COMMISSION IN THE U.S. OR ANY OTHER U.S. REGULATORY AUTHORITY. ACCORDINGLY, THE UNITS MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE UNITS REFERRED TO IN THIS DRAFT PLACEMENT MEMORANDUM ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT TO PERSONS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE UNITS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS DRAFT PLACEMENT MEMORANDUM RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY UNITS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS DRAFT PLACEMENT MEMORANDUM IN OR INTO THE UNITED STATES AT ANY TIME. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DRAFT PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE U.S.

Notice to Investors in certain other jurisdictions

The distribution of this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Investment Manager or the Lead Manager which would permit an issue of the Units in any jurisdiction other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum nor any Issue materials in connection with the Units be distributed or published in or from any country or jurisdiction that would require registration of the Units in such country or jurisdiction.

Representations by the Eligible Investors

References herein to "you" or "your" is to the Eligible Investors in the Issue.

By purchasing, or subscribing to the Units pursuant to the Issue, you are deemed to have represented to the Trustee, the Investment Manager, the Sponsor and the Lead Manager, and you acknowledge and agree as follows:

1. You are permitted to acquire the Units under the laws of all applicable jurisdiction and that you have necessary capacity and authority, and have obtained all necessary consents and authorisations to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, on behalf of any person) and honour such obligations;

2. You undertake to (i) hold, manage or dispose of any Units that are Allotted to you in accordance with the InvIT Regulations and all other applicable laws; and (ii) to comply with all requirements under applicable law in relation to reporting obligations, if any, in this relation;

3. You have been provided a serially numbered copy of the Placement Memorandum and will be deemed to have read the Placement Memorandum in its entirety, including, in particular, the section entitled "*Risk Factors*" on page 58;

4. You will make all necessary filings and reportings, in relation to the Issue and your investment in Units, with appropriate governmental, statutory or regulatory authorities, including the RBI, as may be required, in accordance with applicable law in your respective jurisdiction;

5. You agree to provide on request in a timely manner, and consent to the use and disclosure (including to any taxation or other regulatory authorities) of, any information or documentation in relation to yourself and, if and to the extent required, the direct or indirect beneficial ownership of your Units (if any), as may be necessary for the Highways Trust (or the Trustee and its agents) and the Investment Manager to comply with any regulatory obligations and/or appropriate withholding of taxes in accordance with the IT Act or other penalties under FATCA, the CRS or other similar exchange of tax information regimes, as maybe applicable. You acknowledge and agree that you shall have no claim against the Highways

Trust (or the Trustee and its agents) and the Investment Manager for any losses suffered by you (including in relation to the direct or indirect beneficial ownership of your Units (if any)) as a result of such use by or disclosure of such information or documentation to, any relevant regulatory, governmental or statutory authority;

6. You are aware that the Units have not been, and will not be registered through a prospectus under the InvIT Regulations, or under any other law in force in India. The Placement Memorandum will be submitted to the SEBI and Stock Exchange and would be displayed on the website of SEBI and the Stock Exchange;

7. You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Highways Trust or its agents ("**Presentations**") with regard to the Trust, the Units or the Issue; or (ii) if you have participated in or attended any Presentations, you understand and acknowledge that the Lead Manager, the Investment Manager, the Sponsor or the Trustee may not have knowledge of the statements that the Highways Trust or its agents may have made at such Presentations and are therefore unable to determine whether the information provided to you at such Presentations may have included any material misstatements or omissions, and, you acknowledge that the Lead Manager, the Trustee (or its agents), the Investment Manager or the Sponsor have advised you not to rely in any way on any information that was provided to you at such Presentations;

8. None of the Sponsor, the Investment Manager, the Trustee or the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of the Lead Manager. None of the Sponsor, the Trustee, the Investment Manager, the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to their clients, or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity towards you;

9. All statements, other than statements of historical fact included in this Draft Placement Memorandum, including, without limitation, those regarding the Highways Trust's financial position, business strategy, plans and objectives for future operations, the Investment Objectives, and the Projections, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Highways Trust's present and future business strategies and the environment in which the Highways Trust will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Draft Placement Memorandum. The Highways Trust, the Trustee, the Sponsor, the Investment Manager and the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents, associates or affiliates assume no responsibility to update any of the forward-looking statements contained in this Draft Placement Memorandum;

10. You are aware and understand that the Units are being offered only to you and are not being offered to the general public and the Allotment shall be on a discretionary basis;

11. You understand that the Units have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act; the Units are being offered and sold outside the United States in an offshore transaction within the meaning of Regulation S and the applicable law of the jurisdictions in which those offers and sales occur. You are not in United States and are eligible to acquire, and are acquiring, the Units in an offshore transaction meeting the requirements of Regulation S. You further understand that no offer or sale of the Units is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S). You further acknowledge and agree that Highways Trust and the Lead Manager, and their respective affiliates and representatives (including their legal counsel), will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time any of the acknowledgements, representations, warranties and agreements made in connection with the Units is no longer accurate, it shall immediately notify Highways Trust and the Lead Manager in writing;

12. In making your investment decision, you have (i) relied on your own examination of the Highways Trust, the Units and the terms of the Issue, including the merits and risks involved, (ii) consulted your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws; (iii) relied solely on the information contained in this Draft Placement Memorandum and the Placement Memorandum and no other disclosure or representation by the Sponsor or the Investment Manager, any of their respective financial, legal or other advisors or any other party; and (iv) received all information in this Draft Placement Memorandum that you believe is necessary or appropriate in order to make an investment decision in respect of Highways Trust and the Units;

13. You have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Units. You and any accounts for which you are subscribing to the Units, (i) are each able to bear the economic risk of the investment in the Units; (ii) will not, subject to the terms of this Placement Memorandum, look to any of the Investment Manager, the Trustee, the Sponsor or the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, financial advisors, agents or affiliates for all, or part, of any such loss or losses that may be suffered due to your investment in the Units; and (iii) are able to sustain a complete loss on the investment in the Units; (iv) have no need for immediate liquidity with respect to the investment in the Units, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Units. You acknowledge that an investment in the Units involves a high degree of risk and that the Units are, therefore, a speculative investment. You are seeking to subscribe to the Units in the Issue for your own investment and not with a view to resell or distribute in any manner that could characterise you as an underwriter or similar party in any jurisdiction;

14. The Trustee, the Sponsor, the Investment Manager, the Lead Manager or any of their respective shareholders, directors, officers, employees, counsel, representatives, advisors, agents or affiliates have not provided you with any legal, financial or tax advice or otherwise made any representations regarding the tax consequences of the Units (including but not limited to, the Issue and the use of the proceeds of the Issue). You will obtain your own independent legal, financial or tax advice and will not rely on the Investment Manager, the Sponsor, the Trustee, the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, advisors, agents or affiliates or the Investment Manager when evaluating the tax consequences in relation to the Units (including but not limited to the Issue and the use of the proceeds of the Issue). You waive and agree not to assert any claim against the Lead Manager, the Sponsor, the Trustee or the Investment Manager with respect to the tax aspects of the Units or the Issue or as a result of any tax audits by tax authorities, in relation to the Units and the Issue, wherever situated;

15. You are not the Trustee, or the Valuer or an employee of the Valuer involved in the valuation of the Project SPVs;

16. You are aware that (i) we have received in-principle approval from NSE on [●], 2022 and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approval for listing and trading of the Units will be obtained in a timely manner, or at all. The Highways Trust, the Trustee, the Investment Manager, Sponsor, shall not be responsible for any delay or non-receipt of such final approval (except to the extent prescribed under the InvIT Regulations) or any loss arising from such delay or non-receipt. Further, you shall not undertake any trade in the Units credited to your demat account until such time that the final listing and trading approval for the Units have been issued by the Stock Exchange;

17. You understand that, none of the Highways Trust, the Investment Manager, the Lead Manager or the Trustee has any obligation to purchase or subscribe to all, or any part, of the Units subscribed by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue;

18. The only information you are entitled to rely on, and on which you have relied, in committing yourself to acquire the Units is contained in the Placement Memorandum, such information being all that you deem necessary to make an investment decision in respect of the Units and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Trustee, the Lead Manager, the Investment Manager or the Sponsor, and neither the Trustee, the Lead Manager, the Investment Manager nor the Sponsor will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you have obtained or received;

19. You understand that the Units to be Allotted in this Issue will, when issued, be credited as fully paid and rank *pari passu* in all respects with all other Units, including in respect of the right to receive all distributions declared, made or paid in respect of the Units after the Allotment, except as permitted under applicable law. For details, please see the section entitled "*Distributions*" on page 221;

20. You are eligible to Bid for, and hold, Units, so Allotted. Your holding after the Allotment of the Units shall not exceed the investment level permissible as per any applicable law and regulation;

21. You agree to indemnify and hold the Highways Trust, the Trustee, the Investment Manager, the Sponsor and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this section;

22. The Trustee, the Investment Manager, the Sponsor, the Lead Manager, their respective shareholders, employees, counsel, offices, directors, representatives, agents or affiliates, will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Lead Manager on their own behalf and on behalf of the Highways Trust, the Sponsor, the Investment Manager, the Trustee, and the same are irrevocable;

23. You are eligible to invest in India and in the Units under applicable law, including the FEMA Rules, and have not been prohibited by SEBI or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities;

24. Any dispute arising in connection with the Issue will be governed by, and construed in accordance with, the laws of the Republic of India and shall be subject to the jurisdiction of the courts at Mumbai, Maharashtra;

25. You have made the representations, warranties, acknowledgements and agreements provided in this section and each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times, until and including the Allotment of Units, listing and trading of Units in the Issue;

26. You are eligible to hold the Units, so Allotted. You are aware that your holding after the Allotment of the Units cannot exceed the investment level permissible as per any applicable law and regulations; and

27. You have made, or are deemed to have made, as applicable, the representations provided in the section entitled "*Selling and Transfer Restrictions*" on page 285.

Available Information

The Investment Manager agrees to comply with any undertakings given by it from time to time in connection with the Units and, without prejudice to the generality of foregoing, shall furnish to the Unitholders all such information as may be required under the InvIT Regulations.

DEFINITIONS AND ABBREVIATIONS

This Draft Placement Memorandum uses certain definitions and abbreviations, which unless the context otherwise indicates or implies shall have the meanings ascribed to such terms herein and which you should consider when reading the information contained herein.

References to any legislation, act, regulation, rule, guideline, circular, notification, clarification or policy shall be to such legislation, act, regulation, rule, guideline, circular, notification, clarification or policy as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made under that provision.

The words and expressions used in this Draft Placement Memorandum, but not defined herein shall have the meaning ascribed to such terms under the InvIT Regulations, the SEBI Act, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the sections entitled 'Risk Factors', 'Statement of Tax Benefits', 'Industry Overview', 'Our Business', 'Regulations and Policies', 'Special Purpose Combined Financial Statements', 'Legal and Other Information' and 'Projections of Revenue from Operations and Cash Flows from Operating Activities' on pages 58, 300, 152, 170, 266, 312, 278 and 391, respectively, shall have the meanings ascribed to such terms in those respective sections.

In this Draft Placement Memorandum, unless the context otherwise requires, a reference to "we", "us" and "our" refers to the Highways Trust and the Project SPVs on a combined basis.

Highways Trust Related Terms

Term	Description
Associate	Associate shall have the meaning under Regulation 2(1)(b) of the InvIT Regulations
Auditor/ Statutory Auditor	Walker Chandiok & Co LLP
Business Support Services Agreement	The business support services agreement to be entered into between the Project SPVs, Project Manager and HC1. For details, please see the section entitled "*Related Party Transactions – Business Support Services Agreement*" on page 259
Capital Contribution	The total subscription amounts (either by way of cash or share swap or otherwise (including transfer of interest in the InvIT Assets by the Sponsor and any other entities)) received by the Trust from the Unitholders (including the Sponsor), for subscription of Units, in accordance with applicable law and the Highways Trust Documents, through private placement (as defined in the InvIT Regulations)
Completion Date	The date on which the first of the transactions contemplated under the Securities Purchase Agreement are complete
Concession Agreements	Collectively, the concession agreements entered into between the Project SPVs and the relevant concessioning authorities. For details, please see the section entitled "*Summary of Concession Agreements*" on page 191
DBCPL	Dewas Bhopal Corridor Private Limited
GEPL	Godhra Expressways Private Limited
HC1	Highway Concessions One Private Limited, an affiliate of the Sponsor
Highways Trust/Trust	Highways Infrastructure Trust
Highways Trust Assets	The aggregate of the immovable, movable and other assets and cash (including cash equivalents) owned by the Highways Trust, whether directly, or through holding companies or special purpose vehicles, and includes all rights, interests and benefits arising from and incidental to ownership of such assets, in accordance with the InvIT Regulations and applicable law
Highways Trust Documents	Trust Deed, the Investment Management Agreement, the Securities Purchase Agreement, PMA, any agreement between the Trustee and/or the Investment Manager and/or the Project Manager with respect to the Highways Trust or to which the Investment Manager or the Trustee is a party in their capacity as the manager or trustee of the Highways Trust or Units or any other obligations, securities or instruments as permitted under the applicable law, executed for the purpose of the Highways Trust, this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum or any offer document, and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time
Investment Management Agreement	The investment management agreement dated December 6, 2021 entered into between Trustee (on behalf of Highways Trust) and the Investment Manager.
Investment Manager	Virescent Infrastructure Investment Manager Private Limited
Investment Objects	The investment objectives of the Trust, as provided in the section entitled "*Overview of the Highways Trust*" on page 19

Term	Description
JPEPL	Jodhpur Pali Expressway Private Limited
KKR	KKR & Co. Inc., and its subsidiaries (unless the context requires otherwise)
NBL	Nirmal BOT Limited
O&M Agreement(s)	The various agreements entered into by the Project SPVs with the O&M Contractors for the operations, maintenance and management activities of the respective Project SPVs. For details in relation to the O&M Agreements, please see the section entitled "*Business – Key O&M Agreements*" on page 189
O&M Contractor(s)	The various third-party contractors undertaking the operations, maintenance and management activities of the Project SPVs in accordance with the O&M Agreements
Parties to the Highways Trust	Collectively, the Sponsor, the Trustee, the Investment Manager and the Project Manager
Project Management Agreement/ PMA	The project management agreement to be entered into amongst the Trustee, the Project Manager, the Investment Manager and the Project SPVs
Project Manager	Virescent Renewable Energy Project Manager Private Limited
Project SPVs	Unless the context otherwise requires, Dewas Bhopal Corridor Private Limited, Godhra Expressways Private Limited, Jodhpur Pali Expressway Private Limited, Ulundurpet Expressways Private Limited, Nirmal BOT Limited and Shillong Expressway Private Limited
Projections of Revenue from Operations and Cash Flow from Operating Activities or Projections	Statement of Projections of ''Revenue from Operations' and 'Cash Flow from Operating Activities' and the basis and notes to these projections along with significant assumptions underlying the Projections and other explanatory information of the Highways Trust and the following Project SPVs for the years ending 31 March 2023, 31 March 2024, 31 March 2025. For further details, please see the section entitled '*Projections of Revenue from Operations and Cash Flows from Operating Activities'* on page 391.
Related Parties	Related parties of the Highways Trust, as defined under Regulation 2(1)(zv) of the InvIT Regulations
Reimbursement Agreement	The agreement to be entered into between the Investment Manager and HC1 in relation to reimbursement of costs. For details, please see the section entitled "*Related Party Transactions – Reimbursement Agreement*" on page 262
RPT Policy	Related Party Transactions Policy
SEPL	Shillong Expressway Private Limited
Securities Purchase Agreement	The securities purchase agreement to be executed between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, and the Project SPVs, in relation to the transfer of securities of the Project SPVs
Special Purpose Combined Financial Statements	The Special Purpose Combined Financial Statements of the Highways Trust which comprise the combined balance sheets as at December 31, 2021 and March 31, 2021, March 31, 2020 and March 31, 2019, and the combined statements of profit and loss (including other comprehensive income), combined cash flow statements, combined statements of changes in equity, combined statements of net assets at fair value and combined statements of total returns at fair value for the nine months period ended December 31, 2021 and the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and a summary of significant accounting policies and other explanatory information, prepared in accordance with the requirements of the InvIT Regulations and Ind AS on which the Auditors have issued an audit report dated March 22, 2022
Sponsor	Galaxy Investments II Pte. Ltd.
Sponsor SPA 1	Share subscription and purchase agreements dated December 24, 2021 executed, amongst others, between the Sponsor and Ashoka Concessions Limited ("**Ashoka**") for acquisition of 100% equity share capital of five entities held by Ashoka and/ or its affiliates
Sponsor SPA 2	Amended and restated share subscription and purchase agreement dated December 15, 2021 executed, amongst others between the Sponsor and India Infrastructure Fund II for acquisition of 76% of the equity share capital of an asset
Trust Deed	The trust deed dated December 3, 2021, entered into between the Sponsor and the Trustee
Trustee	Axis Trustee Services Limited
UEPL	Ulundurpet Expressways Private Limited
Unitholder	Any person who owns any Unit in the Highways Trust
Units	An undivided beneficial interest in the Highways Trust, and all issued and alloted Units together represent the entire beneficial interest in the Highways Trust
Virescent Infrastructure	The Investment Manager, Virescent Infrastructure Investment Manager Private Limited
Virescent Renewable	The Project Manager, Virescent Renewable Energy Project Manager Private Limited
Valuation Report	The valuation report dated March 16, 2022 issued by the Valuer
Valuer	S. Sundararaman
We/Us/Our	Unless the context otherwise requires or implies, the Highways Trust and the Project SPVs

Issue Related Terms

Term	Description
Allocated/ Allocation	The allocation of Units, by the Investment Manager to Eligible Investors on the basis of the Application Form submitted by them.
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units to the Eligible Investors, pursuant to the Issue
Allottees	Bidders to whom Units are issued and Allotted pursuant to the Issue
Application Form	The serially numbered form pursuant to which Eligible Investors shall submit a Bid for the Units in the Issue
Bid(s)	Indication of interest of the Eligible Investor, as provided in the Application Form, to subscribe for the Units at the Issue Price, in terms of the Placement Memorandum and the Application Form
Bid Amount	The amount payable by a Bidder for the number of Units Bid for at the Issue Price specified in the Placement Memorandum
Bid/Issue Closing Date	[●], which is the last date up to which the Application Forms shall be accepted
Bid/Issue Opening Date	[●], which is the date on which a serially numbered copy of the Placement Memorandum along with the Application Form was circulated to each Eligible Investor by the Investment Manager and the date from which, the Investment Manager accepted Application Forms
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Eligible Investors can submit their Bids
Bidder	Any Eligible Investor, who makes a Bid pursuant to the terms of the Placement Memorandum and the Application Form
Bid Lot	A minimum of [●] Units and in multiples of [●] Units thereafter
Body Corporate / Bodies Corporate	Body Corporate / Bodies corporate as defined in Regulation 2(1)(d) of the InvIT Regulations, whether Indian or foreign
Cash Escrow Account	'No-lien' and 'non-interest bearing' account opened with the Escrow Collection Bank and in whose favour Bidders should transfer money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Cash Escrow Agreement	The cash escrow agreement to be entered into amongst the Highways Trust (acting through the Trustee), the Investment Manager, the Lead Manager, the Sponsor and the Escrow Collection Bank, as applicable, for, among others, collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Client ID	Client identification number maintained with one of the Depositories in relation to a demat account
Closing Date	The date on which Allotment of Units pursuant to the Issue shall be made, i.e. on or about [●]
Demographic Details	Details of the Bidders, including the Bidder's address, investor status, occupation and bank account details
Designated Account	The account wherein the Bidders should transfer money through direct credit/NEFT/NECS/RTGS in respect of the Bid Amount when submitting a Bid
Designated Stock Exchange	National Stock Exchange of India Limited
Draft Placement Memorandum	This draft placement memorandum dated March 24, 2022, in relation to this Issue, filed with SEBI and the Stock Exchange, and issued in accordance with the InvIT Regulations, which does not contain the complete particulars of the Issue, including any modifications, amendments, supplements, notices, corrections or corrigenda thereto
Eligible Investors	Institutional Investors and Bodies Corporate, whether Indian or foreign
Escrow Collection Bank	[●]
Final Placement Memorandum	The final placement memorandum to be issued in relation to this Issue, in accordance with the InvIT Regulations
Institutional Investors	Institutional investor as defined in Regulation 2(1)(ya) of the InvIT Regulations
Issue	The initial offer by way of fresh issue of up to [●] million Units at an Issue Price of ₹[●] per Unit, aggregating to ₹ 4,000 million, on a private placement basis to the Eligible Investors
Issue Price	₹ [●] per Unit, being the price at which Units will be Allotted to Eligible Investors in terms of the Draft Placement Memorandum
Issue Proceeds	The proceeds of the Issue of up to ₹ 4,000 million. For further details about the use of the Issue Proceeds, please see the section entitled "*Use of Proceeds*" on page 216
Issue Size	The initial offer by way of fresh issue of up to [●] million Units aggregating up to ₹4,000 million to the Eligible Investors
Listing Agreement	The listing agreement to be entered into with the Stock Exchange by the Highways Trust, in line with the format as specified under the Securities and Exchange Board of India circular number CIR/CFD/CMD/6/2015 dated October 13, 2015 on "Format of uniform Listing Agreement"

Term	Description
Lead Manager	Axis Capital Limited
Listing Date	The date on which the Units will be listed on the Stock Exchange
Minimum Bid Size	₹[●] million
Placement Agreement	The placement agreement dated March 23, 2022 entered into among the Highways Trust (acting through its Trustee), the Trustee, the Investment Manager, the Sponsor, the Project Manager and the Lead Manager
Placement Memorandum	The placement memorandum dated [●], 2022 issued in relation to this Issue in accordance with the InvIT Regulations
Qualified Institutional Buyers or QIB(s)	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, which currently includes (i) a mutual fund, a VCF, an AIF and an FVCI registered with SEBI, (ii) an FPI, other than individuals, corporate bodies and family offices, (iii) a public financial institution as defined in section 2(72) of the Companies Act, 2013, (iv) a scheduled commercial bank as included in the second schedule to the Reserve Bank of India Act, 1934, (v) a multilateral and bilateral development financial institution, (vi) a state industrial development corporation, (vii) an insurance company registered with the IRDAI, (viii) a provident fund with minimum corpus of ₹250 million, (ix) a pension fund with minimum corpus of ₹250 million, (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India, (xi) insurance funds set up and managed by army, navy or air force of the Union of India, (xii) insurance funds set up and managed by the Department of Posts, India, and (xiii) systemically important non-banking financial companies
Registrar and Unit Transfer Agent or Registrar	Link Intime India Private Limited
Working Day	Working Day, with reference to (a) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (b) the time period between the Bid/Issue Closing Date and the listing of the Units on the Stock Exchange, shall mean all trading days of Stock Exchange, excluding Sundays and bank holidays

Technical and Industry Related Terms

Term	Description
BOT	Build Operate and Transfer
COD	Commercial Operations Date
CRISIL	CRISIL Research
CRISIL Report	A report entitled "*CRISIL Research – An assessment of the roads sector in India"* dated February, 2022, prepared by CRISIL
DBFOT	Design, Build, Finance, Operate and Transfer
Lane kms	shall mean the length of the road calculating by considering length of each lane comprising such road
O&M	Operation and maintenance
PCOD	Provisional Commercial Operation Date
PCU	Passenger Car Unit
Technical Consultant	Samarth Infraengg Technocrats Pvt Ltd. for UEPL, GEPL, JPEPL and SEPL and Resotech Consultancy Services Pvt. Ltd. for DBCPL and NBL.
Technical Reports	The technical reports prepared by the Technical Consultant for each of the highway projects, attached as Annexure II
Traffic Study Report	The traffic reports prepared by the Traffic Study Consultant for each of the Project SPVs, attached as Annexure III
Traffic Study Consultant	Ramboll India Private Limited

Abbreviations

Term	Description
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AUM	AUM is the enterprise value as set out by the Valuer under the Valuation Report. For details, please see the '*Valuation Report*', attached as Annexure I
Board/Board of Directors	The board of directors of the Investment Manager
BSE	BSE Limited
CAGR	Compounded annual growth rate
CCDs	Compulsorily convertible debentures

Term	Description
CCPS	Compulsorily convertible preference shares
CDSL	Central Depository Services (India) Limited
Civil Code	Code of Civil Procedure, 1908
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as amended, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules, regulations, modifications and clarifications made thereunder as the context requires, repealed as of January 30, 2019
Companies Act, 2013	Companies Act, 2013, as amended and read with the rules, regulations, notifications, clarifications and modifications thereunder
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CPCB	The Central Pollution Control Board of India
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018, being the NSDL and the CDSL
Depositories Act	Depositories Act, 1996
Depository Participant	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant ID
EIA	Environment Impact Assessment
EV	Enterprise Value
Environment Act	Environment (Protection) Act, 1986
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-Debt Instrument) Rules, 2019
Fiscal/Financial Year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FPI	Foreign Portfolio Investors
GoI or Government	Government of India
ICAI	Institute of Chartered Accountants of India
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, notified on February 19, 2015 by the MCA, including any amendments or modifications thereto
Indian GAAP	Accounting principles generally accepted in India, including the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
InvIT	Infrastructure investment trust
Indian Trusts Act	Indian Trusts Act, 1882
IST	Indian Standard Time
IT Act	The Income Tax Act, 1961
MCA	Ministry of Corporate Affairs
MoEF	Ministry of Environment, Forest and Climate Change
MoRTH	Ministry of Road Transport and Highways
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MPRDC	Madhya Pradesh Road Development Corporation Limited
NAPCC	National Action Plan on Climate Change
NCD	Non-convertible debentures
NHAI	National Highways Authority of India
NRE	Non Resident External
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number
PCB	Pollution Control Boards
PWD(R)	Public Works Department, Rajasthan
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Intermediaries Regulations	Securities and Exchange Board of India (Intermediaries) Regulations, 2008

Term	Description
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI InvIT Regulations or InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and circulars issued by SEBI from time to time
SERC	State Electricity Regulatory Commissions
Securities Act	U.S. Securities Act of 1933, as amended
Securities Exchange Act	U.S. Securities Exchange Act of 1934, as amended
Tax	(i) all forms of direct and indirect taxes, duties, charges, levies, including without limitation corporate income tax, withholding tax, minimum alternate tax, sales tax, goods & services tax, value added tax, customs and excise duties, service tax, capital gains tax and all charges, interest, penalties and fines incidental or relating to any taxation falling within paragraph (i) above or which arise as a result of the failure to pay any taxes on the due date or to comply with any obligation relating to Tax
U.S./U.S.A/United States	United States of America, including the territories and possessions thereof
USD/US$	United States Dollars
Water Act	Water (Prevention and Control of Pollution) Act, 1974

PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION

Certain Conventions

Unless stated otherwise, all references to page numbers in this Draft Placement Memorandum are to the page numbers of this Draft Placement Memorandum.

Financial Data

Unless stated otherwise, the financial information in this Draft Placement Memorandum is derived from the Special Purpose Combined Financial Statements. The Highways Trust was settled as a trust on December 23, 2021, and will not acquire ownership of the Project SPVs until immediately prior to the Allotment of the Units in the Issue. As of the date of this Draft Placement Memorandum, there is no available financial information of the Highways Trust.

The Special Purpose Combined Financial Statements have been prepared in accordance with the accounting principles generally accepted in India, including the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 prescribed under the Companies Act, 2013, as applicable and other provisions relating to disclosures required as per of the InvIT Regulations and the SEBI Circular (CIR/IMD/DF/114/2016) dated October 20, 2016 on 'Disclosure of Financial Information in Placement Memorandum or any Offer Document for InvITs' ("**SEBI Circular on Financial Disclosures**"). For further details, please see the section entitled "*Special Purpose Combined Financial Statements*" on page 312.

This Draft Placement Memorandum includes projections of revenue from operations and cash flows from the operating activities and the underlying assumptions of the Highways Trust and the Project SPVs for the Financial Years ending March 31, 2023, March 31, 2024 and March 31, 2025 prepared in accordance with Standard on Assurance Engagement 3400, 'The Examination of Prospective Financial Information', issued by the Institute of Chartered Accountants of India (the "**Projections**"). For further details, please see the section entitled "*Projections of Revenue from Operations and Cash Flow from Operating Activities*" on page 391.

Further, this Draft Placement Memorandum includes summary financial statements of the (i) Sponsor, for the period from June 11, 2021 (date of incorporation of the Sponsor) to December 31, 2021, prepared in accordance with International Financial Reporting Standards, and (ii) Investment Manager for the period from August 22, 2020 (date of incorporation of the Investment Manager)) till March 31, 2021 and for the period from April 1, 2021 to December 31, 2021, prepared in accordance with Ind AS. For further details, please see the sections entitled "*Summary Financial Information of the Sponsor*' and '*Summary Financial Information of the Investment Manager"* on pages 34 and 39.

The financial year for the Highways Trust, the Project SPVs and our Investment Manager commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. The financial year for our Sponsor commences on January 1 and ends on December 31 of the same calendar year. Accordingly, all references to a particular financial year (unless stated otherwise or with respect to our Sponsor) are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

The degree to which the financial information included in this Draft Placement Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the InvIT Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Placement Memorandum should accordingly be limited.

In this Draft Placement Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures and percentage figures have been rounded off to two decimal places.

Currency and Units of Presentation

All references to:

- "Rupees" or "Rs." or "INR" or "₹" are to Indian Rupees, the official currency of the Republic of India; and

- "USD" or "US$" or "$" or "U.S. dollars" are to United States Dollars, the official currency of the United States.

Except otherwise specified, numerical information in this Draft Placement Memorandum has been presented in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000. However, certain numerical information in this Draft Placement Memorandum has been presented in "lakhs" units where one lakh represents 1,00,000 or "crore" units where one crore represents 1,00,00,000.

Unless the context requires otherwise, any percentage amounts, as set forth in this Draft Placement Memorandum, have been calculated on the basis of the Special Purpose Combined Financial Statements and the Summary Financial Statements of (i) the Sponsor; and (ii) the Investment Manager.

Exchange Rates

This Draft Placement Memorandum contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US$:

(in ₹)

Currency	Exchange Rate as on December 31, 2021	Exchange Rate as on March 31, 2021	Exchange Rate as on March 31, 2020	Exchange Rate as on, March 31, 2019*
1 US$	74.30	73.50	75.39	69.17

Source: www.rbi.org.in and www.fbil.org.in

**Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Placement Memorandum has been obtained or derived from the CRISIL Report with respect to the assessment of roads sector in India which is a commissioned report, and publicly available information as well as other Government and industry publications and sources. The Investment Manager has commissioned the CRISIL Report, to provide an independent estimation of the assessment of roads sector in India, which is based on historical data and certain assumptions. The CRISIL Report is issued by CRISIL and is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data/Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest/disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Highways Infrastructure Trust and Virescent Infrastructure Investment Manager Private Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval*"

Industry publications as well as government publications generally state that the information contained in such publications has been obtained from various sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based solely on such information. The data used in these sources may have been re-classified for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "*Risk Factors*" on page 58. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Placement Memorandum is meaningful depending on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of the Highways Trust is conducted, and methodologies and assumptions may vary widely amongst different industry sources.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Placement Memorandum are not statements of historical fact but constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'propose', 'pursue', 'seek', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals, including the Highways Trust's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) are also forward-looking statements.

All statements regarding the Highways Trust's expected financial conditions, results of operations, cash flows, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Highways Trust's business strategy, revenue, cash flows and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Placement Memorandum that are not historical facts.

These forward-looking statements and any other projections contained in this Draft Placement Memorandum (whether made by the Parties to the Highways Trust or any third party), are based on current plans, estimates, presumptions and expectations and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Trust's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. In accordance with the InvIT Regulations, the Projections have been included in this Draft Placement Memorandum. The Projections should be read together with the underlying assumptions and notes thereto. Please see the section entitled "*Projections of Revenue from Operations and Cash Flows from Operating Activities*" on page 391 for details.

The Valuation Report included in this Draft Placement Memorandum, is based on certain projections and accordingly, should be read together with assumptions and notes thereto. For further details, please see the '*Valuation Report*' attached as Annexure I.

The CRISIL Report includes assumptions and estimates in relation to the information contained therein, and accordingly, should be read in conjunction with the relevant estimates and assumptions thereto.

Actual results may differ materially from those suggested by forward-looking statements and financial projections due to certain known or unknown risks or uncertainties associated with the Investment Manager's expectations with respect to, but not limited to, the actual growth in the infrastructure sector, the Investment Manager's ability to successfully implement the strategy, growth and expansion plans, technological changes, cash flow projections, exposure to market risks, general economic and political conditions in India, changes in competition in the infrastructure sector, the outcome of any legal or regulatory proceedings and the future impact of new accounting standards. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of the Highways Trust to differ materially include, but are not limited to those disclosed under the sections entitled "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Project SPVs of the Highways Trust*", on pages 58, 152, 170 and 224, respectively. Some of the factors that could cause the Highways Trust's actual results, performance or achievements to differ materially from those in the forward-looking statements, financial projections and financial information include, but are not limited to, the following:

1. The Highways Trust is a newly settled trust with no established operating history and no historical financial information and, as a result, investors may not be able to assess its prospects on the basis of past records;

2. The Highways Trust may be subject to penalties and claims from the concessioning authorities and third parties during the course of operations of the Projects and may not be able to recover all operational losses from the Project Manager and/ or other contractors providing operations and maintenance services to the Projects;

3. The Valuation Report by Mr. S. Sundararaman is not an opinion on the commercial merits and structure of the Issue nor is it an opinion, express or implied, as to the future trading price of Units or the financial

condition of Highways Trust upon the Listing, and the valuation of the Project SPVs contained in such Valuation Report may not be indicative of the true value of the Project SPVs;

4. The accuracy of statistical and other information with respect to the road infrastructure sector and the Technical Report and Traffic Report commissioned by the Investment Manager for the Projects contained in this Draft Placement Memorandum cannot be guaranteed; and

5. The Audited Special Purpose Combined Financial Statements and Projections of Revenue from Operations and Cash Flow from Operating Activities presented in this Draft Placement Memorandum may not be indicative of the future financial condition and results of operations of the Highways Trust.

The forward-looking statements, Projections, the Valuation Report and the CRISIL Report are not a guarantee of future performance or returns to Bidders. These statements and projections are based on certain beliefs and assumptions, which in turn are based on currently available information. Although we believe that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, we cannot assure Bidders that such expectations will prove to be correct or accurate. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

In accordance with the InvIT Regulations, the assumptions underlying the Projections have been examined by the Auditors. The Projections have been prepared for inclusion in this Draft Placement Memorandum for the purposes of this Issue, using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur, and have been approved by the Board. Consequently, Bidders are cautioned that the Projections may not be appropriate for purposes other than that described above. In any event, these statements speak only as of the date of this Draft Placement Memorandum or the respective dates indicated in this Draft Placement Memorandum.

The Highways Trust, the Investment Manager, the Sponsor, the Trustee or the Lead Manager or their respective affiliates or advisors, (financial, legal or otherwise), undertake no obligation to update or revise any of the statements reflecting circumstances arising after its date or to reflect the occurrence of underlying events, whether as a result of new information, future events or otherwise after the date of this Draft Placement Memorandum. If any of these risks and uncertainties materialise, or if any of the Investment Manager's underlying assumptions prove to be incorrect, the actual results of operations or financial condition or cash flows of the Highways Trust could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Highways Trust are expressly qualified in their entirety by reference to these cautionary statements. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and financial projections, and not to regard such statements to be a guarantee or assurance of the Highways Trust's future performance or returns to investors.

THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Draft Placement Memorandum:

Issue	Initial Offer by way of fresh issue up to [●] Units aggregating up to ₹ 4,000 million
Issue Price per unit	₹ [●]
Minimum Bid Size	₹ [●] million
Bid/Issue Opening Date	[●]
Bid/Issue Closing Date	[●]
Sponsor	Galaxy Investments II Pte. Ltd.
Trustee	Axis Trustee Services Limited
Investment Manager	Virescent Infrastructure Investment Manager Private Limited
Project Manager	Virescent Renewable Energy Project Manager Private Limited
Eligible Investors	Institutional Investors and Bodies Corporate, Indian or foreign, subject to applicable law
Authority for this Issue	This Issue was authorised, and approved by the board of directors of the Investment Manager on March 22, 2022.
Tenure of the Trust	The Highways Trust shall remain in force perpetually until it is dissolved or terminated in accordance with the Trust Deed. For details, please see the section entitled "*Parties to the Highways Trust*" on page 105.
Units issued and outstanding as of the date of this Draft Placement Memorandum	As of the date of this Draft Placement Memorandum, there are no issued and outstanding Units.
Units issued and outstanding immediately after this Issue	Up to [●] Units
Sponsor Units as on the date of the Placement Memorandum	Up to [●] Units The Units held by the Sponsor shall rank *pari passu* with, and have the same rights as the Units to be Allotted pursuant to this Issue. The Units to be held by the Sponsor will be allotted to the Sponsor pursuant to the resolution of the board of directors of the Investment Manager dated [●].
Distribution	Please see the section entitled "*Distributions*" on page 221
Indian Taxation	Please see the section entitled "*Statement of Tax Benefits"* on page 300
Use of Proceeds	Please see the section entitled "*Use of Proceeds*" on page 216
Listing	Prior to this Issue, there has been no market for the Units. The Units are proposed to be listed on the the Stock Exchange. In-principle approval for listing of the Units has been received from NSE on [●]. The Investment Manager shall apply to the Stock Exchange for the final listing and trading approval, after the Allotment and the credit of the Units to the demat accounts of the Allottees
Designated Stock Exchange	NSE
Closing Date	The date on which Allotment of the Units pursuant to this Issue shall be made, i.e. on or about [●]
Ranking	The Units being issued shall rank *pari passu* in all respects, including rights in respect of distribution. Please see the section entitled *"Rights of Unitholders"* on page 287
Lock-in and Rights of Unitholders	For details, please see the sections entitled "*Information Concerning the Units*" and "*Rights of Unitholders*" on pages 215 and 287, respectively
Risk Factors	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled *"Risk Factors*" on page 58

The Issue is a private placement of listed Units under Regulation 14(2) of the SEBI InvIT Regulations.Upon listing of the Units on the Stock Exchange, the Units shall be traded only on the dematerialized segment of the Stock Exchange.

In accordance with the InvIT Regulations, no Unitholder shall enjoy superior voting or any other rights over another Unitholder. Further, there shall not be multiple classes of Units. However, in the future, the Highways Trust may issue subordinate units of the Highways Trust only to the Sponsor and its Associates, in compliance with the InvIT Regulations, where such subordinate units of the Highways Trust shall carry only inferior voting or other rights compared to the Units. No person connected with the Issue, including any person connected with the distribution of this Draft Placement Memorandum, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application for Allotment of the Units.

For further details in relation to this Issue, including the method of application, please see the section entitled "*Issue Procedure*" on page 292.

OVERVIEW OF THE HIGHWAYS TRUST

The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in, or referred to elsewhere in this Draft Placement Memorandum The statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results of the Trust to differ materially from those forecasted or projected in this Draft Placement Memorandum. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by the Highways Trust or the Parties to the Highways Trust or the Lead Manager or any other person or that these results will be achieved or are likely to be achieved.

Structure and description the Highways Trust

The Highways Trust has been settled by the Investment Manager (acting as the settlor) on the instructions of the Sponsor, as a contributory, determinate and irrevocable trust under the provisions of the Trusts Act in Mumbai, India pursuant to the Trust Deed. The Highways Trust has been registered with the SEBI as an infrastructure investment trust under the InvIT Regulations on December 23, 2021 having registration number IN/InvIT/21-22/0019. The Investment Manager irrevocably transferred to the Trustee an amount of ₹ 10,000 towards the initial corpus of the Highways Trust, with an intention to settle and establish the Highways Trust. This initial corpus of the Highways Trust shall, in no event, be distributed to the Investment Manager.

For details of the principal place of business, credit ratings obtained and contact person of the Sponsor, please see the section entitled "*General Information*" on page 101. Further, for details with respect to Unitholders holding more than 5% of the Units, please see the section entitled "*Information Concerning the Units*" at page 215.

Additionally, Virescent Infrastructure Investment Manager Private Limited has been appointed as the Investment Manager, and Virescent Renewable Energy Project Manager Private Limited has been appointed as the Project Manager. For further details, please see the sections entitled '*General Information*' and '*Parties to the Highways Trust*' on pages 101 and 105, respectively.

Investment Objectives

The object and purpose of the Highways Trust, as described in the Trust Deed, is to carry on the activity of an infrastructure investment trust as permissible under the InvIT Regulations to raise funds through the Highways Trust, to make investments in accordance with the InvIT Regulations and the investment strategy and to carry on the activities as may be required for operating the Highways Trust, including incidental and ancillary matters thereto.

The objective and purpose of the Highways Trust includes the following:

(a) to raise funds in accordance with applicable law, for the purpose of attaining the objective and purpose of the Highways Trust;
(b) to make investments or re-investments in accordance with the Highways Trust Documents and applicable law, including investments in government securities, money market instruments, liquid mutual funds or cash equivalents, in the manner and to the extent permitted under the InvIT Regulations;
(c) to park amounts held by the Highways Trust pending investment or distribution, or as a reserve of the Highways Trust's anticipated obligations, as permitted under the InvIT Regulations;
(d) to make distributions to the Unitholders in the manner prescribed in the Trust Deed;
(e) to do all other things necessary and conducive to the attainment of the investment objective of the Highways Trust, through agents or other delegates (including the Investment Manager); and
(f) to carry on generally such other activities as may be permitted under applicable laws.

For further details in relation to the business and investment strategy of the Highways Trust, please see the section entitled "*Business"* on page 170. The Highways Trust is required to make distributions to the Unitholders in accordance with the InvIT Regulations and the Distribution Policy. For details in relation to the distribution policy of the Highways Trust, please see the section entitled "*Distributions*" on page 221.

Fees and expenses

The expenses in relation to the Highways Trust, other than such expenses incurred in relation to operations of the Project SPVs would broadly include fee payable to: (i) the Trustee; (ii) the Investment Manager; (iii) the Project Manager; (iv) the Auditors, (v) the Valuer; and (vi) other intermediaries and consultants.

The estimated recurring expenses on an annual basis (exclusive of out of pocket expenses and escalations), including but not limited to, are as follows:

Payment by the Highways Trust	Estimated Expenses*
Fee payable to the Trustee	₹ 9,00,000
Fee payable to the Valuer	₹ 12,00,000
Fee payable to the Auditor	₹ 25,00,000
Fee payable to the Investment Manager	Investment Manager shall charge a fee equivalent to 110% of the cost incurred by the Investment Manager in providing such services to the Highways Trust
Fee payable to the Project Manager	Project Manager shall charge a fee equivalent to 110% of the cost incurred by the Project Manager in providing such services to the Highways Trust
Fee payable to the Registrar	₹ 1,20,000
Fee payable to the Stock Exchange and Depositories	₹ 11,70,000
Fee payable to the credit rating agencies	₹ 77,00,000

**Including applicable taxes.*

Set-up expenses

In connection with the establishment and registration of the Highways Trust, the Investment Manager or HC1 has incurred or may incur approximately ₹ [●] in expenses. Such expenses may be reimbursed by the Highways Trust to the Investment Manager in the future as agreed between the Investment Manager and the Highways Trust in terms of the Investment Management Agreement. Further, for all expenses incurred by HC1 on behalf of the Highways Trust, the Investment Manager shall reimburse HC1 in the future, as agreed between such parties in accordance with Reimbursement Agreement.. For further details in relation to the Reimbursement Agreement, please see the section entitled "*Related Party Transactions-Reimbursement Agreement*" on page 262.

Issue Expenses

The total expenses of this Issue are estimated to be up to ₹ [●] million. For details in relation to the Issue expenses, please see the section entitled "*Use of Proceeds*" on page 216.

Details of credit ratings

The Highways Trust has been given an rating of (i) 'Provisional CRISIL AAA/Stable (Assigned)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 10,000 million and, (ii) a rating of 'Provisional CRISIL AAA/Stable[@]'(pronounced as Provisional CRISIL triple A rating with Stable outlook) for non-convertible debentures aggregating to ₹ 9,000 million, by way of its letters dated March 14, 2022, the rationale for which is available at their website https://www.crisil.com/en/home/our-business/ratings/company-factsheet.HIINRU.html.

Additionally, the Highways Trust has been given an rating of 'Provisional IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 10,000 million and non-convertible debentures aggregating to ₹ 9,000 million, by way of its letter dated March 11, 2022, the rationale for which is available at their website https://www.indiaratings.co.in.

FORMATION TRANSACTIONS IN THE HIGHWAYS TRUST

Parties to the Highways Trust

In accordance with the InvIT Regulations, the Parties to the Highways Trust are (i) the Sponsor; (ii) the Investment Manager; (iii) the Trustee; and (iv) the Project Manager. For details, please see the section entitled "*Parties to the Highways Trust*" on page 105.

The initial portfolio of assets of the Highways Trust comprises six Project SPVs to be acquired by the Highways Trust, namely, DBCPL, GEPL, JPEPL, UEPL, NBL and SEPL. The details of the Project SPVs as of the date of this Draft Placement Memorandum are provided below:

Details of the Project SPVs

The details of DBCPL, GEPL, JPEPL, UEPL, NBL and SEPL as of the date of the Draft Placement Memorandum are provided below:

Dewas Bhopal Corridor Private Limited ("DBCPL")

DBCPL was incorporated on May 14, 2007 as a private limited company under the Companies Act, 1956 at Mumbai, Maharashtra. Subsequently, it was converted to a public limited company and a fresh certificate of incorporation dated March 31, 2008 was issued by the Registrar of Companies, Mumbai. Further, DBCPL was again converted to a private limited company and a fresh certificate of incorporation dated September 9, 2015 was issued by the Registrar of Companies, Mumbai. The registered office of DBCPL is situated at Unit No. 316 & 317, C Wing, 3rd Floor, Kanakia Zillion, LBS Marg, BKC Annexe Mumbai 400 070, Maharashtra. Its CIN is U45203MH2007PTC170813. DBCPL operates the Bhopal-Dewas section of SH-18 starting at Bhopal (km 6.80) and ending at Dewas Bypass junction (km 151.60). The length of project road is 140.79 km. DBCPL is maintained on a BOT(toll) basis pursuant to the DBCPL Concession Agreement. For further details of the DBCPL Concession Agreement, please see the section entitled "*Summary of Concession Agreements"* on page 191.

Capital Structure

The capital structure of DBCPL is as follows:

Particulars	Amount (in ₹)
Authorised capital	
100,000 Equity Shares of face value of ₹ 10 each	1,000,000
69,900,000 Preference Shares of ₹ 10 each	699,000,000
Total	**700,000,000**
Issued, subscribed and paid-up capital	
100,000 Equity Shares of face value of ₹ 10 each	1,000,000

Shareholding Pattern

The shareholding pattern of DBCPL is as follows:

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	Galaxy Investments II Pte Ltd	99,999	100
2.	G V M Kiran Babu*	1	Negligible

**As a nominee of Galaxy Investments II Pte. Ltd*

Godhra Expressways Private Limited ("GEPL")

GEPL was incorporated on January 21, 2010 as a public limited company as "BSCPL Godhra Tollways Limited" under the Companies Act, 1956 at Hyderabad, Andhra Pradesh. Subsequently, it was converted to a private limited company and a fresh certificate of incorporation dated June 23, 2017 was issued by the Registrar of Companies, Hyderabad. Subsequently, its name was changed to "Godhra Expressways Private Limited", and a fresh certificate

of incorporation dated July 7, 2017 was issued by the Registrar of Companies, Hyderabad. Pursuant to a certificate of registration dated November 8, 2017 issued by the Registrar of Companies, Mumbai, GEPL shifted its registered office from Telangana to Maharashtra. The registered office of GEPL is situated at Unit No. 316 & 317, C Wing, Third Floor, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400 070, Maharashtra. Its CIN is U45209MH2010PTC301565. GPEL operates, a four-lane highway starting at Piravdi near Godhra (km 129.300) ending at the border of Gujarat with Madhya Pradesh, under NHDP Phase III on Design, Build, Finance, Operate and Transfer ("**DBFOT**") (toll) basis pursuant to the GEPL Concession Agreement. For further details of the GEPL Concession Agreement, please see the section entitled "*Summary of Concession Agreements"* on page 191.

Capital Structure

The capital structure of GEPL is as follows:

Particulars	**Amount (in ₹)**
Authorised capital	
29,050,000 Equity Shares of face value of ₹ 10 each	290,500,000
Issued, subscribed and paid-up capital	
23,380,840 Equity Shares of face value of ₹ 10 each	233,808,400

Shareholding Pattern

The shareholding pattern of GEPL is as follows:

S. No.	**Name of the Shareholder**	**Number of Equity Shares of ₹ 10 each**	**Percentage of the issued, subscribed and paid-up capital**
1.	Galaxy Investments II Pte Ltd	23,380,839	100
2.	G V M Kiran Babu*	1	Negligible

**As a nominee of Galaxy Investments II Pte Ltd*

Jodhpur Pali Expressway Private Limited ("JPEPL")

JPEPL was incorporated on January 10, 2013 as a public limited company under the name of "Jodhpur Pali Expressway Limited" under the Companies Act, 1956 at Delhi. Subsequently, it was converted to a private limited company and a fresh certificate of incorporation dated July 28, 2017 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Pursuant to a certificate of registration of the Regional Director order for change of state dated May 3, 2018 issued by the Registrar of Companies, Mumbai, the place of situation of the registered office of JPEPL was changed from Delhi to Maharashtra. The registered office of JPEPL is situated at Unit No. 316&317, Third Floor, C wing, Kanakia Zillion, BKC Annexe, Mumbai 400 070, Maharashtra. Its CIN is U45203MH2013PTC308861. JPEPL operates the Jodhpur-Pali Section of NH-65 , starting at Jodhpur km 308 to km 366 and includes the bypass to Pali starting from km 366 at NH-65, connecting NH-14 at km 114 in the state of Rajasthan on DBFOT (toll) basis pursuant to the JPEPL Concession Agreement .

Capital Structure

The capital structure of JPEPL is as follows:

Particulars	**Amount (in ₹)**
Authorised capital	
100,000 Equity Shares of face value of ₹ 10 each	1,000,000
Issued, subscribed and paid-up capital	
61,640 Equity Shares of face value of ₹ 10 each	616,400

Shareholding Pattern

The shareholding pattern of JPEPL is as follows:

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	Galaxy Investments II Pte Ltd	61,639	100
2.	G V M Kiran Babu*	1	Negligible

**As a nominee of Galaxy Investments II Pte Ltd*

Ulundurpet Expressways Private Limited ("UEPL")

UEPL was incorporated on March 20, 2006 as a private limited company under the name of "GMR Ulundurpet Expressways Private Limited" under the Companies Act, 1956 at Bangalore. Subsequently, its name was changed to "Ulundurpet Expressways Private Limited", and a fresh certificate of incorporation dated August 13, 2014 was issued by the Registrar of Companies, Bangalore. Pursuant to a certificate of registration dated June 16, 2015 issued by the Registrar of Companies, Mumbai, UEPL shifted its registered office from Bangalore to Maharashtra. The registered office of UEPL is situated at Unit No. 316 & 317, Third Floor, C wing, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400 070, Maharashtra. Its CIN is U45203MH2006PTC265580. UEPL operates a four-lane highway in the state of Tamil Nadu starting at km 121.00 near Tindivanam and ending at km 192.25 near Sengurchi of NH-45 on a BOT (toll) basis pursuant to the UEPL Concession Agreement. For further details of the UEPL Concession Agreement, please see the section entitled "*Summary of Concession Agreements* " on page 191.

Capital Structure

The capital structure of UEPL is as follows:

Particulars	Amount (in ₹)
Authorised capital	
350,000,000 Equity Shares of face value of ₹ 10 each	3,500,000,000
Issued, subscribed and paid-up capital	
264,552,365 Equity Shares of face value of ₹ 10 each	2,645,523,650

Shareholding Pattern

The shareholding pattern of UEPL is as follows:

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	Galaxy Investments II Pte Ltd	264,552, 364	100
2.	Vidyadhar S Dabholkar	1	Negligible

**As a nominee of Galaxy Investments II Pte Ltd*

Nirmal BOT Limited ("NBL")

NBL was incorporated on September 19, 2006 as a public limited company under the Companies Act, 1956 at Mumbai. The registered office of NBL is situated at Unit No. 316 & 317, Third Floor, C wing, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400 070, Maharashtra. Its CIN is L45201MH2006PLC164728. NBL operates a four-lane highway section of NH-7 starting from Kadtal in Adilabad District (New Ch. 282+617) and ending at Armur in Nizamabad District (New Ch. 313+507) under North - South corridor (NHDP Phase II) on a BOT (annuity) basis pursuant to the NBL Concession Agreement. For further details of the NBL Concession Agreement, please see the section entitled "*Summary of Concession Agreements* " on page 191.

Capital Structure

The capital structure of NBL is as follows:

Particulars	Amount (in ₹)
Authorised capital	
35,000,000 Equity Shares of face value of ₹ 10 each	3,50,000,000
Issued, subscribed and paid-up capital	
31,500,000 Equity Shares of face value of ₹ 10 each	315,000,000

Shareholding Pattern

The equity shareholding pattern of NBL is as follows:

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	Galaxy Investments II Pte Ltd	31,499,940	100
2.	Prashantha Karkera*	10	Negligible
3.	Lata J Shelke*	10	Negligible
4.	Shashikant P Shendge*	10	Negligible
5.	Rishi Mishra*	10	Negligible
6.	Silalipi Mishra*	10	Negligible
7.	Savita Balkrishna Nayak*	10	Negligible

**As nominees of Galaxy Investments II Pte Ltd*

Shillong Expressway Private Limited ("SEPL")

SEPL was incorporated on June 9, 2010 as a private limited company under the Companies Act, 1956 at Delhi. Subsequently, SEPL was converted to a public limited company and a fresh certificate of incorporation dated December 13, 2010 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Further, SEPL was again converted to a private limited company and a fresh certificate of incorporation dated August 4, 2017 was issued by Registrar of Companies, National Capital Territory of Delhi and Haryana. Pursuant to a certificate of registration of the Regional Director order for change of state dated October 11, 2018 issued by the Registrar of Companies, Mumbai, the place of situation of the registered office of SEPL was changed from Delhi to Maharashtra. The registered office of SEPL is situated at Unit No. 316 & 317, Third Floor, C wing, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400 070, Maharashtra. Its CIN is U45204MH2010PTC315633. SEPL operates a two-lane highway on the Shillong Bypass starting from Km 6.800 of NH-40 near Barapani and ending on NH-44 at Km 34/850 in the State of Meghalaya, on DBFOT (annuity) basis pursuant to the SEPL Concession Agreement. For further details of the SEPL Concession Agreement, please see the section entitled "*Summary of Concession Agreements* " on page 191.

Capital Structure

The capital structure of SEPL is as follows:

Particulars	Amount (in ₹)
Authorised capital	
500,000 Equity Shares of face value of ₹ 10 each	5,000,000
6,000,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10 each	60,000,000
Total	**65, 000,000**
Issued, subscribed and paid-up capital	
500,000 Equity Shares of face value of ₹ 10 each	5,000,000
1,817,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10 each	18,170,000*
Total	**23,170,000**

** An NCLT Scheme has been filed before the National Company Law Tribunal, Mumbai for the cancellation or extinguishment of the such non-cumulative redeemable preference shares. For further details in relation to the NCLT Scheme, please see the section entitled "Legal and Other Information" on page 278.*

Shareholding Pattern

The shareholding pattern of the equity share capital of SEPL is as follows:

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	Galaxy Investments II Pte Ltd	499,999	100

S. No.	Name of the Shareholder	Number of Equity Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
2.	Vidyadhar S Dabholkar*	1	Negligible

**As a nominee of Galaxy Investments II Pte Ltd*

The shareholding pattern of the preference share capital of SEPL is as follows:

S. No.	Name of the Shareholder	Number of 6% Non-Cumulative Redeemable Preference Shares of ₹ 10 each	Percentage of the issued, subscribed and paid-up capital
1.	India Infrastructure Fund II	1,817,000	100

** An NCLT Scheme has been filed before the National Company Law Tribunal, Mumbai for the cancellation or extinguishment of the such non-Cumulative redeemable preference shares. For further details in relation to the NCLT Scheme, please see the section entitled "Legal And Other Information" on page 278.*

Acquisition of the Project SPVs by the Highways Trust

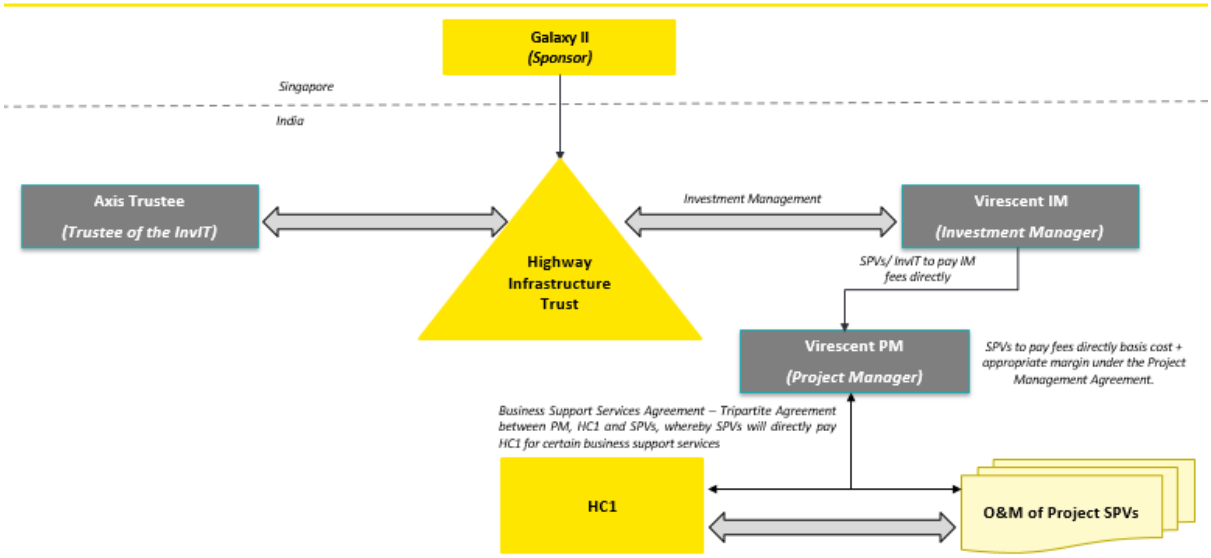
Please see the section entitled "*Related Party Transactions – Acquisition of the Project SPVs by the Trust*" on page 262 for a description of the terms of the Securities Purchase Agreement.

Utilisation of Issue Proceeds

Upon the listing of the Units, the Trust shall utilize the Issue Proceeds as set out in the section entitled "*Use of Proceeds*" on page 216.

Proposed post-listing structure

The following structure illustrates the relationship between the Trust, the Trustee, the Sponsor, the Investment Manager, the Project Manager and the Unitholders as on the Listing Date:



SUMMARY COMBINED FINANCIAL INFORMATION OF THE HIGHWAYS TRUST

The following tables set forth the summary financial information derived from the Special Purpose Combined Financial Statements of the Initial Portfolio Assets prepared in accordance with Ind AS and other relevant provisions of the InvIT Regulations, as of and for the nine months ended December 31, 2021, and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

The summary financial information derived from the Special Purpose Combined Financial Statements, as presented below, should be read together with the section entitled "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Project SPVs of the Highways Trust" on page 224 in conjunction with the section entitled "Special Purpose Combined Financial Statements" on page 312.

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Highways Infrastructure Trust

Combined Balance Sheet

(All amounts in ₹ millions unless otherwise stated)					
	Note	**As at 31 December 2021**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
ASSETS					
Non-current assets					
Property, plant and equipment	3	70.50	66.93	62.05	55.48
Capital work-in-progress	4	15.38	9.40	-	6.58
Intangible assets	5	20,525.08	21,249.03	22,159.81	23,166.83
Financial assets					
Other financial assets	6	1,146.42	1,626.38	1,861.32	1,955.65
Non-current tax assets (net)	8	109.55	74.29	77.52	78.46
Other non-current assets	9	-	0.45	0.45	0.03
Total non-current assets		**21,866.93**	**23,026.48**	**24,161.15**	**25,263.03**
Current assets					
Financial assets					
Investments	11	2,696.72	2,156.37	2,465.11	2,027.72
Trade receivables	12	77.12	68.92	87.48	62.08
Cash and cash equivalents	13	104.93	79.81	174.91	187.52
Bank balances other than cash and cash equivalents above	14	1,959.28	1,622.21	859.13	843.50
Other financial assets	7	948.92	949.80	939.68	933.55
Other current assets	10	80.92	122.14	109.84	33.53
Total current assets		**5,867.89**	**4,999.25**	**4,636.15**	**4,087.90**
Total assets		**27,734.82**	**28,025.73**	**28,797.30**	**29,350.93**
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	15	3,200.95	3,200.95	3,200.95	3,200.95
Other equity	16	(2,834.69)	(2,467.13)	(1,619.74)	(1,102.88)
Total equity		**366.26**	**733.82**	**1,581.21**	**2,098.07**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Borrowings	17A	21,506.50	22,252.15	22,464.09	22,733.36
Other financial liabilities	18A	1,274.40	1,265.55	1,243.06	1,223.67
Provisions	19A	252.07	571.96	587.46	520.56
Deferred tax liabilities (net)	20	813.57	334.57	490.12	492.53
Total non-current liabilities		**23,846.54**	**24,424.23**	**24,784.73**	**24,970.12**
Current liabilities					
Financial liabilities					
Borrowings	17B	1,977.99	1,742.21	1,661.56	1,483.47
Trade payables					
(a) Total outstanding dues of micro enterprises and small enterprises	21	0.08	0.08	14.94	9.80
(b) Total outstanding dues of creditiors other than micro enterprises and small enterprises	21	312.45	211.24	198.33	251.74
Other financial liabilities	18B	309.03	303.19	260.50	240.76
Other current liabilities	22	31.15	15.82	30.95	30.73
Provisions	19B	874.07	580.08	262.63	266.24
Current tax liabilities (net)	23	17.25	15.06	2.45	-

Total current liabilities		**3,522.02**	**2,867.68**	**2,431.36**	**2,282.74**
Total liabilities		**27,368.56**	**27,291.91**	**27,216.09**	**27,252.86**
Total equity and liabilities		**27,734.82**	**28,025.73**	**28,797.30**	**29,350.93**
Significant accounting policies	2				

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Place: New Delhi

Date: 22 March 2022

For and on behalf of the Board of Directors of

Virescent Infrastructure Investment Manager Private Limited

(acting as Investment Manager to Highways Infrastructure Trust)

Sanjay Grewal

Whole Time Director

DIN: 01971866

Place: New Delhi

Date: 22 March 2022

Hardik Bhadrik Shah

Director

DIN: 06648474

Place: Mumbai

Date: 22 March 2022

Highways Infrastructure Trust

Combined Statement of Profit and Loss

(All amounts in ₹ millions unless otherwise stated)					
	Note	**For the period ended 31 December 2021**	**For the financial year ended 31 March 2021**	**For the financial year ended 31 March 2020**	**For the financial year ended 31 March 2019**
Income					
Revenue from operations	24	4,452.42	5,085.04	5,008.80	4,526.43
Other income	25	225.12	241.09	231.43	261.25
Total income		**4,677.54**	**5,326.13**	**5,240.23**	**4,787.68**
Expenses					
Operating expenses	26	1,171.41	1,377.29	1,388.02	1,016.73
Employee benefits expense	27	96.88	117.56	116.19	102.95
Finance costs	28	2,074.33	2,740.51	2,774.77	2,898.98
Depreciation and amortisation expense	29	733.62	919.81	1,038.67	936.21
Other expenses	30	363.14	393.69	349.50	395.94
Total expenses		**4,439.38**	**5,548.86**	**5,667.15**	**5,350.81**
Profit/ (loss) before tax		**238.16**	**(222.73)**	**(426.92)**	**(563.13)**
Tax expense					
Current tax (including earlier period / years)	32	127.18	127.00	91.10	121.11
Deferred tax	32	479.00	(155.54)	(2.41)	(90.82)
Total tax expense		**606.18**	**(28.54)**	**88.69**	**30.29**
Net loss for the period/year		**(368.02)**	**(194.19)**	**(515.61)**	**(593.42)**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Re-measurement gains /(losses) on defined benefit obligations		0.46	0.57	(1.25)	(0.06)
Income tax relating to these items		-	-	-	-
Total other comprehensive income / (loss) for the period/year		**0.46**	**0.57**	**(1.25)**	**(0.06)**
Total comprehensive loss for the period/year		**(367.56)**	**(193.62)**	**(516.86)**	**(593.48)**
Earning per unit- Refer note 42					
Significant accounting policies	2				

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP Chartered Accountants	**For and on behalf of the Board of Directors of** **Virescent Infrastructure Investment Manager Private Limited** **(acting as Investment Manager to Highways Infrastructure Trust)**	
Firm's Registration No.: 001076N/N500013		
Manish Agrawal	**Sanjay Grewal**	**Hardik Bhadrik Shah**
Partner	Whole Time Director	Director
Membership No.: 507000	DIN: 01971866	DIN: 06648474
Place: New Delhi	**Place:** New Delhi	**Place:** Mumbai
Date: 22 March 2022	**Date:** 22 March 2022	**Date:** 22 March 2022

Highways Infrastructure Trust

Combined Cash Flow Statement

(All amounts in ₹ millions unless otherwise stated)					
		For the period ended 31 December 2021	**For the financial year ended 31 March 2021**	**For the financial year ended 31 March 2020**	**For the financial year ended 31 March 2019**
A.	**Cash flows from operating activities**				
	Profit/ (loss) before tax	238.16	(222.73)	(426.92)	(563.13)
	Adjustments for:				
	Depreciation and amortisation expense	733.62	919.81	1,038.67	936.21
	Gain on sale of property, plant and equipment (net)	(0.03)	-	-	(0.24)
	Gain on sale of investments (net)	(47.69)	(81.51)	(120.96)	(162.21)
	(Gain) / loss on investments carried at fair value through profit or loss (net)	(8.37)	5.59	(1.26)	(10.00)
	Modification (gain) / loss on annuity	(42.22)	(143.66)	(91.10)	64.50
	Excess provisions written back	(0.40)	(2.26)	(0.99)	(0.03)
	Interest income	(74.61)	(62.27)	(63.73)	(44.87)
	Re-measurement gains /(losses) on defined benefit obligations	0.46	0.57	(1.25)	(0.06)
	Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	111.50	145.97	143.44	140.25
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	34.69	41.74	38.65	52.18
	Unwinding of discount on major maintenance provision	44.77	59.97	68.75	52.41
	Finance cost	1,883.37	2,492.83	2,523.93	2,640.11
	Major maintenance provision	181.13	451.45	834.11	405.10
	(Gain) / loss on modification of financial liability	(26.53)	(64.09)	(13.34)	14.03
	Operating profit before working capital changes and other adjustments	3,027.85	3,541.41	3,928.01	3,524.24
	Working capital changes and other adjustments:				

	Trade receivables	(8.20)	18.56	(25.41)	1.42
	Other current and non-current financial assets	741.27	(179.52)	4.00	325.96
	Other current and non-current assets	42.71	0.54	(119.31)	(202.29)
	Trade payables	28.80	70.18	150.53	220.32
	Provisions	(244.35)	(288.31)	(902.96)	(339.30)
	Other current and non-current financial liabilities	(66.30)	(176.05)	(286.68)	(288.01)
	Other current and non-current liabilities	15.36	(15.15)	(0.29)	17.07
	Cash flow from operating activities post working capital changes	3,537.14	2,971.67	2,747.89	3,259.40
	Income tax paid (net)	(160.23)	(126.34)	(88.57)	(181.19)
	Net cash generated from operating activities (A)	3,376.91	2,845.33	2,659.32	3,078.21
B.	Cash flows from investing activities				
	Acquisition of property, plant and equipment and capital work-in-progress and intangible assets	(26.69)	(14.19)	(26.24)	(23.16)
	Proceeds from disposal of property, plant and equipment	1.42	1.17	-	1.87
	Movement in bank deposits (net)	(503.33)	(163.96)	195.41	(142.98)
	Purchase of current investments	(647.15)	(94.80)	(561.27)	(362.27)
	Proceeds from sale of current investments	196.07	479.44	266.80	980.33
	Interest received on bank deposits and others	74.61	62.27	63.75	44.87
	Net cash (used in) / flow from investing activities (B)	(905.07)	269.93	(61.55)	498.66
C	Cash flows from financing activities				
	Proceeds from current borrowings	-	111.68	858.69	-
	Repayment of optionally-convertible debentures	(7,640.41)	(258.30)	-	-
	Repayment of preference shares	-	-	-	(685.10)
	Repayment of non-current borrowings (including current maturities)	(1,666.46)	(845.01)	(1,800.01)	(1,043.88)
	Proceeds from issue of compulsory convertible debentures	7,978.14	-	-	-

	Dividend paid on equity shares	-	(653.77)	-	-
	Interest paid on borrowings	(536.06)	(756.32)	(784.81)	(840.26)
	Finance costs paid	(581.93)	(808.64)	(884.25)	(941.41)
	Net cash used in financing activities (C)	(2,446.72)	(3,210.36)	(2,610.38)	(3,510.65)
D	Net increase / (decrease) in cash and cash equivalents (A+B+C)	25.12	(95.10)	(12.61)	66.22
E	Cash and cash equivalents at the beginning of the period/year	79.81	174.91	187.52	121.30
	Cash and cash equivalents at the end of the period/year (D+E) {refer note 13}	104.93	79.81	174.91	187.52
Note: The above Combined Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.					

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Cash Flow Statement
referred to in our report of even date.
For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Agrawal

Partner

Membership No.: 507000

Place: New Delhi

Date: 22 March 2022

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Sanjay Grewal
Whole Time Director
DIN: 01971866
Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474
Place: Mumbai
Date: 22 March 2022

SUMMARY FINANCIAL INFORMATION OF THE SPONSOR

The summary financial information of the Sponsor is included in this Draft Placement Memorandum as per the requirements of the InvIT Regulations.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with IFRS.

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Galaxy Investments II Pte. Ltd.

Statement of Financial Position
December 31, 2021

	2021
	US$
ASSET	
Current asset	
Cash and cash equivalents	23,106,321
Non-current asset	
Investment	377,156,640
Total assets	400,262,961
LIABILITY AND EQUITY	
Current liability	
Other payables	2,850,635
Capital and reserves	
Share capital	205,253,833
Capital reserves	205,253,834
Accumulated losses	(13,095,341)
Total equity	397,412,326
Total liability and equity	400,262,961

Galaxy Investments II Pte. Ltd.

Statement of Profit and Loss and other Comprehensive Income
For the period from June 11, 2021 (date of incorporation) to December 31, 2021

	For the period from June 11, 2021 (date of incorporation) to December 31,2021
	US$
Change in fair value on financial assets at fair value through profit or loss	7,218,208
Transaction costs	(11,568,190)
Management fee	(3,156)
Operating expenses	(8,742,203)
Loss before income tax	(13,095,341)
Income tax	–
Loss for the period, representing total comprehensive loss for the period	(13,095,341)

Galaxy Investments II Pte. Ltd.

Statement of Changes in Equity
For the period from June 11, 2021 (date of incorporation) to December 31, 2021

	Share capital	Capital reserves	Accumulated losses	Total
	US$	US$	US$	US$
Loss for the period representing total comprehensive loss for the period	–	–	(13,095,341)	(13,095,341)
Transactions with owners, recognised directly in equity:				
Issue of shares on date of incorporation	1	–	–	1
Issue of new shares	205,253,832	–	–	205,253,832
Deemed capital contribution from immediate holding company	–	205,253,834	–	205,253,834
Balance at December 31, 2021	205,253,833	205,253,834	(13,095,341)	397,412,326

Galaxy Investments II Pte. Ltd.

Statement of Cash Flows
For the period from June 11, 2021 (date of incorporation) to December 31, 2021

	For the period from June 11, 2021 (date of incorporation) to December 31,2021
	US$
Operating activities	
Loss before income tax	(13,095,341)
Adjustments for:	
Change in fair value on financial asset at fair value through profit or	
loss	(7,218,208)
Operating cash flows before movements in working capital	(20,313,549)
Other payables	2,850,635
Cash used in operations, representing net cash used in	
operating activities	(17,462,914)
Investing activity	
Acquisition of financial asset at fair value through profit or loss,	
representing cash used in investing activity	(369,938,432)
Financing activities	
Proceeds from issue of shares	205,253,833
Deemed capital contribution from immediate holding company	205,253,834
Net cash generated from financing activities	410,507,667
Net increase in cash and cash equivalents	23,106,321
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	23,106,321

SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER

The following tables set forth the summary financial information derived from the audited financial statements of the Investment Manager, which was prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act, as of and for the fiscals 2021.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

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Condensed Balance Sheet as at December 31, 2021

Particulars	As at 31st December 2021 (Amount in INR)	As at 31st March 2021 (Amount in INR)
ASSETS		
Financial Assets		
Cash and Cash Equivalents	18,69,34,811	3,66,43,840
Bank Balance other than Cash and Cash Equivalents	-	-
Receivables		
- Trade Receivables	7,23,83,955	14,09,64,849
Investments	25,99,990	25,99,990
Other Financial Assets	47,86,519	12,75,000
Non-Financial Assets		
Current Tax Assets (Net)	1,85,90,204	86,84,487
Deferred Tax Assets (Net)	17,39,861	7,96,389
Property, Plant and Equipment	1,35,03,023	15,07,187
Intangible Assets under development	-	91,56,000
Other Non-Financial Assets	2,31,13,767	1,38,89,928
TOTAL ASSETS	**32,36,52,130**	**21,55,17,670**
LIABILITIES AND EQUITY		
Financial Liabilities		
Payables		
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	6,49,156	9,65,972
(ii) Total outstanding dues of other than micro enterprises and small enterprises	12,61,69,924	28,77,633
Non-Financial Liabilities		
Current Provisions	3,47,93,569	6,60,15,123
Non-Current Provisions	60,42,519	25,01,100
Other Non Financial Liabilities	54,79,332	2,66,86,386
EQUITY		
Equity Share Capital	12,74,77,530	11,01,00,000
Other Equity	2,30,40,100	63,71,456
TOTAL LIABILITIES AND EQUITY	**32,36,52,130**	**21,55,17,670**

As per our report of even date
For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration Number: 105047W

For and on behalf of the Board of Directors of

Virescent Infrastructure Investment Manager Private Limited

Tushar Kurani
Partner
Membership Number: 118580

Sanjay Grewal
Whole-time Director
DIN: 01971866

Hardik Shah
Director
DIN: 06648474

Charmy Bhoot
Company Secretary
Membership No.A25974

Place: Mumbai
Date: March 22, 2022

Place: New Delhi
Date: March 22, 2022

Place: Mumbai
Date: March 22, 2022

Condensed Statement of Profit & Loss for the period from April 01, 2021 to December 31st, 2021

	(Amount in INR)	*(Amount in INR)*
Particulars	For the period April 01, 2021, to December 31, 2021	For the period August 22, 2020 (date of incorporation) to December 31, 2020
Revenue from operations		
Management Fee Income	23,59,74,023	3,44,30,000
Total revenue from operations	**23,59,74,023**	**3,44,30,000**
Other Income (Interest on Fixed Deposits)	82,849	2,92,849
Total Income (I)	**23,60,56,872**	**3,47,22,849**
Expenses		
Employee benefits expense	17,39,25,145	2,16,51,477
Depreciation and amortisation expense	27,81,590	1,40,027
Other expenses	3,94,22,329	2,02,50,852
Total Expenses (II)	**21,61,29,064**	**4,20,42,356**
Profit / (Loss) before tax (III) = (II-I)	**1,99,27,808**	**(73,19,507)**
Tax expenses		
Current tax	64,61,575	-
Deferred tax	(9,17,659)	-
Total tax expense	**55,43,916**	**-**
Profit / (Loss) for the period	**1,43,83,892**	**(73,19,507)**
Other Comprehensive income for the period		
- Remeasurement of employee benefits obligations	66,974	-
Total Comprehensive income/(loss) for the period	**1,43,16,918**	**(73,19,507)**

Earnings per equity share (nominal value of share Rs.10)

– Basic	*1.25*	*-0.95*
– Diluted	*1.25*	*-0.95*

Select Explanatory Notes

As per our report of even date

For M S K A & Associates
Chartered Accountants

ICAI Firm Registration Number:105047W

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private

Tushar Kurani
Partner
Membership Number: 118580

Sanjay Grewal
Whole-time Director
DIN: 01971866

Hardik Shah
Director
DIN: 06648474

Charmy Bhoot
Company Secretary
Membership No.A25974

Place: Mumbai
Date: March 22, 2022

Place: New Delhi
Date: March 22, 2022

Place: Mumbai
Date: March 22, 2022

Condensed Statement of Changes in Equity for the period April 01, 2021 to December 31, 2021

Equity Share Capital			(Amount in INR)
Particulars	**Balance at the beginning of the reporting period**	**Changes in equity share capital during the period**	**Balance at the end of the reporting period**
For the period April 01, 2021 to December 31, 2021	11,01,00,000	1,73,77,530	12,74,77,530
Other Equity			
Particulars	**General Reserves**	**Retained earnings**	**Total**
Balance at the beginning of the reporting period	-	63,71,455	63,71,455
Profit for the period	-	1,43,16,918	1,43,16,918
Dividends	-	-	-
Dividend Distribution Tax	-	-	-
Securities premium on fresh equity issuance	-	23,51,727	23,51,727
Balance at the end of the reporting period	-	**2,30,40,100**	**2,30,40,100**

As per our report of even date

For M S K A & Associates
Chartered Accountants

ICAI Firm Registration
Number: 105047W

Tushar Kurani
Partner
Membership Number: 118580

Place: Mumbai
Date: March 22, 2022

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited

Sanjay Grewal
Whole-time Director
DIN: 01971866

Place: New Delhi
Date: March 22, 2022

Hardik Shah
Director
DIN:06648474

Charmy Bhoot
Company Secretary
Membership
No.A25974

Place: Mumbai
Date: March 22, 2022

Condensed Cash Flow Statement for the period April 01, 2021 to December 31, 2021

	(Amount in INR)	*(Amount in INR)*
Particulars	For the period for the period April 01, 2021 to December 31, 2021	For the period August 22, 2020 (date of incorporation) to December 31, 2020
1 Net Cash Flows from/(used in) Operating Activities	13,61,83,139	(3,44,71,091)
2 Net Cash used in Investing Activities	(56,21,426)	(64,62,208)
3 Net Cash Flows from Financing Activities	1,97,29,257	11,01,00,000
4 **Net increase/(decrease) in Cash and Cash equivalents**	**15,02,90,971**	**6,91,66,701**
5 Cash and Cash equivalents at beginning of period	3,66,43,840	-
6 **Cash and Cash equivalents at end of period**	**18,69,34,811**	**6,91,66,701**

As per our report of even date

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W

Tushar Kurani
Partner

Membership Number: 118580

Place: Mumbai

Date: March 22, 2022

For and on behalf of the Board of Directors of

Virescent Infrastructure Investment Manager Private Limited

Sanjay Grewal
Whole-time Director
DIN: 01971866

Place: New Delhi

Date: March 22, 2022

Hardik Shah
Director
DIN: 06648474

Charmy Bhoot
Company Secretary
Membership No.A25974

Place: Mumbai

Date: March 22, 2022

SUMMARY OF INDUSTRY

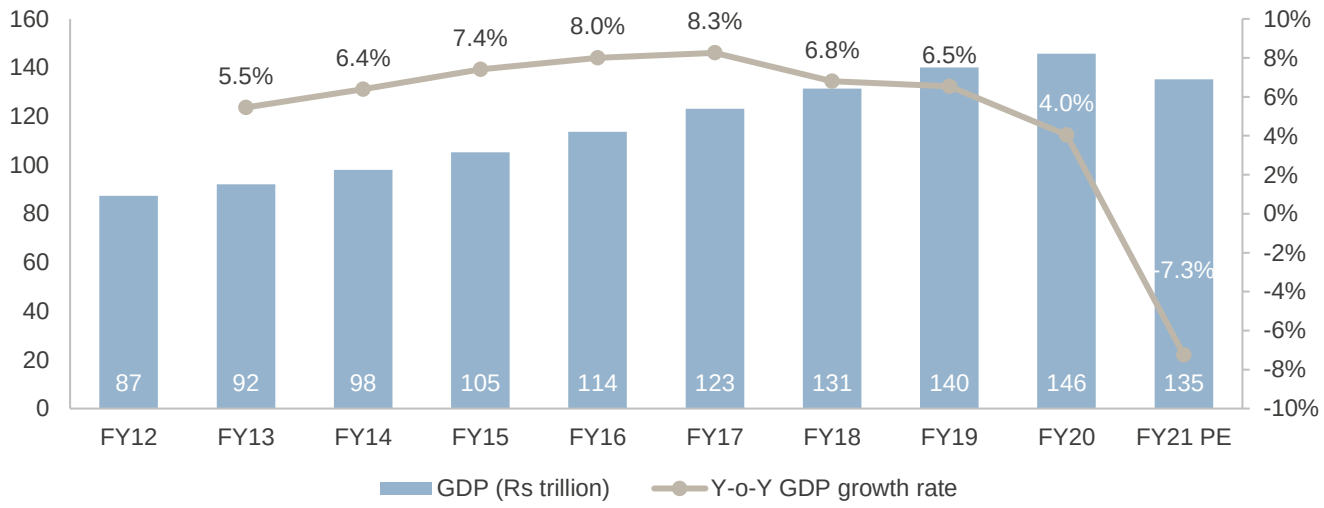
Macro-economic overview of India

Review of India's GDP growth

GDP grew 6.6% CAGR from fiscals 2012 to 2020

Fiscal 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic struck. GDP contracted 7.3% (in real terms) last fiscal, after growing 4.0% in fiscal 2020.

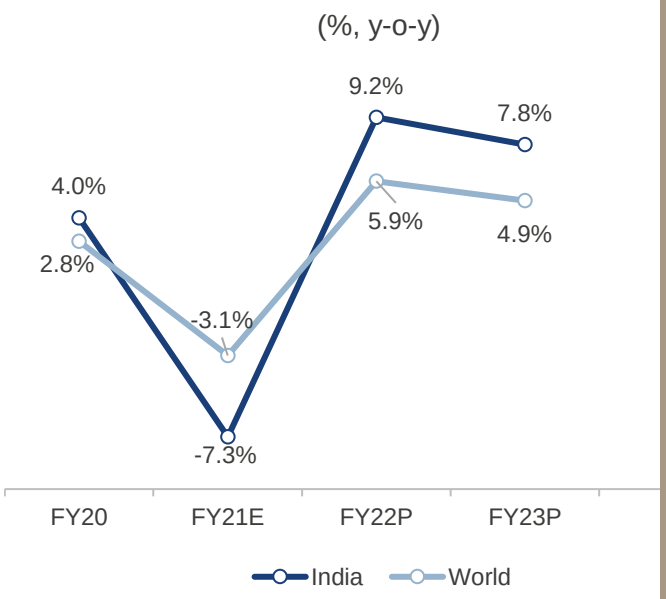
Real GDP growth in India (new GDP series)



PE: Provisional estimates
Source: Provisional estimates of Annual National Income 2020-21, Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), CRISIL Research

The economy is in recover mode, with GDP expanding 20.1% on-year in the first quarter of fiscal 2022 and 8.4% on-year in the second quarter of fiscal 2022. In absolute terms GDP for the second quarter of fiscal 2022 has just crossed the GDP value reported in first quarter of fiscal 2020 (pre-covid), reporting a rise of 0.2%. The economic rebound comes on the back of reduced pandemic restrictions and improving vaccination coverage.

India to surpass global GDP growth in next three fiscals



GDP growth to rebound to 9.2% this fiscal on the back of a very weak base and the rising-global-tide effect

CRISIL sees India's GDP growth rebounding to 9.2% this fiscal due to a very weak base, flattening of the Covid-19 curve, rollout of vaccinations, investment-focused government spending, and benefit from the 'rising global tide lifts all boats' effect. Yet, the economy is expected to reach pre-pandemic levels only by the second quarter of this fiscal. Services will take longer to recover than manufacturing. Beyond fiscal 2022, India is seen growing faster than the world.

Note: Forecasts for World are for calendar year; FY20 corresponds to 2019 and so on; P: Projected; updated as of June 2021; India numbers for FY20 and FY21 are based on MoSPI's latest GDP estimates and FY22 onwards are CRISIL Research's forecast. World GDP growth rates are from IMF world economic outlook update as of April 2021.

– *Source: S&P Global Ratings, CRISIL*

Key Fiscal Measures announced by government for Infrastructure sector to deal with Covid-19

The government announced a series of fiscal measures under the Atmanirbhar Bharat initiative to contain the human and economic damage from the COVID-19 pandemic. Following are the details of key measures announced under three packages announced in the months of May, October and November of fiscal 2021.

Fiscal stimulus 1.0:

The government announced measures worth Rs 11 trillion in five tranches. This was in addition to the earlier announced measures worth Rs 9.9 trillion (RBI liquidity support and others), taking the total financial support amount to Rs 20.9 trillion. It was announced by Government of India with the aim to revive the economy by liquidity infusion and income support. The actual committed fiscal outgo of Rs 1 trillion, translating to 9% of the Rs 11 trillion of measures outlined over the five tranches. The bulk of this direct support was through the Pradhan Mantri Garib Kisan Yojana. The government also ploughed in some earlier discussed structural reforms, especially in tranches 4 and 5, to help drive India's medium-term growth story. The announcements pertained especially to sectors such as mining, aviation, urban infrastructure, power, and agriculture.

Further, the government increased the borrowing limit for state governments from 3% of their GDP to 5% of GDP. However, of this additional 2 percentage points, 1.5 percentage point is conditional upon states achieving certain targets.

For addressing near-term issues, apart from direct benefit transfers and additional spending through MNREGA, the government mobilised credit to micro, small and medium enterprises (MSMEs), agriculture, and the affordable housing sector. Like the 100% guarantee on Rs 3 trillion loans to MSMEs with one year moratorium to help these units, which are typically strapped for working capital. It was also aimed at spurring credit growth for both banks and non- banks in fiscal 2021 and contain delinquencies in the segment, which would have increased otherwise.

Fiscal stimulus 2.0:

The government measures targeted increasing the demand in the economy. Government has proposed a scheme where central government employees can spend their tax-exempt travel concessions on certain goods and services. It also made provisions for them to receive a part of their wages in advance to spend on their choice of festival before the end of March 2021. The stimulus also includes infrastructure spending of Rs.250 billion and interest

free loan to states which stands at Rs.120 billion. The measures announced under this package amounted to Rs 0.7 trillion.

Fiscal stimulus 3.0:

This Rs 2.65 trillion stimulus package is aimed at job creation, access to credit and farm support with. The key highlight of this stimulus is to provide production linked incentives to 10 sectors which is estimated at around 1.45 trillion. This is proposed to be spent over the next 4-6 years i.e. till FY28 to to encourage domestic manufacturing across 10 sectors – namely, textiles, food, pharma, consumer durables, auto, telecom, specialty steel, solar, electronic, and battery. The stimulus package also provides Rs.650 billion additional outlay for subsidy towards fertilisers sector. The stimulus also includes outlay of Rs.180 billion for housing for all plan besides it also includes package of Rs.100 billion to support rural economy.

Key Measures announced by government for Infrastructure sector to deal with Covid-19

Central government have announced some key measures to address the implications caused by Covid-19. Some of the key measures announced by government are as follows:

- Up to 6 month extensions for completion of infrastructure projects: Central government has given extension of up to 6 months to contractors whose operations are hit by Covid-19. This extension is given with no additional penalty for missing out on milestones. All central agencies like Railways, Ministry of Road transport and highways and central public works department will grant extensions to its contractors engaged in different projects work under PPP mode.

- Revenue Shortfall Loan provisions under the concession agreement were extended by NHAI to BOT concessionaires at Bank Rate + 2% to provide relief from the Covid-19 impact. The loan amount would be lower of i) Debt obligation plus the O&M expenses; or ii) Estimated toll collection minus actual collection during the period. NHAI had tried to reduce impact on toll collection due to suspension of tolling operations from 26th March-19th April, 2020 by NHAI as well as disruption in traffic post 19th April due to lockdown in major parts of the country..

- Extension in concession period was granted to road asset operators due to suspension in tolling activity from 26th March to 19th April, 2020. Extension in concession period would be in proportion for period where daily toll collection would be less than 90% of average daily collection. Also waiver of concession fee/premium was announced for 26th March to 19th April period. Extension and waiver of premium/concession fee helped mitigate the extent of impact on decline in return on the assets.

- Release of retention money in proportion of work done and no further deduction of retention money for 3-6 months from contractors

- Enabled monthly payments based on work completed instead of milestone based payments

- Performance security on contracts reduced to 3% instead of 5-10%. The rate of deposits have been slashed in view of Covid-19 pandemic. As these fees usually have to be paid upfront, reduction in the rate of deposit is expected to bring respite to stressed construction companies

- Earnest Money Deposit (EMD) for tenders to be replaced by bid security self-declaration: Government of India have provided relaxation on Earnest money deposit on government tenders. EMD is to be replaced by bid security self-declaration.

Key budgetary proposals for Infrastructure sector

The Union Budget 2022-23 bet big on an investment push to lift economic growth, two years and three waves into the pandemic. The total capex of the government (budgetary capex plus revenue grants for capital creation and capex by central public sector enterprises) is budgeted to rise 14.5% as compared with only 3.1% in the current fiscal. The government thus has tightened the belt around revenue expenditure and frontloaded infrastructure spending that would lead to faster economic growth.

Among the sectors, infrastructure continues to be in the bright spot with a 30% hike in budgetary support.

Key budget announcements concerning infrastructure are,

- At Rs 7.5 trillion, aggregate budgetary support (gross budgetary support or GBS) for capex next fiscal is up 39% over fiscal 2022RE. For infrastructure sectors, budgetary support is 30% up at Rs 4.3 trillion. These exclude Rs 620.57 billion equity infusion into AI Assets Holding Ltd (AIAHL) in fiscal 2022RE

- PM Gati Shakti Master Plan for expressways is to be formulated. The national highways network will be expanded by 25,000 km next fiscal

- In the railways sector, 2,000 km of tracks will be brought under train collision avoidance system, Kavach; 400 new generation Vande Bharat trains will be introduced in the next three years

- Four multi-modal logistics parks will be awarded through the PPP mode next fiscal

Asset monetisation as an infrastructure funding mechanism was largely missing in the budget proposals. It found mention only in the roads sector, where it is expected to generate Rs 200 billion and fund 10% of the National Highways Authority of India's (NHAI) requirement for the next fiscal. This fiscal, the share is estimated to be 5-8% dependent on the realisation of toll-operate-transfer (TOT) bundles 6-8.

Review of roads infrastructure in India

Road sector's contribution to Indian gross value added (GVA)

The road transport sector's share in Indian GDP stood at 3.0% in fiscal 2020. The share of road transport in India's GDP has hovered between 2.9% to 3.1% from fiscals 2012 to 2020.

GVA share (%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Road transport (at constant prices)	3.0%	3.1%	3.1%	3.0%	3.0%	2.9%	3.0%	3.0%	3.0%

Source: Ministry of Statistics and Programme Implementation (MoSPI), CRISIL Research

Road network in India

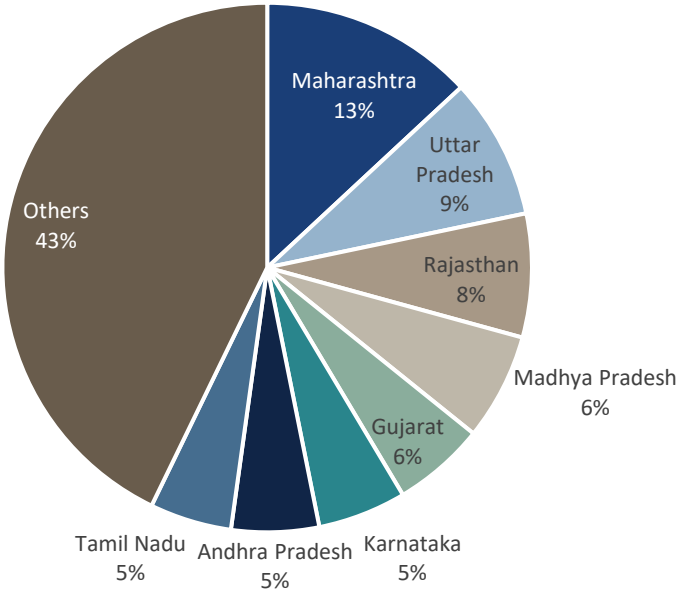
India has the second-largest road network in the world, spanning 6.2 million km.

Road network in India in fiscal 2021

Road network	Length ('000km)	Percentage of total - length	Percentage of total - traffic	Connectivity to
National highways	136.4	~2%	40%	Union capital, state capitals, major ports, foreign highways
State highways	176.8	~3%	60%	Major centres within the states, national highways
Other roads	5,902.5	95%		Major and other district roads, rural roads - production centres, markets, highways, railway stations

Source: MoRTH Annual Report 2020-21, CRISIL Research

State-wise length of national highways in India as of FY21



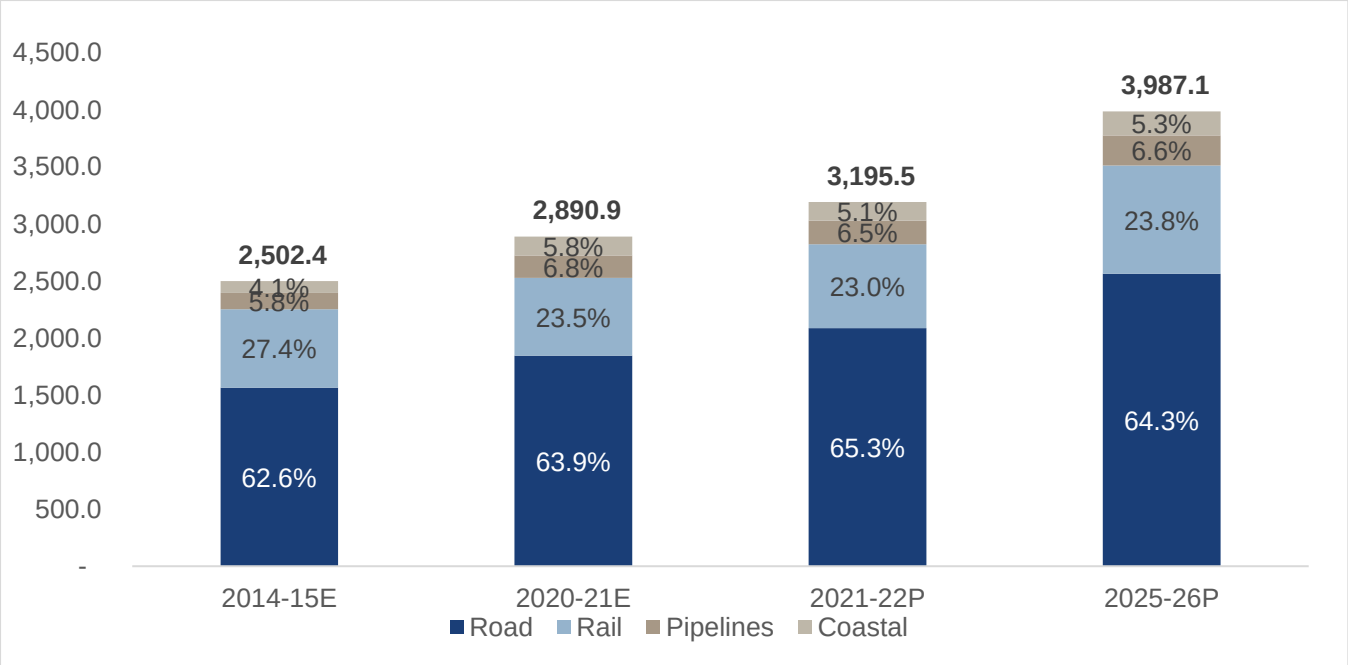
– Source: MoRTH Annual Report 2020-21, CRISIL Research

Indian freight traffic scenario

Roads to continue to have a dominant share in the overall freight movement

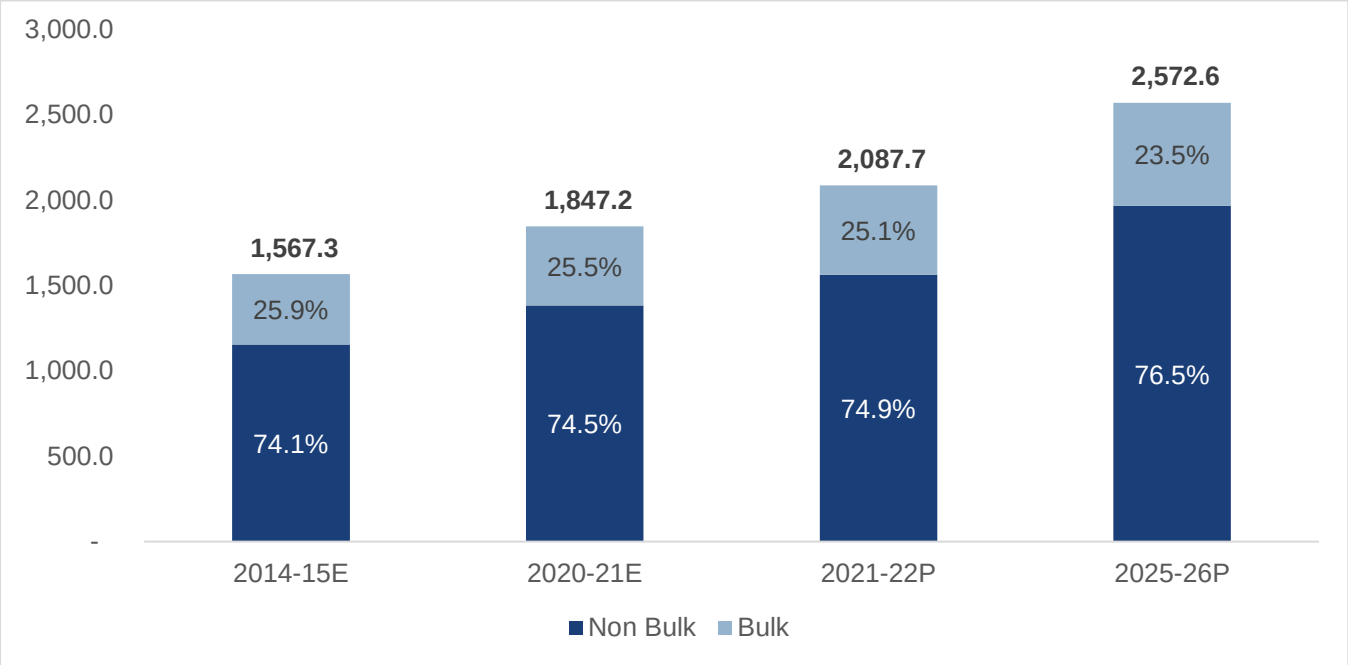
CRISIL Research expects growth in road freight traffic to increase at a compounded annual growth rate (CAGR) of 6-8% in billion-tonne-kilometre (BTKM) terms between fiscals 2021 and 2026, on a low base.

Share of roads in total freight movement (in terms of BTKM)



– *E: Estimated; P: Projected*
– *Source: CRISIL Research*

Roads predominantly transfer non-bulk freight (in terms of BTKM)



– *E: Estimated; P: Projected*
– *Source: CRISIL Research*

SUMMARY OF BUSINESS

Overview

Highway Infrastructure Trust (the "**Highways Trust**") is an Indian infrastructure investment trust which proposes to invest in road infrastructure assets and is sponsored by Galaxy Investments II Pte. Ltd. (the "**Sponsor**"). Highways Trust will have an initial portfolio consisting of the six Project SPVs having an aggregate of 451.98 kms (1,710 lane kms), located across six states in India

The Sponsor is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. As on date, the Sponsor is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd.

Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US$ 471 billion of assets under management as of December 31, 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure.

Currently, KKR's Infrastructure platform has expanded to include approximately 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector. KKR has invested or committed over US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Our Projects

Our initial portfolio of assets includes the following six Projects, comprise both, National Highways and State Highways, and are located in the states of Telangana, Gujarat, Madhya Pradesh, Meghalaya, Rajasthan and Tamil Nadu to be acquired by way of 100% shareholding in six Project SPVs:

- the DBCPL Project, a four lane highway with an aggregate length of 140.79 kilometres, between Bhopal to Dewas on State Highway 18* in Madhya Pradesh, operated by DBCPL;

- the GEPL Project, a four lane highway with an aggregate length of 87.10 kilometres, on the Godhra and the border between Madhya Pradesh and Gujarat on National Highway 59* in Gujarat, operated by GEPL;

- the JPEPL Project, a four lane highway with an aggregate length of 71.54 kilometres, between the Jodhpur and Pali section on National Highway 65* in Rajasthan, operated by JPEPL;

- the NBL Project, a four lane highway with an aggregate length of 30.89 kilometres, between the Kadtal and Armur section on National Highway 7* in Telangana, operated by NBL;

- the SEPL Project, a two lane highway with an aggregate length of 48.77 kilometres, comprising the Shillong bypass connecting National Highway 40* with National Highway 44* in Meghalaya, operated by SEPL; and

- the UEPL Project, a four lane highway with an aggregate length of 72.90 kilometres, between the Tindivanam and Ulundurpet section on National Highway 45* in Tamil Nadu, operated by UEPL;

**Note: The State Highway and National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old Highway numbers and chainages, as per the concession agreements. The actual SH/NH numbers and chainages at site may differ based on subsequent changes.*

Through these six SPVs, we will maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The combined operating revenue of the Project SPVs for the nine months ended December 31, 2021 and for Fiscals 2021, 2020 and 2019 was ₹ 4,452,42 million, ₹ 5,085.04 million, ₹ 5,008.80 million and ₹ 4,526.43 million, respectively.

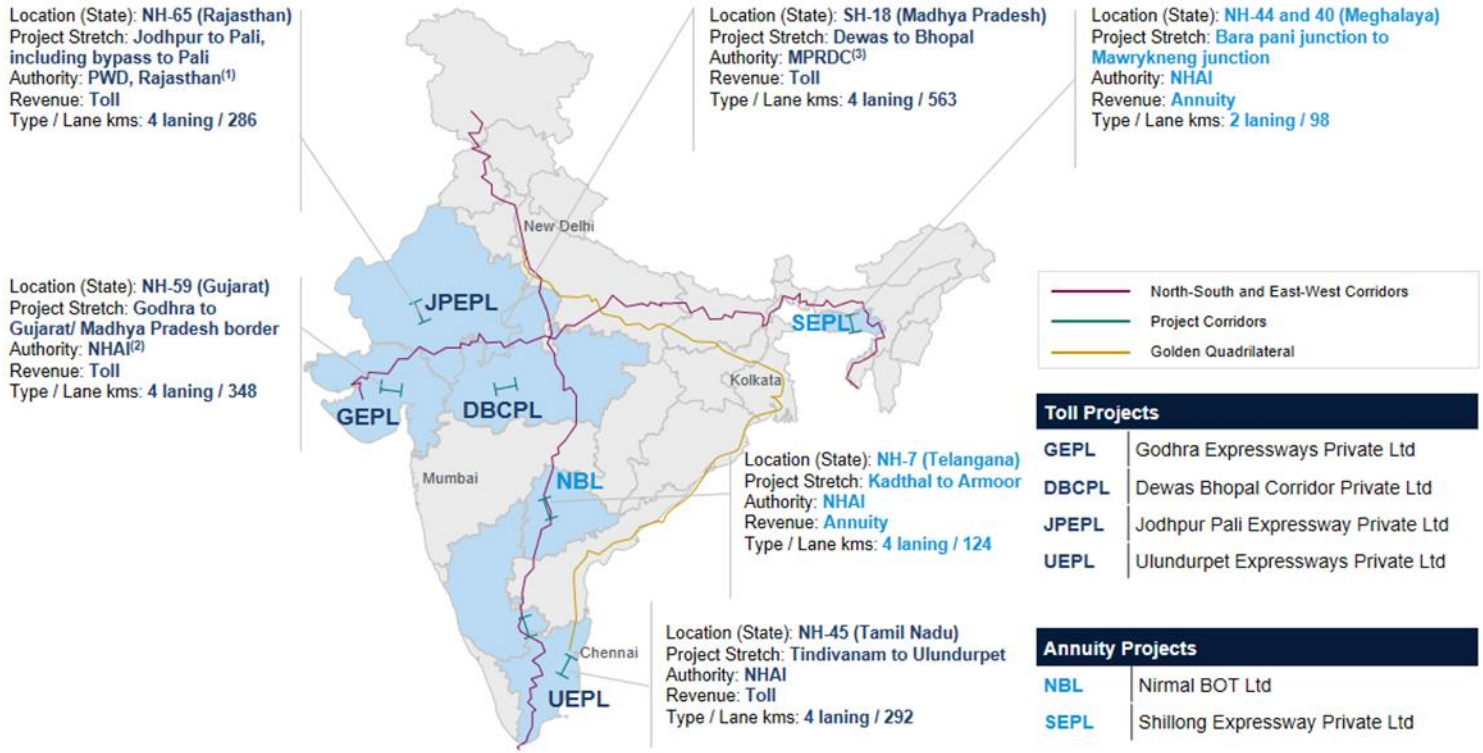
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

Annuity-based Projects: Under this model, the concessionaire is responsible for the construction and maintenance of the project during the concession period. The concessionaire generates revenue through fixed annuity payments received from the concessioning authority, over the concession period. Since this annuity payment is a cost to the concessioning authority, the contract is awarded to the lowest bidder.

Toll-based Projects: Under this model too, the concessionaire is responsible for the construction, operation and maintenance of the project during the concession period, post which the project is transferred to the concessioning authority. During the concession period, the concessionaire realises its returns by way of toll collection rights under the concession agreement. Therefore, the concessionaire bears the revenue risk during the concession period. The toll charged under these contracts is generally regulated by a policy or a public agency.

For further details, please see the section entitled "*Industry Overview*" on page 152.

The map below illustrates the locations of the Projects:



1. Public Works Department, Rajasthan; 2. National Highways Authority of India; 3. Madhya Pradesh Road Development Corporation Limited

**Map not drawn to scale*

The Investment Manager will also have the flexibility to acquire new projects through acquisitions from the Sponsor and third parties.

Virescent Infrastructure Investment Manager Private Limited is the Investment Manager for the Highways Trust. The Investment Manager is a private limited company incorporated on August 22, 2020 under the Companies Act, 2013, having CIN U74999MH2020PTC344288.

Virescent Renewable Energy Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on November 27, 2020 under the Companies Act, 2013, having U74999MH2020PTC350874.

Axis Trustee Services Limited is the Trustee of the Highways Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee.

For further details of the Sponsor, the Investment Manager, the Project Manager and the Trustee, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Strengths

The Investment Manager believes the following to be the key strengths of the Highways Trust:

Sizeable and Diversified Portfolio - Strategically located Projects and variety of Concessioning Authorities

Highways Trust will have a sizeable initial portfolio consisting of the six Project SPVs having an aggregate of 451.98 kms (1,710 lane kms), located across six states in India. The portfolio of the Highways Trust has toll assets with operating histories of 7 to 13 years and each Project SPV has entered into a long term concession agreement with the NHAI and other state authorities, having terms of between 15 and 27 years, thereby providing long term cash flows to the Highways Trust.

The Concessioning Authorities for these Projects include the NHAI, MPRDC and PWD, Government of Rajasthan. Further, the initial portfolio of assets comprises a mix of both toll and annuity road projects bringing in diversity in the earnings of the Project SPVs as well. We believe that the diversified revenue streams from our Projects provide us with steady cash flow during the course of the year. The Projects are located in corridors that have a mix of high commercial and passenger vehicular traffic, located in parts of India with high gross state domestic product growth. The principal features of the Projects are as follows:

- the DBCPL Project connects two major cities of Madhya Pradesh – Bhopal (political capital of Madhya Pradesh) and Indore (business and trading capital of Madhya Pradesh) via Dewas and serves the regional traffic demand. Additionally, the Project Road provides connectivity to the mobility requirements of smaller towns/cities along the project corridor such as, amongst other, Sehore, Ashta and Sonkatch;

- the GEPL Project serves the long-distance traffic majorly plying from Godhra and beyond to Madhya Pradesh and beyond. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Godhra and Dahod and surrounding areas;

- the JPEPL Project is a part of the national highway that connects the states of Punjab and Rajasthan with western states of Gujarat and Maharashtra. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Jodhpur and Pali areas;

- the UEPL Project acts as one of the primary life-line corridor in the state of Tamil Nadu connecting the Chennai (the state capital) with various industrial towns and tourist places in the southern, eastern, western parts of Tamil Nadu. The UEPL Project serves long-distance distance traffic which is majorly plying between Tindivanam/north of Tindivanam (Chengalpattu/Chennai) and eastern/southern and western Tamil Nadu districts (amongst other, Trichy, Madurai, Cuddalore, Salem and Thanjavur). Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Tindivanam and Villupuram, Madapattu and Kadilam areas;

- the NBL Project is a part of the Nagpur – Hyderabad section of NH-7 and also part of the 4,000 km North-South Corridor that connects Srinagar in Jammu and Kashmir with Kanyakumari in Tamil Nadu; and

- the SEPL Project is part of one of the important road links in North-Eastern India and connects Guwahati, the largest city of Assam with state capitals of Tripura, Mizoram and Manipur.

The concession periods of the Project SPVs started at different times and they are expected to expire at different times, thereby ensuring continuous cash flows. The residual terms of the concession agreements range between approximately 4 years and 22 years as of December 31, 2021 (including any potential extensions on account of shortfall of actual traffic against target traffic. For further details, please see the Traffic Reports in Annexure III). We believe that our temporally and geographically diverse project portfolio provides us with an advantage in capitalizing on new opportunities available in the Indian roads and highways sector and reduces our dependence on select state geographies. We believe that this diversification strengthens our business by reducing our reliance on any specific project and reducing the potential impact on our business of any economic slowdown or Project-specific *force majeure* event or with respect to any particular project.

The Investment Manager believes that the Projects cater to growth sectors and population densities that will utilise these Projects on an increasing basis, thereby contributing to expected growth in the Highways Trusts' toll revenues.

Stable income through annuity assets and toll income generating assets with high traffic volume

We believe that the diversified revenue streams from our Projects provide us with steady cash flow during the course of the year. Approximately 20% of our combined revenue received in cash in the financial year ended March 31, 2021 came from annuities paid by the relevant Concessioning Authorities while approximately 80% of our combined total revenue received in cash in the financial year ended March 31, 2021 was generated from toll collections.

The earliest operating toll-based Project SPV started collecting toll from 2009. The aggregate toll collections were ₹ 3,919.12 million, ₹ 3,922.85 million and ₹ 3,781.56 million in Fiscal 2021, Fiscal 2020 and Fiscal 2019 respectively. While, there was no growth in aggregate toll collections by the four toll based Project SPVs in Fiscal 2021, due to, amongst other things, the impact of COVID-19 in the first two quarters of Fiscal 2021, some of the main reasons for the increase in toll collections historically were the increase in traffic volumes on the Project stretches over the relevant period and the revision of the applicable toll rates with WPI growth on an annual basis as per the terms of concession agreements. According to the Traffic Reports, it is expected that toll collections will continue to increase for the same reasons. Our toll-based Projects are located in strategic areas and connect, amongst others, industrial areas, ports, tourist places and economically important cities. This allows our toll-linked Project SPVs to exhibit a stable growth in toll collections. For further details, please see the section entitled "*Discussion and analysis by the Directors of the Investment Manager of the financial condition, results of operations and cash flows of the Project SPVs of the Highways Trust*" on page 224 and the Traffic Reports in Annexure III.

Our two annuity based Project SPVs have received semi-annual annuities until December 31, 2021. As per the concession agreements, the relevant Concessioning Authorities are required to make payments on the dates set out in the concession agreements. However, average collection days on all annuities is 2 days from the due date, excluding the first annuity. Our annuity-based Project SPVs have predictable cash flows and bring stable income to the Highways Trust.

Strong support from the Sponsor, Project Manager and Investment Manager

We intend to leverage the experience and expertise of our Sponsor and its affiliates, to gain a competitive advantage within the road infrastructure industry. Our Sponsor is engaged in investment activities primarily with an objective of generating stable returns and earning long term capital appreciation. Our Sponsor is is affiliated with funds, vehicles and/or entities managed and/or advised by KKR.

KKR is a leading global investment firm with approximately US$471 billion of assets under management as of December 31, 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive

investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure. Currently, KKR's infrastructure platform has expanded to include over 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector. KKR has invested or committed US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today.

KKR's Asia Pacific infrastructure portfolio other than Highways Trust, includes , amongst others, the Terra InvIT, India Grid Trust, and recently, HC1. KKR's experienced team is well positioned to capture compelling opportunities and add value to its portfolio to generate attractive, risk adjusted returns for its investors. Drawing upon this depth of experience, our Sponsor has established a strong track record of operating and managing large-scale projects, which will benefit us across all stages of project operations and acquisitions within India's complex regulatory framework (including, for example, strategic acquisition, O&M, and receivables management). Our Sponsor also provides us the ability to leverage its parentage and long-term industry relationships with stakeholders to gain cost efficient access to financing from institutions and capital markets. Further, our Investment Manager and Project Manager are also affiliates of the Sponsor. We believe our affiliation to KKR will allow us to pursue marque and high quality road infrastructure assets and engage effectively with regulators and concessioning authorities.

Attractive industry sector with favourable government policies

Further development of the infrastructure sector, in particular road infrastructure, is a priority for the GoI and many state governments and has been the subject of enhanced investment from the public sector through traditional means of public investment and new channels such as PPPs. Roads have been the key focus area for budget allocations over the years. Under Union Budget 2022-23, the Government has allocated ₹ 1,99,107.71 crore under the Ministry of Road Transport and Highways. Between FY2016-17 and FY2022-23, budget allocation for road transport and highways increased at a robust CAGR of 24.90%. Huge investment have been made in the sector with total investment increasing more than three times from ₹ 51,914 crore (US$ 7.43 billion) in 2014-15 to ₹ 158,839 crore (US$ 22.73 billion) in 2018 – 2019. As of December 2021, road projects with an aggregate length of 19,265 km has been awarded under Bharatmala Pariyojna, of which road length of 6,750 km has already been completed. Through the PPP model, among others, the Investment Manager believes that the Highways Trust has acquired, and will continue to capture through further acquisitions, a significant share in the PPP format of the road infrastructure sector.

For further details on the market opportunity for the road infrastructure industry in India, please see the section entitled *"Industry Overview"* on page 152.

Skilled and experienced management team with a focus on corporate governance

We have a strong management team with several years of experience in the infrastructure sector providing us an ability to pursue our growth strategies in a seamless manner. We draw on the knowledge of our Board of Directors and key personnel, who bring us expertise in the areas of risk management, business strategy and operational and financial capabilities, amongst others. We believe this will be key to the execution of our growth strategies. Our Board comprises of 4 directors, as on the date of this Draft Placement Memorandum with extensive experience in management, finance and infrastructure.

Further, the Project Manager will also entered into a business support services agreement with HC1, an affiliate of the Investment Manager, for provision of certain services to the Project SPVs including, amongst others, corporate accounting, banking and financing services, payroll management services, corporate secretarial services and tax and statutory compliance. For further details in relation to the business support services agreement, please see the section entitled "*Related Party Transactions – Business Support Services Agreement*" on page 259. HC1

houses a team of individuals with an in-depth understanding of the road sector and cumulative experience in the road sector of more than 150 years which we believe will contribute to our growth and success.

We believe that the experience of our management team (Investment Manager and Project Manager) in the infrastructure sector will ensure that the Project SPVs and the Highways Trust are operated and managed in an efficient manner. The team is supported by other qualified operational personnel, through appropriate contractual arrangements, who have an in-depth understanding of the sector in which we operate. We have contracted a significant number of qualified personnel (including the experienced contractors and service provider identified by the Investment Manager and the Project Manager) who are engaged in operating and managing our projects as on the date of this Draft Placement Memorandum.

With the aim of enshrining principles of good corporate governance and effective management and operations of the Highways Trust, the Investment Manager has constituted various committees and adopted policies such as an anti-bribery and corruption policy, a health, safety and environment policy, a prevention of sexual harassment policy, a risk management policy and a vigil mechanism policy to manage the activities of the Highways Trust. The Investment Manager has further created separate audit and risk management committee and investment committee for managing the decision-making process for the Highways Trust. In accordance with the SEBI InvIT Regulations, the Investment Manager has also adopted the (a) distributions policy pursuant to which distributions are required to be made to the Unitholders at least once a year for periods after Allotment and (b) borrowing policy which aims to outline the borrowing thresholds and process in relation to the Highways Trust. Further, the Investment Manager has also adopted appointment of auditor and valuer policy which aims at formulating a structure for ensuring compliance by the Highways Trust in appointment of its auditor and the auditing standards followed and the appointment of its valuer, in accordance with applicable law including the SEBI InvIT Regulations and code of conduct policy which aims at formulating a framework for ensuring interest of the Unitholders and proper conduct in carrying out the business and affairs of the Highways Trust in accordance with SEBI InvIT Regulations. For details in relation to the corporate governance framework of the Investment Manager, please see the section entitled "*Corporate Governance*" on page 146.

We believe that our governance process will ensure adherence and enforcement of principles of sound corporate governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations.

Business Strategies

The Investment Manager believes the following to be the key strategies of the Highways Trust:

Continue to pursue accretive growth by expanding the portfolio of road assets

The Investment Manager intends to be selective with respect to any projects it acquires in the future and will consider factors such as access to important locations in the vicinity, connecting roads, industrial and manufacturing hubs, connectivity with raw materials, ports, availability of the relevant approvals, ease of complying with laws and also evaluating competing modes of transportation.

The Investment Manager believes that it will be able to leverage the Sponsor's established network of relationships and contacts, extensive knowledge and experience in the roads sector in India to implement its acquisition strategy, which is to acquire eligible infrastructure assets, operational road projects and road projects that are in advanced stages of construction. In this regard, it may be noted that the Sponsor has entered into the Sponsor SPA 1 and Sponsor SPA 2 for acquisition of certain assets held by Ashoka Concessions Limited and/ or its affiliates and India Infrastructure Fund II , respectively. Upon completion of such acquisitions by the Sponsor, these assets may be made available by the Sponsor for acquisition to the Highways Trust in the future, whether directly or indirectly, subject to various conditions precedents specified in the Sponsor SPA 1 and Sponsor SPA 2 and, subject to certain conditions including the receipt of necessary regulatory and statutory approvals.. The Investment Manager intends to expand the portfolio of road projects without compromising on the returns on investment from the Projects while providing attractive cash flows and yields, and opportunities for future income and capital growth.

In addition, the Investment Manager believes that due to trends in the industry, a number of acquisition opportunities may be available. These trends include the potential divestment of assets by highly leveraged private companies and by financial and private equity investors seeking to exit their investments. The Investment Manager

hopes to take advantage of these opportunities by actively sourcing and acquiring quality assets from such third parties on a case-by-case basis, subject to its investment criteria as provided below:

- the asset having stable, predictable cash flow;
- the terms and duration of the concession agreement, the O&M agreements and other relevant agreements with respect to the asset;
- the location of the asset;
- the historical and expected traffic volume of the asset;
- the expected cash flows from the asset;
- the maintenance cost of the asset;
- the extent of any ongoing or potential disputes relating to the asset; and
- any other factor that may have an impact on the profitability of the asset.

Maintain optimum capital structure to maximise distributions to Unitholders

We focus on achieving an optimal capital structure for our projects and will continue to draw upon the experience, relationship and expertise of our Sponsor and its affiliates in sourcing funds from multiple sources, both from domestic and international markets. The Highways Trust's total outstanding consolidated net debt after full utilization of the Issue Proceeds, will be within the regulatory requirement of 49% of the value of the InvIT Assets upon completion of the Issue (net of cash and cash equivalents) as specified under the InvIT Regulations.

We also intend to optimise our leverage to retain enough flexibility to provide sustainable and predictable cash flows while also evaluating potential acquisition opportunities in the future. After the completion of the Issue, we believe that we will have sufficient equity capital and ability to add additional debt to support acquisition of additional assets while maintaining an optimum capital structure. We will seek to employ appropriate financing policies and also diversify our funding sources with an objective of minimising our overall cost of capital. We will seek to optimise our debt and equity mix in such a manner that the aggregate consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents does not exceed 70% of the value of the Highways Trust Assets at any time subject to the approval of the unitholders as provided in accordance with the SEBI InvIT Regulations. Further, any additional debt beyond 49% of the value of the Highways Trust Assets will be raised only upon compliance with the conditions set out in the SEBI InvIT Regulations. In accordance with the Trust Deed, and subject to the Applicable Law permitting such additional debt, any additional debt will be raised only with consent of 51% of the Unitholders of the Highways Trust. If it is in the interests of the Unitholders, the Investment Manager may also pursue growth opportunities that require raising additional capital through the issuance of new Units.

Continue to ensure efficient and active asset management

We will appoint the Project Manager to undertake operations and management of the Project SPVs in furtherance of which the Project Manager and the Project SPVs will entered into O&M Agreements with O&M Contractors to provide operation and maintenance services in respect of the Project SPVs.

Our O&M Contractors undertaking toll operations will be professional and reputed toll collection agencies and performance of these O&M Contractors will be evaluated on a regular basis. Our Projects are maintained by contracting professional or expert highway maintenance contractors which undertake maintenance activities such as routine maintenance, repair of defects or damages, route operations and preventive maintenance. We will continue to assess the performance of these O&M Contractors on a regular basis based on certain service level agreements fixed during signing of the O&M Agreements.

The Project Manager will engage a network of O&M Contractors for undertaking the O&M activities relating to the Projects. The principal objective is to incorporate industry best practices in operating and maintaining the Projects. This proactive approach to O&M activities seeks to employ both preventive and corrective measures in order to optimise the long term performance of each Project and reduce, as much as possible, any periods where the roads are unavailable for users (in whole or in part), which may result in a loss of revenue.

RISK FACTORS

An investment in the Units involves a high degree of risk. Investors should carefully consider all the information in this Draft Placement Memorandum, including the risks and uncertainties described below, before making an investment in the Units. If any of the following risks actually occurs, the business, results of operations and financial condition of the Highways Trust could suffer, the price of the Units could decline and investors may lose all or part of their investment. The risks and uncertainties described below are not the only risks that the Highways Trust faces or may face. Additional risks and uncertainties not presently known to the Investment Manager and the Highways Trust or that they currently believe to be immaterial may also have an adverse effect on the business, results of operations and financial condition of the Highways Trust and as a result, the returns on investments of the Unitholders. If any of the following risks, or other risks that are not currently known or are currently considered immaterial, actually occur, our business prospects, results of operations, cash flows and financial condition could suffer, the price of the Units could decline, and prospective investors may lose all or part of their investment. Unless specified or quantified in the relevant risk factors below, the Investment Manager and the Sponsor are not in a position to quantify or specify the financial or other implications of any of the risks described in this section.

In making an investment decision, prospective investors must rely on their own examination of the Highways Trust and the terms of the Issue, including the merits and risks involved. To obtain a complete understanding, this section should be read in conjunction with the sections entitled "Business" and "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Project SPVs of the Highways Trust" on pages 170 and 224, respectively as well as the financial statements and other financial information included elsewhere in this Draft Placement Memorandum. Before investing in the Units, prospective investors should obtain professional advice on investing in the Issue.

This Draft Placement Memorandum also contains forward-looking statements that involve risks and uncertainties and assumptions. The Highways Trust's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the section entitled "Forward Looking Statements" on page 15.

Investors should be aware that the price of the Units, and the income from them, may be subject to volatility. If any of the risks described below occurs, our business and prospects could be materially and adversely affected, and investors could lose all or part of their original investment.

In making an investment decision, prospective investors must rely upon their own examinations and the terms of the Issue, including the merits and the risks involved. The prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue.

RISKS RELATING TO THE HIGHWAYS TRUST'S BUSINESS AND INDUSTRY

1. The Highways Trust is a newly settled trust with no established operating history and no historical financial information and, as a result, investors may not be able to assess its prospects on the basis of past records.

The Highways Trust was established on December 3, 2021 and registered with SEBI on December 23, 2021 and proposes to acquire 100% of the issued and paid-up equity share capital of the Project SPVs (the "**Share Capital**"), pursuant to the Securities Purchase Agreement. immediately prior to the Closing Date. For further details, please see the section entitled "*Related Party Transactions – Acquisition of the Project SPVs by the Trust*" on page 262. Accordingly, the Highways Trust, as an infrastructure investment trust, does not have an operating history or historical financial information by which our past performance may be judged. This will make it difficult for investors to assess our future performance. There can be no assurance that we will be able to generate sufficient revenue from our operations or that the Project SPVs will be able to generate sufficient cash flows from the operations of the InvIT Assets to make distributions to our Unitholders or that such distributions will be in line with those set out in the section entitled "*Projections of Revenue and Operating Cash Flow*" on page 391.

The Audited Consolidated Financial Statements, consisting of historical financial data of the Project SPVs and the Highways Trust, as applicable, have been included elsewhere in this Draft Placement Memorandum, and there are estimates and judgments inherent in the preparation of such data. There can be no assurance that our future performance will be consistent with the estimates of past financial

performance included elsewhere in this Draft Placement Memorandum.

2. ***We may be subject to penalties and claims from the concessioning authorities and third parties during the course of operations of the Project and may not be able to recover all operational losses from the Project Manager and/ or other contractors providing operations and maintenance services to the Projects.***

The Project SPVs may, from time to time, receive letters and notices from the concessioning authorities or other third parties imposing penalties and seeking claims for any deficiencies or non-compliance with the terms of the concession agreement or other project agreements or a claim or compensation under the terms of the concession agreements. The Project SPVs may contest such claims or invoke any indemnification provided by the Project Manager and/ or any O&M contractor it has appointed or may appoint. However, there would be an adverse effect on the Project SPV's operations and financial condition if a claim is decided against such Project SPV. Ongoing claims by the Project SPVs against the concessioning authorities, if any, have been disclosed in the section entitled "*Legal and other information*" on page 278. Further, the maximum aggregate liability of the Project Manager for any breach of any of the terms of the Project Management Agreement by the Project Manager in a particular year, shall be limited to the service fee payable to the Project Manager for that year. Accordingly claims exceeding the amount limits, which are not the liability of the Project Manager, would have an adverse effect on the Project SPVs' financial performance. Similarly, the limitation of liability of the O&M Contractors under the relevant O&M Agreements (other than the major maintenance agreements) is in the range of 10 to 12 percentage of the annual fee paid. Further, in case of major maintenance contracts, the limitation of liability of the O&M Contractors under the relevant O&M Agreements is typically 5% of the annual fee.

3. ***The Valuation Report by Mr. S. Sundararaman (the "Valuer") is not an opinion on the commercial merits and structure of the Issue nor is it an opinion, express or implied, as to the future trading price of Units or the financial condition of Highways Trust upon the Listing, and the valuation of the Project SPVs contained in such Valuation Report may not be indicative of the true value of the Project SPVs.***

Mr. S. Sundararaman was appointed as the independent valuer (the "**Valuer**") to undertake independent appraisals of the Project SPVs. The Valuer issued a letter and a report appended to it (together, the "**Valuation Report**"), which sets out its opinion as to the fair enterprise value of the Project SPVs as of December 31, 2021. The Valuation Report is based on various assumptions with respect to the Project SPVs, including, amongst others, their revenue cash flows, O&M expenses, major maintenance and repairs costs, depreciation and amortization, capital expenditure and working capital. Further, the valuation report has also taken into account potential extensions of the concession agreements in relation to two of our Project SPVs. Such assumptions are based on the information provided by, and discussions with, the Investment Manager. Further, the Valuation Report is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted.

The Valuation Report is neither an opinion on the commercial merits and structure of the Issue, nor is it an opinion, express or implied, as to the future trading price of Units or the financial condition of the Highways Trust upon Listing. The Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits of the Issue or the Highways Trust. The Valuation Report does not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to the financial condition or future performance of the Highways Trust or the Project SPVs. Further, the Valuation Report is necessarily based on financial, economic, monetary, market and other conditions as of the date of the Valuation Report. The Valuation Report has not been updated since the date of its issue and does not take into account any developments subsequent to the date of its issue.

Further, the outbreak of the COVID-19 pandemic has created significant uncertainty in valuation and accordingly, the Valuer has recommended a degree of caution to the values arrived under current circumstances, as the impact assessment of COVID - 19 is a continuing process given the uncertainties associated with its nature and durations. Due to the outbreak of the COVID-19 pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have an impact on the valuation of the

Project SPVs.

There can be no assurance that the Valuation Report reflects the true value of the Project SPVs or that other independent valuers would arrive at the same valuation. Accordingly, investors should not rely unduly on the Valuation Report in making an investment decision to purchase Units in the Issue. For details, please see the Valuation Report in Annexure I.

4. The accuracy of statistical and other information with respect to the road infrastructure sector and the Technical Report and Traffic Report commissioned by the Investment Manager for the Projects contained in this Draft Placement Memorandum cannot be guaranteed.

Statistical and other information in this Draft Placement Memorandum relating to India, the Indian economy or the road infrastructure sector have been derived from various government publications, research reports from reputable institutions and communications with various Indian government agencies that are believed to be reliable. However, there can be no guarantee as to the quality or reliability of such information.

Four of the Projects are exclusively toll based (together, the "**Toll Projects**") and in respect of the same, the information reflected in the Traffic Report is subject to various limitations and is based upon certain estimates and assumptions that are subjective in nature. The Technical and Traffic Reports reflect current expectations and views regarding future events, and contain forecasts, projections and other forward-looking statements that relate to future events. The future events referred to in the Technical and Traffic Reports are subject to risks, uncertainties and factors such as gross domestic product growth, current and future traffic mix and per capita income changes, which may cause the actual traffic volumes to be materially different from any future traffic volumes expressed or implied by the Technical and Traffic Reports.

While reasonable care has been taken in the reproduction of the information, no assurance can be made as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly inconsistent or ineffective collection methods or discrepancies between published information and market practice, the statistics contained in the Technical and Traffic Reports may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that the statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case with information from elsewhere.

Further, the Technical Consultant has prepared the Technical Reports concerning the Project SPVs which are contained in this Draft Placement Memorandum and the Traffic Consultant has prepared the Traffic Reports. We commissioned the Technical Reports and Traffic Reports for the purposes of conducting a assessment of the Project SPVs. Further, the Technical and Traffic Reports have been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the Technical and Traffic Reports based on estimates, projections, forecasts and assumptions may prove to be incorrect. The Technical and Traffic Reports are subject to various limitations and are based upon certain bases, estimates and assumptions that are subjective in nature and that are based, in part, on information provided by and discussions with or on behalf of us and the Investment Manager. There can be no assurance that the bases, estimates and assumptions adopted by the consultants for the purposes of preparing the Technical and Traffic Reports will prove to be accurate. Future reports for the Project SPVs could be materially different from those that are set forth in the Technical and Traffic Reports and this Draft Placement Memorandum. The Technical and Traffic Reports are not a recommendation to invest or disinvest in the Project SPVs. Prospective investors are advised not to unduly rely on the Technical Reports when making their investment decision.

5. The Audited Special Purpose Combined Financial Statements and Projections of Revenue from Operations and Cash Flow from Operating Activities presented in this Draft Placement Memorandum may not be indicative of the future financial condition and results of operations of the Highways Trust.

The Audited Special Purpose Combined Financial Statements of the Project SPVs for Fiscals 2021, 2020 and 2019 and the nine months ended December 31, 2021 constitute a different presentation of information and may not necessarily reflect the consolidated financial position, results of operations or cash flows of the Highways Trust, and nor will they necessarily give an indication of the financial position, results of operations or cash flows of the Highways Trust or the Project SPVs in the future.

After the Listing, there may be certain changes to the Highways Trust's cost structure, levels of indebtedness and operations, and these could differ materially from the historical combined cost structure and levels of indebtedness presented in the Audited Special Purpose Combined Financial Statements. For example, there are certain costs, such as the Investment Manager's fee, the Project Manager's fee and other costs relating to the Highways Trust, that will be incurred by the Highways Trust going forward, some of which were not incurred by the Project SPVs historically. For details of recurring expenses, please see the section entitled *"Overview of the Highways Trust"* on page 19. In addition, the Project SPVs will be valued at fair value at the time of the actual acquisition of such assets by the SEBI registered Category I Merchant Banker or a chartered accountant, which will occur prior to the Closing Date, for the purpose of a purchase price allocation exercise required under Ind AS for financial reporting purposes. Furthermore, the future consolidated financial statements of the Highways Trust will be prepared on the basis of Ind AS 103 "Business Combinations", which is different from the accounting treatment used for the preparation of the Audited Special Purpose Combined Financial Statements.

The financial projections contained in this Draft Placement Memorandum are based on historical financial information and certain estimates and assumptions. There can be no assurance that the Project SPVs will be able to generate sufficient cash from the operations of the Projects for the Highways Trust to make distributions to Unitholders or that such distributions will be in line with those set out in the section entitled *"Projections of Revenue from Operations and Cash Flow from Operating Activities"* on page 391. The future financial performance of the Highways Trust could vary materially from the financial projections and some of such projections' underlying assumptions might change or not materialise as expected. Unfavourable events or circumstances not anticipated may also arise. There can be no assurance that the assumptions will be realised or actual distributions will be as anticipated.

6. The Project SPVs have entered into concession agreements which contain certain onerous provisions and any failure to comply with such concession agreements could result in adverse consequences including penalties and the substitution of the concessionaire.

The Project SPVs have entered into concession agreements with their respective concessioning authorities with which the Project SPVs have a limited ability to negotiate the terms of the concession agreements. As a result, the concession agreements contain terms that may be onerous to the Project SPVs in relation to, among other things, compliance with and monitoring of O&M requirements. The O&M requirements include, among other things, permitting the safe, smooth and uninterrupted flow of traffic, undertaking routine maintenance, including repairs of potholes, cracks, concrete joints, drains, line markings, lighting and signage, undertaking major maintenance in accordance with the relevant concession agreement, including but not limited to resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment and preventing, with the assistance of the concerned law enforcement agencies, any encroachments on, or unauthorized entry to the relevant Project. Failure to comply with these requirements could result in adverse consequences, including the Project SPVs being liable for compensating the relevant concessioning authorities for such breach or termination.

There are terms in the concession agreements which require the relevant concessioning authority's prior written approval before a Project SPV can create encumbrance or security interest over, or transfer its rights and benefits under, the respective concession agreement. The terms of the concession agreements limit the creation of security interest to secure the loans taken by the Project SPVs to finance the project cost of the respective project only. There is no assurance that a concessioning authority will approve the actions of any Project SPV in time or at all. Even if approval from a concessioning authority is obtained, there is no assurance that the transfer of the rights and benefits under the respective concession agreement would have no adverse effect on the Unitholders. The restrictions and uncertainties impose constraints on the flexibility of the Highways Trust to conduct its business and its financial conditions and results of operations may be adversely affected.

In addition, the concession agreements also contain clauses which will allow a concessioning authority to step in, in place of a Project SPV, in the event of a suspension or termination of the concession agreement. Further, the concessioning authorities, on the request of the lenders of such Projects, may substitute the Project SPV in the event that the Project SPV is in "financial default"; that is, for example, if the concessioning authorities or the lenders of such Project have a reason to believe that a Project SPV is likely to face financial distress and is likely to default in its obligations under the terms of the relevant concession agreement. The concessioning authorities may also impose a penalty on the defaulting Project SPV or can also terminate the concession agreements, in case the substitution is not feasible or accepted by the

concessioning authority.

The concession agreements also require the Project SPVs to indemnify the concessioning authorities, including for losses arising out of, or with respect to, the failure of the concessionaire to comply with applicable laws and permits, payment of taxes payable by the concessionaire or the non-payment of amounts arising out of materials or services provided to the relevant Project SPV, among others.

Further, the GoI or respective State Governments where the Project SPVs are located, may, on the occurrence of certain events, suspend toll collection at any of the Projects. For example, as part of the GoI's demonetisation exercise, the GoI announced a toll exemption for all vehicles across all toll plazas from November 9, 2016 to December 2, 2016. Further, during the national and state lockdowns imposed from March 24, 2020 in India on account of the COVID-19 pandemic, the concessioning authorities suspended toll collection for a certain period. The lockdowns and these instances resulted in huge revenue loss and other work constraints (such as availability of labour and spare parts) for entities operating in the road sector, including the Project SPVs. There is no assurance that if such situations occur in the future, to the extent the Highways Trust faces any loss of revenue, it would be able to claim for such loss of revenue and any such claim would be successful.

In the event that any change in law under a Project's concession agreement imposes a financial burden on the affected Project SPV, the Project SPV may be entitled to approach the relevant concessioning authority to amend its concession agreement or seek compensation such that the Project SPV is placed in its former financial condition. The Project SPV have, in the past, raised claims for compensation against the concessioning authorities, under the concession agreement, some of which are still pending. The claims raised by the Project SPVs include, amongst others, claims in relation to change of scope, change of law and force majeure claims. If compensation is sought under such provisions in the concession agreements, there is no assurance that the affected Project SPV will receive such compensation from the relevant concessioning authority in the amounts claimed, in a timely manner, or at all. This could have an adverse effect on the Highways Trust's financial performance. Further, the adverse settlement of any claims raised by the concessioning authorities, including the payment of damages, fines or other penalties by the Project SPVs could adversely affect the business, prospects, financial condition and results of operations of the Project SPVs.

The form of the concession agreement has evolved in the previous decade and there is limited guidance available on the interpretation of the terms and conditions contained in such concession agreements. In addition, certain terms of the concession agreements are ambiguous and untested and accordingly, their interpretation by the relevant concessioning authorities may differ from that of the Project SPVs. In the event that the interpretation of the concession agreements is unfavourable to the Project SPVs, their business, financial condition and results of operations may be adversely affected.

7. The flexibility of the Highways Trust and the Project SPVs to utilise available funds may be restricted by the escrow arrangements they are required to maintain under the concession agreements.

Under the terms of the concession agreements, the Project SPVs are required to establish escrow accounts. The Project SPVs are required to deposit all their cash inflows and receipts into the escrow accounts, including, among other things, tolls collected from the Projects and any payments (including termination payments) by the concessioning authorities. The funds in such escrow accounts are to be utilised only in the manner prescribed in the escrow agreements and the concession agreements. The escrow arrangements typically prioritise the payment of all taxes due and payable by the Project SPV, followed by the payment of expenses in connection with, amongst others, (i) the construction of the Projects, (ii) O&M expenses and other costs and expenses incurred by the relevant concessioning authority, (iii) any payments and dues payable to the relevant concessioning authority, and (v) debt servicing of the project lenders. The balance, if any, will be in accordance with the instructions of the Project SPVs.

Any withdrawals from the escrow accounts by the Project SPVs during the concession periods must be made strictly in accordance with the terms of the concession agreements, debt documentation and escrow agreements, thereby limiting the flexibility of the Project SPVs in utilising available funds to plan for, or react to, changes in their business needs, which could have an adverse effect on their business, financial condition and results of operations.

With respect to withdrawals on termination of the concession agreements, the escrow arrangements

typically prioritize the payment of all taxes due, followed by, amongst other things, the payment of outstanding concession fee, payment due to the concessioning authorities, the payment of damages in relation to the concession, retentions and payments arising out of liability for any defects, accrued debt service payment and accrued O&M expenses and any other payment required to be made under the concession agreements. The loans/advances by the shareholders will be classified as subordinated debt and equity under the concession agreements, unless the same is otherwise approved by the concessioning authorities.

Accordingly, the ability of the Highways Trust to access such termination payments will be subordinated to the payment of, among other things, any outstanding concession fees, outstanding dues of the senior lenders and damages. Any shortfall in the termination payments received from the concessioning authorities may prevent us from recovering our investments or returns in the relevant Project SPVs adequately or at all. Also, on termination of the concession agreements and/or default under the financing documents executed with the project lenders, the payments/withdrawals from the escrow accounts of the respective Project SPVs may be entirely controlled by the discretion of the concessioning authorities and/or the project lenders.

8. The concession agreements may be terminated prematurely under certain circumstances.

Under the terms of concession agreements entered into by the Project SPVs, we have obligations to maintain our BOT and DBFOT road projects in good working order and maintain the roads periodically. Our road projects require repair or maintenance due to natural disasters, accidents and other factors beyond our control. The concessioning authorities will periodically carry out tests through one or more engineering firms to assess the quality of roads and their maintenance. If we fail to maintain the roads to the standards set forth in the relevant concession agreements, the concessioning authorities may impose penalties, withhold annuity payments and demand remedies within cure periods. If we fail to cure our defaults in a timely manner within such time as may be prescribed under the concession agreement, our concession agreements may be terminated.

The contracts for our BOT and DBFOT road projects typically specify certain operation and maintenance standards and specifications to be met by us while undertaking our operation and maintenance activities and develop a maintenance manual. These specifications and standards require us to incur operation and maintenance costs on a regular basis. The operation and maintenance costs of our projects may increase due to factors beyond our control, including but not limited to:

- standards of maintenance or road safety applicable to our projects prescribed by the relevant regulatory authorities;
- requirement for restoration of our projects in the event of any landslides, floods, road subsidence, other natural disasters accidents or other events causing structural damage or compromising safety;
- unanticipated increases in material and labour costs, higher axle loading, traffic volume or environmental stress leading to more extensive or more frequent heavy repairs or maintenance costs. The cost of major repairs may be substantial and repairs may adversely affect traffic flows;
- increase in electricity or fuel costs resulting in an increase in the cost of energy; or
- other unforeseen operational and maintenance costs.

Any failure by a Project SPV to maintain the relevant Project according to the terms of the concession agreement will entitle the concessioning authorities to terminate the concession agreement or take remedial actions at the risk and cost of the Project SPV and recover such cost and damages from the Project SPV from the escrow account as if such costs and damages were O&M expenses.

If a concession agreement is terminated by the concessioning authority due to a default by a Project SPV, the Project SPV may be exposed to additional liability as it is obliged to repair or rectify, at its own cost, any defects or deficiencies identified by the independent engineer of the Project for a period specified in the concession agreement upon such termination. In addition, the termination payment by the concessioning authority due to a default by a Project SPV, will be calculated according to the terms of the concession agreement, which may be less than the actual cost incurred by a Project SPV on its Project.

Consequently, not only would the Project SPV recover less than the costs incurred, but such an occurrence would also have an adverse effect on the Highways Trust's financial performance. Unless otherwise approved by the concessioning authorities, the termination payments to the Highways Trust, pursuant to a default by a Project SPV, may be contested by the concessioning authorities on the ground of the same being in nature of loans/advances by the shareholders of the Project SPV and the absence of the concessioning authority's approval to recognize the Highways Trust as a senior lender.

In addition, our operations may be adversely affected by interruptions or failures in the technology and infrastructure systems that we use to support our operations, including toll road collection and traffic measurement systems. Furthermore, accidents and natural disasters may also disrupt the construction, operation or maintenance of our projects and concessions. Any significant increase in operations and maintenance costs beyond our budget and any failure by us to meet quality standards may reduce our profits and could expose us to regulatory penalties and could adversely affect our business, financial condition and results of operations.

If a concession agreement is terminated by the concessioning authorities due to a default by a Project SPV, or by the Project SPV due to a default by the concessioning authorities, such Project SPV is entitled to termination payments or otherwise from the concessioning authorities in accordance with the terms of the relevant concession agreement. In the future, if the Project SPVs avail financing from the Highways Trust, the loans/advances from Highways Trust may be for a maturity term that exceeds the maturity term of the original facilities obtained from the project lenders. There can be no assurance that the concessioning authorities will recognize such amounts as outstanding after the term of the original facilities obtained by the Project SPVs from their respective senior lenders or allow creation/enforcement of security interest over the assets/shares of the respective Project SPVs to secure such financing. There can also be no assurance that the concessioning authorities will pay the termination payments promptly or at all or that any termination payments will be adequate to enable us to recover our investments or returns in the relevant Project SPVs.

If any concession agreement is terminated prematurely, the business, financial condition and results of operations of the relevant Project SPV could be adversely affected. Please see the section entitled "*Summary of Concession Agreements*" on page 191.

9. The Project SPVs' financing agreements entail interest at variable rates, and any increases in interest rates may adversely affect our results of operations, financial condition and cash flows. Further, the Project SPVs are subject to restrictive covenants under their financing agreements that could limit our flexibility in managing our business or to use cash or other assets.

We expect that certain financing arrangements of the Project SPVs will remain in place after the allotment of the Units. Please see the section entitled "*Use of Proceeds*" on page 216 for details. These financing agreements entail interest at variable rates with a provision for the periodic reset of interest rates. Under the Project SPVs' financing agreements, the lenders may be entitled to change the applicable rate of interest on any date and accordingly, the Project SPVs are susceptible to changes in interest rates and the risks arising therefrom. Any increase in interest rates may have an adverse effect on our results of operations, financial condition and cash flows.

Further, the financing agreements entered into by the Project SPVs with certain banks and financial institutions contain certain restrictive covenants and cross default provisions. The financing agreements restrict the Project SPVs from, amongst other things, (i) incurring any indebtedness without prior approval of the lenders, other than indebtedness specifically permitted pursuant to the documents executed in connection with the facility from the lenders; (ii) make any capital expenditure or acquiring fixed assets on lease without prior consent of the lenders; and (iii) effecting changes in its ownership without prior approval of the lenders. In addition, these restrictive covenants may also affect some of the Highways Trust's rights as the shareholder of the relevant Project SPV and the Project SPV's ability to pay dividends if it is in breach of its obligations under the applicable financing agreement. These may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition. In the event of any breach of any covenant contained in these financing agreements, apart from other consequences, the security trustee may enforce the security under the financing agreements which may adversely affect our business, financial condition and results of operations. We may also be required to immediately repay our borrowings either in whole or in part, together with any

related costs.

In addition, our ability to meet the debt service obligations and repay the outstanding borrowings of the Project SPVs will depend primarily on the cash generated by our business. We cannot assure you that we will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs, which could have an adverse effect on our business, cash flows and results of operations. We may be required to refinance our outstanding borrowings in the future. There is no assurance that we will be able to obtain such financing, on favorable terms, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

For further details in relation to the financing arrangements entered into by the Project SPVs, please see the section entitled "*Financial Indebtedness*" on page 218.

10. The acquisition by the Highways Trust of the Project SPVs from the Sponsor may be subject to certain risks, which may result in damages and losses. We may not be able to recover losses arising from the acquisition of the Project SPVs from the Sponsor or third parties under relevant contractual arrangements.

The Project SPVs were not originally owned by the Sponsor, and were acquired by the Sponsor from India Infrastructure Fund, India Infrastructure Fund -II and Highway Concessions One Private Limited ("**Original Seller**") pursuant to share purchase agreements dated July 4, 2021 and the amended and restated share purchase agreement dated December 15, 2021 ("**IIF SPAs**"). We will rely on certain information and management representations provided by the Original Sellers until the date of acquisition of the Project SPVs by the Sponsor and accordingly any adverse impact pursuant to such information or representations may affect the Highways Trust's earnings and cash flows. While, the IIF SPAs may be assigned to the Highways Trust, there is no assurance of enforcement and recovery of any losses arising on account of defects or deficiencies or any other issues in the Projects SPVs from the Original Sellers. Further, the Sponsor may not provide any representations in relation to the Project SPVs for the time period between the date of acquisition of the Project SPVs by the Sponsor and the date of our acquisition of the Project SPVs. There is no assurance that in the event any of defects or deficiencies in the Project SPVs, we will be able to raise any claim or recover any losses from the Sponsor, in a timely manner, or at all.

Further, there can be no assurance that the Project SPVs or the Projects will not have defects or deficiencies that are unknown or unquantified and that may require additional capital expenditure or obligations to third parties, including to the relevant concessioning and statutory authorities, which may have an adverse effect on the Highways Trust's earnings and cash flows and the distributions to the Unitholders, upon acquisition. Further, the Sponsor does not have a extended history of operating the Project SPVs and despite pre-acquisition due diligence, we do not believe that it is possible to fully understand an asset before it is owned and operated for an extended time. Accordingly, the acquisition of the Project SPVs from the Sponsor may entail integration and management of these future assets to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business. The acquisition may cause disruptions to our operations and divert management's attention away from day-to-day operations. Newly acquired assets may require significant management attention that would otherwise be devoted to our ongoing business.

In accordance with the IIF SPAs and the Securities Purchase Agreement, certain claims of the Project SPVs are required to be passed through to certain third parties. In addition, the Project SPVs may be subject to unknown or contingent liabilities for which the Highways Trust may have limited or no recourse against the Sponsor or the Original Seller. Such unknown or contingent liabilities may also include tax liabilities and other liabilities whether incurred in the ordinary course of business or otherwise.

The Project SPVs have applied to the concessioning authorities for their consent in relation to, amongst others, the transfer of the Project SPVs to the Highways Trust. There can be no assurance that the concessioning authorities will grant such consent, or that while granting such consent, the concessioning authority will not impose any conditions in relation to such transfer. Further, the Project SPVs have availed certain borrowings from banks and other institutions accordingly have obtained certain no-objection certificates or lender consents from the certain lenders for purposes of transfer of the Project SPVs to the Highways Trust. As on the date of this Draft Placement Memorandum, the Project SPVs have applied for the other required lender consents. If such consents are not received, conditions are not fulfilled, or in the event of a dispute with the lenders in relation to such debt financing, the Highways Trust may not be able

to acquire all of the Project SPVs from the Sponsor which could have an adverse effect on the Highways Trust's business and results of operations. Additionally, the Project SPVs may require consents from other third parties (including regulatory authorities) in relation to the transfer. If such consents are not received, the Highways Trust may not be able to acquire all of the Project SPVs from the Sponsor which could have an adverse effect on the Highways Trust's business and results of operations.

11. We intend to acquire certain compulsorily convertible debentures issued by GEPL ("GEPL CCDs") with the proceeds of this Issue and any failure to acquire the GEPL CCDs could have an adverse effect on our shareholding in the Project SPVs.

In terms of the Securities Purchase Agreement, the GEPL CCDs shall be acquired by the Highways Trust from the Sponsor for a cash consideration. We intend to acquire such GEPL CCDs from the proceeds of the Issue. For further details, please see section entitled "*Use of Proceeds*" on page 216. If we are unable to raise the expected proceeds from this Issue, we may not be able to acquire GEPL CCDs and may not be able to realize the anticipated benefits of the acquisition. This could have a material adverse impact on our business, financial condition and results of operations and prospects.

Further, while we will be able to acquire other securities of the Project SPVs pursuant to the Securities Purchase Agreement and subject to the fulfillment of the conditions set out in the Securities Purchase Agreement, prior to the Allotment, we will only be able to acquire the GEPL CCDs upon only after receipt of the final listing and trading approval for the Units from Stock Exchange.

12. Lower than expected returns on our investment in our Projects may adversely affect our financial results.

In our annuity based projects, our revenue depends on the fixed amounts paid to us semi-annually by our government clients. The amount of annuity is not necessarily linked to investment and will only be calculated pursuant to the relevant concession agreements. In our toll-based projects or projects with a toll component, our toll revenue depends on the tolling rates set by the relevant concessioning authority in accordance with the relevant concession agreements and the actual traffic volume using our roads. Our decision to undertake BOT or DBFOT road projects is largely based on our estimate of our expected toll revenue, which in turn is partly based on our estimate of the traffic volume using our roads.

Traffic volume may be affected by a number of factors beyond our control, including general economic conditions, alternate routes, alternate means of transportation, location of toll plazas, weather conditions, demographic changes, fuel prices, reduction in commercial or industrial activities in the regions served by the roads and natural disasters. Thus the actual traffic volume may be lower than our estimate. Any decrease in traffic volume, could result in a significant loss of our toll revenue. In addition, our concession agreements typically limit and regulate increases in tolling fees. In accordance with the Concession Agreements, the NHAI or other applicable authority sets the applicable tolling rates which is revised by such authority and we may not be able to increase tolling rates to cover increases in our operational costs.

Further, there are no provisions in our concession agreements protecting us against increases in interest rates or cost of raw materials. Our lenders may have the right to periodically adjust our interest rates and our applicable interest rates may increase based on their review of our credit profile and perceived risks in our operations. Our operational costs may also increase substantially during the operation of our BOT or DBFOT projects due to shortage of raw materials or substantial increases in prices of raw materials required for operation and maintenance beyond the permitted scope of adjustment due to occurrence of certain events under the relevant provisions of the concession agreements. Many factors causing such adverse changes are beyond our control and we are usually not able to demand matching increases in our tolling fees over and above certain fixed increases, in accordance with the concession agreements.

Under the relevant concession agreements, our Project SPVs have rights to construct and operate the road projects exclusively for fixed periods of time and we receive annuities and/or collect tolls, as the case may be, for the use of our roads. However, we may be faced with competition from new roads developed by NHAI and/or State Governments, which are not within our control. For example, MPRDC has the right to construct competing roads after a prescribed period of time, pursuant to the terms of the concession agreements. State Governments may not always charge for the use of these roads. There can be no assurance that our road projects will compete effectively against such roads that connect the same locations. Any material decrease in the actual traffic volume as compared to our forecasted traffic volume could have

a material adverse effect on our cash flows from our tolling projects, which in turn can adversely affect our business, prospects, financial condition and results of operation.

As our Projects often require significant capital investment with potential returns spread over a long period of time, inadequate toll revenues and annuities collected from our projects may result in a low return or even loss on our investment, which may adversely affect our liquidity, business, financial condition and results of operation.

13. The Projects' revenues from tolls are subject to significant fluctuations due to changes in traffic volumes and the mix of traffic and a decline in traffic volumes could adversely affect their business prospects, financial condition, results of operations and their ability to make distributions.

Four of the Projects are exclusively toll based and two of the Projects are annuity projects. Toll revenues depend on toll receipts and are affected by changes in traffic volumes and the mix of traffic. Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside the relevant Project SPVs' control, including toll rates, fuel prices, the affordability of automobiles, the quality, convenience and travel time on alternate routes, industrial growth and development and the availability of alternate means of transportation, including rail networks and air transport. Moreover, such Project SPVs' cash flows are affected by seasonal factors, which may adversely affect traffic volumes. India experiences monsoon rains each year, which can affect the volume of traffic on such Projects. During such periods of curtailed activity, such Project SPVs may continue to incur operating expenses but receive reduced toll revenues. Such fluctuations may adversely affect the Project SPVs' business, financial condition or results of operations.

The toll revenues of the Project SPV may also be affected by various regulatory and statutory conditions and restrictions. On May 26, 2021, the NHAI issues guidelines to ensure service time of not more than 10 seconds per vehicle even at peak hours at the toll plazas on the National Highways. In accordance with these guidelines, queues of vehicles at toll plazas must not exceed 100 meters, and in the event of queues longer than 100 meters the vehicles will be allowed to pass without paying toll till the queue comes within 100 meters from the toll booth. Such conditions on the payment of toll may adversely affect the Project SPV's business, financial condition or results of operations.

Traffic volumes are also influenced by the convenience and extent of a toll road's connections with other parts of the state and national highway and toll road network, as well as the cost, convenience and availability of other means of transportation and alternative routes. There can be no assurance that future changes affecting the road network in India, through road additions and closures or through other traffic diversions or redirections, or the development of other means of transportation, such as air or rail transport, will not adversely affect traffic volume on toll roads.

The toll-linked Projects may experience high traffic levels and congestion at certain times of the day or on certain days of the week. Although such Project SPVs may consider possible solutions and take appropriate steps in order to ease traffic flow and reduce congestion, there can be no assurance that the saturation problems will be resolved under conditions that are economically satisfactory to such Project SPVs. This could also lead to user dissatisfaction and could potentially reduce traffic volume.

14. Leakage of the tolls collected on the toll-linked Projects may adversely affect the relevant Project SPVs' revenues and earnings.

Four of the Projects are exclusively toll based and two of the Projects are annuity projects. Toll receipts are primarily dependent on the integrity of toll collection systems. The Project SPVs that have a toll component generate revenues from the Projects through the collection of tolls. On Indian toll roads, each motorist generally pays a one-time entry tariff to the toll operator at the point of entry to the toll road based on the average trip distance calculated for all users of the toll road. Such Project SPVs employ toll management software to monitor their operations.

Further, there may be occasions where political parties and local communities protest against the collection of tolls on roads. During such an event, a Project SPV could have a limited ability to collect tolls. Under the terms of the Project SPVs' concession agreements, in the event that the concession agreement is terminated by either party as a result of an occurrence of a political event, the relevant concessioning authority is required to make payments to the affected Project SPV as a result of such an event; however

there is no assurance that concessioning authorities will do so in a timely manner or at all.

The level of revenues derived from the collection of tolls may be affected by reduction in toll rates as determined by the concessioning authorities. Toll revenues may also be affected by leakage through toll evasion, theft, fraud or technical faults in the toll systems or forced violations by users of toll roads. At times, there may be a need to allow users of tolls roads to pass through without paying applicable tolls due to heavy traffic build up, or there may be an inability to collect tolls due to political protests or agitations relating to tolling. In addition, in certain circumstances, the governmental authorities or Indian courts could seek to suspend toll collection for or during certain periods, in full or in part, which suspension would result in a reduction in revenues. Further, while there are provisions under the concession agreements to compensate the Project SPVs, there may be a considerable delay in the receipt of such compensation. Although the Project SPVs have systems in place to minimise leakage through fraud and pilfering, any significant failure to control leakage in toll collection systems could have an adverse effect on the business, prospects, financial condition and results of operations of the Project SPVs.

15. The lenders of the Project SPVs may not release the pledge of shares or waive the obligations under non-disposal undertakings of certain Project SPVs, that has been created pursuant to loan agreements that have been entered into between the Project SPVs and their lenders.

The shares of certain Project SPVs are pledged or fall under certain non-disposal undertakings with their lenders as part of the security for borrowings availed by them from their respective lenders. If such security is not released by the lenders in a timely manner after the Bid/Issue Closing Date, it could have an adverse effect on the ability of the Highways Trust to acquire shareholding in such Project SPVs in a timely manner or at all.

16. The terms of the Project Management Agreements and O&M Agreements may change subject to comments provided by Concessioning Authorities

Pursuant to the terms of the respective concession agreements, the Project SPVs are required to submit to their respective concessioning authorities, drafts of all project agreements and documents or any amendments or replacements, pursuant to which the relevant concessioning authorities have the right to review and provide comments within specified time periods. Accordingly, the Project SPVs have submitted and/or will submit drafts of the Project Management Agreement and O&M Agreements to the relevant concessioning authorities for comments. We cannot assure you that, (i) the concessioning authorities may not have any further comments on the Project Management Agreement and O&M Agreements, and (ii) such comments may not have an impact on the business and operations of the Project SPVs and their financial operations.

17. Our operating expenses are dependent on the routine and periodic major maintenance obligations contained in the concession agreements and are subject to fluctuations.

The Project SPVs are required to operate and maintain the Projects in accordance with the respective concession agreements. Accordingly, the Project SPVs prepare a maintenance manual and a maintenance program in consultation with an independent engineer appointed by the NHAI or other concessioning authority for each Project, and are required to abide by the same. The Project SPVs' maintenance obligations are primarily to operate and maintain the Projects in order to permit the safe, smooth and uninterrupted flow of traffic and the related work and maintenance that they are required to undertake in order to fulfil such obligations. Such maintenance obligations include the repair of wear and tear of roads including overlaying the surface of the roads, among other things. Please see the section entitled "*Summary of the Concession Agreements*" on page 191 for details on the Project SPVs' O&M obligations.

Routine and periodic major maintenance costs mainly comprise costs of raw materials and other items including fuel, equipment costs and labour expenses, besides maintenance and replacement of hardware, software, tolling expenses and equipment. The prices and supply of raw materials depend upon factors that are beyond our control, including, but not limited to, general economic conditions, transportation costs, global and domestic market prices, competition, production levels and import duties, which could be cyclical in nature. Unanticipated increases in the price of materials, fuel costs, labour or other inputs will affect the results of operations of the Project SPVs, especially if the wear and tear on the relevant Project requires major work. The Project SPVs' ability to absorb increases in the purchase price of materials, fuel and other inputs is limited.

Further, our operational costs may also increase substantially, if the relevant O&M Contractors fail to perform its duties as per the O&M Agreements.

18. We may be subject to inflation/deflation and interest rate risks.

There are no specific provisions in our concession agreements protecting us against increases in interest rates or cost of raw materials. Our lenders may have the right to periodically adjust our interest rates and our applicable interest rates may increase based on their review of our credit profile and perceived risks in our operations. Many factors causing such adverse changes are beyond our control and we are usually not able to demand matching increases in our tolling fee or annuities. While our tolling rates may increase with an increase in WPI, any increase may not be adequate to offset the negative impact of increases in interest rates or O&M costs. Further, our tolling rates may decrease with a decrease in WPI and accordingly, the business, financial condition and results of operations of the Highways Trust may be adversely affected.

19. The Project SPVs have a limited period to operate the Projects as the concession periods granted to the Project SPVs are fixed.

Each of the concession agreements entered into by the Project SPVs provides for a fixed term concession, subject to some variations and extension as permitted under the concession agreements or as may be granted by the concessioning authorities, at the end of which the operation of the relevant Project will be transferred to the relevant concessioning authority. For details of the concession periods of the Project SPVs, please see the section entitled "*Business*" on page 170. We have, in the past, sought and been granted extensions for the concession periods. However, there is no assurance that concessioning authorities will grant any similar extensions in the future. In addition, there can be no assurance that the Highways Trust will be able to successfully acquire new assets to replenish its portfolio once the existing concession agreements expire. Further, if the operating periods of the Projects are shortened or disrupted or the Project SPVs' rights to operate the Projects are terminated before the expiration of the concessions, the business, financial condition and results of operations of the Highways Trust may be adversely affected.

20. Notwithstanding that the concession periods granted to the Project SPVs are fixed, concession periods may be modified under particular circumstances and affect the Project SPVs' revenues.

While the term of the concession agreements are typically fixed, certain concession agreements also provide that, if, amongst other things, the actual traffic volume falls short of, or exceeds, the target traffic volume on specified dates mentioned in such concession agreement, the concession period may be deemed to be extended or reduced, as the case may be, in accordance with the terms of the concession agreement.

The traffic reports related to the GEPL Project and JPEPL Project indicate that the concession periods for these Projects will be extended by approximately 5.4 years and 5 years respectively. In accordance with the Traffic Reports, in respect of the GEPL Project, the traffic volume is approximately 30% lower than the targeted traffic volume and in respect of the JPEPL Project, the traffic volume may be 23.2% lower than the targeted traffic volume. Such extensions, however, remains subject to actual traffic volume tests undertaken or to be undertaken on the specified dates in accordance with the concession agreements. Accordingly, there is no assurance that any extensions will be available for these Projects. Please see the sections entitled "*Summary of Concession Agreements*" and "*Business*" on pages 191 and 170 and the Traffic Reports in Annexure III, for further details.

There can be no assurance that any modifications to the concession periods will be implemented by the concessioning authorities. While there can be no assurance that the concession periods will be extended or reduced, any modification of the concession periods will affect the amount of toll revenue anticipated and may have an adverse effect on the Highways Trust's business prospects, financial condition and results of operations and its ability to make distributions to Unitholders.

21. The Project SPVs, which are responsible for the operation and maintenance of the Projects under the respective concession agreements, may be directed by the relevant concessioning authority to undertake, and the Project SPVs will be obliged to perform, additional construction work.

Under the terms of the concession agreements, the Project SPVs are responsible for the operation and maintenance of the Projects during the applicable concession periods. A concessioning authority may require a Project SPV to provide additional work and services not included in the original scope of the concession agreement. For example, if a Project SPV is required to construct additional fast tag lanes, in addition to the construction, it needs to facilitate electronic toll lanes and build weigh-in motion equipment to check for the overloading of vehicles, among other things. There is no assurance that the money spent on complying with change of scope orders will be reimbursed in a timely or complete manner by the concessioning authority.

Further, in accordance with the concession agreement, the concessioning authorities may require the Project SPVs to procure capacity augmentation in relation to the Projects which may result in significant capital expenditure for the Project SPVs. On refusal or non-acceptance by the Project SPVs to undertake such augmentation, or on the failure of the Project SPVs to undertake such augmentation as per the timelines set out by the concessioning authority, the concessioning authorities may in their discretion terminate the concession agreement.

22. Newly constructed roads or existing alternative routes may compete with the Projects and result in the diversion of the vehicular traffic and a reduction of tolls that the Project SPVs can collect.

Four of the Projects are exclusively toll based and two of the Projects are annuity projects. Under the terms of the concession agreements entered into by the Project SPVs with a toll component, the relevant concessioning authority is entitled to construct an additional tollway for use by traffic which may serve as alternate routes to the Projects after the expiry of determined time periods, depending on the terms of the concession agreements. Notwithstanding that, in some cases, the concession period will accordingly increase, the development of such an additional tollway during the subsistence of the concession agreement could compete with the relevant Project and attract users (who would have otherwise used the Project) to use the additional tollway and divert vehicular traffic from the Projects, thereby reducing toll collections by the Project SPVs which could have an adverse effect on their business, financial condition or results of operations. Please see the section entitled "*Summary of Concession Agreements*" on page 191.

There is no assurance that any alternative roads built or improved will not compete with the Projects and have an adverse effect on the Highways Trust's business, financial condition, revenues and operations.

23. Systems failures, cyber security breaches and attacks and resulting interruptions in our toll-linked project could adversely affect our business, financial condition, cash flows and results of operations.

The proper functioning of our technology infrastructure is essential to the conduct of our business. As the Project SPVs are reliant on an electronic toll collection system, our transaction-processing systems and our network infrastructure are critical to our success.

Our electronic toll collection systems may experience service interruptions or degradation or other performance problems because of, amongst other, hardware and software defects or malfunctions, unexpected high volume of transactions, cyberattacks and cyber-security breaches, infrastructure changes, human error, natural disasters, power losses, disruptions in telecommunications services, unauthorized access, fraud, military or political conflicts, terrorist attacks, legal or regulatory takedowns, computer viruses, ransomware, malware, or other events. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Further, as techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks.

Our insurance coverage may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events and we may need to expend significant financial and development resources to analyze, correct, or eliminate errors or defects or to address and eliminate vulnerabilities. Any failure to timely and effectively resolve any such errors, defects, or vulnerabilities could adversely affect our business, financial condition, cash flows and results of operations.

24. An inability to obtain, renew or maintain the required statutory and regulatory permits and approvals or to comply with the applicable laws may have an adverse effect on the business of the Project SPVs.

The Project SPVs require certain approvals, licenses, registrations and permissions under regulations, guidelines, circulars and statutes regulated by the Indian regulatory and government authorities to be obtained at various stages and by a number of parties. There can be no assurance that the relevant authorities will issue these approvals or licenses, or renewals thereof, in a timely matter, or at all. In addition, the Project SPVs are required to comply with a wide variety of Indian laws and regulations. There can be no assurance that the Project SPVs are in compliance with such laws and regulations or as requested by the regulatory authorities, have obtained all necessary approvals or that they will continue to obtain the necessary approvals or have been and will continue to be in compliance with all applicable laws and regulations. For example, in the case of one of our Project SPVs, UEPL, while we have applied for a consent for toll operations from the Tamil Nadu Pollution Control Board, we have not received the same. In the event of any failure to obtain or renew the approvals or if there is a delay in the obtaining of such approvals, the business and financial condition of the Project SPVs could be adversely affected. Further, these permits, licenses and approvals could be subject to several conditions, and the Highways Trust cannot assure investors that the Project SPVs have complied with all such conditions and will be able to continuously meet such conditions or be able to prove compliance with such conditions to the authorities. Any non-compliance may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals, which may result in the interruption of the operations of the Project SPVs and may adversely affect the business, financial condition and results of operations of the Project SPVs.

Further, certain terms and conditions in the Project SPVs' concession agreements, financing agreements, and our other approvals require the concessioning authorities' prior written approval to be obtained for one or more of the following actions, among others:

- amendment, modification, or replacement by the Project SPV of any project agreements (including financing agreements) relating to the operation of the road asset to which the Project SPV is a party if the amendment, modification, or replacement of such agreement increases or imposes any financial liability or obligation on the concessioning authorities;

- the creation of any encumbrance or security interest over, or transfer of rights and benefits of the Project SPVs under, the concession agreements or any project agreements; and

- the selection or replacement of any engineering, procurement and construction contract, operation and maintenance contractor and execution of the engineering, procurement and construction agreements and the operation and maintenance agreements.

The concession agreements of the Project SPVs also require the submission to the concessioning authorities, for its review and comments, all project agreements (including, financing agreements, O&M contracts) to which a Project SPV is a party prior to entry, amendment, or replacement of such agreements, even if such agreements do not affect the financial liability or obligations of the concessioning authorities.

The restrictions described above may impose constraints on our flexibility to conduct our business. Further, if as a result of these restrictions, we are unable to pursue a favourable course of action or to respond to an unfavourable event, condition, or circumstance, then our business, financial condition and results of operations may be materially and adversely affected.

25. Failure to comply with and changes in, safety, health and environmental laws and regulations in India may adversely affect the business, prospects, financial condition and results of operations of the Project SPVs.

The Project SPVs are required to adhere to various environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations in India as per the requirements of the concession agreements they have entered into. Please see the section entitled "*Regulations and Policies*" on page 266. If any of the Project SPVs fail to meet environmental, health or safety requirements, they may also be subject to administrative, civil and criminal proceedings by government authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the Project SPVs as well as orders that could limit or halt the operations of the Project SPVs. The Highways Trust cannot assure investors that the Project SPVs have been and will continue to be in compliance with all environmental, health and safety and labour laws and regulations.

Further, any changes in, or amendments to, these standards or laws and regulations could further regulate the operations of the Projects and could require the Project SPVs to incur additional, unanticipated expenses in order to comply with these changed standards. The scope and extent of any new environmental, health and safety regulations, including their effect on the operations of the Projects and the cash flows of the Project SPVs, cannot be predicted with certainty. The costs and management time required to comply with these requirements could be significant. The measures taken in order to comply with these new laws and regulations may not be deemed sufficient by government authorities and compliance costs may significantly exceed estimates.

There can be no assurance that the Project SPVs will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could adversely affect the business, prospects, financial condition and results of operations of the Project SPVs.

26. The current insurance coverage for the Projects may not protect the Project SPVs from all forms of losses and liabilities associated with their businesses.

Road infrastructure development project contracts are subject to various risks including:

- political, regulatory and legal actions that may adversely affect a project's viability;
- changes in government and regulatory policies;
- design and engineering defects;
- breakdown, failure or substandard performance of equipment;
- improper installation or operation of equipment;
- labour disturbances;
- terrorism and acts of war;
- inclement weather and natural disasters, including earthquakes, flooding, tsunamis and landslides and pandemics; and
- adverse developments in the overall economic and capital financing environment in India.

The Project SPVs have in place various project-specific insurance policies covering the Project SPVs against material damage, burglary, terrorism and all-risk policies against risk of fire and natural calamities. Certain of the Project SPVs also have obtained a signature management plus liability insurance. For further details, please see the section entitled "*Business*" on page 170. However, there can be no assurance that all risks are adequately insured against or that the Project SPVs will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Natural disasters in the future may disrupt traffic, thereby adversely affecting toll collections and causing significant disruption to the operations of the Projects, and causing damage to the Projects and the environment that could have an adverse impact on the business and operations of the Project SPVs. In addition, not all of the above risks may be insurable on commercially reasonable terms, or at all. For example, the Project SPVs are required, under the concession

agreements, to maintain the quality of the roads and to repair the roads in the event of damage to the roads on account of accidents or other reasons. Accordingly, there may be significant expenditure incurred by a Project SPVs to repair damaged roads and maintain the Projects in good condition, particularly if the damage is major, unanticipated or uninsured. The insurance obtained in relation to the Project SPVs may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. In addition, these insurance policies are subject to annual review by insurers, and there can be no assurance that they will be renewed on similar or otherwise acceptable terms, if at all. To the extent that the Project SPVs suffer any damage or loss which is not covered by insurance, or exceeds the insurance coverage, the loss would have to be borne by the Project SPVs. Further, the Project SPVs have, from time to time, insurance claims pending, with respect to its insurance policies. The proceeds of any insurance claim may also be insufficient to cover rebuilding costs as a result of inflation, changes in regulations regarding infrastructure projects, environmental and other factors. The resulting costs could have an adverse effect on the Highways Trust's business, prospects, financial condition or results of operations and no assurance can be given that losses in excess of insurance proceeds will not occur in the future.

27. The cost of repairing and refurbishing existing equipment for operating, maintaining and monitoring the Projects could be significant and could adversely affect the results of operations, cash flows and financial condition of the Project SPVs.

Some of the equipment used by the Project SPVs at the Projects have pre-determined useful lives and the Project SPVs are required to repair or refurbish such equipment at periodical intervals, pursuant to the terms of the concession agreements. These obligations may be undertaken by the O&M Contractors pursuant to O&M Agreements. There can be no assurance that such replacement or refurbishment will be undertaken in a timely or efficient manner by such O&M Contractors, and any increased costs to the Project SPVs as a result of such replacement or refurbishment by the O&M Contractors will not affect the profit margins of the Project SPVs and adversely affect their cash flows.

28. The cost of implementing new technologies for collection of tolls and monitoring our Projects could materially and adversely affect our business, financial condition and results of operations.

The future success of the Project SPVs will depend, in part, on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-down of assets. The concessioning authorities may also require the Project SPVs to implement and adhere to certain technologies in connection with the Projects in the future and there can be no assurance that we would be able to do so in a timely manner, or at all. Failure to successfully adopt such technologies in a cost effective and a timely manner could increase the costs of operating the Projects. There is no guarantee that the cost of implementing new technologies for the Projects will be fully reimbursed by the concessioning authority and any such cost may therefore have an adverse effect on our business, results of operations and financial condition.

29. The business and financial performance of the Highways Trust, the operations of the Projects and any future projects that the Highways Trust may acquire, are significantly dependent on the policies of, and relationships with, various government entities in India and could be affected if there are adverse changes in such policies or relationships.

The operations of the Projects and any future projects that the Highways Trust may acquire, are and will be significantly dependent on various central and state government entities, in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the surface transportation industry, as well as the terms of the contractual arrangements, concessions and other incentives available from these government entities for the projects. Sustained increases in budgetary allocations by the GoI and various state governments for investments in the infrastructure sector, the development of structured and comprehensive infrastructure policies that encourage greater private sector participation and increased funding by international and multilateral development financial institutions in infrastructure projects in India have resulted in, and are expected to continue to result in, an increase in the amount of transportation infrastructure projects undertaken in India. Any adverse change in the focus or policy framework regarding infrastructure development or the surface transportation industry, of or change in the Highways Trust's relationships with the GoI or various government entities in India, could adversely affect the Projects, the

opportunities for the Highways Trust to secure new projects and the business, financial condition and results of operations of the Highways Trust.

In addition, the projects in which government entities participate may be subject to delays, extensive internal processes, policy changes, changes due to local, national and internal political pressures and changes in governmental or external budgetary allocation and insufficiency of funds. Since government entities are responsible for awarding concessions and are parties to the development and operations of projects, projects are directly and significantly dependent on their support. Any withdrawal of support or adverse changes in their policies may lead to the agreements being renegotiated and could also adversely affect the financing, capital expenditure, revenues, development or operations relating to the Projects.

30. The Project SPVs and Projects may be subject to legal or regulatory action and the Highways Trust may be required to incur substantial expenses in defending any such actions and there is no assurance that the Project SPVs will be successful in defending such actions.

Certain Project SPVs are involved in legal proceedings which are pending at different levels of adjudication before various courts, tribunals and regulatory authorities. In addition, arbitration and litigation proceedings in India can be time consuming and the Project SPVs may have to incur costs and devote considerable resources towards defending the outstanding legal proceedings. There is no assurance that the legal proceedings will be decided in favour of the relevant Project SPVs. The legal proceedings may be decided against the relevant Project SPV or changes in the relevant laws and regulations may adversely affect the outcome of such legal proceedings. For more details, please see the section entitled "*Legal and other information*" on page 278.

Under the Project Management Agreement, the Project Manager will indemnified the Highways Trust against certain identified matters. Further, under certain of the O&M Agreements, the O&M Contractors will provide indemnities to the Project SPVs. However, the aggregate liability from such claims is limited under each contract. Further, there can be no assurance that the Highways Trust will be able to successfully bring a claim and invoke the indemnity obligations against the Project Manager or the O&M Contractors. Any substantial costs incurred by the relevant Project SPV towards defending the outstanding legal proceedings or any unfavourable outcome in relation to such proceedings could have an adverse effect on the Highways Trust's business, financial condition, results of operations and prospects.

31. The Sponsor, Investment Manager, Project Manager and/or their respective associates, and the Trustee are or may, from time to time, be involved in legal proceedings, which if determined against such parties, may have an adverse effect on the reputation, business and results of operations of the Highways Trust.

The Sponsor, Investment Manager, Project Manager and/or their respective associates, and the Trustee are or may, from time to time, be involved in certain legal proceedings, including in relation to criminal matters, tax matters, civil and arbitration proceedings, which are or may be pending at different levels of adjudication before various courts, tribunals and appellate authorities. There is no assurance that these legal proceedings and regulatory matters will be decided in favour of the respective entities. Decisions in any of the aforesaid proceedings adverse to the Highways Trust's or the Project SPVs' interests may have an adverse effect on our business, future financial performance and results of operations. For more details, please see the section entitled "*Legal and other information*" on page 278.

32. The Project SPVs depend on the O&M Contractors to operate and maintain the Projects. Any delay, default or unsatisfactory performance by the O&M Contractors could adversely affect the Project SPVs' ability to effectively operate or maintain the Projects.

The Project SPVs are obligated to maintain the Projects according to standards specified in the concession agreements. In this regard, the Project SPVs have entered into the O&M Agreements with the O&M Contractors. Under such O&M Agreements, the O&M Contractors are required to discharge the obligations of the Project SPVs under the concession agreements relating to operation and maintenance. The Project SPVs may have limited control over the timing or quality of services, equipment or supplies provided by the O&M Contractors. Inefficiencies or operational failures on the part of the Project SPVs or the O&M Contractors, as a result of defects in design, quality of construction or maintenance, could result in the Project SPVs incurring increased costs, loss of revenue and penalties, thereby causing adverse impact on the financial position of the Project SPVs.

The Project SPVs may also be exposed to risks relating to inability of the O&M Contractors or other sub-contractors to obtain requisite approvals for operation and maintenance activities, as well as risks relating to the quality of their services, equipment and supplies. The O&M Agreements only provide for damages in case of default by the O&M Contractor in performance of its obligations and do not provide for any kind of security/guarantee from the O&M Contractors. Further, the aggregate liability from such claims is limited under each contract

In addition, under certain of the concession agreements, the consent of the concessioning authority is required for any selection or replacement of an operation and maintenance contractor. Any delay, default or unsatisfactory performance by the O&M Contractors or other sub-contractors could adversely affect the ability of the Project SPVs to effectively operate or maintain the Projects. This may result in increased costs as well as losses of revenue for the Project SPVs and thereby have an adverse effect on the financial condition and results of operations of the Highways Trust.

33. The Project SPVs depend on HC1 for provision of certain services. Any delay, default or unsatisfactory performance by HC1 could adversely affect the Project SPVs' ability to effectively operate or maintain the Projects.

The Project Manager and the Project SPVs will also entered into a business support services agreement with HC1, an affiliate of the Investment Manager, for provision of certain services to the Project SPVs including, amongst others, corporate accounting, banking and financing services, payroll management services, corporate secretarial services and tax and statutory compliance. For details in relation to the agreement, please see the section entitled "*Related Party Contracts – Business Support Services Agreement*" on page 259. Any delay, default or unsatisfactory performance by HC1 could adversely affect the ability of the Project SPVs to effectively operate or maintain the Projects. This may result in increased costs as well as losses of revenue for the Project SPVs and thereby have an adverse effect on the financial condition and results of operations of the Highways Trust. The Project SPVs may be required to pay annual premiums to the concessioning authorities in consideration for being granted the right to build and operate the Projects. Failure to make such payments could result in the termination of the Concession Agreement by the NHAI.

In accordance with the concession agreements, the Project SPVs are required to pay annual premiums to the concessioning authorities. In the past, one of our Project SPVs has sought and received approval from NHAI for deferment on such payments. We cannot assure you that the concessioning authorities will permit such deferment in the future. Failure of the Project SPVs to pay such annual premiums as per the timelines set out by the concessioning authorities may result in the concessioning authorities, in their discretion prematurely terminating the concession agreement.

34. The Project SPVs may be held liable for the payment of wages to the contract labourers engaged indirectly in the operations of the Highways Trust.

The Project SPVs or the O&M Contractors may appoint independent contractors who, in turn, engage on-site contract labour to perform certain operations. Some of the Project SPVs have obtained the relevant registrations under the Contract Labour (Regulation and Abolition) Act, 1970 (the "**Contract Labour Act**") for certain locations where workmen are employed through contractors or agencies licensed under the Contract Labour Act. Although the Project SPVs do not engage the labourers directly, in the event of default by any independent contractor, the relevant Project SPV may be held responsible for any wage payments and other statutory benefits due to the labourers of such contractor. Any violation of the provisions of the Contract Labour Act by a Project SPV may result in penalties pursuant to the provisions of the Contract Labour Act. If any of the Project SPVs are required to pay the wages of contracted workmen and subjected to other penalties under the Contract Labour Act, the reputation, results of operations, cash flows and financial condition of the Highways Trust could be adversely affected.

35. The results of operations of the Project SPVs could be adversely affected by strikes, work stoppages or increased wage demands by the employees of the Project SPV, O&M Contractors or other sub-contractors.

Under the O&M Agreements, the Project SPVs have engaged the O&M Contractors to conduct all O&M activities required under the respective concession agreements apart from certain services being provided by HC1. For details in relation to the agreement, please see the section entitled "*Related Party Contracts*

– *Business Support Services Agreement*" on page 259. In the event of any strikes or work stoppages by employees of the Project SPV itself, the O&M Contractors or other sub-contractors due to increased wage demands or the inability of the Project SPV, O&M Contractors or other sub-contractors to either retain or recruit employees and sub-contractors with suitable credentials, the ability of the Project SPVs to collect tolls and maintain and operate the Projects will be adversely affected. In addition, any disruption to the services provided by the employees of the Project SPV, the O&M Contractors or other sub-contractors will have an adverse effect on the operations of the Project SPVs. There can be no assurance that future disruptions will not be experienced due to disputes or other problems with the work force, which may adversely affect the business and results of operations of the Project SPVs.

36. The Project SPVs have experienced losses in previous years and any losses in the future could adversely affect the Highways Trust's business, financial condition and the results of its operations, its ability to make distributions and the trading price of the Units.

The Project SPVs have experienced losses for one or more Fiscals in the last three Fiscals. Under the Companies Act, 2013, companies that do not generate "distributable profits" are not permitted to pay dividends. Accordingly, any Project SPV that fails to generate such distributable profits will not be permitted to pay dividends to the Highways Trust which will adversely affect the quantum of distributions made by the Project SPVs to the Highways Trust. Such change may adversely affect the Highways Trust's ability to make distributions to Unitholders.

37. The Project SPVs may be required to pay additional stamp duty if any concession agreement is subject to payment of stamp duty as a deed creating leasehold rights, or as a development agreement.

Currently, concession agreements are treated as agreements which are not lease deeds and stamp duty ranging between ₹ 100 to ₹ 500 is typically paid for such concession agreements. Stamp duty authorities of certain states in India have issued notices to some concessionaires alleging inadequate stamp duty on the concession agreements executed between the concessionaires and the concessioning authorities. The stamp authorities allege that since the concession agreements relate to the letting of tolls to the concessionaires in the form of leases, or as development agreements, such agreements were required to be stamped as lease agreements or development agreements, as applicable. Accordingly, concession agreements that have not been stamped as such could be considered to be inadequately stamped. The High Courts of Allahabad and Madhya Pradesh have also held that a concession agreement ought to be stamped as a lease agreement and have upheld the imposition of a higher stamp duty on such agreements.

The stamp duty for a lease agreement or a development agreement ranges between 1.0% and 11.0% of the annual rent or premium payable or the market value of the property. Furthermore, stamp duty authorities may impose penalties for payment of inadequate stamp duty, which could extend up to 10 times the amount of the stamp duty payable.

If any of the concession agreements were determined to be inadequately stamped, then such agreements would be inadmissible as evidence in any legal action, until the deficient amount of stamp duty together with penalties, if any, was paid. Any deficiently stamped documents can also be impounded by any person having authority, by law or consent, to receive evidence or every person who is in-charge of a public office. Such persons impounding the deficiently stamped documents can either levy the appropriate stamp duty and penalty or send them to revenue authorities for that purpose. In addition, a person who signs an instrument chargeable with stamp duty will be subject to a fine if such instrument is not duly stamped.

Concession agreements contain change in law provisions which extend to a change in the interpretation or application of any Indian law by a court of record after the date of the concession agreement or the submission of the bid documents, as the case may be. Under the terms of the concession agreements, if any financial burden exceeding a certain prescribed threshold is imposed on a concessionaire as a result of such change in law, then it may be entitled to approach the concessioning authority to amend the concession agreement or seek compensation to place the concessionaire in its former financial condition. However, relief under the concession agreements may be limited in nature. There can be no assurance that the relevant concessioning authority will consider additional stamp duty on the concession agreements as a change in law for which they will amend the concession agreement or agree to provide compensation to the concessionaire. Any disagreement between the relevant concessionaire and the concessioning authority may result in arbitration proceedings between the parties which could lead to increased costs.

Any imposition of a demand for payment of a higher stamp duty or imposition of penalty would increase the costs of the Projects, to the extent such additional costs are not recoverable from the concessioning authorities, and could adversely affect the business, results of operations and prospects of the Project SPVs.

38. We have entered into material related party transactions and may continue to do so in the future, which may potentially involve conflict of interests with the Unitholders.

The transactions resulting from the Project Management Agreement, the Investment Management Agreement, the Business Support Services Agreement, the Reimbursement Agreement and the Securities Purchase Agreement are related party transactions and their terms may not be deemed as favourable to us as if they had been negotiated solely amongst unaffiliated third parties. Furthermore, it is likely that we will enter into additional related party transactions in the ordinary course of our business. The terms of such transactions may not be as favourable to us as those negotiated solely amongst unaffiliated third parties and may involve conflicts of interest. Such transactions, individually or in the aggregate, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. For additional details, please see the sections entitled "*Related Party Transactions*", "*Formation Transactions in Relation to the Highways Trust*" and "*Parties to the Trust*" on pages 257, 21 and 105, respectively.

39. There may not be any eligible acquisition opportunities from the Sponsor or third parties in the future, which may adversely affect the Highways Trust's business, financial condition, results of operations and prospects.

The Highways Trust aims to achieve portfolio growth through its acquisition growth strategy. Accordingly, in respect of future acquisitions, the Highways Trust may depend on third parties as a source of attractive acquisition opportunities. Further, the Highways Trust may also wish to acquire certain assets from the Sponsor in the future. In this regard, it may be noted that the Sponsor has entered into the Sponsor SPA 1 and Sponsor SPA 2 for acquisition of certain assets held by Ashoka Concessions Limited and/ or its affiliates and India Infrastructure Fund II , respectively. Upon completion of such acquisitions by the Sponsor, these assets may be made available by the Sponsor for acquisition to the Highways Trust in the future, whether directly or indirectly, subject to various conditions precedents specified in the Sponsor SPA 1 and Sponsor SPA 2 and, subject to certain conditions including the receipt of necessary regulatory and statutory approvals.. There can be no assurance that any such acquisition opportunities will materialise and the Highways Trust will be able to avail of the same.

Eligible acquisition opportunities from third parties may also not materialise or the Highways Trust may face increased competition from other InvITs and third parties, which may cause the price at which the Highways Trust is able to acquire a given asset to not be financially desirable.

An inability to grow through prudent acquisitions may adversely affect the Highways Trust's business, financial condition and results of operations.

40. The Highways Trust may not be able to successfully fund future acquisitions of new projects due to the unavailability of equity financing on acceptable terms, which could impede the implementation of its acquisition strategy and negatively affect its business.

The Highways Trust may fund the consideration (in whole or in part) for future acquisitions through the issuance of additional Units. Such issuances may result in the dilution of the interests in the Highways Trust held by existing Unitholders. The Highways Trust may not be able to complete the issuance of the required number of Units on short notice or at all due to a lack of investor demand for the Units at prices that it considers to be in the interests of then-existing Unitholders. As a result of a lack of funding, the Highways Trust may not be able to pursue its acquisition strategy successfully. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Further, in addition to compliance with the provisions of the SEBI InvIT Regulations, due to the Sponsor being a non- resident entity, any future investment by us in holding companies or Project SPVs may also be subject to the investment conditions prescribed under the extant foreign exchange regulations for investment in infrastructure sector. For example, any downstream or other investments made by us are subject to conditions under the extant foreign exchange regulations for investment in infrastructure sector,

both in terms of investments and divestments.

41. The use of additional leverage by the Investment Manager and the Highways Trust are subject to risks. Further, the Highways Trust may not be able to successfully fund future acquisitions of new projects due to the unavailability of debt financing, which could impede the implementation of its acquisition strategy and negatively affect its business

The Highways Trust's total outstanding consolidated net debt after full utilization of the Issue Proceeds, will be within the regulatory requirement of 49% of the value of the InvIT Assets upon completion of the Issue (net of cash and cash equivalents) as specified under the SEBI InvIT Regulations. Under the terms of the InvIT Regulations, the consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents, cannot exceed 49% of the value of the assets of Highways Trust until certain conditions are met, and cannot exceed 70% of the value of the assets of Highways Trust until, amongst others, the Highways Trust has made six consecutive distributions to Unitholders. Further, if the consolidated borrowings of the Highways Trust exceed 25% of the value of the assets of the Highways Trust, further borrowings, up to 49% of the value of the assets of the Highways Trust, would be subject to: (i) obtaining a credit rating from a credit rating agency registered with SEBI; and (ii) approval of the Unitholders, in accordance with the InvIT Regulations and Trust Deed. There is no assurance that the relevant approvals can be obtained in a timely manner, or at all. The Highways Trust may want to rely on debt to expand its portfolio of projects through acquisitions, which may not be available on favourable terms or at all.

Although the Investment Manager will seek to use leverage in relation to the Highways Trust in a manner it believes is prudent and manage the Highways Trust according to the Investment Objectives, the use of leverage will generally magnify both the opportunities for gain and risk of loss from any given asset. The cost and availability of leverage is variable and it is not always possible to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that will limit distributions made by the Highways Trust or appreciation of its investments. An increase in interest rates may decrease the profitability of the Highways Trust or any of the Project SPVs. A leveraged capital structure will increase a Project SPV's exposure to any deterioration in market conditions, competitive pressures, an adverse economic environment or rising interest rates, which could accelerate and magnify declines in the value of the Highways Trust's investments. If a Project SPV is not able to generate adequate cash flow to meet debt service, the Highways Trust may suffer a partial or total loss of capital invested in such Project SPV.

Further, debt financing to fund the acquisition of a project may not be available in accordance with applicable law, or may not be available on acceptable terms. Restrictions imposed by the Reserve Bank of India may limit the Highways Trust's ability to borrow overseas for projects under development and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals or borrowing in foreign currencies will be granted to the Highways Trust without onerous conditions, or at all. In addition to compliance with the provisions of the SEBI InvIT Regulations, due to the Sponsor being a non- resident entity and the Investment Manager being considered foreign owned and controlled in accordance with the extant regulation, any future debt acquired may also be subject to the investment conditions prescribed under the extant foreign exchange regulations for investment in infrastructure sector.

Under the Project SPVs' financing agreements, the lenders may be entitled to change the applicable rate of interest on any date and accordingly, the Project SPVs are susceptible to changes in interest rates and the risks arising therefrom. Any increase in interest rates may have an adverse effect on our results of operations, financial condition and cash flows.

Any financing agreements entered into by the Highways Trust may contain certain restrictive covenants and cross default provisions. These may restrict our ability to conduct business and any breach thereof may adversely affect our results of operations and financial condition. In the event of any breach of any covenant contained in these financing agreements, apart from other consequences, the security under the financing agreements may be enforced which may adversely affect our business, financial condition and results of operations.

Debt financing may increase the Highways Trust's vulnerability to general adverse economic and industry conditions by limiting its flexibility in planning for or reacting to changes in its business and its industry.

The Highways Trust will also be subject to the risk that certain covenants in connection with any future borrowings may limit or otherwise adversely affect its operations and its ability to make distributions to its Unitholders. Such covenants may also restrict the Highways Trust's ability to acquire additional projects or undertake other capital expenditure by requiring it to dedicate a substantial portion of its cash flows from operations to interest and principal payments on its debt.

42. The actual performance of the Highways Trust is subject to significant business, regulatory, and tax risks, uncertainties and contingencies that could cause actual results to differ materially from the forward-looking statements in this Draft Placement Memorandum.

This Draft Placement Memorandum contains forward-looking statements including the Projections of Revenue from Operations and Cash Flow from Operating Activities. These forward-looking statements are based on a number of assumptions, many of which are outside the control of the Highways Trust. The assumptions underlying the Projections of Revenue from Operations and Cash Flow from Operating Activities are inherently uncertain and are subject to significant business, regulatory, and tax risks, uncertainties and contingencies that could cause actual results to differ materially from the forecast results. In addition, the revenue of the Highways Trust is dependent on a number of factors, including the toll receipts and receipt of annuities from the Projects, which may decrease for a number of reasons. This may adversely affect the ability of the Highways Trust to achieve the landmarks set out in the Projections of Revenue from Operations and Cash Flow from Operating Activities as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances, which are not currently anticipated, may arise. While the Highways Trust currently expects to meet the Projections of Revenue from Operations and Cash Flow from Operating Activities based on the assumptions set out in the section entitled *"Projections of Revenue from Operations and Cash Flow from Operating Activities"* on page 391, no assurance can be given that the assumptions will remain true or relevant and that the actual profit and cash flow will be achieved as forecasted or projected.

The Projections of Revenue from Operations and Cash Flow from Operating Activities should be reviewed in conjunction with the description of the business of the Project SPVs, the section entitled *"Discussion and analysis by the Directors of the Investment Manager of the financial condition, results of operations and cash flows of the Project SPVs of the Highways Trust"* on page 224 and other information contained in this Draft Placement Memorandum, including the information set forth in this *"Risk Factors"* section.

The Investment Manager does not intend to provide any updated or otherwise revised profit and cash flow forecast or profit and cash flow projection in the event that any assumptions differ from actual results.

43. The ability of the Highways Trust to make or maintain consistency in distributions to Unitholders depends on the financial performance of the Project SPVs and their profitability.

The amount of future distributions, if any, will depend upon various factors including future earnings, financial condition, cash flows, working capital requirements and capital expenditures of the Project SPVs and the dividends, interest payments and repayments of indebtedness that are distributed to the Highways Trust. The income earned from the Projects depends on, among other things, the amount of income generated from toll receipts and annuities and the level of operating and other expenses incurred. If the Projects do not generate sufficient operating profit, the income of the Highways Trust, cash flows and ability to make distributions or level of distributions made to Unitholders will be adversely affected.

The ability of the Project SPVs to make dividend payments is subject to, among other things, applicable laws and regulations in India and other contractual restrictions that they may be bound by Under the terms of the InvIT Regulations, in the event any assets are sold by the Highways Trust, the Holding Companies or any Project SPV or if the equity shareholding or interest in any Holding Company or Project SPV is disposed of by the Highways Trust and the proceeds of such sale are proposed to be reinvested in another infrastructure asset, then the Highways Trust is not obligated to make any distributions from such proceeds to the Unitholders.

In addition, the InvIT Regulations provide that the Highways Trust must distribute not less than 90% of net distributable cash flows of each Project SPV in proportion of its holding in each of the Project SPV subject to the applicable provisions of the Companies Act, 2013. Further, a Holding Company must distribute 100% of the net distributable cash flows received from the underlying Project SPVs and must distribute 90% of the net distributable cash flows generated by the Holding Company. The distributions to

the Unitholders must be declared and made not less than once every financial year and must not be made later than 15 days from the date of such declaration. There is no assurance that the Highways Trust will be able to make distributions to the Unitholders or that such distributions will be consistent across various periods.

Further, the method of calculating the net distributable cash flows of a Project SPV is subject to change and any change in the applicable laws in India or elsewhere may limit the Highways Trust's ability to pay or maintain consistency in distributions to Unitholders. There is also no assurance that the expansion of the Highways Trust's portfolio of infrastructure assets will increase the Highways Trust's cash flows and thereby result in an increase in the level of distributions to Unitholders over time.

44. It may be difficult for the Highways Trust to dispose of its non-performing assets.

The Projects may be illiquid as a result of the current market condition or the limited residual life of the Projects, among other things. In the event that the Projects are performing poorly, the Highways Trust may experience difficulty in realising, selling or disposing its shareholding in a Project at the appropriate time or at all or at an attractive price, and this may have an adverse effect on the business, prospects, financial condition and results of operations of the Highways Trust.

45. We have received provisional credit ratings from credit rating agencies.

The Highways Trust has been given an issuer rating of (i) 'Provisional CRISIL AAA/Stable (Assigned)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 10,000 million and, (ii) a rating of 'Provisional CRISIL AAA/Stable[@] for non-convertible debentures aggregating to ₹ 9,000 million, by way of its letters dated March 14, 2022. Additionally, the Highways Trust has been given an issuer rating of 'Provisional IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 10,000 million and non-convertible debentures aggregating to ₹ 9,000 million, by way of its letter dated March 11, 2022. There is no assurance that CRISIL Ratings or India Ratings will provide continue to provide a positive credit rating to the Highways Trust or that the agencies will provide a rating without covenants. An negative or lower rating may adversely affect our ability to raise additional financing, and the interest rates and other terms at which such additional financing is available. This in turn could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

46. The Highways Trust does not own the trademark "Highways Infrastructure Trust" and the associated logo to be used by it for its business and its ability to use the trademark may be impaired.

Highways Trust has not made an application for the use of the trademark "*Highways Infrastructure Trust*" and the associated logo. Highway Trust's ability to use the trademark and the associated logo may be impaired if it does not make a trademark application, or if such an application is made and the application is rejected. Consequently, Highways Trust could be required to cease using "*Highways Infrastructure Trust*" and the associated logo, which may have an adverse effect on its operations.

RISKS RELATING TO OUR ORGANISATION AND STRUCTURE

47. The Highways Trust must maintain certain investment ratios which may pose additional risks.

Pursuant to the InvIT Regulations, we are required to invest not less than 80% of the value of our assets in eligible infrastructure projects as defined under the InvIT Regulations, such as the Project SPVs. In addition, we must not invest more than 20% of the value of our assets in certain financial instruments prescribed under the InvIT Regulations. Such regulations may prevent us from acquiring additional assets to achieve our growth strategy

Additionally, if the aggregate consolidated borrowings of the Highways Trust and the Project SPVs, net of cash and cash equivalents exceed 25% of the value of the assets of the Highways Trust, for any further borrowings up to 49% of the value of the assets of the Highways Trust, we are required to adhere to specific conditions, such as obtaining a credit rating and seeking Unitholder approval. For any further borrowings beyond 49% of the value of the assets of the Highways Trust, we are required to comply with specific conditions prescribed under the InvIT Regulations, which include amongst others, obtaining a credit rating of "AAA" or equivalent from a credit rating agency registered with SEBI, prior approval from at least 75% of the Unitholders, and demonstrating a track record of at least six distributions on a continuous basis post

listing of the Units, in the years preceding the financial year in which the enhanced borrowings are proposed to be made. The aggregate consolidated borrowings and deferred payments, net of cash and cash equivalents of the Highways Trust and the Project SPVs cannot exceed 70% of the value of the assets of the Highways Trust.

If these conditions are breached on account of market movements of the price of the underlying assets or securities, the Investment Manager must inform the Trustee and ensure that these conditions are satisfied within six months of such breach (or within one year with Unitholder approval). Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have a material, adverse effect on our business, financial condition and results of operations.

48. We depend on the Investment Manager, the Project Manager and the Trustee to manage our business and assets, and our financial condition, results of operations and cash flows and our ability to make distributions may be harmed if the Investment Manager, Project Manager or the Trustee fail to perform satisfactorily. The rights of the Highways Trust and the rights of the Unitholders to recover claims against the Project Manager, the Investment Manager or the Trustee may be limited.

The success of our business and growth strategy and the operational success of our assets will depend significantly upon the managers' satisfactory performance of these services. Our recourse against the Project Manager, the Trustee and Investment Manager is limited.

The aggregate maximum liability of the Project Manager under the Project Management Agreement in each financial year will be limited to the service fees payable to the Project Manager in such financial year in accordance with the terms of the Project Management Agreement except in the event that such liability arises out of any gross negligence, wilful default or fraud on the part of the Project Manager.

If the Trustee is required by the InvIT Regulations or any applicable law to provide information regarding the Highways Trust or the Sponsor or the Unitholders, the investments made by the Highways Trust and income therefrom and provisions of such presents, and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to the Unitholders or to any other party as a result of such compliance or in connection with such compliance. The Trustee is also not liable on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager. Further, the Trustee is not liable for any act or omission which may result in a loss to a Unitholder (by reason of any depletion in the value of the fund of the Highways Trust or otherwise), except in the event that such depletion is a result of fraud, gross negligence or misconduct on the part of the Trustee or results from a breach by the Trustee of the Trust Deed, as determined by a court of competent jurisdiction. The liability of the Trustee shall be limited to the extent of the fees received by it, in all circumstances whatsoever except, amongst others, in case of any negligence or misconduct or fraud on the part of the Trustee as may be determined by a court of competent jurisdiction.

The Investment Manager's liability to Trustee, its directors, employees and officers for breach of its obligations under the Investment Management Agreement in each financial year is limited to the aggregate fees paid to the Investment Manager for that financial year under the agreement. Further, the Investment Manager is not personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Investment Manager does or fails to do during the course of discharge of its duties as an Investment Manager to the InvIT, except in the event that such loss is a result of any disabling conduct on part of the Investment Manager.

Accordingly, the Unitholders may not be able to recover claims against the Project Manager, the Trustee or the Investment Manager.

If the management agreements were to be terminated or if their terms were to be altered, our business could be adversely affected, as the Trustee may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered or obtained with the new managers could be less favourable than the ones currently offered by the Investment Manager and the Project Manager.

49. The Investment Manager is the investment manager of another InvIT.

The Investment Manager has been appointed to act as the investment manager of Virescent Renewable Energy Trust ("**Terra InvIT**"). The Investment Manager is not prohibited from providing management services to investment trusts sponsored by other persons. However, to ensure good governance and clear segregation of the management and operations of the different InvITs being managed by the Investment Manager from time to time, the Investment Manager is required to implement appropriate systems for efficient management of such InvITs. Additionally, in compliance with requirements under the SEBI InvIT Regulations, any potential transactions between the Terra InvIT and the Highways Trust must be treated as related party transactions. We cannot assure you that such systems will be effectively implemented by the Investment Manager or prevent the actions of the Investment Manager from adversely affecting the levels of service that Highways Trust requires, which may have an adverse effect on our business.

50. Our success depends in large part upon the Investment Manager and Project Manager, the management and personnel that they employ, and their ability to attract and retain such persons.

Our ability to make consistent distributions to our Unitholders depends on the continued service of management teams and personnel of the Investment Manager and Project Manager. Each of the Investment Manager and Project Manager may face challenges in recruiting and retaining a sufficient number of suitably skilled personnel. Generally, there is significant competition for management and other skilled personnel in our industry in India, and it may be difficult to attract and retain the skilled personnel that the Investment Manager and Project Manager need for our operations. Furthermore, the Investment Manager and Project Manager may not be able to adequately re-deploy and re-train their employees to keep pace with evolving industry standards and changing customer preferences. The loss of key personnel of either of the Investment Manager or the Project Manager, may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows of the Highways Trust.

51. The Investment Manager has limited experience in investment management activities for an InvIT and may not be able to successfully implement its investment strategy for and Investment Objectives of the Highways Trust or to manage the Highways Trust's growth effectively.

While the Investment Manager is also acting as the investment manager for one other InvIT, such InvIT was registered recently (on February 25, 2021) and accordingly the Investment Manager, and its directors and employees have limited experience in investment management activities for an InvIT.

Further, there can be no assurance that the Investment Manager will be able to implement its investment strategy or Investment Objectives successfully or that it will be able to expand the portfolio of the Highways Trust at all, or at any specified rate or to any specified size or make distributions as projected. The results of the operations of the Highways Trust will depend on many factors, including but not limited to, its ability to operate and manage the Projects efficiently, changes in the regulatory framework, competition for assets or macro-economic condition. These factors will, in turn, affect the availability of further opportunities for the acquisition of road assets and the availability of finance to achieve leverage. The Highways Trust will be relying on external sources of funding to expand its asset portfolio, which may not be available on favourable terms, or at all. Even if the Highways Trust is able to successfully acquire additional road assets, portfolio growth and expansion could place significant demands on the management and administrative resources of the Investment Manager and the capital resources of the Highways Trust and there can be no assurance that the Highways Trust will be able to efficiently manage such assets and achieve its intended return on such acquisitions.

The Investment Manager can also stop acting as the Investment Manager by providing notice under the Investment Management Agreement or the Highways Trust may replace the Investment Manager in accordance with the terms of the Trust Deed. There is no assurance that the financial performance of the Highways Trust would not be affected upon the appointment of a new investment manager.

52. Upon completion of the Issue, the Sponsor may be able to exercise significant influence over activities of the Highways Trust on which Unitholders are entitled to vote. The Sponsor's interests may be different from Unitholders.

Under the InvIT Regulations, upon completion of the Issue, the Sponsor must continue to own all of its Units for one year and must own 15% of the outstanding Units for three years from the date of listing of

the Units, subject to the conditions specified in the InvIT Regulations. As a result, the Sponsor, may be able to control the outcome of matters on which Unitholders are entitled to vote and for which the Sponsor is not prohibited from voting due to a conflict of interest. The interests of the Sponsor may be different from those of the Unitholders.

53. The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Highways Trust. We cannot assure you that the Investment Manager will be able to comply with such requirements.

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Highways Trust in accordance with the SEBI InvIT Regulations. These requirements include, amongst other things, (a) making investment decisions with respect to the underlying assets or projects of the Highways Trust, (b) overseeing the activities of the Project Manager, (c) investing and declaring distributions in accordance with the SEBI InvIT Regulations, (d) submitting reports to the Trustee and (e) ensuring the audit of the Highways Trust's accounts. We cannot assure you that the Investment Manager will be able to comply with such requirements in a timely manner or at all, which could subject the Investment Manager, the other parties to the Highways Trust, the Highways Trust or any person involved in the activity of the Highways Trust to applicable penalties under the SEBI InvIT Regulations, the SEBI Intermediaries Regulations and/or the SEBI Act. Any such failure to comply or the imposition of any penalty could have an adverse effect on our business, financial condition and results of operations. Under the SEBI InvIT Regulations, the SEBI also has the right to inspect documents, accounts and records relating to the activity of the Highways Trust, Project SPVs or Parties to the Highways Trust and may issue directions in the nature of, inter-alia, (i) requiring the Highways Trust to surrender its certificate of registration; (ii) requiring the Highways Trust to wind-up; (iii) requiring the Highways Trust to sell its assets; (iv) requiring the Highways Trust or Parties to the Highways Trust to take such action as may be in the interest of investors; or (v) prohibiting the Highways Trust or Parties to the Highways Trust from operating in the capital markets or from accessing the capital markets for a specified period.

54. The Highways Trust may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders.

The Highways Trust is an irrevocable trust registered under the Indian Registration Act, 1908 and it may only be extinguished: (i) if it is impossible to continue with the Highways Trust or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the InvIT Regulations; (iii) if our Units are delisted from the Stock Exchange; (iv) if the SEBI passes a direction to wind up the Highways Trust or the delisting of the Units; or (v) in the event our activities are rendered illegal. Should the Highways Trust be dissolved, depending on the circumstances and the terms upon which our assets are disposed of, there is no assurance that our Unitholder will recover all or any part of its investment.

If a default is triggered under the financing documents the Highways Trust is a party to, the Trustee will take steps to cure such default and/or to repay the affected lender by appropriate means, including divesting or liquidating the assets of the Highways Trust or raising additional financing, in accordance with such financing documents and applicable laws. If such default is not cured, and the affected lender initiates proceedings against the Highways Trust, the Highways Trust will be terminated immediately in accordance with applicable laws. In the event of a termination of the Highways Trust, the net assets which will be paid to the Unitholders will take into account the debt, liabilities and obligations of the Highways Trust. There is no assurance that Unitholders will recover all or any part of their investments.

55. As a proposed shareholder of the Project SPVs, the Highways Trust's rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian law in the event of insolvency or liquidation of the Project SPVs.

In the event of liquidation of any of the Project SPVs, the secured and unsecured creditors of the relevant Project SPV will be entitled to payment from the liquidation proceeds in priority to us in our capacity as an equity shareholder of the Project SPV. Under the Insolvency and Bankruptcy Code, 2016, in the event of winding-up of any Project SPV, workmen's dues and debts due to secured creditors which rank *pari passu* are required to be paid in priority over all other outstanding debt, followed by wages and salaries of

employees, debts due to unsecured creditors, any amounts due to the central or state government, any other debts, preference shareholders and equity shareholders. Further, amounts payable to us in respect of any unsecured debt issued by the Project SPV will be subordinated in the manner set forth above.

56. Information and the other rights of Unitholders under Indian law may differ from such rights available to equity shareholders of an Indian company or under the laws of other jurisdictions.

The Trust Deed and various provisions of Indian law govern the Highways Trust's affairs. Legal principles relating to these matters and the validity of procedures, fiduciary duties and liabilities, and Unitholders' rights may differ from those that would apply to a company in India or a trust in another jurisdiction. Unitholders' rights and disclosure standards under Indian law may also differ from the laws of other countries or jurisdictions. For details, please see the section entitled "*Rights of Unitholders*" on page 287.

57. Parties to the Highways Trust are required to satisfy the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Highways Trust.

Each of the Parties to the Highways Trust is required to satisfy the eligibility conditions specified in the InvIT Regulations on an ongoing basis. These eligibility conditions include, among other things, that: (a) the Sponsor, Investment Manager and Trustee are separate entities; (b) the Sponsor has a net worth of not less than ₹ 1,000 million and has a sound track record in the development of infrastructure or fund management in the infrastructure sector; (c) the Investment Manager has a net worth of not less than ₹ 100 million and has not less than five years' experience in fund management or advisory services or development in the infrastructure sector or development in the infrastructure sector or the combined experience of the directors, partners and employees of the Investment Manager in fund management or advisory services or development in the infrastructure sector is not less than 30 years; (d) the Trustee is registered with the SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and is not an Associate of the Sponsor or Investment Manager; and (e) each of the Sponsor, Investment Manager, Project Manager and Trustee are "fit and proper persons" as defined under Schedule II of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Highways Trust.

58. We are governed by the provisions of, amongst others, the InvIT Regulations and the Securities Contracts (Regulation) Act, 1956 ("SCRA"), the implementation and interpretation of which, is evolving. The evolving regulatory framework governing infrastructure investment trusts in India may have a material adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to the Unitholders.

The Highways Trust has been constituted under the InvIT Regulations which were issued in 2014, as amended and supplemented with additional guidelines and circulars.

As the regulatory framework governing infrastructure investment trusts in India comprises a separate set of regulations, interpretation and enforcement by regulators and courts involves uncertainties. Furthermore, regulations and processes with respect to certain aspects of infrastructure investment trusts, including, but not limited to, follow-on public offers and bonus issues, the liabilities of the Unitholders, and the procedure for dissolution of infrastructure investment trusts have not yet been issued. For example, and infrastructure investment trusts are not "companies" or "bodies corporate" within the meaning of the Companies Act, 2013 and various SEBI regulations, including the Securities and Exchange Board of India

(Buy-back of Securities) Regulations, 2018 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The InvIT Regulations and other corresponding changes to applicable law, are largely untested in their implementation. Uncertainty in applicability, interpretation or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future and consequently, our ability to make distributions to the Unitholders. Changes to our organizational structure, changes to our agreements, cost increases, fines, legal fees or business interruptions may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations. In addition, new costs may arise from audit, certification and/or self-assessment standards required to maintain compliance with new and existing InvIT Regulations, which may render it economically unviable to continue conducting business as an infrastructure investment trust or otherwise have a material, adverse effect on our business, financial condition, results of operations and cash flows.

Further, SEBI has the right to, with or without prior notice, order inspection of the books of accounts, records and other documents pertaining to our operations, either on its own or, upon receipt of complaint. Upon review of the inspection report, SEBI is entitled to, if it so deems appropriate (in the interest of the securities markets or our investors) (a) to require us to surrender our certificate of registration; (b) to wind-up our operations; (c) to sell our assets; (d) direct us to not operate or access the capital markets for a specified period; or (e) direct us to not do such things as SEBI may deem appropriate in the interest of our investors. Any such occurrence may have a material adverse effect on our business, result of operations, financial conditions and cash flows.

Additionally, with effect from April 1, 2021, units and other instruments issued by an InvIT have been included in the definition of '*securities*' under section 2(h) of the SCRA. Such amendments have come into effect on April 1, 2021 and consequently, the implementation and interpretation of these amendments is untested and evolving. Accordingly, the applicability of several regulations (including regulations relating to intermediaries, underwriters, merchant bankers, takeover, insider trading and fraudulent and unfair trade practices) to the Highways Trust is unclear and subject to the interpretation and clarifications issued by regulatory bodies such as SEBI.

There can be no assurance that the legal framework for infrastructure trusts will not impose additional regulations and policies which could impact our operations and it is difficult to forecast how any new laws, regulations or standards or future amendments to the InvIT Regulations, the SCRA and other applicable law will affect infrastructure trusts and the infrastructure sector in India. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. We may incur increased costs and other burdens relating to compliance with such new regulations, which may also require significant time and other resources, and any failure to comply with these changes may adversely affect our business, results of operations and prospects.

59. The reporting requirements and other obligations of infrastructure investment trusts post-listing are still evolving. Accordingly, the level of ongoing disclosures made to and the protection granted to our Unitholders may be more limited than those made to or available to shareholders of a company that has listed its equity shares upon a recognised stock exchange in India.

The InvIT Regulations, along with the guidelines and circulars issued by the SEBI from time to time, govern the infrastructure investment trusts in India. However, as compared with the statutory and regulatory framework governing companies that have listed their equity shares or debt securities on recognised stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving.

Accordingly, the ongoing disclosures made to our Unitholders under the InvIT Regulations may differ from those made to shareholders of a company that has listed its equity shares on a recognised stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the rights of our Unitholders may not be as extensive as the rights of shareholders of a company that has listed its equity shares on a recognised stock exchange

in India, and accordingly, the protection available to our Unitholders may be more limited than those available to such shareholders.

60. The InvIT Regulations allow for sponsors of listed infrastructure investment trusts to be declassified from the status of sponsors subject to certain conditions. There can be no assurance that our Sponsor will not exercise its ability to be declassified as the Sponsor of the Highways Trust.

The InvIT Regulations, pursuant to amendments made in June 2020, permit sponsors of listed infrastructure investment trusts to be declassified from the status of sponsors subject to compliance with the following conditions:

(i). The units of the relevant InvIT should have been listed on the stock exchanges for a period of three years;
(ii). The unitholding of such sponsor and its associates taken together should not exceed 10.00% of the outstanding units of the relevant InvIT;
(iii). The investment manager of the relevant InvIT is not an entity controlled by such sponsor or its associates; and
(iv). approval of unitholders has been obtained in accordance with the InvIT Regulations and relevant circulars and guidelines issued by SEBI.

There can be no assurance that in the future, our Sponsor, upon fulfilment of the aforementioned conditions or any other conditions that SEBI prescribes for declassifications of sponsors, will not exercise its ability to declassify itself from the status of our Sponsor.

61. It may be difficult for the Unitholders to remove the Trustee or the Investment Manager.

Under the InvIT Regulations, the Trustee or the Investment Manager cannot be removed without the prior approval of Unitholders where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against such resolution. Accordingly, the Unitholders may face difficulties in removing and replacing the Trustee or the Investment Manager. Further, under the InvIT Regulations, prior approval of SEBI is required for change in the Investment Manager of the Highways Trust.

62. Unitholders will have no vote in the election or removal of Directors in the Investment Manager and will be able to remove the Investment Manager and Trustee only pursuant to a majority resolution.

The Investment Manager has the responsibility of managing the Highways Trust.

Unitholders have no vote in the election or removal of Directors in the Investment Manager. Unitholders' recourse is the removal of the Investment Manager by way of a resolution where Unitholders holding at least 60% of the Units must vote in favour of the resolution. In comparison, the Companies Act, 2013 requires the removal of a director of a public company to be by way of an ordinary resolution approved by a simple majority.

Similarly, Unitholders may remove the Trustee only if they believe that the acts of the Trustee are detrimental to the interests of the Unitholders and by way of a resolution where the votes cast in favour of the resolution must meet the required percentage as set out in the InvIT Regulations. Further, the Investment Manager and the Trustee cannot be discharged until a suitable replacement is appointed in their place, and there can be no guarantees that a suitable replacement will be appointed, or that appointment will take place in a timely manner, or at all.

Accordingly, as opposed to shareholders removing a director of a public company, it may not be possible for Unitholders to remove the Investment Manager or the Trustee.

RISKS RELATING TO THE UNITS

63. The sale or possible sale of a substantial number of Units by the Sponsor in the public market following the end of its lock-in requirement as prescribed under the InvIT Regulations could adversely affect the price of the Units.

Under the InvIT Regulations, the Sponsor is required to hold a minimum of 15% of our Units for a minimum period of three years from the date of listing pursuant to this Issue and the balance of its unitholding in the Highways Trust is required to be locked in for a period of one year from the date of listing of the Units.

The Units are proposed to be listed on the Stock Exchange. If the Sponsor, subsequent to the end or lapse of either of the aforesaid lock-in periods directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected.

64. No investors are permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the InvIT Regulations and SEBI guidelines, investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Units or the Bid Amount) at any stage after submitting a Bid, notwithstanding adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, or otherwise, at any stage after the submission of their Bids.

65. Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer or redeem Units, which may adversely impact the trading price of the Units.

Under foreign exchange regulations currently in force in India, transfers of units between non-residents and residents are permitted, subject to certain exceptions, if they comply with the pricing and reporting requirements specified by RBI. If a transfer of units is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by RBI, then RBI's prior approval is required.

Additionally, unitholders who seek to convert Indian rupee proceeds from a sale of units in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from RBI or any other Governmental agency can be obtained on any particular terms or in a timely manner, or at all.

Our Unitholders will not have the right to redeem or request the redemption of our Units while our Units are listed on the Stock Exchange. In terms of the InvIT Regulations, an infrastructure investment trust may redeem units only by way of a buyback or at the time of delisting of units and may be subject to additional conditions and restrictions under Indian regulations.

66. The Units have never been traded and the listing of the Units on the Stock Exchange may not result in an active or liquid market for the Units.

There is no market for the Units prior to the Issue and an active market for the Units may not develop or be sustained after the Issue. Moreover, the listing and quotation do not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. As the Units will be sold through a private placement in a Minimum Bid Size, there may be a lack of liquidity and a limited market for the Units. The price of the Units may be volatile, and investors may be unable to resell the Units at or above the Issue Price, or at all. Although it is currently intended that the Units will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Units. There is no assurance that the Highways Trust will continue to satisfy the listing requirements for InvITs. Further, it may be difficult to assess the Highways Trust's performance against domestic benchmarks.

67. Market and economic conditions may affect the market price and demand for the Units.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

68. There is no assurance that our Units will remain listed on the stock exchange.

Although it is currently intended that the Units will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Units. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchange. Accordingly, Unitholders will not be able to sell their Units through trading on the Stock Exchange if the Units are no longer listed on the Stock Exchange. While the InvIT Regulations state that we must provide Unitholders with an exit prior to delisting, the specific mechanism of such delisting and related exit offer has not yet been finalised by the SEBI. Further, under the InvIT Regulations, we are required to maintain a minimum of five Unitholders (other than the Sponsor, its related parties and its associates) at all times after the listing of the Units pursuant to the Issue and certain minimum public holding requirements. Failure to maintain such minimum number of Unitholders or public holding may result in action being taken against us by the SEBI and the Stock Exchange, including the compulsory delisting of our Units.

69. The Issue Price of the Units may not be indicative of the market price of the Units after the Issue.

The Units may trade at prices significantly below the Issue Price after the Issue. The trading price of the Units will depend on many factors, including:

- the perceived prospects of our business and the road sector;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the infrastructure industry;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Indian infrastructure investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Indian infrastructure investment trusts;
- the ability on our part to successfully implement its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity markets and increases in interest rates.

For these reasons, among others, the price of Units may fluctuate. To the extent that we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not capital-protected products and there is no guarantee that Unitholders can regain the amount invested. If the Highways Trust is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

70. Any future issuance of Units by us may dilute investors' Unitholding. The sale or possible sale of a substantial number of Units by the Sponsor or another significant Unitholder could adversely affect the price of the Units.

Where new Units are issued at less than the market price of the Units, the value of an investment in the Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in the Highways Trust.

Further, under the InvIT Regulations, the Sponsor is required to hold a minimum of 15% of our Units for a minimum period of three years from the date of listing pursuant to the Issue and the balance of its unitholding in the Highways Trust is required to be locked in for a period of one year from the date of listing of the Units. The Units are proposed to be listed on the Stock Exchange. If the Sponsor, following the lapse of either of the aforesaid lock-in period directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a significant Unitholder other than the Sponsor directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, the market price for the Units could be adversely affected.

71. The Highways Trust has a limited number of listed peers undertaking similar lines of business for comparison of performance and therefore investors must rely on their own examination of the Highways Trust for the purposes of investment in the Issue.

As of the date of this Draft Placement Memorandum, there are a limited number of other infrastructure investment trusts listed on the Indian stock exchanges and, accordingly, the Highways Trust is not in a position to provide a comparative analysis of its performance with many listed InvITs. Investors must rely on their own examination of the Highways Trust for the purposes of investing in the Units.

72. Rights of Unitholders under Indian law may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and unitholders' rights may differ from those that would apply to a company in another jurisdiction. Unitholders' rights under Indian law may not be as extensive as Unitholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as unitholder in an Indian entity than as unitholder of a corporation in another jurisdiction.

RISKS RELATING TO INDIA

73. Our results may be adversely affected by the outbreak of the Novel Coronavirus ("COVID-19") and can be adversely affected by other future unforeseen events, such as adverse weather conditions, natural disasters, terrorist attacks or threats, future epidemics or pandemics or other catastrophic events.

Unforeseen events, such as adverse epidemics, pandemics, weather conditions, natural disasters, threatened or actual armed conflicts, terrorist attacks, efforts to combat terrorism or other catastrophic events can adversely impact our business. We cannot predict the affect any such events will have on our business, prospects, financial condition, results of operations, cash flows, future operations and performance; however, they could be material.

The World Health Organization declared COVID-19 outbreak a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020. The rapid and diffused spread of COVID-19 and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time. The spread of COVID-19 has led to governments around the world taking various restrictive measures design to limit the spread of the virus, such as the implementation of travel restrictions, mandatory cessations of business operations, mandatory quarantines and work-from-home and other alternative working arrangements, curfews, limitations on social and public gatherings and partial lockdowns of cities or regions. The extent to which the COVID-19 outbreak will impact our business, cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally, which are highly uncertain and cannot

be predicted. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and are likely to be severe.

If the outbreak of this virus, or any other similar outbreak, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity in India, and could materially and adversely affect our business, financial condition and results of operations. Similarly, any other future epidemics/ pandemics in India or elsewhere could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows, future operations and performance.

74. We are exposed to risks associated with the road sector in India.

We derive and expect to continue to derive in the foreseeable future, most of our revenues and operating profits from India. Changes in macroeconomic conditions generally impact the road industry and could negatively impact our business. Accordingly, our business is highly dependent on the state of development of the Indian economy and the macroeconomic environment prevailing in India. Since the use of our Projects, our expansion plans and future projects depend or will depend on macroeconomic factors that may negatively impact demand the development of road infrastructure projects in India, or the timely commencement of their operations could in turn have a material adverse effect on our growth prospects, business and cash flows. In addition, access to financing may be more expensive or not available on commercially acceptable terms during economic downturns. Any of these factors and other factors beyond our control could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

75. Our performance and growth are dependent on the factors affecting the Indian economy.

Our performance and the growth are dependent on the performance of the Indian economy, which, in turn, depends on various factors. The Indian economy has been affected by the recent global economic uncertainties, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture and various other macroeconomic factors.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries and regions, especially in U.S., Europe and China, have an impact on the growth of the Indian economy, and GoI policy may change in response to such conditions. While recent Indian governments have been focused on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. The rate of economic liberalisation could decrease, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. In the road sector, there can be no assurance that the GoI's engagement with and outreach to private sector operators, including the Highways Trust, will continue in the future. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the road sector, could disrupt business and economic conditions in India generally and our business in particular. In addition, adverse developments in the Indian economy could also impact companies and banks that provide services to us. For example, on March 5, 2020 and November 17, 2020, respectively, the GoI, in consultation with RBI placed Yes Bank Limited and Lakshmi Vilas Bank under moratorium, imposed limitations on their operations as well as on withdrawals by depositors and payments to creditors over certain specified amounts for a limited period of time from the date of such moratorium coming into effect. The limitations on operations and the moratorium were subsequently lifted in both cases. The occurrence of any such development in the future may impact our banking channels, and we may or may not be able to recover our deposits, in part or in full. This could result in potential write-offs on our books of accounts, and materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.

Additionally, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and our business. Any downturn in the macroeconomic environment in India could materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.

76. Changing laws, rules and regulations, including changes in legislation or the rules relating to tax regimes, legal uncertainties and the political situation in India may adversely affect our business, financial condition, results of operations and ability to make distributions to our Unitholders.

Our business, financial condition and results of operations could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. We cannot assure you that the Government or the state governments will not implement new regulations and policies which will require the Highways Trust and Project SPVs to obtain additional approvals and licenses from governmental and other regulatory bodies or impose onerous requirements and conditions on our operations. Regulatory changes in India, particularly in respect of the InvIT Regulations and other taxation legislations such as the Finance Act, 2020, could expose us to greater tax liability than what our financial projections assume. The application of various Indian sales, value-added and other tax laws, rules and regulations to our services, currently or in the future, may be subject to differing or stricter interpretation by applicable authorities, which could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations and affect our ability to make distributions to our Unitholders. For further details, please see section entitled "*Risk Factors - Changes in legislation or the rules relating to tax regimes could materially and adversely affect our business, prospects and results of operations*" and "*Regulations and Policies*" on pages 95 and 266, respectively.

77. We may be exposed to variations in foreign exchange rates. Fluctuations in the exchange rate of the Indian Rupee with respect to the U.S. Dollar or other currencies could affect the foreign currency equivalent of the value of the Units and any distributions.

Our revenues are in Indian rupees, and currently there are no interest payments and loan repayments in foreign currency in relation to debt availed for utilisation at the Project SPVs. The Indian rupee has depreciated in recent years, and in the future may continue to depreciate, against the U.S. dollar, leading to increases in the Indian rupee cost for us to service and repay foreign currency borrowings. In addition, in the event of disputes under any of our foreign currency borrowings, if we raise foreign currency debt in future, we may be required by the terms of those borrowings to defend ourselves in foreign courts or arbitration proceedings, which could result in additional costs. A depreciation of the Indian rupee would also increase the costs of imports and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Fluctuations in the exchange rates between the Indian Rupee and other currencies could also affect the foreign currency equivalent of the Indian Rupee price of the Units. The fluctuations could also affect the amount that Unitholders will receive in foreign currency upon conversion of any cash distributions or other distributions paid in Indian Rupees by the Highways Trust on the Units, and any proceeds paid in Indian Rupees from any sale of the Units in the secondary trading market.

78. A decline in India's foreign exchange reserves may reduce liquidity and increase interest rates in India, which could have an adverse impact on us.

Flows to foreign exchange reserves can be volatile, and past declines have adversely affected the valuation of the Indian rupee. During the first half of 2014, emerging markets including India, witnessed significant capital outflows due to concerns regarding the withdrawal of quantitative easing in the U.S. and other structural factors in India such as high current account deficits and lower growth outlook. As a result, the Indian rupee depreciated significantly. To manage the volatility in the exchange rate, the RBI took several measures including increasing the marginal standing facility rate by 200 basis points and reducing domestic liquidity. The RBI also subsequently announced measures to attract capital flows, particularly targeting the non-resident Indian community. The RBI intervened again in February 2016 as a result of increased volatility of the exchange rate. Depreciation of the Indian rupee in 2018 led to RBI further intervening and increasing the interest rates. Any increased intervention in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves, reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our ability to obtain financing on adequate terms or at all, which in turn could affect our business and future financial performance.

79. Social, economic and political conditions and natural disasters could have a negative effect on our business.

Each of the Project SPVs is incorporated in India and they derive all of their revenue from India. In addition, all of our assets are located in India. Consequently, our business and the trading price of our Units may be adversely affected by the social, economic and political conditions in India and its neighbouring countries. Specific risks, such as the following could adversely influence the Indian economy, thereby having a material adverse effect on our business, financial condition, results of operations and cash flows:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- Government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing regulatory regimes;
- underdeveloped industrial and economic infrastructure;
- changes in exchange rates and controls, interest rates, government policies, taxation and economic and political developments;
- changes in policies such as, the fiscal and economic policy, industrial policy, direct and indirect taxes and the export-import policy; and
- changes in state specific regulation and conditions.

Pandemics, such as the outbreak of the COVID-19, and natural disasters such as floods, earthquakes or famines, events and conditions linked to climate change have in the past had a negative impact on the Indian economy. Potential effects may include damage to infrastructure and the loss of business continuity and business information. If our facilities are affected by any of these events, our operations may be significantly interrupted, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

80. Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.

As of the date of this Draft Placement Memorandum, India was rated Baa3 (Negative) by Moody's, BBB- (Negative) by Fitch and BBB- (Stable) by S&P. India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings by rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other terms at which such additional financing is available. This could materially and adversely affect our ability to obtain financing for capital expenditure, which could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

81. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any such financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across markets, loss of investor confidence in one economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively impact the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the more recent European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. These and other related events

have had a significant adverse impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. Further, economic developments globally can have a significant impact on our principal markets. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, results of operation, and cash flows. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and reduce the price of the Units.

82. If inflation rises in India, increased costs may result in a decline in profits.

Inflation rates in India have been volatile in recent years, and such volatility may continue. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses. There can be no assurance that increased toll charges will sufficiently offset our increased costs due to inflation which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Inflation may also have an impact on interest rates, which can affect our profitability.

83. Significant differences exist between Ind AS and other accounting principles, such as IFRS, Indian GAAP and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.

The Combined Financial Statements included in this Draft Placement Memorandum are prepared and presented in conformity with Ind AS, consistently applied during the periods stated in those reports, except as otherwise provided therein, and no attempt has been made to reconcile any of the information given in this Draft Placement Memorandum to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar in, such as IFRS, Indian GAAP and U.S. GAAP. In addition, as the mandated transition to Ind AS is very recent, there is no significant body of established practice from which we can draw on in forming judgments regarding the implementation and application of Ind AS, as compared to established IFRS or Indian GAAP generally, or in respect of specific industries. Accordingly, the degree to which the Combined Financial Statements included in this Draft Placement Memorandum will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Placement Memorandum.

84. Unitholders may not be able to enforce a judgment of a foreign court against the Highways Trust or the Investment Manager.

The enforcement of civil liabilities by overseas investors in the Units, including the ability to effect service of process and to enforce judgments obtained in courts outside of India, may be adversely affected by the fact that (i) the Highways Trust is constituted under the laws of the Republic of India, (ii) the Investment Manager is a limited liability company incorporated under the laws of the Republic of India, (iii) the directors and key personnel of the Investment Manager reside in India and (iv) all of the assets of the Highways Trust and the Investment Manager are located in India. All of the assets of the Highways Trust and the assets of the Directors are also located in India. As a result, it may be difficult to serve process upon the Highways Trust, the Investment Manager or any of these persons outside of India or to enforce in India judgments obtained against such persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13, Section 14 and Section 44A of the Civil Procedure Code. The GoI has, under Section 44A of the Civil Procedure Code, notified certain countries as reciprocating countries. Section 13 of the Civil Procedure Code provides that a foreign judgment will be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force then in India. Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India, which the GoI has, by notification, declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the GoI to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the GoI to be reciprocating territories for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution.

There may be considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with the public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment which could be subject to foreign exchange risk. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed of in a timely manner or subject to considerable delays.

Further, the Sponsor is incorporated in Singapore and accordingly, the enforcement of civil liabilities by overseas investors in the Units including the ability to effect service of process and to enforce judgments, against the Sponsor, will be subject to the applicable laws of Singapore.

85. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act, 2002 ("Competition Act") could adversely affect our business.

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition, is

considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which, directly or indirectly, involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or, directly or indirectly, results in bid-rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The Competition Commission of India ("**CCI**") has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. Further, future acquisitions by the Highway Trust may also require approval from CCI if such acquisition is beyond the thresholds permitted for combinations under the Competition Act and its relevant regulations. There can be no assurance as to the impact of the provisions of the Competition Act on the agreements that the Project SPVs have entered into. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements they have entered into. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or if any prohibition or substantial penalties are levied under the Competition Act, it could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

RISKS RELATING TO TAXATION

86. Changes in legislation or the rules relating to tax regimes could materially and adversely affect our business, prospects and results of operations.

Tax and other levies imposed by the Government and state governments may include: (i) income tax (including withholding tax and tax collection at source); (ii) wealth tax (which was withdrawn with effect from January 1, 2016); (iii) excise duty; (iv) value added tax/central sales tax/ goods and service tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges that are introduced on a temporary or permanent basis from time to time. In some cases, these taxes and other levies may be changed from year to year and the Indian courts which interpret tax legislation may apply such interpretations with retroactive effect. Also, the Government in certain situations has the authority to change tax laws retrospectively.

The GoI has announced the union budget for the Fiscal 2021 and the Finance Act, 2021 (the "**Finance Act**") has been granted assent by the President of India on March 28, 2021. By way of the Finance Act, the GoI, amongst others, amended the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") to recognise pooled investment vehicles and recognise the units, debentures, other marketable securities and other instruments issued by InvITs as "*securities*". The Finance Act exempted the payment of tax deducted at source on dividends paid to InvITs. For further details, please see the sections entitled "*Risk Factors – Investors may be subject to Indian taxes arising out of capital gains on the sale of Units and on any dividend or interest component of any returns from the Units*" and "*Risk Factors – We are governed by the provisions of, amongst others, the InvIT Regulations and the Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), the implementation and interpretation of which, is evolving. The evolving regulatory framework governing infrastructure investment trusts in India may have a material adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to the Unitholders*" on pages 97 and 84, respectively.

There have been two recent major reforms in Indian tax laws, namely the introduction of the Goods and Services Tax ("**GST**") and provisions relating to general anti-avoidance rules ("**GAAR**").

The GST regime came into effect on July 1, 2017, combining taxes and levies by the Government and State Governments into a unified rate structure. Given the limited availability of information in the public domain concerning the GST, we cannot assure you as to the tax regime following implementation of the GST. Further, any application of existing law or future amendments may affect our overall tax efficiency and may result in significant additional taxes becoming payable.

Additionally, there is limited clarity on the availability of input tax credit, and any unfavourable orders in this regard may have a material adverse impact on our financial position and cash flows. Further, any

application of existing law or future amendments may affect our overall tax efficiency and may result in significant additional taxes becoming payable.

The GAAR regime came into effect on April 1, 2017. For the GAAR to apply to any arrangement, the transaction should meet any one of the following specified tests, amongst others: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in the misuse, or abuse, of the provisions of the IT Act; (iv) lacks commercial substance or is deemed to lack commercial substance as prescribed under the IT Act in whole or in part; and (v) is entered into, or carried out, by means which are, or in a manner which is, not ordinarily employed for bona fide purposes. Such transactions are declared as impermissible avoidance arrangements. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit, amongst other consequences, including on the interest paid by the Project SPVs on the debt from the Highways Trust or claim of any benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to the Highways Trust or any member of the Highways Trust, it may have a material adverse tax impact on the Highways Trust.

The rules notified with respect to GAAR prescribe that these shall not be applicable to FIIs in accordance with the SEBI (Foreign Institutional Investors) Regulations, 1995 subject to the fulfilment of certain conditions. GAAR may have a material adverse tax impact on the Highways Trust, the Sponsor and the Unitholders.

Further, it has been proposed by the GoI, by way of the Finance Bill, 2022, to extend the applicability of section 94(7) of the IT Act to the units of business trust (with effect from Financial Year 2022-23), which provides that where:

(1) any person buys or acquires any securities or unit within a period of three months prior to the record date in relation to the dividend;
(2) such person sells or transfers such securities within three months after such record date or such units within a period of nine months after such record date; and
(3) the dividend or income on such securities or unit received or receivable by such person is exempt,

then, the loss, if any, arising from the sale and purchase of securities and units, to the extent of dividend or income received or receivable on such securities or unit, shall be ignored for computing income chargeable to tax.

As proposed by way of the Finance Bill, 2022[1], it has also been proposed to extend the applicability of section 94(8) of the IT Act (commonly known as bonus stripping) to the units of business trusts (with effect from Financial Year 2022-23), which provides that where:

(i). any person buys or acquires any units within a period of three months prior to the record date;
(ii). such person is allotted additional units without any payment on the basis of holding of such units on such record date;
(iii). such person sells or transfers all or any of the units within a period of nine months after the record date, while continuing to hold all or any of the additional units referred in clause (ii) above,

then, the loss, if any, arising from the sale and purchase of all or any of the units shall be ignored for computing income chargeable to tax and notwithstanding anything contained in any other provision of the IT Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units referred to in clause (ii) above as are held on the date of such sale or transfer.

The Investment Manager has not determined the impact of such existing or proposed legislations on our business. We may incur increased costs relating to compliance with any new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us

[1] The said provisions/ tax rates have been proposed by way of the Finance Bill, 2022 and are subject to the same being passed.

to resolve, and may impact the viability of our current business or restrict our ability to grow our business in the future.

87. Investors may be subject to Indian taxes arising out of capital gains on the sale of Units and on any dividend or interest component of any returns from the Units

Under current Indian tax laws, units of a business trust held for more than 36 months are considered as long-term capital assets. In case of sale of such units through a recognised stock exchange in India and subject to payment of securities transaction tax ("**STT**"), any gain arising in excess of ₹ 0.10 million is subject to long term capital gains tax at a concessional rate of 10% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to long term capital gains tax at the rate of 20% with indexation benefit (plus applicable surcharge and cess).

In case the units are held for less than or up to 36 months, the same shall be regarded as short-term capital asset. Any gain arising in case of sale of such units through a recognised stock exchange in India and subject to payment of STT, is subject to short-term capital gains tax at concessional rate of 15% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to short-term capital gains tax at applicable tax rates of the holder (plus applicable surcharge and cess).

The aforesaid taxability in India is subject to tax treaty benefits in the case of a non-resident holder. Further, the applicable taxes on the sale of Units and on any dividend or interest component of any returns from the Unit will also be subject to the category of investor holding or selling the Units.

The Finance Act, 2020 amended the Income Tax Act to abolish the dividend distribution tax regime and shift the incidence of taxation of dividend (declared or distributed on or after April 1, 2020) to shareholder. Under the Finance Act, 2020, a distribution made by a business trust, being in nature dividend income received from a special purpose vehicle, will not be subject to tax in the hands of a unitholder, so long as the special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the Income Tax Act. Similarly, a business trust (which includes an infrastructure investment trust) will not be required to withhold tax on any distributions which are in the nature of dividend income received from a special purpose vehicle, so long as such special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the Income Tax Act. However, where the special purpose vehicle opts to pay tax under Section 115BAA of the Income Tax Act, dividend income distributed by the business trust would be taxed in the hands of a non-resident unitholder at 20% (plus applicable surcharge and cess) or the applicable treaty rate and at the ordinary rate for a resident unitholder. Further, the business trust would be required to withhold tax on such distributions made from dividend received from the special purpose vehicle. Thus, the taxability of dividends distributed by the Highways Trust will depend on the taxation regime opted by the Project SPVs. It may also be noted that in terms of Section 194LBA(1) of the IT Act, any distributable income in the nature of interest income and dividend income (where the SPV has opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the IT Act) in the hands of a resident investor is subject to deduction of tax at the rate of 10%. Similarly, in terms of Section 194LBA(2) of the IT Act, any distributable income in the nature of interest income and dividend income (where the SPV has opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the IT Act) in the hands of a non-resident is subject to deduction of tax at the rate of 5% (plus applicable surcharge and cess) and 10% (plus applicable surcharge and cess) respectively. The final tax rate for the resident/ non-resident unit holder may also depend on other considerations.

Further, the Finance Act, has included a definition of "pooled investment vehicle" which comprises business trusts as defined under the IT Act. The IT Act defines business trusts as trusts registered with SEBI as an InvIT. This amendment has come into effect from April 1, 2021. The Finance Act recognises units, debentures and other instruments issued by infrastructure investment trusts as "securities" under the Securities Contracts (Regulation) Act, 1956. This may have further implications under various regulations issued by SEBI, governing securities, including under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. As announced in previous budgets, the dividend distribution tax applicable on InvITs was abolished and replaced with dividend withholding tax. The

Finance Act has also exempted payment of tax deducted at source on dividend paid to InvITs, with effect from April 1, 2020.

Furthermore, the Highways Trust might not be able to pay or maintain the levels of distributions or ensure that the level of distributions will increase over time, or that future acquisitions will increase the Highways Trust's distributable free cash flow to the Unitholders. Any reduction in, or elimination or taxation of, payments of distributions could materially and adversely affect the market price of the Units.

88. Tax laws are subject to changes and differing interpretations, which may adversely affect our operations

Tax laws and regulations are subject to differing interpretations by tax authorities. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action, including by retrospective legislation, by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. These events may result in a material, adverse effect on our business, financial condition, results of operations and prospects. Tax authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability.

The Investment Manager intends to take measures to ensure that it is in compliance with all relevant tax laws. However, the tax authorities might take a position that differs from the position taken by us with regard to our tax treatment of various items. For instance, our Asset SPVs are subject to tax assessments and notices from time to time which if determined against us may result in an adverse impact on our financial position and prospects. For details of such actions, please see the section entitled "*Legal and Other Information - Taxation Proceedings"* on page 282.

89. The Highways Trust and the Project SPVs may be subject to certain tax related risks under the provisions of the IT Act.

Shortfall in the determination of fair market value of the equity shares at the time of transfer of the Project SPVs to the Highways Trust may be subject to taxation in the hands of the acquirer. The equity shares of the Project SPVs are proposed to be transferred to the Highways Trust. Under the provisions of section 56(2)(x) of the IT Act, where a purchase of shares is undertaken at a value which is lower than the fair market value of the shares, such shortfall in value is subject to be taxed as income from other sources in the hands of the acquirer. The manner of determination of fair market value as provided under the Income Tax Rules, 1962, includes the value determined by net asset method, subject to the prescribed adjustments.

The Highways Trust is under an obligation to distribute to the Unitholders, the surplus of the income earned from receipt of cash flows from the interest and dividend received from the Project SPVs, after the deduction of the various expenses incurred in connection with earning such income and general-purpose expenses. The provisions of the IT Act provide that the Highways Trust should disclose the nature of the amount distributed to the Unitholders, i.e., whether from dividends received from the Project SPVs, interest income earned, etc. However, there is lack of clarity on the method to be adopted by the Highways Trust for the allocation of various expenses incurred towards earning each specific stream of income by the Highways Trust.

90. The Project SPVs enjoy certain benefits under Section 80-IA of the IT Act in relation to the Project SPVs and any change in these tax benefits applicable to the Highways Trust may adversely affect its results of operations.

Under the provisions of section 80-IA of the IT Act, the Project SPVs are eligible for tax holiday for any 10 consecutive assessment years out of 20 years beginning from the year in which the undertaking or enterprise develops and begins to operate any infrastructure facility. As a result of the tax holiday available to the Project SPVs, the taxable profits derived by the Project SPVs from developing, operating and maintaining any infrastructure facility (including toll roads) will not be taxable under the normal provisions of the IT Act during the tax holiday period. Any other taxable income (for example, interest income, profit on sale of mutual funds) from deployment of temporary funds or otherwise would also be taxable under

the terms of the IT Act. The Project SPVs will only be subject to MAT if the Project SPVs have a book profit as required to be computed under section 115JB of the IT Act. Any change in the tax benefits under section 80-IA and/or the provisions of MAT may have an impact on the income tax liability of the Project SPVs and may consequently affect the amount available for distribution by the Project SPVs to the Highways Trust. Furthermore, if the relevant conditions under section 80-IA of the IT Act are not met and the manner of computation of profits and gains are not as permitted, the Project SPVs will not be able to enjoy the benefits of such tax holiday.

Benefits under section 80-IA of the IT Act shall not be available to Project SPVs in case they have opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the IT Act. Further, in such case, provisions of MAT shall not be applicable.

91. The income of the Highways Trust in relation to which pass through status is not granted under the IT Act may be chargeable to Indian taxes.

Under the provisions of the IT Act, the total income of the Highways Trust other than capital gain, interest and dividend income from the Project SPVs would be tax chargeable at the maximum marginal rate ("**MMR**"). MMR is defined under the provisions of the IT Act to mean the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income.

In accordance with section 115UA of the IT Act, the MMR applicable to the Highways Trust, a separately assessable resident entity, is 30.0% (plus applicable surcharge and cess). However, the relevant authorities may view the Highways Trust as a "pass through" entity and the applicable tax rate will be the MMR applicable to its beneficiaries. If any beneficiary is chargeable to MMR at a rate higher than the rate applicable to other beneficiaries, the income of the Highways Trust attributable to the share of such beneficiary will be taxed at a higher applicable rate. For example, if any Unitholder is a non-resident, the MMR of 40.0% (plus applicable surcharge and cess) would apply.

As there are two divergent views, there is a possibility that the matter may be litigated if the latter view is taken up by the tax authorities of India.

92. Depreciation may not be claimed on the capitalised cost of a road constructed on a BOT basis.

The Project SPVs have regarded the toll -based Projects constructed on a BOT basis as capital assets and claimed depreciation on the capitalised cost of the Projects, while for the annuity based Projects an amortization method is used. Under the provisions of the IT Act, the following conditions must be satisfied if depreciation is claimed on any asset:

- the asset is a capital asset;
- the party seeking to claim depreciation on an asset is the owner of the asset; and
- the asset has been used for the purpose of the business.

In respect of BOT projects, the possession of land is handed over to the developer by the GoI without actual transfer of ownership, and such a developer takes the land on lease for construction and operation of the road for a concession period.

Based on various judicial decisions, it may be inferred that depreciation is allowed if a party has dominant control over the asset during the concession period and is entitled to use it in its own right. Accordingly, a Project SPV may be considered as the owner of a road constructed on a BOT basis. Further, there are previous high court or tribunal decisions which held that road constructed by a taxpayer on a BOT basis is eligible for depreciation even though the taxpayer is not the legal owner of the road.

However, while the provisions of the IT Act specifically provide that a building constructed on leasehold land is regarded as being owned by the lessee and depreciation may be claimed, there is no similar specific provision in respect of the Projects constructed on a BOT basis. An Apex Court decision has held that ownership is necessary for a party to claim depreciation.

The Central Board of Direct Taxes issued Circular No. 9 of 2014 in response to litigation on claims of tax depreciation in respect of BOT projects (the "**Circular**"). The Circular stated that the total project cost incurred on an infrastructure project would be amortised equally across the remaining period of time in

which toll collections are received. Consequently, the cost of constructed roads is considered "amortisation" and not "depreciation" for income tax purposes. This has an effect on the financial projections of the Project SPVs and in turn, the financial position of the Highways Trust.

The Project SPVs are eligible to claim tax deduction under section 80-IA(4)(i) of the IT Act. Therefore, adjustment on account of depreciation may not have any income tax impact during the tax holiday period. However, if a higher depreciation is allowed during the tax holiday period as compared to the depreciation claimed in the return of income, tax liability in the post-tax holiday period will be higher as against the tax liability.

93. The Ministry of Finance, GoI, has constituted a task force to draft new direct tax legislation, the provisions of which may have an unfavourable implication for us.

The Ministry of Finance, GoI, has set up a panel to review the IT Act and to draft a new direct tax legislation ("**Panel**"). The Panel has been tasked with drafting appropriate direct tax legislation aimed at (i) aligning India's domestic direct tax regime in line with international best practices; and (ii) ensuring and encouraging compliance. The impact of the report by the Panel, including findings and recommendations in their report and the provisions of the proposed direct tax legislation could have an unfavourable implication on us. Since the Panel and its report, including their recommendations and the draft of the new direct tax legislation has not been released yet, the possible impact on us is not clear. Any new direct tax legislation may materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

GENERAL INFORMATION

The Highways Trust has been settled by the Investment Manager (acting as the settlor) on the instructions of the Sponsor, as a contributory, determinate and irrevocable trust under the provisions of the Indian Trusts Act, 1882 in Mumbai, India pursuant to the Trust Deed. The Highways Trust has been registered with the SEBI as an infrastructure investment trust under the InvIT Regulations on December 23, 2021 having registration number IN/InvIT/21-22/0019. The Investment Manager irrevocably transferred to the Trustee an amount of ₹ 10,000 towards the initial corpus of the Highways Trust, with an intention to settle and establish the Highways Trust. The initial sum of Highways Trust shall in no event be distributed to the Investment Manager.

For further details, please see the sections entitled "*Formation Transactions in the Highways Trust*" and "*Business*" on pages 21 and 170.

Principal place of business and correspondence address of the Highways Trust:

Highways Infrastructure Trust
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Peninsula Corporate Park
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Maharashtra, India
Tel: +91 98205 50707
E-mail: invit@virescent.co.in
SEBI registration number: IN/InvIT/21-22/0019
Date of registration with the SEBI: December 23, 2021

Contact Person and Compliance Officer

Ms. Charmy Bhoot has been designated by the Investment Manager as the Compliance Officer with respect to the Highways Trust and is the relevant contact person with respect to the Highways Trust. The contact details are as follows:

Ms. Charmy Bhoot
10th Floor, Parinee Crescenzo
C-30, 'G' Block,
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Bandra (East), Mumbai 400051
Maharashtra, India
Tel: +91 9833849735
E-mail: charmy.bhoot@virescent.co.in

Bidders can contact the Compliance Officer or the Lead Manager in case of any pre-Issue or post-Issue related problems such as non-credit of Allotted Units in the respective beneficiary account of Bidders after Allocation or non-receipt of refunds.

Sponsor

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Singapore 486 030
Tel: +65 6922 5800
Email: sgfunds@kkr.com
Contact person: Board of Directors

Project Manager

Virescent Renewable Energy Project Manager Private Limited
10th Floor, Parinee Crescenzo
C-30, 'G' Block,
Bandra Kurla Complex
Bandra (East), Mumbai 400051
Maharashtra, India
Tel: +91 99716 22660
Email: sanjay.grewal@virescent.co.in
Contact person: Mr. Sanjay Grewal

Trustee

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6230 0451
Email: debenturetrustee@axistrustee.in
Contact Person: Mr. Anil Grover
SEBI registration number: IND000000494

Trustee Correspondence Office

Axis Trustee Services Limited
The Ruby, 2nd Floor, SW
29 Senapati Bapat Marg, Dadar West
Mumbai 400 028
Maharashtra, India
Tel: +91 22 6230 0431

Investment Manager

Virescent Infrastructure Investment Manager Private Limited
10th Floor, Parinee Crescenzo
C-30, 'G' Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Tel: +91 99716 22660
Email: sanjay.grewal@virescent.co.in
Contact person: Mr. Sanjay Grewal

Other Parties involved in the Trust

Lead Manager to the Issue

Axis Capital Limited
1st Floor, Axis House
C-2 Wadia International Centre
P. B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183

Escrow Collection Bank

[●]

Legal Advisor to the Issue, as to Indian law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

Auditor to the Highways Trust

Walker Chandiok & Co LLP
21st floor, DLF Square
Jacaranda Marg, DLF Phase II
Gurugram, Haryana – 122002
Tel: +91 124 462 8000
E-mail: Manish.Agrawal@walkerchandiok.in
ICAI Firm registration number: 001076N/N500013
Peer Review Certificate Number: 011707

Valuer

Mr. S. Sundararaman
5B,"A" Block, 5th Floor
Mena Kampala Arcade
New #18 & 20, Thiagaraya Road
T.Nagar
Chennai – 600 017
Tel: +91 044 2815 4192
Email: chennaissr@gmail.com

Technical Consultant

For GEPL, JPEPL, UEPL and SEPL

Samarth Infraengg Technocrats Pvt. Ltd.
Malapaka Mansion
2nd Floor, 6-3-1100/5
Rajbhavan Road, Somajiguda
Hyderabad 500 082
Telangana, India
Tel: +91 40 2341 2731

For DBCPL and NBL

Resotech Consultancy Services Pvt. Ltd.
58, Shri Mangal Nagar
Near Elite Anmol Multi
Bicholi Hapsi Road
Indore 452 018,
Tel: +91 731- 4006024

Traffic Study Consultant

Ramboll India Private Limited
Level 17 Building No. 5 Tower B
DLF Cyber City, Phase - III
Gurugram,
Haryana 122 002, India
Tel: +91 124 461 1999

Registrar and Unit Transfer Agent

Link Intime India Private Limited
247 Park C-101, 1st Floor
LBS Marg
Vikhroli (West),
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6000
Email: ajit.patankar@linkintime.co.in
SEBI registration number: INR000004058
Contact person: Ajit Patankar
Website: www.linkintime.co.in

Credit rating

The Highways Trust has been given an rating of 'Provisional CRISIL AAA/Stable (Assigned)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 10,000 million and a rating of 'Provisional CRISIL AAA/Stable[@] (pronounced as Provisional CRISIL triple A rating with Stable outlook) for non-convertible debentures aggregating to ₹ 9,000 million, each by way of its letters dated March 14, 2022, the rationale for which is available at their website https://www.crisil.com/en/home/our-business/ratings/company-factsheet.HIINRU.html.

Additionally, the Highways Trust has been given an rating of 'Provisional IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 10,000 million , and non-convertible debentures aggregating to ₹ 9,000 million, by way of its letter dated March 11, 2022, the rationale for which is available at their website https://www.indiaratings.co.in.

PARTIES TO THE HIGHWAYS TRUST

The summaries of the key terms of certain material contracts and agreements included in this section are not complete and are subject to, and are qualified in their entirety by reference to, the provisions of the respective material contracts and agreements. Copies of the material contracts and agreements described in this section will be available for inspection at the principal place of business of the Highways Trust. For further details, please see the section entitled "Material Contracts and Documents for Inspection" on page 406.

A. The Sponsor

Galaxy Investments II Pte. Ltd.

History and Certain Corporate Matters

Galaxy Investments II Pte. Ltd. is the Sponsor of the Highways Trust. The Sponsor was incorporated on June 11, 2021 in Singapore with registration number 202120533M. The Sponsor is a private company limited by shares. The Sponsor's registered office is situated at 10 Changi Business Park, Central 2, #01-02, Hansapoint, Singapore 486 030. For further details, please see the section entitled "*General Information*" on page 101.

Background and Past Experience of Sponsor

Principal Activities of Galaxy

Galaxy Investments II Pte. Ltd. ("**Galaxy**") is a newly incorporated entity and shall be engaged in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the "infrastructure" sector.

Brief description of the Group

As on date, Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR & Co. Inc. (together with its affiliates, "**KKR**").

Founded in 1976, KKR is a leading global investment firm with approximately US$470 billion of assets under management as of December 31, 2021, that offers alternative asset management as well as capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

KKR's Global Infrastructure Strategy

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector.

KKR's Track Record in India

KKR has invested or committed over US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today. We believe

the long-term economic outlook in India is positive given structural reforms, despite recent volatility and continue to see attractive investment opportunities in the country.

India is one of the key markets that KKR's Asia Pacific Infrastructure strategy will actively seek to invest in. We believe that population growth is expected to drive significant demand for infrastructure in India over the next 25 years. This, combined with stable macroeconomic indicators, structural reforms, thrust on infrastructure development, and constructive FDI regime will continue to result in high foreign capital inflows and provide the needed impetus to make India a favored infrastructure investment destination.

KKR's private equity current and past investments in India include, but are not limited to:

- Aricent Group (2009)
- Dalmia Cement (2010)
- Coffee Day Resorts Private Limited (2010)
- Magma Fincorp Limited (2011)
- TVS Logistics Services (2012)
- Alliance Tire Group (2013)
- Gland Pharma (2014)
- Emerald Media (2015)
- Max Financial Services (2016)
- Avendus Capital (2016)
- SBI Life Insurance (2016)
- Indus Towers Limited (f.k.a. Bharti Infratel) (2017 & 2008)
- Max Healthcare Institute (2017)
- Ramky Enviro Engineers (2018)
- Lighthouse Learning (f.k.a. Eurokids) (2019)
- Reliance Jio Platforms (2020)
- Reliance Retail (2020)
- JB Chemicals (2020)
- Five-Star Business Finance (2021)
- Lenskart (2021)
- Vini Cosmetics (2021)

KKR's Infrastructure investments in India include:

- IndiGrid (2019)
- Virescent Infrastructure (2020)
- Highway Concessions One (2021)

The net worth of the Sponsor as at December 31, 2021 stood at approximately ₹ 14,644.4 million. The Sponsor shall comply with the minimum net worth requirement set out in Regulation 4(2)(d)(ii) of the InvIT Regulations.

Other Confirmations

As of the date of this Draft Placement Memorandum, the Sponsor is in compliance with the eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

Details of the Holding or the Proposed Holding by Sponsor in the Highways Trust

The Sponsor proposes to hold [●]% of the Units of the Highways Trust on a post-Issue basis. Further, the Units held by the Sponsor will be subject to lock-in requirements in accordance with the InvIT Regulations. For further details, please see the section entitled "*Background and Structure of Highways Trust - Acquisition of the Project SPVs by the Trust*" on page 262.

B. The Trustee – Axis Trustee Services Limited

History and Certain Corporate Matters

Axis Trustee Services Limited is the Trustee of the Highways Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee since January 31, 2014, having registration number IND000000494 and is valid until suspended or cancelled by SEBI. The Trustee's registered office is Axis House, Bombay Dyeing Mills Compound, Pandhurang Budhkar Marg, Worli Mumbai - 400 025, Maharashtra, India. The Trustee's address for correspondence is The Ruby, 2nd Floor, SW**,** 29 Senapati Bapat Marg, Dadar West, Mumbai – 400 028**,** Maharashtra, India. For further details, please see the section entitled "*General Information*" on page 101.

Background of the Trustee

The Trustee is a trusteeship company which has been registered with SEBI as a Debenture Trustee and has been promoted by Axis Bank Limited for providing corporate and other trusteeship services. The Trustee is a wholly-owned subsidiary of Axis Bank Limited. The Trustee also acts as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders. The Trustee is also authorised to provide services such as: (i) a facility agent for complex structured transactions; (ii) an escrow agent; (iii) a trustee to alternative investment funds and venture capital funds; (iv) custodian of documents as a safe-keeper; and (v) a trustee to real estate investment trust, etc.

The Trustee confirms that it has maintained, and undertakes to ensure that it will at all times maintain, adequate infrastructure personnel and resources to perform its functions, duties and responsibilities with respect to the Highways Trust, in accordance with the Trust Deed, the InvIT Regulations and other applicable law.

Other Confirmations

The Trustee is not an Associate of the Sponsor or the Investment Manager. Further, as of the date of this Draft Placement Memorandum, the Trustee is in compliance with the eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

Details of the Holding or the Proposed Holding by Trustee in the Highways Trust

The Trustee does not propose to hold the Units of the Highways Trust.

Board of Directors of the Trustee

The board of directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. Please see below the details in relation of the board of directors of the Trustee:

Sr. No.	Name	Age (years)	DIN	Designation
1.	Ms. Deepa Rath	45	09163254	Managing Director and Chief Executive Officer
2.	Mr. Rajesh Kumar Dahiya	54	07508488	Non-Executive Director
3.	Mr. Ganesh Sankaran	52	07580955	Non-Executive Director

Key Terms of the Trust Deed

The Trustee has entered into the Trust Deed, in terms of the InvIT Regulations, the key terms of which, are provided below:

1. *Powers of the Trustee*

   The Trustee has been provided with various powers under the Trust Deed in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations, including but not limited to:

(a) The Trustee shall, in relation to the Trust Fund, have the same powers as a natural Person acting as the legal and beneficial owner of such property and such powers shall not be restricted by any principle of construction or rule or requirement other than Applicable Law, but shall operate according to the widest generality of which the foregoing words are capable. Subject to the provisions of the Deed and the InvIT Regulations, the Trustee shall have the power to appoint the Investment Manager as the investment manager of the InvIT and shall have the power to delegate all or any of the powers of the Trustee, as set out in this Deed and as permitted under Applicable Law, to the Investment Manager. The Trustee shall have the power to execute the Investment Management Agreement with the Investment Manager, the Project Management Agreement with the Project Manager, or any other agreement or arrangement, from time to time, with the Investment Manager or any of its nominees.

(b) the Trustee shall be authorised and empowered on behalf of the InvIT either by itself (in consultation or upon the recommendation of the Investment Manager) or through the Investment Manager, to:

(i) make all decisions, concerning the investigation, selection, development, negotiation, structuring, restructuring, monitoring, divestment of Investments (including any additions or accretions thereto) and the appointment of various advisors and service providers in connection with such Investments;

(ii) direct and approve the formulation of investment policies and strategies for the InvIT and to direct and approve the investment of the Trust Fund, in accordance with the Investment Strategy;

(iii) manage, acquire, hold, sell, securitize, transfer, exchange, pledge and dispose of Investments (including any additions or accretions thereto), and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to Investments;

(iv) institute, conduct, compromise, enforce, compound, defend, answer, oppose or abandon any legal proceedings, for or on behalf of or in the name of the InvIT or the Trustee (in its capacity as the trustee of the InvIT), and to defend, compound or otherwise deal with any such proceedings against the InvIT or Trustee (in its capacity as the trustee of the InvIT) or its officers or concerning the affairs of the InvIT, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against the InvIT and to refer any differences to arbitration and observe and perform any awards thereof;

(v) appoint counsel or appear before the relevant authorities, submit information, seek clarifications from any Governmental Agency and complete, sign and submit any applications or documents for any approvals, permissions, or actions that may be necessary or desirable;

(vi) open, maintain and close bank accounts and draw cheques or other orders for the payment of money and open, maintain and close demat, brokerage, mutual fund and similar accounts; and

(vii) enter into, execute and/or terminate any investment pooling agreements, agreements related to strategic investments, co-investment agreements, and any and all documents and instruments of a similar nature in the name of the InvIT.

(c) The Trustee shall have the power, whether directly (in consultation or upon the recommendation of the Investment Manager) or through the Investment Manager where the Investment Manager has been so authorised by the Trustee under the Investment Management Agreement, to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual indemnities with Valuers, Auditors, registrar and transfer agents, merchant bankers, credit rating agencies, search agents, Custodians, property consultants, brokers, legal, financial and

tax consultants or any other intermediary or professional service provider or agent as may be required in connection with the activities of the InvIT in a timely manner and as per the provisions of the InvIT Regulations and other Applicable Law.

(d) The Trustee shall, as may be recommended by the Investment Manager, from time to time, in the interests of administrative and operational convenience, delegate to any committee or Person, any powers and duties including management of the Trust Fund vested in it under this Deed, provided, however, that the Trustee shall remain liable for all the acts of commission or omission of such Person being the delegate (such liability as may be determined finally by a court of competent jurisdiction, whose decision is final and non-appealable) except in cases of gross negligence, misconduct, wilful default and fraud by such Person or committee, as determined finally by a court of competent jurisdiction, whose decision is final and non-appealable. Any action taken by such committee or Person in respect of the Trust Fund shall be construed as an act done by the Trustee.

(e) Subject to the provisions of this Deed and the InvIT Regulations, the Trustee shall, in consultation with, and on the recommendation of the Investment Manager, have the power to create such reserves in respect of the InvIT, as it may deem proper, in order to meet the expenses, liabilities (including potential tax liability) or contingent liabilities of the InvIT.

(f) The Trustee shall have the power to cause the offering of Units of the InvIT, and issue and allot Units to the Unitholders of the InvIT, which power shall be exercised by the Investment Manager in terms of the Investment Management Agreement.

(g) The Trustee shall in consultation with, and on the recommendation of the Investment Manager, have the power to incur and pay expenses (including any taxes or other statutory charges) out of the Trust Fund, on behalf of the InvIT, in accordance with the terms of the InvIT Documents. The Trustee shall also have the power to utilise any tax credits available to the InvIT, prior to making any such payment of taxes or expenses.

(h) Subject to Applicable Law and the applicable provisions of the Trust Deed, the Trustee shall, on receipt of advice from the Investment Manager, have the power to borrow monies for the purpose of fulfilling the InvIT Objectives (through any mode, including by way of issuance of debt securities, subordinated debt, equity or other Securities or instruments permitted under the InvIT Regulations or other Applicable Law) from any Person or authority (whether government or otherwise, whether Indian or overseas) on such terms and conditions, and for such periods and purpose, as may be permitted under the InvIT Regulations and approved by the Unitholders, and offer such security as it may deem fit, for the purpose of making such borrowing. Further, the Trustee (acting in capacity of the trustee of the InvIT) shall have the power to create charge, security interest and/or lien over any or all of the assets of the InvIT (both, present or future), to secure and/or guarantee the performance of any of the obligations of the Holdcos/SPVs, as it may deem fit.

(i) Subject to Applicable Law and the applicable provisions of the Trust Deed, for so long as the Units of the InvIT are not listed on a Stock Exchange, (i) the Trustee shall have the power to borrow (on behalf of the of the InvIT) such amounts of money, on such terms and conditions and for such periods and purpose as may be decided upon by the Investment Manager; and (ii) in the event that the aggregate borrowing of the InvIT (net of cash and cash equivalents) exceeds 70% (Seventy percent) of the value of the InvIT Assets (or such other threshold as may be agreed to by not less than 51% (Fifty one percent) of the Unitholders (by value)), then for any further borrowing, the Trustee shall obtain an approval of 51% (Fifty one percent)of the Unitholders (by value). In the event the Units of the InvIT are listed on a Stock Exchange, the borrowing shall be undertaken in accordance with the InvIT Regulations and shall be subject to approvals as set out under the InvIT Regulations.

(j) The Trustee shall have the power, apart from acting personally, to employ and pay at the expense of the InvIT, any agent in any jurisdiction, whether attorneys, solicitors, brokers, banks, trust companies or other agents, whether associated or connected in any way with the Trustee

or not, without being responsible for the default of any agent if employed in good faith to transact any business.

(k) The Trustee may permit any property comprised in the InvIT, or any documents in relation thereto, to be, and remain, deposited with a Custodian or with any Person in India subject to such deposit being permissible under Applicable Law. In the event that any capital gains tax, income tax, stamp duty or other duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), become payable on any amounts payable by SPVs/ Holdco in any jurisdiction, the Trustee may, on the recommendation of the Investment Manager, pay all such duties, fees, cess or other taxes (and any interest or penalty chargeable thereon), out of the Trust Fund in accordance with Applicable Law and the advice of tax consultants. The Trustee may, on the recommendation of the Investment Manager, file tax returns with the relevant Governmental Agencies, in accordance with Applicable Law and the advice of tax consultants.

(l) The Trustee shall have the power to take the opinion of legal and tax counsel in any jurisdiction concerning any disputes or differences arising under this Deed, in connection with any Investments or any matter incidental thereto and the fees of such counsel shall be paid out of the Trust Fund.

(m) The Trustee may, from time to time and in consultation with the Investment Manager, make rules to give effect to, and carry out the purposes of the InvIT and secure effective control over the affairs thereof, subject to the provisions of Applicable Law.

(n) The Trustee shall cause the Investment Manager to insure the InvIT Assets against any loss or damage from any peril, any assets and property forming part of the InvIT for any amount, as per the InvIT Regulations, and to pay the premiums out of the Trust Funds.

(o) The Trustee may maintain, or cause the Investment Manager or the registrar and transfer agent to maintain a register of the Units of the InvIT.

(p) Subject to restrictions contained in the InvIT Documents and Applicable Laws (including the limits and restrictions prescribed under the InvIT Regulations), the Trustee may, in consultation with, and upon the recommendation of the Investment Manager, extend loans from the Trust Fund to the Holdco/ SPVs and also subscribe to debt securities or quasi debt securities or any similar kind of Securities issued by the Holdco/ SPVs or any other Person permitted under the Applicable Law from the Trust Fund.

(q) Subject to Applicable Law, the Trustee may at any time, buyback the Units from the Unitholders.

(r) Subject to Applicable Law, the Trustee shall have the right (to be exercised in consultation with the Investment Manager) (i) to pay interest, prepay or repay any and all debt raised from any Person, in accordance with the terms therein and (ii) to redeem any debt securities or other securities, obligations or instruments in accordance with the terms thereof issued to Persons in compliance with the InvIT Regulations and other Applicable Law.

(s) Other Powers of Trustee:

(i) to make and give receipts, releases and other discharges for moneys payable to the InvIT and for the claims and demands of the InvIT;

(ii) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of the InvIT as the Trustee may consider expedient for or in relation to any of the matters or otherwise for the purposes of the InvIT;

(iii) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the InvIT;

(iv) to take into their custody and/or control all the capital, assets, property of the InvIT and hold the same in trust for the Unit Holders in accordance with this Deed and the InvIT Regulations; and

(v) generally, to exercise all such powers as it may be required to exercise under the InvIT Regulations for the time being in force and do all such matters and things as may promote the InvIT or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under this Deed.

2. *Duties of the Trustee*

(a) Applications to Governmental Agencies

Subject to applicable provisions of the Trust Deed, the Trustee shall, with the assistance of the Investment Manager, in accordance with the Investment Management Agreement, make all necessary applications to such Governmental Agencies as may be required for the InvIT to carry on its activities after the InvIT is registered with SEBI.

(b) Interests of the Unitholders

(i) The Trustee shall at all times exercise due diligence in carrying out its duties and use best endeavours to carry on and conduct its business in a proper and efficient manner to protect the interests of the Unitholders and in accordance with the InvIT Regulations.

(ii) The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager in accordance with the InvIT Regulations.

(c) Receivables due to the InvIT

The Trustee shall, through the Investment Manager, ensure prompt and proper collection of the receivables due to the InvIT in accordance with Applicable Law.

(d) Transactions by certain Persons

The Trustee shall ensure that all transactions executed by the Investment Manager and any service provider to whom the Trustee has delegated any powers or duties, are done in accordance with this Deed, the Investment Management Agreement, the InvIT Regulations and the agreement executed with such service provider.

(e) Trust Fund

(i) The Trustee shall hold the Trust Fund and all assets comprised thereunder, in trust for the benefit of the Unitholders in accordance with this Deed and the InvIT Regulations.

(ii) The Trustee shall also be responsible for opening and operating bank accounts on behalf of the InvIT. It is hereby clarified that, to the extent the authority under the Trust Deed has been delegated to the Investment Manager in accordance with the Investment Management Agreement, the Investment Manager shall be responsible for undertaking the actions.

(iii) The Trustee shall ensure that the Capital Contribution received whether by way of (I) Private Placement through a Placement Memorandum; or (II) Public Issue of Units through an Offer Document, as the case may be, is kept in a separate bank account in the name of the InvIT and is only utilised for adjustment against allotment of Units or refund of money to the applicants in the manner set out in the InvIT Regulations, and

the same will be utilised for the objectives stated in the Placement Memorandum or the Offer Document (as the case may be).

(f) Books of Accounts and Records

The Trustee shall maintain all the records that are required to be maintained pursuant to Regulation 26(2) of the InvIT Regulations or otherwise required under Applicable Law. The Trustee shall also ensure that the Investment Manager maintains the books of accounts of the InvIT in accordance with this Deed.

(g) Statutory charges or levies payable by the InvIT

The Trustee shall, in accordance with the Applicable Law and on receipt of advice from the Investment Manager, pay all taxes, duties and any other statutory charges or levies that may be payable by the InvIT on behalf of the Unitholders from the Trust Fund, subject to the provisions of the InvIT Documents.

(h) Reports to be filed by the InvIT

The Trustee, either by itself or through the Investment Manager, shall from time to time file such reports and provide such information as may be required by the SEBI or stock exchanges (if applicable) or other Governmental Agencies, with respect to the activities carried on by the InvIT.

(i) Documents and information to be provided to the Unitholders

The Trustee shall, through the Investment Manager, from time to time provide such documents and information to the Unitholders, as may be required by the SEBI, stock exchanges (if applicable) or other Governmental Agencies, with respect to the activities carried on by the InvIT. The Trustee shall comply with intimation requirements under the InvIT Regulations, including in relation to intimating SEBI in case of any discrepancy in the operation of the InvIT with the InvIT Regulations and the Placement Memorandum or Offer Document (as applicable). The Trustee shall also immediately inform SEBI in case (i) the Investment Manager fails to submit to the Trustee the information or reports as specified under the InvIT Regulations, within the timelines set out under the InvIT Regulations; and (ii) any act which is detrimental to the interest of the Unitholders is noted.

(j) Segregation of Assets & Liabilities

The assets and liabilities of the InvIT shall at all times be segregated from the assets and liabilities of any other trusts managed by the Trustee. The assets held under the InvIT shall be held for the exclusive benefit of the Unitholders of the InvIT and such assets shall not be subject to the claims of any creditor or other Person claiming under any other trust or fund administered by the Trustee or managed by the Investment Manager, as the case may be.

(k) Attainment of objects of the InvIT

The Trustee shall ensure that all acts, deeds and things are done with a view to attain the objects of the InvIT as set out in this Deed, Applicable Law and the InvIT Documents, in order to secure the best interests of the Unitholders.

(l) Activities of the Investment Manager

(i) The Trustee shall delegate all such powers to the Investment Manager as may be required by the Investment Manager to carry out its obligations under the Investment Management Agreement and under Applicable Law.

(ii) The Trustee shall oversee activities of the Investment Manager in the interest of the Unitholders, ensure that the Investment Manager complies with the InvIT Regulations

and obtain a compliance certificate from the Investment Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(iii) The Trustee shall ensure that the Investment Manager complies with all applicable reporting and disclosure requirements in accordance with the InvIT Regulations, and other Applicable Law and in case of any delay or discrepancy, require the Investment Manager to rectify such delay or discrepancy on an urgent basis.

(iv) The Trustee shall require the Investment Manager to set up such systems and procedures and submit such reports to the Trustee, as may be necessary for effective monitoring of the functioning of the InvIT.

(v) The Trustee shall ensure that the activity of the InvIT is being operated in accordance with the provisions of this Deed, the InvIT Regulations and the InvIT Document (as applicable), and in the event that any discrepancy is noted, the Trustee shall inform the same to the SEBI immediately in writing.

(vi) The Trustee shall review all documents, reports, records and information submitted by the Investment Manager to the Trustee in accordance with Regulation 10 of the InvIT Regulations.

(m) Activities of the Project Manager

(i) The Trustee shall delegate all such powers to the Project Manager as may be required by the Project Manager to carry out its obligations under the Project Management Agreement and under Applicable Law.

(ii) The Trustee shall oversee activities of the Project Manager in the interest of the Unitholders, ensure that the Project Manager complies with the InvIT Regulations and the Project Management Agreement and obtain a compliance certificate from the Project Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(n) Meetings of Unitholders

(i) The Trustee shall ensure that the Investment Manager (i) convenes meetings of the Unitholders in accordance with the InvIT Regulations and (ii) shall oversee the voting by the Unitholders and declare the outcome of such meetings;

Provided that, where there is:

(a) a change or removal of the Investment Manager, or a Change in Control of the Investment Manager of the InvIT, the Trustee shall be responsible for convening and conducting of the meetings of the Unitholders, as provided in the InvIT Regulations and the InvIT Documents; and

(b) any issue pertaining to the Trustee, such as change in the Trustee, the Trustee shall not be involved in any manner in the conduct of the meetings of the Unitholders.

(ii) The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders at least once every year within requisite number of days from the end of a financial year (as prescribed under the InvIT Regulations) with the period between such meetings not exceeding such number of months as is prescribed under the InvIT Regulations.

(iii) The Trustee shall take up with SEBI or with the stock exchanges (if applicable), any matter which has been approved in any meeting of Unitholders, if the matter requires such action.

(o) Related Party Transactions

The Trustee shall review and oversee the transactions carried on between the Investment Manager and its Associates and where the Investment Manager has advised that there may be a conflict of interest, the Trustee must obtain a certificate from a practising chartered accountant or a Valuer as applicable specifying that such transactions are on an arms' length basis.

(p) Change and Change In Control of the Investment Manager

The Trustee hereby confirms that it shall (i) obtain the prior approval of the Unitholders in accordance with the requirements of the InvIT Regulations for a proposed change in the Investment Manager or Change In Control of the Investment Manager; and (ii) to the extent applicable, obtain prior approval of the SEBI in the event of a proposed change in the Investment Manager or Change in Control of the Investment Manager.

(q) Change and Change In Control of the Project Manager

The Trustee hereby confirms that (i) it shall appoint a new project manager within 3 (Three) months from the date of termination of the relevant Project Management Agreement in case of a change of Project Manager due to removal or otherwise; and (ii) in case of a Change In Control of the Project Manager in a PPP Project, it shall ensure that the written consent of the relevant concessioning authority is obtained in terms of the Concession Agreement prior to such change, where applicable.

(r) Suspension of Trustee's Registration

The Trustee shall, promptly on occurrence, inform the Investment Manager and the Unitholders of a cancellation, revocation or suspension of its registration to act as a trustee under Applicable Law or a breach of the terms of such registration that will materially impair its ability to perform its obligations and exercise its powers under this Deed.

(s) Investment by Trustee

The Trustee and its Associates shall not invest in Units of the InvIT.

(t) Confidentiality

The Trustee and its directors, officers, employees and agents shall at all times maintain the greatest amount of confidentiality with respect to the activities and assets of the InvIT, the Sponsor and/or their respective Associates and such other matter connected with them and the InvIT generally and shall not disclose any confidential information to any other Person, other than the Sponsor, Investment Manager, or the Project Manager, unless such information is required to be disclosed to some regulatory authority, court or any other Person under any order of court or any law in force in India;

(u) Ethical Business Practices

The Trustee shall not use any InvIT Assets or any portion of the Trust Fund, in violation of any Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions, and shall not directly, or knowingly indirectly transfer such assets or proceeds to or for the benefit of any Sanctioned Person or otherwise in violation of Sanctions.

(v) General Duties

Without limiting the foregoing general duties, the Trustee shall perform all the duties and obligations set out in the InvIT Regulations, including those applicable duties and obligations set out in Regulation 9 of the InvIT Regulations, as may be amended, modified or supplemented from time to time.

3. *Rights of the Trustee*

(a) The Trustee shall have the right to receive trusteeship fees from the Trust Fund for services to be rendered in relation to the administration and management of the InvIT, as agreed in the offer letter dated August 9, 2021, issued by the Trustee, as amended from time to time.

(b) The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any qualified bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisors to the Trustee. The Trustee shall not be bound to supervise or verify advice of the advisors and not be liable for any bona fide act or omission or consequence suffered as a result of the reliance upon such advice or information. The Trustee shall also not be responsible for any loss occasioned by so acting, nor for the consequences of any bona fide mistake, oversight or error of judgement on the part of such advisors.

(c) The Trustee may, on the recommendation of the Investment Manager, appoint any scheduled commercial bank to act as the banker to the InvIT, on the same terms and conditions extended by such a bank to similar customers.

(d) The Trustee shall be entitled to the reimbursement of all reasonable expenses incurred by the Trustee on behalf of the InvIT, including any direct or indirect tax or duty, which has become or may become leviable under Applicable Law. Such expenses shall be paid out of the Trust Fund.

(e) Subject to Applicable Law, the Trustee acknowledges that no Unitholder (acting in its capacity as a Unitholder) shall be entitled to inspect or examine the InvIT's premises or properties (or documents relating thereto) without the prior permission of the Investment Manager. Further, no Unitholder (acting in its capacity as a Unitholder) shall be entitled to require discovery of any information with respect to any detail of the InvIT's activities or any matter which may be related to the conduct of the business of the InvIT and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

4. *Liabilities of the Trustee*

(a) Assets received by the Trustee: The Trustee shall only be liable for such monies, stocks, funds, shares, Securities, investment or property as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, Custodian or other Person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of the Trust Fund nor otherwise for any involuntary loss provided that the Trustee or such Person shall have acted in good faith, without gross negligence and shall have used their best efforts in connection with such dealings and matters. Any receipt signed by the Trustee for any monies, stocks, funds, shares, Securities, investment or property, paid, delivered or transferred to the Trustee by virtue of this Deed or in exercise of the duties, functions and powers as Trustee, shall effectively discharge the Trustee or the Person paying, delivering or transferring the same provided that the Trustee or such Person shall have acted in good faith, without gross negligence and shall have used their best efforts in connection with such dealings and matters.

(b) Acts done in good faith: The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager.

(c) Authenticity of signature and seal: The Trustee shall not be responsible for the authenticity of any signature or of any seal affixed to any endorsement on any certificate or to any transfer or form of application endorsement or other document effecting the title to or transmission of interests in the InvIT or of any of the Investments or be in any way liable for any forged or unauthorised signature on or any seal affixed to such endorsement transfer or other document or for acting upon or giving effect to any such forged or unauthorised signature or seal. The Trustee shall be entitled but not bound to require that the signature of any Unitholder to any document required to be signed by such Unitholder under or in connection with these presents, be verified to the reasonable satisfaction of the Trustee.

(d) Depletion in the value of the Trust Assets: The Trustee shall not be liable for any act or omission that may result in a loss to an Unitholder by way of depletion in the value of the Trust Fund or otherwise, except in the event that such depletion is a result of fraud, gross negligence or misconduct on the part of the Trustee or results from a breach by the Trustee of this Deed, as conclusively determined by a court of competent jurisdiction.

(e) Indemnity: The Sponsor, Trustee, and their respective officers, directors or employees ("Indemnitees") shall be entitled to be indemnified by the InvIT out of the Trust Fund in respect of all claims, liabilities, damages and expenses, including legal fees, by reason of their activities on behalf of the InvIT or any of the powers, authorities and discretion exercised by them in each case, provided that such claims liabilities, damages or expenses do not arise from any violation of this Deed and do not involve gross negligence, fraud, misconduct or violation of laws by the Indemnitees or their agents and representatives, as determined finally by a court of competent jurisdiction.

(f) Obligations as per the Indian Trusts Act: Nothing in this Deed exempts or indemnifies the Trustee against liability for: (i) breach of trust under the Indian Trusts Act, 1882; or (ii) fraud, gross negligence or misconduct by the Trustee.

(g) Acts or things required to be done by the Trustee under law: The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of Applicable Law, or of any decree, order or judgment of any court, or by reason of any direction made by any Person acting with or purporting to exercise the authority of any Governmental Agency, it is directed or requested to do or perform or to forbear from doing or performing. If, for any reason it becomes impossible or impracticable to carry out any act or thing under the provisions of this Deed, the Trustee shall not be under any obligation to perform such act or thing.

(h) Bona fide action by the Trustee: The Trustee shall not be liable in respect of any action taken or damage suffered by the Unitholders on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(i) Suits, proceedings or claims against the Trust: The Trustee shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim (including tax proceedings) in respect of the provisions hereof or in respect of the assets of the InvIT or any part thereof or any corporate action which in its opinion, acting on advice of the Investment Manager would or might involve an expense or a liability, unless the Investment Manager shall so request in writing and the Trustee is satisfied that the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as the trustee as a result thereof. The costs in relation to such action, suit, proceedings or claims (whether undertaken upon request of Investment Manager or otherwise) incurred by the Trustee in connection with or arising out of the InvIT, shall be borne by the InvIT.

(j) Trustee to act as trustee of other trusts: Nothing herein contained shall be construed to preclude the Trustee from acting as trustee of other trusts, alternate investment funds, venture capital funds, private equity funds, real estate investments trusts, infrastructure investment trusts, private trusts or customized fiduciary trusts separate and distinct from the InvIT, and retaining for its own use and benefit all remuneration, profits and advantages which it may derive therefrom, as permitted under Applicable Law.

(k) Information regarding the Trust, etc.: If the Trustee is required by the InvIT Regulations or any other Applicable Law to provide information regarding the InvIT, the Sponsor, Unitholders, the Investments and income therefrom and provisions of this Deed and complies with such request in good faith after having consulted with the Investment Manager, whether or not it was in fact enforceable, the Trustee shall not be liable to the Unitholders or to any other party as a result of or in connection with such compliance.

(l) Limited Liability: The Trustee shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Trustee, in its capacity as trustee of the Trust does or fails to do. It is hereby clarified that the liability of the Trustee shall not exceed the fees received by the Trustee, except in case of fraud, gross negligence or misconduct on the part of the Trustee, as may be determined finally by a court of competent jurisdiction.

(m) Trustee to not risk its monies: If the Trustee engages any external advisors or experts after having obtained the consent of the Investment Manager (in accordance with this Deed), to discharge its obligations under this Deed, or undertakes any work (after having obtained the consent of the Investment Manager, in the interest of the Unitholders) which is not covered within the scope of work of the Trustee under this Deed and such additional work is beyond the obligations of the Trustee under Applicable Laws, the Trustee shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the Trust Fund. Further, it is clarified that, the Trustee will not be required to utilize funds held by the Trustee under this Deed, for any other trust for which, Axis Trustee Services Limited is appointed as a trustee.

5. *Term, discharge and removal of the Trustee and appointment of new Trustee*

(a) The Trustee shall hold the office of trustee of the InvIT under this Deed till the occurrence of the earlier of the following:

(i) the winding up, dissolution or termination of the InvIT as set out in the Trust Deed; or

(ii) discharge of the Trustee in accordance with the provisions of the Trust Deed below.

(b) The Trustee shall stand discharged from its office on the occurrence of any of the following events:

(i) resignation by the Trustee from its office in accordance with the Trust Deed (Resignation by and Removal of the Trustee);

(ii) if the Unitholders so decide with requisite majority, in accordance with the InvIT Regulations;

(iii) passing of a resolution by the board of directors of the Trustee for the voluntarily winding up of the Trustee, or passing of an order of winding up against the Trustee by a court of competent jurisdiction;

(iv) passing of a direction by the SEBI or any other governmental or regulatory authority to remove the Trustee; or

(v) expiry or revocation of registration of the Trustee.

(c) In the event the Trustee desires to resign from its office, it may submit its resignation to the Sponsor, or in the absence of the Sponsor, the Unitholders, setting out reasons for such resignation. The Sponsor or the Unitholders, as the case may be, may approve the resignation in accordance with the InvIT Regulations, on the condition that a new trustee shall be appointed to hold office in its place from the date of acceptance of the resignation in accordance with terms and conditions of this Deed. The date of acceptance of the Trustee's resignation shall be deemed to be the date of discharge of the Trustee.

(d) In any event, the Trustee shall not be discharged unless a new trustee is appointed by the Sponsor or the Unitholders in its place by the execution of a deed of appointment and on such appointment the Trustee shall be deemed to have vacated office as trustee of the InvIT. Notwithstanding anything contained herein, in the event the Sponsor fails to appoint a trustee within a period of 60 (Sixty) days from the date of notice of resignation of the Trustee, the Trustee shall to the best of its ability guide the Sponsor and/or the Unitholders on the

appointment of a reputed Person with the requisite expertise and experience as successor Trustee and the Trustee shall continue as trustee until such appointment of the successor Trustee. Provided that, the Sponsor and/or the Unitholders will not be obligated to appoint the Person recommended by the Trustee, as the new trustee of the InvIT.

(e) In the event of the occurrence of any of the events set out in applicable provisions of the Trust Deed, a new trustee as nominated by the Sponsor, shall be appointed in its place on the terms and conditions of this Deed.

(f) Such appointment of a new trustee shall be made by execution of a deed of appointment.

(g) On such appointment, the Trust Fund shall vest with the new trustee.

(h) On such appointment, the Trust shall be conveyed and transferred to the new trustee so as to legally vest in such new trustee, which, subject to Applicable Law, shall not be construed to be a conveyance of property of the Trust.

6. *Provisions Related to Unitholders*

(a) The Unitholders shall be entitled to receive the Distributions made by the InvIT in the proportion of their respective Beneficial Interest. The Beneficial Interest of each Unitholder shall be equal and limited to the proportion of the number of Units held by that Unitholder to the total number of Units issued by the InvIT as on a relevant date.

(b) No Unitholder shall participate or take part in the control of the affairs of the InvIT or have a right or authority to act for, or bind, the InvIT. Further, no Unitholder shall have a right to make decisions with respect to the InvIT, save and except to the extent provided in the InvIT Documents (as applicable) and the InvIT Regulations. The approval of the Unitholders will be obtained in the manner and to the extent specified in the InvIT Regulations.

(c) The liability of each Unitholder towards the payment of any amount (that may arise in relation to the Trust Fund including any taxes, duties, fines, levies, liabilities, costs or expenses) shall be limited only to the extent of the Capital Contribution of such Unitholder and after such Capital Contribution shall have been paid in full by the Unitholder, the Unitholder shall not be obligated to make any further payments pursuant to this liability. For the avoidance of doubt, no Unitholder shall have any personal liability or obligation with respect to the InvIT.

(d) Each Unit allotted to the Unitholders shall have one vote for any decisions requiring a vote of Unitholders.

(e) No Unitholder shall enjoy superior voting or any other rights over another Unitholder.

(f) In no event shall a Unitholder have or acquire any rights against the Trustee and the Investment Manager except as expressly conferred on such Unitholder hereby or in the other InvIT Documents, nor shall the Trustee or the Investment Manager be bound to make payment to any Unitholder, except out of the funds held by it for that purpose under the provisions of this Deed.

(g) A Unitholder whose name and account details are entered in the Depository Register shall be the only Person entitled to be recognized by the Trustee as having a right, title, interest in or to the Units registered in his name and the Trustee shall recognize such holder as an absolute owner. Provided that the Trustee shall be required to recognize and give effect to the terms of any voting arrangements, power of attorneys and proxies executed by Unitholders in respect of their Units, in respect of which the Trustee has been notified.

(h) The Unitholders (acting in their capacity as unitholders of the InvIT) shall not give any directions to the Trustee, the Investment Manager or the Project Manager (whether in a meeting of Unitholders or otherwise) if it would require the Trustee, the Investment Manager or the Project Manager to do or omit doing anything which may result in:

(i) the InvIT or the Trustee, in its capacity as the trustee of the InvIT or the Investment Manager, in its capacity as the investment manager of the InvIT or the Project Manager, in its capacity as the project manager of the InvIT ceasing to comply with Applicable Law; or

(j) interference with the exercise of any discretion expressly conferred on the Trustee by this Deed or the Investment Manager or the Project Manager by the Investment Management Agreement or the Project Management Agreement, respectively, or the determination of any matter which requires the agreement of the Trustee or the Investment Manager, provided that nothing shall limit the right of the Unitholder to require the due administration of the InvIT in accordance with this Deed.

(k) The Depository Register shall (save in case of manifest error) be conclusive evidence of the number of Units held by each depositor and in the event of any discrepancy between the entries of the Depository Register and any statement issued by the depository, the entries in the Depository Register shall prevail unless the depositor proves to the satisfaction of the Trustee and the depository that the Depository Register is incorrect.

(l) The Unitholders shall have the right to call for certain matters to be subject to their consent, in accordance with the InvIT Regulations and Applicable Law.

(m) Subject to the restrictions set out (a) under Applicable Law; (b) in the InvIT Documents; or (c) in any arrangement entered into between the Unitholders ("Unitholder Arrangement"), the Unitholders may, in accordance with the provisions of the InvIT Documents, Applicable Law and/or such Unitholder Arrangement (to the extent applicable), transfer any of the Units to an investor where such investor accepts all the rights and obligations of the transferor and the Trustee or the Investment Manager shall give effect to such transfer in accordance with Applicable Law.

(n) The Trustee shall and shall ensure that the Investment Manager obtains the consent of the Unitholders for the matters prescribed under the InvIT Regulations and/or the InvIT Documents, in accordance with the provisions of the InvIT Regulations. For matters requiring approval under the InvIT Documents and InvIT Regulations, consent or vote of the Unitholders, the approval, consent or vote shall be on the basis of the relevant threshold in terms of the Beneficial Interest.

7. *Termination*

The InvIT may be terminated early and dissolved automatically without any further action on the part of the Unitholders, in the circumstances as specified below:

(a) in the event of the InvIT becoming illegal;

(b) if it is impossible to continue with the InvIT or if the Trustee on advice of the Investment Manager deems it impracticable to continue the InvIT;

(c) in case the Units of the InvIT are listed, if the Units of the InvIT are delisted from the stock exchanges (other than if the Trustee and the Investment Manager propose to convert the InvIT into a privately placed unlisted infrastructure investment trust, in accordance with the InvIT Regulations);

(d) where SEBI has passed a direction for the winding up of the InvIT or if the InvIT is required to be wound up pursuant to the InvIT Regulations;

(e) in the event SEBI refuses to grant a certificate of registration to the InvIT, due to any reason whatsoever; or

(f) if the InvIT fails to make any offer of Units by way of Private Placement or Public issue (as applicable) within the time period stipulated in the InvIT Regulations or any other time period as specified by SEBI (whichever is earlier), in which case the InvIT shall surrender its certificate

to SEBI and cease to operate as an infrastructure investment trust, unless the period is extended by SEBI.

(i) Winding up of the InvIT on circumstances other than (i) in accordance with the Term; and (ii) those stated in provisions of the Trust deed shall require a consent from the Unitholders by Super Majority.

(ii) The net assets of the InvIT remaining after settlement of all liabilities as on the date of dissolution shall be paid to the Unitholders in accordance with the provisions contained in the Trust Deed.

(g) Other than as set out herein and/or in the InvIT Documents and/or as may be decided by the Investment Manager, a Unitholder shall not have any right to demand the return of its Capital Contribution. None of the Trustee, Sponsor, the Investment Manager, any committee of the Trust or the Trustee or the Investment Manager working on the investment activity of the Trust, the Project Manager or their affiliates or each of their respective managers, officers, directors, shareholders, sponsors, partners, members, employees, advisors and/or agents shall have any personal liability to the Unitholders for the return of their Capital Contribution. Further, other than as expressly set out herein and/or in the InvIT Documents, none of the aforementioned Persons shall be under any obligation to distribute or pay any amount to a Unitholder. All liabilities of the InvIT to Persons other than the Unitholders shall be paid, or in good faith determination of the Trustee or the Investment Manager, there shall remain in the property of the Trust sufficient resources to pay such liabilities.

(h) Immediately upon the happening of any of the events referred to in the Trust Deed, the Trustee shall:

(i) ensure that no further Investments are made out of the Trust Fund;

(ii) redeem all outstanding Units and distribute any remaining non-cash assets in the Trust Fund and the cash proceeds (net of liquidation and distribution costs) from the sales to the Unitholders;

(iii) within a reasonable period of time thereafter, take such other actions as may be necessary to ensure that the InvIT is wound up by executing such documents and taking such steps as may be necessary; and

(iv) surrender the certificate of registration of the InvIT to SEBI.

(i) It is hereby clarified that, upon the occurrence of the events set out in the Trust Deed, the Trustee shall continue to hold office as the trustee of the InvIT under this Deed until the completion of all actions set out in the Trust Deed.

C. The Investment Manager – Virescent Infrastructure Investment Manager Private Limited

History and Certain Corporate Matters

Virescent Infrastructure Investment Manager Private Limited ("**Virescent Infrastructure or Investment Manager**") is the Investment Manager of the Highways Trust. Virescent Infrastructure was incorporated in India as a private limited company on August 22, 2020 under the Companies Act, 2013 with corporate identification number U74999MH2020PTC344288. The Investment Manager's registered office and address for correspondence is 10th Floor, Parinee Crescenzo, C-30, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India. For further details, please see the section entitled '*General Information*' on page 101.

Background and Past Experience of the Investment Manager

Virescent Infrastructure has the infrastructure for acting as the manager, and to manage the assets and investments of the Highways Trust. Virescent Infrastructure was incorporated as a private limited company, and each of its

key managerial personnel currently has over five years of experience in providing advisory services in the infrastructure sector. Therefore, it will be relying on the experience and expertise of its employees in the financial management, advisory and/or infrastructure development sectors, to comply with the eligibility requirements under the InvIT Regulations. Accordingly, the Investment Manager is in compliance with the eligibility requirements prescribed under the InvIT Regulations. The Investment Manager also acts as the investment manager to the "Virescent Renewable Energy Trust", an infrastructure investment trust, which has obtained a certificate of registration from SEBI on February 25, 2021, bearing registration number IN/InvIT/20-21/0018.

The net worth of Virescent Infrastructure as on December 31, 2021, was ₹ 132.98million on a standalone basis. Virescent Infrastructure shall (i) comply with the minimum net worth requirement set out in Regulation 4(2)(e)(i) of the InvIT Regulations.

The equity shareholding pattern of the Investment Manager is as follows:

S. No.	Name of the shareholder	No. of equity shares held	Percentage (%)
1.	Terra Asia Holdings II Pte. Ltd.	11,009,999	86.37
2.	Terra Asia Holdings I Pte. Ltd., as a nominee of Terra Asia Holdings II Pte. Ltd.	1	-
3.	PIP7 Peacock SARL	17,37,753	13.63
Total		**1,27,47,753**	**100**

Key Terms of the Investment Management Agreement

The Investment Manager has entered into the Investment Management Agreement, in terms of the InvIT Regulations, the key terms of which, are provided below.

1. *Powers of the Investment Manager*

The Investment Manager has been provided with various powers under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(a) Power to manage and administer the InvIT and its Investments*:* The Investment Manager shall take all decisions in relation to the management and administration of the InvIT, the Trust Funds and the Investments of the InvIT as may be incidental or necessary for the advancement or fulfilment of the InvIT Objectives and Investment Strategy in accordance with the InvIT Regulations and the InvIT Documents.

(b) Power to make investment and divestment decisions: The Investment Manager shall make the investment decisions with respect to the InvIT and the Trust Fund including any Investments or divestments, subject to InvIT Regulations and in accordance with the relevant InvIT Documents, and in this regard is also empowered to do the following acts on behalf of the InvIT:

(i) acquire, hold, manage, trade and dispose of the Infrastructure Assets, shares, stocks, convertibles, debentures, bonds, equity, equity-related securities, debt or mezzanine securities of all kinds issued by any Holdco or SPV (including loans convertible into equity), whether in physical or dematerialised form, including power to hypothecate, pledge or create Encumbrances of any kind on such Securities held by the InvIT in such Holdco / SPV to be used as collateral security for any borrowings by the InvIT or the Holdco/ SPV;

(ii) without limiting the generality of the foregoing, to decide, in the manner set out in the InvIT Documents and InvIT Objectives and in compliance with the InvIT Regulations, (A) the amounts to be invested in each new entity or Infrastructure asset or any other asset, as permitted under the InvIT Regulations, that is to form part of the InvIT and the mode, manner, terms and conditions for making such Investment; and (B) to realize such Investments and the income therefrom, and distribute the same to the Unitholders

or reinvest the same, as may be decided by the Investment Manager as per the terms contained herein and the InvIT Documents and in compliance with the InvIT Regulations;

(iii) use the Infrastructure Assets and Trust Fund to provide loans and other support as may be required by a HoldCo / SPV

(iv) keep the Trust Fund in deposits with banks or in such other instruments or form as permitted under the InvIT Regulations in the name of the InvIT;

(v) collect and receive the profit, interest, repayment of principal of debt or debt-like or equity or equity-like mezzanine securities, dividend, return of capital of any type by the SPVs/ Holdco or of the Infrastructure Assets or any other InvIT Asset and any other income of the InvIT;

(vi) make Investments, including investments in liquid mutual funds, government securities, money market instruments and cash equivalents, as set out in the InvIT Documents and InvIT Objectives and in the manner and to the extent permitted under the InvIT Regulations;

(vii) to give, provide and agree to provide to any SPV or Holdco, financial assistance in the form of investment in share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital; and

(viii) keep the capital and monies of the InvIT in deposit with banks or other institutions.

(c) Objects of the InvIT*:* The Investment Manager is hereby authorized to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfillment of the InvIT Objectives, as set out in the Deed and the relevant InvIT Documents.

(d) Power to issue and to accept subscription to Units of the InvIT*:* The Investment Manager shall have the power to cause the issue and allotment of the Units, including specifically in accordance with Chapter VIA and Regulation 14 of the InvIT Regulations, to the extent applicable. The Investment Manager shall have the power to accept Capital Contributions for the InvIT and subscriptions to Units of the InvIT and undertake all related activities.

(e) Power to apportion between income and capital: The Investment Manager shall make such reserves out of the income or capital as it may deem proper and any directions of the Trustee in this behalf whether made in writing or implied from their acts shall, so far as the law may permit, be conclusive and binding. Any Distribution made from such reserves shall be in accordance with the InvIT Regulations.

(f) Power to maintain register of Unitholders*:* The Investment Manager shall cause the depository to maintain a register of Unitholders.

(g) Power to make reserves: Subject to the provisions of the InvIT Regulations (including particularly the requirements to make Distributions in accordance with Regulation 18(6) of the InvIT Regulations) and other Applicable Law, the Investment Manager shall, as it may deem proper make such reserves as may be required from time to time.

(h) Power to borrow*:* The Investment Manager may cause the InvIT to issue debentures, borrow or to defer payments or raise funds in any other form as per Applicable Law, and offer such security or contractual comfort as may be required for such borrowing subject to the conditions laid down in the InvIT Documents and InvIT Regulations (including the requirement to procure approvals from the investors/ Unitholders, as may be required, in accordance with the InvIT Documents and InvIT Regulations).

(i) Power to exercise rights in respect of the Trust Fund: Subject to and in compliance with any

conditions laid out in the InvIT Regulations and other Applicable Law, the Investment Manager shall have the power to exercise all rights in relation to the shareholding of the InvIT in the Holdco/ SPVs and other assets underlying the Trust Fund, including voting rights, rights to appoint directors (in consultation with the Trustee), whether pursuant to Securities held by the InvIT, or otherwise.

(j) Power to employ a Project Manager: The Trustee, in consultation with the Investment Manager shall, on behalf of the InvIT, appoint the Project Manager to undertake, by itself or through appropriate agents, operations and management of the Infrastructure Assets of the InvIT in accordance with the InvIT Documents and Applicable Law and shall, for this purpose, execute the Project Management Agreement with the Project Manager.

(k) Power to appoint professional service providers, intermediaries and agents:

(i) The Investment Manager, in consultation with the Trustee, shall have the power to appoint, determine the remuneration of and enter into, execute, deliver, perform, modify or terminate all documents, agreements and instruments containing customary terms including contractual indemnities with Valuers, Auditors, registrar and transfer agents, merchant bankers, Custodians and any other intermediary or service provider or agent as may be required for managing the assets of the InvIT and as per the provisions of the InvIT Regulations and other Applicable Law.

(ii) The Investment Manager shall not be responsible for the default or violation by any such professional service provider, intermediary or agent of their terms of service, if employed in good faith to transact any business identified in the arrangement with them.

(iii) All fees in relation to such professional service providers, intermediaries and agents shall be determined by the Investment Manager and shall be to the account of the InvIT, to be paid out of the Trust Fund or in such manner as may be permitted under Applicable Law. *Provided however*, the remuneration of the Valuer shall not be linked to or based on the value of the assets underlying the Trust Fund being valued by the Valuer. The Investment Manager shall be entitled to rely on the information, data, opinions and reports provided by such professional service providers, intermediaries and agents.

(iv) The Investment Manager shall not appoint an Auditor, Valuer and such other intermediaries or agents (as applicable) for consecutive periods greater than as permitted under the InvIT Regulations, without the consent of the Unitholders or Governmental Agencies, as may be required under the InvIT Regulations or other Applicable Law.

(l) Power to appoint Custodians: The Investment Manager may, in consultation with the Trustee, appoint any Custodian in order to provide custodian services, oversee the activities of the Custodian, and may permit any asset (and/ or any documents pertaining thereto, as applicable) forming part of the Trust Fund to be and remain deposited with a Custodian, subject to such deposit as authorised by the Trustee and permissible under Applicable Law.

(m) Power to pay duties and Taxes*:* In the event of any duties, fees or Taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of the InvIT or in respect of documents issued or executed in pursuance of the Deed in any circumstances whatsoever, the Investment Manager, shall have the power and duty to pay all such duties, fees or Taxes and any interest or penalty thereon as well as to create any reserves for future potential Tax liability. For the avoidance of doubt, it is clarified that pursuant to this, no Unitholder will be required to make a Capital Contribution to the InvIT (other than the issue price for Units allotted). The Investment Manager shall also have the power to file any income-Tax returns on behalf of the InvIT, and ensure compliance with income tax provisions, as may be required under Applicable Law.

(n) Power to spend on behalf of the InvIT: The Investment Manager shall have the power to pay InvIT Expenses that are required to be paid by the InvIT out of the Trust Fund.

(o) Power to take counsel's opinion*:* The Investment Manager shall have the power to take the opinion of legal / tax counsel in any jurisdiction concerning any disputes or difference arising under the Investment Manager Agreement or any matter in any way relating to the Investment Manager Agreement or to its duties in connection with the Investment Manager Agreement.

(p) Power to re-invest: Subject to the conditions laid down in any of the InvIT Documents and InvIT Objectives and as permissible under the InvIT Regulations, the Investment Manager, may retain for reinvestment into a potential InvIT Asset or Holdco/ SPV, any proceeds received by the InvIT from any sale of any Infrastructure Assets or any Holdco / SPV or any shares or interest in the Holdco or SPV or the other Investments held by the InvIT in accordance with the InvIT Regulations. In such circumstances, the Investment Manager shall not be required to distribute any amounts retained for re-investment to the Unitholders.

(q) Power to effect compromises: The Investment Manager shall have the power to:

(i) accept any property before the time at which it is transferable or payable;

(ii) accept any composition or any security movable or immovable for any equity or other property;

(iii) allow any time of payment of any equity; and

(iv) compromise, compound, abandon, submit to arbitration or otherwise pay and settle any equity account, claim or thing whatsoever relating to the InvIT or SPV/ Holdco under the Investment Manager Agreement.

(r) Power to make policies*:* The Investment Manager may, make internal policies to generally evolve, formulate and adopt from time to time such policies and procedures as may be conducive for the effective administration and management of the InvIT and the attainment of the InvIT Objectives, in accordance with the InvIT Documents and the InvIT Regulations. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters namely:

(i) norms of investment by the InvIT in accordance with the InvIT Objectives and in accordance with the powers and authorities of the Trustee as set out in the Deed and those delegated to the Investment Manager;

(ii) matters relating to entrustment / deposit or handing over of any documents, etc. pertaining to the Investments of the InvIT in the Holdco/ SPVs or other assets, to one or more Custodians and the procedure relating to the holding thereof by the Custodian;

(iii) such other administrative, procedural or other matters relating to the administration or management of the affairs of the InvIT thereof and which matters are not by the very nature required to be included or provided for in the Deed or the Investment Manager Agreement;

(iv) procedure for seeking approval of the Unitholders in compliance with the InvIT Regulations; and

(v) procedure for summoning and conducting of meetings of Unitholders.

Provided that, in case of any inconsistencies between the rules or policies framed by the Investment Manager under the Trust Deed and the InvIT Documents, the terms of the InvIT Documents shall prevail.

(s) Power to insure property*:* The Investment Manager shall arrange for and ensure that assets forming part of the Trust Fund are adequately insured. The Investment Manager shall (as applicable), out of the Trust Fund, pay the requisite premiums in relation to the insurances procured for the assets forming part of the Trust Fund directly held by the InvIT and shall ensure that the Holdco/ SPVs (as applicable) pay the requisite premiums in relation to the insurances procured for their respective assets.

(t) Power to restrict right to inspect*:* Subject to Applicable Law, the Trustee acknowledges that no Unitholder (acting in its capacity as a Unitholder) shall be entitled to inspect or examine the InvIT's premises or properties without the prior written permission of the Investment Manager. Further, no Unitholder (acting in its capacity as a Unitholder) shall be entitled to require discovery of any information with respect to any detail of the InvIT's activities or any matter which may be related to the conduct of the business of the InvIT.

(u) Power to buyback Units*:* The Investment Manager may facilitate the redemption of Units, return of capital to the Unitholders and / or buyback of Units from the Unitholders by the InvIT in any manner in accordance with Applicable Law.

(v) Other powers*:* The Investment Manager shall also have the following powers and authorities, subject to the terms of the InvIT Regulations:

(i) to pay or satisfy or to compromise or compound upon such terms which the Investment Manager may deem expedient, any debt or damages owing to or claimed by or from the InvIT or for which the InvIT may or may be alleged to be liable in respect of the transactions done by the Investment Manager under the InvIT;

(ii) to make and give receipts, releases and other discharges for moneys payable to the InvIT and for the claims and demands made or to be made by the InvIT;

(iii) negotiate and execute contracts, and/or terminate or modify such contracts and do all such acts, deeds and things for or on behalf of or in the name of the InvIT as the Investment Manager may consider expedient for managing the InvIT (including without limitation entering into Asset Acquisition Agreements for acquisition of assets or entities that are to be included as SPVs under the InvIT, indemnity agreements, deed of right of first offer and refusal, escrow agreements, debt documentation, underwriting agreements, any investment pooling agreement, agreement relating to strategic investments, co-investment agreements, brand licensing agreements or such other agreements as may be required to be executed by the InvIT);

(iv) to vary, alter, postpone, extend or cancel the terms and conditions of agreements in relation to the Investments, as entered into with the relevant parties, such as the SPVs;

(v) to ascertain, appropriate, declare and distribute or reinvest the surplus in the Trust Fund in compliance with the InvIT Regulations, to determine and allocate income, profits, gains and expenses in respect of the InvIT to and amongst the Unitholders;

(vi) to open one or more bank accounts for the purposes of the InvIT, to deposit and withdraw money and fully operate the same;

(vii) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of the InvIT;

(viii) along with the Trustee, initiate, prosecute and/or defend any action or other proceedings in any court of law or through arbitration or in any other manner for recovery of debts or sums of money, for any claim, actions or suits in respect of and pertaining to the InvIT, right, title or interest in the assets forming part of the Trust Fund or any other matter in connection therewith, and to discontinue or settle any of the above, as the Investment Manager shall in its best judgment or discretion deem fit;

(ix) to sign and verify all written statements, petitions, appeals, declarations, revisions and applications in connection with any proceedings and have the power to refer any claim to arbitration and to perform, observe and challenge the awards;

(x) to issue Statement of Accounts to the Unitholders on behalf of the Trustee;

(xi) to retain and pay to the relevant Governmental Agencies, any amounts that the Trustee or the Investment Manager is required to, or may deem prudent to, withhold from the amounts to be distributed to the Unitholders;

(xii) to open and operate demat accounts for the InvIT to hold the Investments (where applicable);

(xiii) to set up such systems and procedures, and submit such reports, as may be required by the Trustee as necessary for effective monitoring of the functioning of the InvIT; and

generally to exercise all such powers as it may be required to exercise under the InvIT Regulations for the time being in force and do all such matters and things as may promote the InvIT Objectives or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Investment Manager Agreement and the InvIT Regulations

2. *Duties of the Investment Manager*

The Investment Manager shall perform its duties as required under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(a) Duty to manage the InvIT: The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of the InvIT. The Investment Manager shall undertake the management of the InvIT Assets including all decisions in relation to the administration and operation of the InvIT and the Trust Fund as may be incidental and necessary for the advancement or fulfilment of the InvIT Objective.

(b) Duty to undertake valuation: The Investment Manager shall have the InvIT Assets valued by an independent valuer and submit the same to the Trustee and Unitholders either electronically or through physical copies, or to the extent applicable, to the Stock Exchange in such form and within the timeframes as prescribed in the InvIT Regulations (including particularly Regulation 21 therein). The Investment Manager shall ensure that the computation and declaration of Net Asset Value of the InvIT is undertaken based on the valuation done by the Valuer and to the extent applicable, declared to the Stock Exchange, in accordance with the InvIT Regulations.

(c) Insurance: The Investment Manager shall maintain adequate insurance coverage for the InvIT Assets comprised in the Trust Fund in accordance with the InvIT Regulations (and as may be required under the InvIT Documents or any material contracts entered into by HoldCo/SPVs and/or the InvIT in relation to the InvIT Assets) and shall ensure that assets (including the Infrastructure Assets) held by the SPVs and the Holdco are adequately insured.

(d) Accounts, audit and reporting: The Investment Manager shall maintain (for such periods as may be prescribed under the InvIT Regulations) proper books of accounts, documents and records with respect to the InvIT, in the manner set out in the Deed, to give a true, fair and accurate account of the investments, expenses, earnings, profits, etc. of the InvIT. The Investment Manager shall ensure that audit of the accounts of the InvIT by the Auditors is undertaken in accordance with the InvIT Regulations and its report is submitted to the Trustee and Unitholders either electronically or through physical copies, or to the extent applicable, to the Stock Exchange in such form and within the time period specified in the InvIT Regulations.

(e) Distributions: The Investment Manager shall declare Distribution to Unitholders in accordance with Regulation 18 of the InvIT Regulations and the InvIT Documents. Subject to Applicable Law, such percentage of the Net Distributable Cash Flows of the Holdco/ SPVs shall be

distributed to the InvIT/ HoldCo. and such percentages of the Net Distributable Cash Flows of the InvIT shall be distributed to the Unitholders (in the ratio of the Beneficial Interest of the Unitholders), and within such time periods, as may be prescribed in the InvIT Regulations. The Investment Manager shall maintain a record (for such periods as may be prescribed by the InvIT Regulations) of the Distributions declared and made to the Unitholders.

(f) Meeting of Unitholders:

(i) The Investment Manager shall convene meetings of the Unitholders in accordance with the InvIT Regulations (including specifically Regulation 22 therein) and maintain records pertaining to the meetings in accordance with the InvIT Regulations (including specifically Regulation 26 therein).

(ii) The Investment Manager shall convene meetings of the Unitholders at least once every year within requisite number of days from the end of a financial year (as prescribed under the InvIT Regulations) with the period between such meetings not exceeding such number of months as is prescribed under the InvIT Regulations.

(iii) The Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholders, subject to overseeing by the Trustee in all cases other than where the meetings are on issues pertaining to the Trustee. Provided that, for Unitholder meeting related to issues related to Investment Manager such as change, removal or Change in Control of the Investment Manager, the Unitholder meetings shall be convened and conducted by the Trustee.

(g) Change in control: The Investment Manager shall intimate the Trustee prior to any Change in Control of the Investment Manager to enable the Trustee to seek approval from the Unitholders and SEBI (to the extent applicable) in this regard and shall ensure that any change is given effect to in compliance with the provisions of the InvIT Regulations and Applicable Law.

(h) Monitoring: The Investment Manager will monitor the InvIT, including monitoring financial position of the InvIT and the Trust Fund including the Holdco / SPVs. The Investment Manager shall place before its Board of Directors (and/or any committee(s) constituted by the Board of Directors), a report on the activity and performance of the InvIT, in accordance with and in the manner and at the frequency prescribed in the InvIT Regulations. The Investment Manager shall designate an employee from the Core Team as the compliance officer for monitoring of compliance with the InvIT Regulations and any circulars or guidelines issued thereunder and intimating the SEBI in case of any non-compliance.

(i) Maintenance of records: The Investment Manager shall maintain records pertaining to the activity of the InvIT in terms of the InvIT Regulations (including specifically Regulation 26 therein).

(j) Duty in relation to the InvIT Objectives: The Investment Manager shall manage the InvIT in accordance with the InvIT Regulations and the InvIT Objectives, and shall ensure that the Investments made by the InvIT are in accordance with the applicable investment conditions enumerated in the InvIT Regulations, in accordance with the InvIT Objectives and the Investment Strategy.

(k) Activities of the Project Manager: The Investment Manager shall oversee activities of the Project Manager with respect to compliance with the InvIT Regulations and the Project Management Agreement and shall obtain a compliance certificate from the Project Manager, in the form as may be specified under the InvIT Regulations, on a quarterly basis.

(l) Conflict of Interest: The Investment Manager shall review the transactions carried out between the Project Manager and its Associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from the practicing chartered accountant or the Valuer, as applicable, that such transaction is on arm's length basis.

(m) Redressal of Complaints: The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the InvIT in accordance with Applicable Laws.

(n) Submissions to Trustee: The Investment Manager shall submit to the Trustee:

(i) quarterly reports on the activities of the InvIT including receipts for all funds received by it and for all payments made, status of compliance with the InvIT Regulations, specifically, to the extent applicable, Regulations 18, 19 and 20 therein, performance report, status of development of under-construction projects, within the time periods specified under the InvIT Regulations;

(ii) valuation reports as required under the InvIT Regulations within the time period specified under the InvIT Regulations;

(iii) decision to acquire or sell or develop or bid for any asset or project or expand existing completed assets or projects along with rationale for the same;

(iv) details of complaints received from the Unitholders and their redressal of the complaints;

(v) details of any action which requires approval from the Unitholders as may be stipulated under the InvIT Regulations;

(vi) details of transactions it enters into with its Associates;

(vii) details of any breach of the investment conditions specified under the InvIT Regulations on account of market movements of the price of the Investments;

(viii) details of any borrowings exceeding such percentage of the value of the Trust Assets as may be prescribed by the InvIT Regulations on account of market movements of the price of the Investments;

(ix) details of any other material fact including change in its directors, change in its shareholding, any legal proceedings that may have a significant bearing on the activity of the InvIT, within the time period specified under the InvIT Regulations; and

(x) such other information, document, reports and records as pertaining to the activities of the InvIT as may be reasonably necessary for the Trustee with respect to its responsibilities under the Deed or for effective monitoring of the functioning of the InvIT or the InvIT Regulations and as may be required by the SEBI, or stock exchanges (as applicable) or any other Governmental Agency, with respect to the activities carried on by the InvIT.

In the event the Investment Manager fails to timely submit to the Trustee the foregoing information, the Trustee shall intimate SEBI of such failure.

(o) Issue and Listing of Units: The Investment Manager shall be responsible for all activities pertaining to the issue of the Units and listing of the Units (to the extent applicable), in accordance with the InvIT Regulations and other Applicable Laws, including:

(i) preparation of the draft Placement Memorandum or Offer Document (as the case may be) in compliance with the provisions of the InvIT Regulations and other Applicable Law;

(ii) filing of the Placement Memorandum with the SEBI and the stock exchanges, if so required, within the prescribed time period;

(iii) filing of the Offer Document with the SEBI and the stock exchanges within the prescribed time period;

(iv) to ensure that the merchant banker and all other service providers as may be appointed for listing of the Units, comply with the InvIT Regulations, as applicable;

(v) dealing with all matters up to allotment of Units to the Unitholders;

(vi) obtaining in-principle approval, and final listing and trading approvals from the stock exchanges;

(vii) ensuring that the minimum Public holding of the Units of the InvIT, value of the assets of the InvIT and number of Unitholders forming part of the Public, is at all times after listing in accordance with the InvIT Regulations; and

(viii) dealing with all matters relating to the issue of the Units and listing of the Units (to the extent applicable) as specified under the InvIT Regulations and any guidelines as may be issued by SEBI in this regard. The Investment Manager (together with the merchant bankers, if applicable) shall be responsible to ensure that all relevant provisions of the InvIT Regulations and other Applicable Law have been complied with and all statements and disclosures made in the Placement Memorandum or Offer Document (as the case may be) comply with the InvIT Regulations and other Applicable Law, contain material, true, correct, not misleading and adequate disclosures in order to enable the investors to make an informed decision, do not provide guaranteed returns to the investors, not be misleading and not contain any untrue statements or mis-statements and shall include such other disclosures as may be specified by the SEBI.

(p) Delisting of Units: If the Units of the InvIT are listed, then in case of the occurrence of any event specified in Regulation 17(1) of the InvIT Regulations, the Investment Manager shall apply for delisting of Units of the InvIT to SEBI and the Stock Exchange in accordance with the InvIT Regulations and Applicable Law.

(q) Submission of half yearly and annual report: The Investment Manager shall within the time period prescribed under the InvIT Regulations, submit half yearly, annual reports and valuation report to the Trustee and all the Unitholders electronically or by physical copies, and to the extent applicable, to the stock exchanges, in the manner required under Applicable Law and the InvIT Documents.

(r) Compliance Certificate: The Investment Manager shall provide a compliance certificate to the Trustee on a quarterly basis in accordance with the InvIT Regulations.

(s) Continuous disclosures to the stock exchanges: To the extent applicable, the Investment Manager shall, in accordance with the requirements of the InvIT Regulations, and other Applicable Laws, including any requirements prescribed by the SEBI or the stock exchanges, from time to time, disclosure to the stock exchanges any information having a bearing on the operation or performance of the InvIT as well as price sensitive information and other information that is required in terms of the InvIT Regulations and Applicable Law (including particularly the requirements under Regulation 23(6) of the InvIT Regulations).

(t) Title to the Trust Assets: The Investment Manager shall ensure that the InvIT Assets have proper legal title, if applicable, and that all the material contracts entered into on behalf of the InvIT or the Holdco/SPV are legal, valid, binding and enforceable by and on behalf of the InvIT or the Holdco/SPV.

(u) Related Party Transactions:

(i) The Investment Manager (along with the Trustee) shall ensure that all Related Party Transactions in relation to the InvIT are on an arms-length basis as per the InvIT Regulations and are consistent with the Investment Strategy and InvIT Objectives of

the InvIT and shall be disclosed to the Unitholders and the Stock Exchange (if applicable) periodically in accordance with the InvIT Regulations and to the extent applicable, the listing agreement of the InvIT. Details of fees and commissions received by Related Parties are required to be disclosed to Unitholders and the Stock Exchange (if applicable), in accordance with the InvIT Regulations.

(ii) Transactions between the InvIT and another infrastructure investment trust which has a common investment manager or sponsor shall, under the InvIT Regulations, be deemed to be Related Party Transactions for each of the InvIT and the other infrastructure investment trust. This shall also apply if the investment managers or sponsors of the infrastructure investment trusts are different entities but are Associates.

(v) Other Duties: Without prejudice to any other provision of the Investment Manager Agreement or the InvIT Documents, the Investment Manager will also have the following duties and obligations:

(i) maintain regular interaction with the Trustee on performance of the InvIT and providing the Trustee with any information in relation to the operations of the InvIT, as maybe required;

(ii) keep the Unitholders updated on investment activities of the InvIT in compliance with the InvIT Regulations and in accordance with the terms of the InvIT Documents;

(iii) collecting all dividends, fees, property and other payments due and receivable by the InvIT, and declaring Distribution to the Unitholders in the manner set out in the Deed and in terms of the InvIT Regulations;

(iv) ensuring that no commission or rebate or any other remuneration or payment, by whatever name called, arising out of a transaction pertaining to the InvIT is collected by itself or its Associates, other than as specified in the Placement Memorandum or the Offer Document (as the case may be) or any other document as may be specified by SEBI for the purpose of the issue of units of an infrastructure investment trust;

(w) other than to the extent disclosed in the Placement Memorandum or Offer Document (as the case may be), to ensure that the Infrastructure Assets of the InvIT or the Holdco / SPVs have proper legal titles, if applicable, and that all the material contracts entered into on behalf of the InvIT or the SPVs or the Holdco are legal, valid, binding and enforceable by and on behalf of the InvIT or the SPVs or the Holdco, as applicable;

(i) to ensure that it has and continues to have adequate infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of the InvIT;

(ii) agrees to undertake/ assist Trustee in undertaking all the compliances including signing and verifying any Tax returns that the InvIT may be required to file under the Applicable Law;

(iii) to ensure that all activities of management of the InvIT and the InvIT Assets and the activities of the intermediaries or agents or service providers appointed by the Investment Management for such management are in accordance with the InvIT Regulations or any guidelines or circulars issued thereunder;

(iv) to ensure that any possible conflict of interest involving its role as Investment Manager is reported to the Trustee;

(v) to ensure that disclosures or reporting to the Unitholders, the SEBI, the Trustee, and to the extent applicable, the stock exchanges, are in accordance with the InvIT Regulations, guidelines or circulars issued under the InvIT Regulations and any other Applicable Laws;

(vi) (provide SEBI, Trustee, and the stock exchanges where applicable, such information as may be sought by SEBI or by the Trustee or stock exchanges (as applicable), pertaining to the activities of the InvIT;

(vii) ensure the compliance with laws, as may be applicable, of the state or the local body with respect to the activity of the InvIT including local building laws;

(viii) in consultation with the Trustee, to appoint the majority of the board of directors or the governing board of the Holdco and/or SPVs, as applicable;

(ix) ensure that the InvIT does not undertake lending to any Person other than the Holdco/ SPV(s) in which the InvIT has invested in, subject to disclosures required to be made in accordance with the InvIT Regulations. Provided that, Investment in debt securities shall not be considered as lending;

(x) ensure that no scheme is launched under the InvIT;

(xi) to inform the Trustee in writing about any change in the representations and warranties provided by it as per the Trust Deed;

(xii) to ensure that it does not take or refrains from taking any measures, that will adversely impact the benefits available to the InvIT, including on account of being an infrastructure investment trust registered with the SEBI;

(xiii) taking any other actions reasonably incidental to any of the foregoing or necessary or convenient in order to fully effect or evidence any action or transaction contemplated under the Investment Manager Agreement; and

(xiv) to fulfil any other duty, obligation and responsibility that may be required of the Investment Manager, in accordance with, and within the timelines prescribed under (if any) the provisions of the InvIT Regulations.

(xv) The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards the InvIT under Applicable Law or as may be required by any regulatory authority with respect to the InvIT.

3. *Liabilities of the Investment Manager*

The liabilities of the Investment Manager in terms of the Investment Management Agreement are as follows:

(a) Bona fide action by the Investment Manager: The Investment Manager shall not be liable in respect of any action taken or damage suffered by the Unitholders on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine in good faith and to have been passed, sealed or signed by appropriate Governmental Agencies or authorised Persons (as the case may be).

(b) Acts or things required to be done by the Investment Manager under law: Notwithstanding anything to the contrary contained herein, the Investment Manager shall not incur any liability for any act or omission, as the case may be, which by reason of any:

(i) Force Majeure;

(ii) provision of Applicable Law or regulation made pursuant thereto;

(iii) decree, order or judgment of any court; or

(iv) request, announcement or similar action (whether of binding legal effect or not) which may be taken or made by any Person or body acting with or purporting to exercise the authority of any Governmental Agency (whether legally or otherwise),

the Investment Manager has been directed or requested to do or perform or to forbear from doing or performing. In such event, if for any reason it becomes impossible or impracticable to carry out any of the provisions of the Investment Manager Agreement, the Investment Manager shall not be liable for the same. However, the Investment Manager shall duly inform the Trustee and the Unitholders of the same.

(c) Assets received by the Investment Manager: The Investment Manager shall only be liable or responsible for such monies, stocks, funds, shares, assets, investments, properties or securities as the Investment Manager shall have actually received and shall not be liable or responsible for any banker, broker, administrator, custodian or other Person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any Investments of the InvIT nor otherwise for any involuntary loss. Any receipt signed by the Investment Manager for any monies, stocks, funds, shares, assets, securities, investments or properties, paid, delivered or transferred to the Investment Manager under or by virtue of the presents or in exercise of the duties, functions and powers of the Investment Manager shall effectively discharge the Investment Manager or the Person or Persons paying, delivering or transferring the same therefrom or from being bound to see to the application thereof, or being answerable for the loss or misapplication thereof, provided that the Investment Manager and such Persons shall have acted in good faith, without negligence (to be finally determined by a court of competent jurisdiction) and shall have used their reasonable best efforts in connection with such dealings and matters.

(d) Acts done in good faith: The Investment Manager shall not be under any liability on account of anything done or omitted to be done by the Investment Manager in good faith.

(e) Information regarding the InvIT /Unitholders, etc.: If the Investment Manager is required by any Governmental Agency or under the InvIT Regulations or any Applicable Law to provide information regarding the InvIT and/or the Unitholders, the Investments and income therefrom and provisions of these presents and complies with such request in good faith, whether or not the request was in fact justified, the Investment Manager shall not be liable to the Unitholder or any of them or to any other party as a result of such compliance or in connection with such compliance. However, if so required under Applicable Law, the Investment Manager shall duly inform the Trustee and the Unitholders about the same.

(f) Depletion in the value of the InvIT corpus: The Investment Manager shall not incur any liability for any act or omission which may result in a loss to a Unitholder (by reason of any depletion in the value of the Trust Fund, for the non-recoverability or non-realisability of any of the Investments or other assets forming part of the Trust Fund or otherwise), except in the event that such loss is a direct result of Disabling Conduct on the part of the Investment Manager.

(g) Suits, proceedings or claims against the Trust: The Investment Manager shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim (including Tax proceedings) in respect of the provisions of the Investment Manager Agreement or other InvIT Documents in respect of the Investments or any part of such Investments or any corporate or shareholders' action which in its opinion would or might involve expense or liability unless it is satisfied that the value of the Investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as the trustee as a result thereof.

(h) Refund: The Investment Manager, in consultation with the Trustee shall:

(i) In case the InvIT has raised funds through a Public Issue, cause the InvIT to refund money:

(I) to all the applicants, in case the InvIT fails to collect subscription of the

requisite percentage of fresh issue size as specified in the Offer Document;

(II) to the applicants to the extent of the over subscription, in case the moneys received is in excess of the permissible over subscription as specified in the Offer Document, such that the money shall be refunded to the extent of the oversubscription;

Provided that, the right to retain such over subscription cannot exceed the maximum permissible percentage of the issue size as prescribed under the InvIT Regulations.

Provided further, that the Offer Document shall contain adequate disclosures towards the utilisation of such oversubscription proceeds for purposes permitted under the InvIT Regulations (being any purpose other than general purposes);

(III) to all the applicants, in case the number of subscribers to the initial Public Issue forming part of the Public is less than the requisite minimum number, as prescribed by the InvIT Regulations.

(ii) In case of non-receipt of listing permission or withdrawal of the observation letter issued by the SEBI, wherever applicable, cause the InvIT to refund the subscription monies, if any to the respective allottees of such units.

(i) Investment Manager entitled to reimbursement: If the Investment Manager engages any external advisors or experts (in accordance with the InvIT Documents), to discharge its obligations under the presents, or undertakes any work (in the interest of the Unitholders) which is not covered within the scope of work of the Investment Manager under these presents and such additional work is beyond the obligations of the Investment Manager under Applicable Laws, the Investment Manager shall be entitled to recover such costs, charges and expenses which the Investment Manager may incur in this regard, from the funds of the InvIT.

(j) Interest for Delayed Listing, Allotment or Refund: If the Investment Manager fails to allot or list the Units or refund the money (as the case may be) within the time prescribed under the InvIT Regulations, then the Investment Manager shall pay interest to the Unitholders at the rate specified under the InvIT Regulations, till such allotment or listing or refund, and such interest shall not be recovered in the form of fees or any other form payable to the Investment Manager by the InvIT.

(k) Distribution: If the Distributions after declaration are not made within the period prescribed in the InvIT Regulations, the Investment Manger shall be liable to pay interest to the Unitholders at the rate as may be prescribed in the InvIT Regulations or other Applicable Laws, until the Distribution is made, and such interest shall not be recovered by the Investment Manager in the form of fees payable to the Investment Manager by the InvIT or in any other form.

(l) Authenticity of signature and seal: The Investment Manager shall not be liable to any Unitholder for the authenticity of any signature or of any seal affixed to any endorsement or other document affecting title to or the transmission of the Units or interests in the Units or interests in the InvIT or of any Investments or be in any way liable for any forged or unauthorized signature or seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorized signature or seal. The Investment Manager shall be bound to require that the signature of any Unitholder to any document required to be signed by such Unitholders, under or in connection with these presents, shall be verified to the Investment Manager's reasonable satisfaction.

(m) Limited Liability: The Investment Manager shall not be personally liable for any losses (including indirect or consequential losses), costs, damages or expenses incurred in any way arising from anything which the Investment Manager does or fails to do during the course of discharge of its duties as an Investment Manager to the InvIT. Further, the liability of the

Investment Manager during each financial year shall not exceed the fees received by the Investment Manager as Investment Management Fees.

3.2 The Investment Manager shall not be liable for any failure or delay in performing its obligations or duties under the Investment Manager Agreement, if and to the extent that such failure or delay is caused by a Force Majeure event.

4. *Indemnity*

The Investment Manager, its affiliates and their respective officers, Board of Directors, employees, advisors and agents ("Indemnified Parties") shall be indemnified (by the Trustee), out of the Trust Fund against any claims, losses, costs, damages, liabilities, suits, proceedings and expenses, including legal fees ("Losses") incurred by them by reason of their activities on behalf of the InvIT, unless such Losses resulted from Disabling Conduct of such Indemnified Parties.

The right of any Indemnified Party to indemnification as provided under the Investment Manager Agreement and other the InvIT Documents shall be cumulative of, and in addition to, any and all rights to which such Indemnified Party may otherwise be entitled by contract or as a matter of law or equity and will extend to such Indemnified Party's successors, assigns and legal representatives.

5. *Termination*

The Investment Manager Agreement (along with the appointment of the Investment Manager), may be terminated:

(a) by the Investment Manager, by delivery of a written notice to the Trustee at any time, subject to the approval of the Unitholders and SEBI (as applicable) in accordance with the InvIT Regulations; or

(b) by the Trustee, by delivery of a written notice to the Investment Manager, upon the bankruptcy of the Investment Manager; or

(c) if winding up or liquidation proceedings are commenced against the Investment Manager; or

(d) if a receiver is appointed to all or a substantial portion of the assets of the Investment Manager; or

(e) if SEBI does not grant a certificate of registration to the InvIT, in accordance with the InvIT Regulations; or

(f) if SEBI cancels the registration of the InvIT; or

(g) if the InvIT is wound up; or

(h) subject to receipt of approval from the SEBI (if applicable), by the Trustee upon resolution of the Unitholders by requisite majority as specified in the InvIT Regulations, for removal of the Investment Manager (which resolution shall identify the grounds for removal), by delivery of a written notice to the Investment Manager (with a certified true copy of the Unitholder resolution). Simultaneously with or promptly after requisition for the meeting of the Unitholders for removal of the Investment Manager, the Trustee shall notify the Investment Manager of the meeting and the grounds on which the Investment Manager's removal is proposed. The Investment Manager will be given a reasonable opportunity to refute the grounds for removal and represent the same before a meeting of the Unitholders; or

(i) subject to receipt of approval from the Unitholders and SEBI (if applicable) in accordance with the InvIT Regulations, by the Trustee if it deems it necessary, by delivery of a written notice to the Investment Manager identifying grounds for removal. Prior to seeking approval from SEBI and the Unitholders as aforesaid, the Trustee shall give reasonable opportunity to the Investment

Manager (in any case with no less than a 90 (Ninety) day period calculated from the date of receipt of the aforesaid written notice by the Investment Manager) to refute the grounds for removal before the Trustee and the Unitholders at their meeting convened for this purpose.

Upon termination of the appointment of the Investment Manager:

(i) the Trustee shall appoint a new investment manager within such time periods of termination of the earlier investment management agreement, as may be specified in the InvIT Regulations. The Investment Manager shall be required to remain in office and continue to discharge the role of the Investment Manger under the Investment Manager Agreement, until the appointment of a new investment manager. Notwithstanding its termination, the Trustee shall ensure that the outgoing Investment Manager continues to be liable for all its acts and omissions and commissions until the termination is effected and the outgoing Investment Manager vacates its office;

(ii) every new investment manager appointed shall have the powers, authorities and discretion, and shall in all respects act and be liable as if originally appointed as an investment manager under the Investment Manager Agreement. The Trustee shall also ensure that the new investment manager stands substituted as a party in all documents to which the Investment Manager was a party.

(iii) the Investment Manager shall transfer all correspondence and records relating to the InvIT, which the Investment Manager possesses, to the new investment manager;

(iv) the Parties in relation to whom the Investment Manager Agreement has terminated, shall (except for any rights accruing or liability/obligations arising before or in relation to such termination and except as otherwise provided herein including payment of any outstanding Investment Management Fees) be released and discharged from their respective obligations under or pursuant to the Investment Manager Agreement; and

(v) prior to or failing which, simultaneously with the vacating of its office by the Investment Manager, the Investment Manager shall be paid its Investment Management Fees such that there is no outstanding amount payable any more.

Board of Directors of the Investment Manager

The board of directors of Virescent Infrastructure is entrusted with the responsibility for the overall management of the Investment Manager. Please see below the details in relation of the board of directors of the Virescent Infrastructure:

Sr. No.	Name	Age (years)	DIN	Designation
1.	Mr. Hardik Bhadrik Shah	37	06648474	Non-Executive Director
2.	Mr. Sanjay Grewal	54	01971866	Executive Director
3.	Mr. Panja Pradeep Kumar	66	03614568	Independent Non-Executive Director
4.	Mr. Akshay Jaitly	55	00042036	Independent Non-Executive Director

Brief profiles of the Directors of the Investment Manager

Please see below brief profiles of the directors of the Investment Manager:

Mr. Hardik Bhadrik Shah, aged 37 years, is a non-executive director on the board of the Investment Manager since August 22, 2020. He holds a bachelor's degree in management studies from University of Mumbai and a post graduate diploma in business management from S.P Jain Institute of Management & Research. He is also a Chartered Financial Analyst as recognised by the CFA Institute. He was previously associated with companies including Brookfield Advisors India Private Limited , Macquarie Infrastructure and Real Assets (India) Private

Limited, Macquarie Capital (India) Private Limited, Macquarie Corporate Holdings Pty Limited, Macquarie Bank Limited and is a Partner at KKR India Advisors Private Limited.

Mr. Sanjay Grewal, aged 54 years, is an executive director on the board of the Investment Manager since September 1, 2020. He is also the chief executive officer of the Investment Manager. He holds a master's degree in business administration from University of Hartford and a bachelor's degree in commerce from Shri Ram College of Commerce. He has over 2 decades of experience and is previously associated with companies including Altico Capital India Limited, Citicorp International Limited, and Lehman Brothers Asia Holdings Limited. Additionally, he was also associated with the International Finance Corporation as the Regional Head (Principal Investment Officer).

Mr. Akshay Jaitly aged 55 years is an independent non-executive director on the board of the Investment Manager since November 12, 2021. He is a Principal at 262 Advisors, based in Paris. He has advised Indian, French and other international businesses with an interest in India on cross-border strategy and risk management. He is also involved with research initiatives on policy reform in the Indian power and infrastructure sectors and writes columns for Bloomberg Quint. He previously worked as a transactional lawyer for over 25 years, in the UK, Japan and India. He was rated as one of India's top energy and Infrastructure lawyers for over a decade. In 2000, he co-founded Trilegal, which has become a leading Indian law firm, and was the head of their energy and infrastructure practice. He remains senior advisor to Trilegal and is a member of their board. Akshay has a BA in History from St. Stephen's College, Delhi, a master's in International Affairs from Columbia University and a law degree from Oxford University.

Mr. Panja Pradeep Kumar, aged 66 years, is an independent non-executive director on the board of the Investment Manager since January 8, 2021. He holds a master's degree in science from University of Madras and is a certified associate of the Indian Institute of Banks. He was previously associated with State Bank of India. He is also a director on the board of, amongst others, Shriam Transport Finance Company Limited, Trigyn Technologies Limited. Karnataka Bank Limited and Brigade Enterprises Limited. He has been appointed as the chairman of Karnataka Bank Ltd. for a period of 3 years with effect from November 14, 2021.

Other Confirmations

The Investment Manager confirms that it has, and undertakes to ensure that it will, at all times, maintain, adequate infrastructure, personnel and resources to perform its functions, duties and responsibilities with respect to the management of the Highways Trust, in accordance with InvIT Regulations, the Investment Management Agreement and applicable law. None of the directors of the Investment Manager hold or propose to hold any Units in this Issue.

Further, as of the date of this Draft Placement Memorandum, the Investment Manager is in compliance with the eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

The Investment Manager is currently acting as the investment manager for the "Virescent Renewable Energy Trust" which has obtained a certificate of registration to operate as an infrastructure investment trust from SEBI on February 25, 2021, bearing registration number IN/InvIT/20-21/0018.

Details of the Holding or the Proposed Holding by the Investment Manager in the Highways Trust

Virescent Infrastructure does not propose to hold any Units of the Highways Trust.

Brief profiles of the key personnel of the Investment Manager

In addition to Mr. Sanjay Grewal, whose details is provided in above in the section entitled "*Parties to the Highways Trust - Brief profiles of the Directors of the Investment Manager*" on page 135, the details of the other key personnel of the Investment Manager are set forth below:

Mr. Parin Mehta, aged 41 years, is the chief financial officer of Virescent Infrastructure. He holds a bachelor's degree in commerce from University of Mumbai and is an affiliate member of the Association of Chartered Certified Accountants. He has over 18 years of experience in investment banking, corporate finance and project finance functions having been previously associated with companies including Edelweiss Financial Services Limited, PricewaterhouseCoopers Private Limited, IDFC Group, Standard Chartered Bank, Morgan Stanley Advantages Services Private Limited, and Grant Thornton India Private Limited.

Mr. Atul Raizada, aged 52 years , is the chief operating officer of Virescent Infrastructure. He holds a bachelor's degree in Electronics Engineering from Nagpur University. He has further completed various programmes including, senior management programme at the Indian Institute of Management, Indore, finance for non-executives programme at London School of Business. He is also a certified PMP in Operational Excellence from XLRI. He has over 28 years of experience in projects and operations management in the renewable energy sector having been previously associated with Flex Industries Limited, Jindal Poly Films, Orient Press Limited, Converting Services and Supplies, Suzlon Infrastructure Services Limited, Green Infra Limited, Hero Future Energies Private Limited.

D. The Project Manager – Virescent Renewable Energy Project Manager Private Limited

History and Certain Corporate Matters

Virescent Renewable Energy Project Manager Private Limited ("**Virescent Renewable or Project Manager**") is the Project Manager of the Highways Trust proposed to be appointed pursuant to the project management agreement to be entered into amongst the Project Manager, the Trustee, the Investment Manager. ("**Project Management Agreement**") Virescent Renewable was incorporated as a private limited company in India on November 27, 2020 under the provisions of the Companies Act, 2013 with the corporate identification number U74999MH2020PTC350874. The Project Manager's registered office and address for correspondence is 10th Floor, Parinee Crescenzo, C-30, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India. For further details, please see the section entitled '*General Information*' on page 101.

Background and past experience of the Project Manager

The Project Manager is responsible for managing and operating the assets of the Highways Trust and undertaking other operational activities of the Highways Trust in accordance with the InvIT Regulations and the Project Management Agreement. The Project Manager has the relevant experience in managing infrastructure assets and shall undertake operations and management through supervision of third party contractors engaged pursuant to the O&M Agreements. The Project Manager shall, if so required by the Trustee (in consultation with the Investment Manager) and the Project SPVs, either directly or through appropriate agents or Contractors, (i) oversee the progress of development, approval status and other aspects of any under-construction projects being executed by the Project SPVs, or any expansion of the Projects, or, of any new project proposed to be executed by the Project SPVs:(ii) provide compliance certificate(s) to the Investment Manager and the Trustee in accordance with Applicable Law, on a quarterly basis, in the form prescribed by the SEBI, if any (iii) seek requisite approval from the relevant Governmental Agency and/ or any third parties, etc.

Other Confirmations

As of the date of this Draft Placement Memorandum, The Project Manager is in compliance with the eligibility criteria provided under Regulation 4 of the InvIT Regulations and is a "fit and proper person" as prescribed under SEBI Intermediaries Regulations.

Key terms of the Project Management Agreement

The Project Manager shall enter into a Project Management Agreement with the Trustee (acting on behalf of the Highways Trust), Investment Manager, and Project SPVs effective from the date on which the Highways Trust acquires one or more of the Project SPVs, in accordance with the Securities Purchase Agreement, to provide project operations and maintenance services in relation to the Project SPVs. Further, the Project Manager will enter into a deed of adherence with the Trustee (acting on behalf of the Highways Trust), Investment Manager, Project SPVs and the Specified SPVs wherein the Specified SPVs have undertaken that they shall be bound by and shall abide by, the provisions of the project management agreement, as if it was an original party with respect to the terms, conditions, stipulations, obligations, covenants, undertakings, representations and warranties of the "Project SPVs" set out in the project management agreement (project management agreement together with the deed of adherence referred to as "**Project Management Agreement**"). The key terms of the Project Management Agreement are provided below:

1. ***Services***: The Trustee, in consultation with the Investment Manager intends to appoint Virescent Renewable as the Project Manager to the InvIT and set out the obligations of the Project Manager with respect to execution and management of the Project SPVs in accordance with the provisions of the InvIT Regulations and the Agreement.

2. ***Covenants***:

(i) The Project Manager has agreed to certain covenants, including:

a) at all times act in good faith;

b) provide access to the Trustee (acting on behalf of the Highways Trust) and the Investment Manager to all data and information pertaining to the Project SPVs, in a proper and timely manner, including submission of compliance certificates as may be required under the InvIT Regulations;

c) exercise the level of skill, care, attention and diligence as may reasonably be expected of an experienced, professional, prudent and competent third party skilled in providing project management services, such as the Services, in relation to the Project SPV;

d) not cause to be done or taken any act in violation of, or infringing, the Highways Trust Documents or applicable law; and

e) discharge all obligations in respect of achieving timely completion of any infrastructure project of the Highways Trust, and wherever applicable, implementation, operation, maintenance and management of such infrastructure project.

(ii) In the event of a change in control of the Project Manager, the Trustee (on behalf of the Highways Trust), in consultation with the Investment Manager, shall ensure that it has obtained the written consent of the relevant governmental agencies (if applicable) prior to such change in control.

3. ***Duties:*** The Project Manager has agreed to undertake certain duties, including:

(i) The Project Manager shall undertake operations and management of the Project SPVs and it shall be liable for making arrangements for fulfillment of the Services either directly or through the appointment and supervision of agents and / or Contractors, if any, as may be necessary for discharge of its duties under the terms of the Project Management Agreement and under applicable law.

(ii) The Project Manager shall, if so required by the Trustee (in consultation with the Investment Manager) and the Project SPVs, either directly or through appropriate agents or Contractors, oversee the progress of development, approval status and other aspects of any under-construction projects being executed by the Project SPVs, or any expansion of the Projects, or, of any new project proposed to be executed by the Project SPVs (collectively, the "**SPV Under-construction Projects**"), until their respective completion in accordance with any agreement that may be entered into in this regard, including the supervision of the agents appointed for such purpose. The Project Manager shall discharge its obligations in respect of achieving timely completion, implementation and development of the SPV Under-construction Projects in accordance with the relevant agreements (by whatever name called), the Project Management Agreement and applicable law.

(iii) The Project Manager shall provide compliance certificate(s) to the Investment Manager and the Trustee in accordance with applicable law, on a quarterly basis, in the form prescribed by the SEBI, if any.

(iv) The Project Manager shall provide the Investment Manager with details of transactions carried out between itself and its associates and disclose any conflict of interest in such cases to the Investment Manager, in accordance with the InvIT Regulations and applicable law.

(v) The Project Manager shall intimate the Trustee prior to any change in control of the Project Manager to enable the Trustee and the Project SPVs, to seek requisite approval from the relevant governmental agency in accordance with applicable law or the Highways Trust documents, if applicable.

(vi) The Project Manager shall provide to the Trustee and the Investment Manager or to such other person as the Trustee and / or the Investment Manager may direct, all information that may be necessary for each of them to maintain the records of the Highways Trust and as may be required for making submissions to SEBI or other governmental agencies, including with respect to relevant approvals, consents and other documents required in relation to the Project SPVs and the reporting requirements under the InvIT Regulations, in a proper and timely manner, and in the format prescribed (if any), as required by the Trustee and / or Investment Manager.

(vii) The Project Manager shall ensure that the transactions or arrangement entered into by the Project Manager with any related party is on an arm's-length basis. The Project Manager shall promptly inform the Trustee and the Investment Manager regarding any actual (or potential) conflict of interest and shall obtain and submit to the Investment Manager a certificate issued by a practicing chartered accountant or a valuer (as applicable) confirming that such transaction is on arm's length basis.

(viii) The duties of Project Manager shall also include the following:

a) exercising diligence and vigilance in carrying out its duties and protecting the commercial interests of the Project SPVs;

b) complying with the InvIT Regulations and take all actions as may be required to be taken in accordance with the InvIT Regulations as applicable to the Project Manager;

c) keeping the Investment Manager informed on all matters which have or may have a material bearing on the operations of the Project SPVs;

d) where required, liaising with governmental agencies in respect of its obligations under this Project Management Agreement as applicable to the Project Manager;

e) taking all reasonable steps to mitigate the risks which may be encountered by the Highways Trust in respect of the Project SPVs;

f) ensuring compliance with applicable laws, by the Project SPVs;

g) keeping proper records of actions taken in respect of the Project SPVs; and

h) complying with the instructions of the Investment Manager and the Trustee, in accordance with the InvIT Regulations.

(ix) The Project Manager shall upon request by the Project SPVs or the Investment Manager, whether during the term or after termination of this Agreement, at its own expense, make the records referred to in in the Agreement, available for inspection and audit (including copies and extracts of records as required) by the relevant Project SPVs and/or the Investment Manager. Such records shall be made available to the relevant Project SPVs and/or the Investment Manager during normal business hours at the office or place of business of the Project Manager upon 3 (Three) days written notice. In the event that no such location is available, then the financial records, together with the supporting or underlying documents and records, shall be made available for audit at a time and location that is convenient for the relevant Project SPVs and/or the Investment Manager. The Project Manager shall ensure that its employees, agents, assigns, successors and subcontractors are aware of the rights of the Project SPVs under this Agreement, and these rights shall be explicitly included in any agreements executed between the Project Manager and/ or any Contractors and or the Project SPVs to the extent those agreements relate to fulfilment of the Project Manager's obligations under the Project Management Agreement.

(x) The Parties may, from time to time, agree to provisions for additional services to be rendered by the Project Manager. If, in the assessment of the Project Manager, additional services are required for the purposes of carrying out its duties and obligations under this Agreement and applicable law, the Project Manager shall notify the Parties in writing of such requirement,

including the fee payable and terms and conditions for such additional services, and obtain prior written approval of the Parties in this regard.

4. ***Obligations of the Project SPVs***: The Project SPVs shall ensure that all information reasonably required by the Project Manager or contractor, including with respect to relevant approvals, consents, powers of attorney, authorisations, and other documents required in relation to the Projects, is provided to the Project Manager in a timely manner and without charge, as and when required.

5. ***Compensation****:* The Project SPVs have agreed to pay the fees, as specified in the Project Management Agreement, to the Project Manager, in consideration of the services provided by the Project Manager. The Service Fees shall be paid on a quarterly basis, or in the manner and process of payment of such fees shall be as mutually determined by the Project Manager and each of the Project SPVs.

6. ***Representations and Warranties****:*

(i) Each party represents and warrants to the other Party that as of the date of the Project Management Agreement.

a) It has the full power and authority to enter into, execute and deliver the Project Management Agreement and to perform the transactions contemplated thereby and is duly incorporated or organized and validly existing under the laws of the jurisdiction of its incorporation or organization;

b) the execution and delivery by it of the Project Management Agreement and the performance by it of the obligations contained herein has been duly authorized by all necessary corporate or other action ;

c) The Project Management Agreement constitutes legal, valid and binding obligations, enforceable against it in accordance with its terms, except to the extent such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting the enforcement of creditors' rights generally; and (ii) general principles of equity;

d) the execution, delivery and performance of the Project Management Agreement by the Party and the consummation of the transactions contemplated hereby will not result in-

a. a breach of, or constitute a default under, any, agreement or instrument to which it is a party or by which it is bound; or

b. violation of its constitutional documents or contravene any provision of any Applicable Law, including but not limited to Anti-Corruption Laws, or any order, writ, injunction or decree of any Governmental Agencies to which the Party may be subject

e) no liquidation, dissolution, winding up, commencement of bankruptcy, insolvency, liquidation or similar proceedings, whether voluntary or involuntary, with respect to it is pending or has been pending, or to the knowledge of the Party, threatened.

7. ***Representations and Warranties by the Project Manager****:* The Project Manager has provided certain representations and warranties, such as:

(i) no disciplinary action has been taken against it by the SEBI or any other governmental agencies;

(ii) neither it nor any of its promoter(s) or directors is debarred from accessing the securities market by the SEBI;

(iii) neither it nor any of its promoter(s) or directors is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other InvIT or InvIT which is debarred from accessing the capital market under any order or directions made by the SEBI;

(iv) neither it nor any of its promoter(s) or directors is in the list of willful defaulters published by the RBI;

(v) to the best of its knowledge, there are no claims, investigations or proceedings before any governmental agency in progress or, pending against or relating to the Project Manager, which could reasonably be expected to prevent the Project Manager from fulfilling its obligations set out in the Project Management Agreement or arising from the Project Management Agreement ; and

(vi) it has no knowledge of any existing ground on which any such claim, investigation or proceeding might be commenced with any reasonable likelihood of success.

8. ***Term & Termination***: The Project Management Agreement shall remain effective from the effective date on which the Highways Trust acquires one or more of the Project SPVs, in accordance with the asset acquisition agreements, provided the Project SPVs have executed appropriate deeds of adherence to the Project Management Agreement unless terminated in accordance with the provisions of the Project Management Agreement and the InvIT Regulations:

(i) automatically, with respect to a particular Project SPV, upon the InvIT ceasing to hold any equity shares of such Project SPV;

(ii) by the Investment Manager, after consultation with the Trustee, by delivery of a written notice to the Project Manager at any time (with prior intimation to the Project SPVs), upon breach of any of the terms, covenants, conditions or provisions of the Project Management Agreement by the Project Manager and failure of the Project Manager to remedy the said breach within a period of 30 days or such other period as may be mutually agreed by the Parties, subject to the appointment of a new project manager in accordance with the InvIT Regulations;

(iii) by any party, by delivery of a written notice to the other Party upon the bankruptcy of such other Party or if winding up or liquidation proceedings are commenced against such other Party (and such proceedings persist for a period of more than three months;

(iv) by the Project Manager, by delivery of a written notice of not less than three months to the Trustee, the Project SPVs and the Investment Manager, subject to InvIT Regulations and applicable law; or

(v) on mutual written agreement between the parties for such termination

9. ***Indemnity:*** The Trustee, the Investment Manager, the Project SPVs and their respective directors, employees, officers and the InvIT ("**Indemnified Parties**") shall be indemnified by the Project Manager against any actions, claims, suits, proceedings, direct losses (for the avoidance of doubt, does not include indirect, remote, special, punitive and inconsequential losses), costs, damages, liabilities and expenses, including reasonable and documented legal fee from and incurred or suffered by the Indemnified Parties in connection with the breach of any of the terms of the Project Management Agreement by the Project Manager, or arising out of gross negligence, willful default or fraud on part of the Project Manager, in carrying out its obligations under the Project Management Agreement, the other Highways Trust Documents and applicable law. Notwithstanding anything to the contrary contained herein and/or in any other agreement or writing, the Trustee, the Project SPVs and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager in any financial year pursuant to any provision of the Project Management Agreement shall cumulatively not exceed the service fee payable to the Project Manager in such financial year in accordance with the terms of the Project Management Agreement, provided further that such aggregate maximum liability shall not be applicable in the event such liability of the Project Manager arises out of any gross negligence, wilful default or fraud of the Project Manager.

Details of the Holding or the Proposed Holding by Project Manager in the Highways Trust

The Project Manager does not propose to hold the Units of the Highways Trust.

OTHER PARTIES INVOLVED IN THE HIGHWAYS TRUST

The Auditors

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, pursuant to a resolution passed by its Board dated March 13, 2022, has appointed Walker Chandiok & Co LLP as the Highways Trust's Auditor for a period of five years. The Auditor has audited the Special Purpose Combined Financial Statements and have certified the Projections of Revenue from Operations and Cash Flow from Operating Activities, and their report in relation to such Special Purpose Combined Financial Statements dated March 22, 2022 and Projections of Revenue from Operations and Cash Flow from Operating Activities dated March 22, 2022, has been included in this Draft Placement Memorandum.

Functions, Duties and Responsibilities

The Investment Manager has appointed the auditor of the Highways Trust for a period of five consecutive years

The Investment Manager shall ensure that the auditor carries out an audit of the accounts of the Highways Trust, not less than once a year and such report is submitted to the Unitholders and the Trustee, either electronically or through physical copies.

In accordance with the InvIT Regulations, the auditor of the Highways Trust shall:

- conduct an audit of the accounts of the Highways Trust and draft the audit report based on the accounts examined by him, and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;
- to the best of its information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Highways Trust, including profit or loss and cash flow for the period and such other matters as may be specified;
- have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Highways Trust; and
- have a right to require such information and explanation pertaining to activities of the Highways Trust, as it may consider necessary for the performance of its duties as an auditor from the employees of Highways Trust or Parties to the Highways Trust or the Project SPVs or any other person in possession of such information.

The Valuer

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, pursuant to a resolution passed by its Board dated February 21, 2022 has appointed Mr. S. Sundararaman as the Valuer of the Highways Trust. In accordance with the InvIT Regulations, the Valuer has undertaken a full valuation of the Project SPVs which are proposed to be acquired by the Highways Trust pursuant to the formation transactions and his report in relation to such valuation dated March 16, 2022 has been included in this Draft Placement Memorandum.

The Valuer is not an Associate of the Sponsor, the Investment Manager or the Trustee, and has not less than five years of experience in the valuation of infrastructure assets.

Functions of the Valuer

The functions, duties and responsibilities of the Valuer will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Valuer is required to comply with the following conditions at all times:

- the Valuer shall ensure that the valuation of the Highways Trust Assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;

- the Valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;
- the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;
- the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;
- the Valuer and any of its employees involved in valuing of the assets of the Highways Trust, shall not, (i) invest in Units of the Highways Trust or in the assets being valued; and (ii) sell the assets or Units of Highways Trust held prior to being appointed as the Valuer, till the time such person is designated as Valuer of the Highways Trust and not less than six months after ceasing to be valuer of the Highways Trust;
- the Valuer shall conduct valuation of the Highways Trust Assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;
- the Valuer shall act with independence, objectivity and impartiality in performing the valuation;
- the Valuer shall discharge its duties towards the Highways Trust in an efficient and competent manner, utilising its knowledge, skills and experience in best possible way to complete given assignment;
- the Valuer shall not accept remuneration, in any form, for performing a valuation of the Highways Trust Assets from any person other than the Highways Trust or its authorised representative;
- the Valuer shall before accepting any assignment, from any related party of the Highways Trust, disclose to the Highways Trust any direct or indirect consideration which the Valuer may have in respect of such assignment;
- the Valuer shall disclose to the Highways Trust any pending business transactions, contracts under negotiation and other arrangements with the Investment Manager or any other party whom the Highways Trust is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets;
- the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;
- the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;
- the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and
- the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

Policy on Appointment of Auditor and Valuer ("Appointment Policy")

The Investment Manager has adopted a policy on the appointment of auditor and valuer of the Highways Trust, pursuant to its resolution dated March 15, 2022. The key terms of the Appointment Policy are set out below:

Appointment and role of the auditor of the Trust

(i). The Investment Manager, in consultation with the Trustee, shall appoint the Auditor in a timely manner and in accordance with the InvIT Regulations. Such appointment shall be carried out by the Board or the Audit Committee of the Investment Manager, with the approval of the Unitholders as required under the InvIT Regulations. The Investment Manager shall ensure that the appointment of the Auditor and the fees payable to the Auditor is approved by the Unitholders of the Trust in accordance with the InvIT Regulations.

(ii). The Investment Manager shall appoint the Auditor for a period of not more than 5 (five) consecutive years, provided that the Auditor, not being an individual, may be reappointed for a period of another 5

(five) consecutive years, subject to approval of the Unitholders in the annual meeting in accordance with provisions of the InvIT Regulations. Such report is submitted to the stock exchanges within the timelines prescribed under the InvIT Regulations.

(iii). Investment Manager shall ensure that the audit of accounts of the Highways Trust by the Auditor is done not less once in a year and such report is submitted to the Unitholders and the Trustee, either electronically or through physical copies.

(iv). The Auditor shall comply with the following conditions at all times –

a. the Auditor shall conduct audit of the accounts of the Highways Trust and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI or any other regulatory authority as may be applicable;

b. the Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of the Highways Trust , including profit or loss and cash flow for the period and such other matters as may be specified;

c. the Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of the Highways Trust ;

d. the Auditor shall have a right to require such information and explanation pertaining to activities of the Highways Trust as it may consider necessary for the performance of its duties as an auditor from the employees of the Highways Trust or the Parties to the Highways Trust or the Project SPVs or any other person in possession of such information.

Appointment and role of the Valuer of the Trust

(i). The Investment Manager, in consultation with Trustee, shall appoint the Valuer of the Highways Trust, in a timely manner and shall determine the remuneration of such valuer, in accordance with the InvIT Regulations.

(ii). The remuneration of the Valuer shall not be linked to or based on the value of the assets being valued.

(iii). The Valuer shall not be an associate of the Sponsor or the Investment Manager or Trustee.

(iv). The Valuer shall have not less than 5 years of experience in valuation of infrastructure assets and shall be eligible to act as a valuer in accordance with the InvIT Regulations or any clarifications, guidelines, notifications or exemptions issued by SEBI.

(v). The Valuer shall not undertake valuation of the same project for more than 4 years consecutively, provided that the Valuer may be reappointed after a period of not less than 2 years from the date it ceases to be the valuer of the Highways Trust.

(vi). The Valuer shall not undertake valuation of any assets in which it has either been involved with the acquisition or disposal within the last 12 months other than such cases where the Valuer was engaged by the Highways Trust for such acquisition or disposal

(vii). The Valuer shall comply with the following conditions at all times:

c. The Valuer shall ensure that the valuation of the Trust assets is impartial, true and fair and is in accordance with the InvIT Regulations;

d. the Valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;

e. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

f. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

g. the Valuer and any of its employees involved in valuing of the assets of the Trust, shall not:

   A. invest in units of the Trust or in the assets being valued; and
   B. sell the assets or units of the Trust held prior to being appointed as the Valuer,

h. until the time such person is designated as Valuer of the Trust and not less than six months after ceasing to be Valuer of the Trust;

i. the Valuer shall conduct valuation of the Trust assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

j. the Valuer shall act with independence, objectivity and impartiality in performing the valuation;

k. the Valuer shall discharge its duties towards the Trust in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete given assignment;

l. the Valuer shall not accept remuneration, in any form, for performing a valuation of the Trust assets from any person other than the Trust or its authorized representative;

m. the Valuer shall before accepting any assignment, from any related party of the Trust, disclose to the Trust, by disclosing to the Investment Manager or the Trustee, any direct or indirect consideration which the Valuer may have in respect of such assignment;

n. the Valuer shall disclose to the Trust, through the Investment Manager, any pending business transactions, contracts under negotiation and other arrangements with the Investment Manager or any other party whom the Trust is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets, and other necessary disclosures required under the InvIT Regulations;

o. the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

p. the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

q. the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and

r. the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation

Investment Manager in consultation with the Trustee shall have the right to take all necessary steps to remove the Valuer who ceases to comply with the eligibility criteria required under the InvIT Regulations and applicable law. If the removal of the Valuer and appointment of another valuer to the Trust is taken up at a meeting of the Unitholders at the request of the Unitholders, such removal of the Valuer shall be approved by the Unitholders in accordance with the InvIT Regulations.

CORPORATE GOVERNANCE

The section below is a summary of the corporate governance framework in relation to Highways Trust, implemented by or to be implemented by the Investment Manager, and the Project SPVs, as applicable and as specified in this section.

The Investment Manager

Virescent Infrastructure Investment Manager Private Limited is the investment manager of the Highways Trust. For further details on the background of the Investment Manager, please see the section entitled "*Parties to the Highways Trust – The Investment Manager - Virescent Infrastructure Investment Manager Private Limited"* on page 120.

Composition of the Board

As on date of this Draft Placement Memorandum, not less than 50% of the board of directors of the Investment Manager comprises of independent directors and are not directors or members of the governing board of the Investment Manager of another infrastructure investment trust registered under the InvIT Regulations.

The Board comprises of:

Sr. No.	Name	DIN	Designation
1.	Mr. Sanjay Grewal	01971866	Executive Director
2.	Mr. Hardik Bhadrik Shah	06648474	Non-Executive Director
3.	Mr. Panja Pradeep Kumar	03614568	Independent Director
4.	Mr. Akshay Jaitly	00042036	Independent Director

InvIT Committee

The Board has constituted the InvIT Committee pursuant to a resolution dated March 15, 2022, for the purpose of managing, operating and supervising the functioning of the Highways Trust. The InvIT Committee consists of the following members:

1. Mr. Hardik Shah; and
2. Mr. Sanjay Grewal

Amongst others, the Board has delegated to the InvIT Committee the authority and responsibility of performing all activities in relation to the proposed Issue by the Highways Trust and any future issues that may be undertaken by the Highways Trust. The InvIT Committee shall perform and discharge (under the overall supervision of the Board) the authority and responsibility so granted to it, in the manner it may deem fit and proper, in the best interest of the Highways Trust, and in accordance with the policies adopted by the Investment Manager from time to time. The key terms of reference of the InvIT Committee are set out below:

(i). To decide and finalise the issue opening and issue closing dates of the Issue and any future issues that the Highways Trust may undertake;

(ii). To decide and finalise the issue price in relation to the Issue and any future issues that the Highways Trust may undertake;

(iii). To decide on all matters in relation to allotment of units to investors; and

(iv). To decide on any other matter that may be routed through the InvIT Committee in relation to any fund raising by the Highways Trust.

Investment Committee

The Board has constituted the Investment Committee pursuant to a resolution dated March 15, 2022, for the purpose of formulating the strategic investments plan, to review every investment and divestment decision of the Highways Trust and the Project SPVs, to evaluate, analyse and execute various mergers and acquisitions. The Investment Committee consists of the following members:

1. Akshay Jaitly;

2. Hardik Shah; and

3. Sanjay Grewal.

The Investment Committee shall perform and discharge (under the supervision of the Board) the authority and responsibility so granted to it, in the manner it may deem fit and proper, in the best interest of the Highways Trust, and in accordance with the policies adopted by the Investment Manager from time to time. The key terms of reference of the Investment Committee are set out below:

(i). To formulate strategic investment decisions and the expenditures to be involved;

(ii). To review every investment and divestment transaction, including the terms of such transaction, with respect to the underlying assets or projects of the Highways Trust and the Project SPVs including any further investment or divestment;

(iii). To review any transactions that are proposed to be entered into by the Highways Trust that have a potential for a conflict-of-interest in the assessment by the members of the Investment Committee or Board or Sponsor or KKR group and refer to the Board for a final resolution thereof;

(iv). To evaluate, review and recommend to the Board the various mergers and amalgamations or takeover or acquisitions opportunities;

(v). To review periodically the portfolio investments and monitor the assets of the Project SPVs;

(vi). To receive reports from the valuers with respect to valuation of any assets or projects of the Highways Trust;

(vii). To identify insurance agencies and enter into contract to secure the underlying assets and projects from any financial losses; and

(viii). To consider any other additional matters, as may be delegated by the Board.

Audit and Risk Management Committee

The Board has constituted the Audit and Risk Management Committee pursuant to a resolution dated March 15, 2022 ("**Resolution**"), for the purpose of assisting the Board in fulfilling its fiduciary responsibilities towards the Investment Manager in the best interest of all stakeholders of the Highways Trust and the Project SPVs. The Audit and Risk Management Committee consists of the following members:

1. Panja Pradeep Kumar;

2. Akshay Jaitly; and

3. Hardik Shah.

The Audit and Risk Management Committee shall perform and discharge (under the overall supervision of the Board) the authority and responsibility so granted to it, in the manner it may deem fit and proper, in the best interest of the Highways Trust, and in accordance with the policies adopted by the Investment Manager from time to time. The key terms of reference of the Audit and Risk Management Committee are set out below:

(i). To monitor the financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;

(ii). To review the interim financial statements to be submitted by the Highway Trust or the special purpose vehicles or companies owned by the Highway Trust and as further specified in the Resolution;

(iii). To monitor the net distributable cashflows payable to the shareholders of the Project SPVs and from the Highways Trust to person holding units in the Highways Trust in accordance with the InvIT Regulations;

(iv). To evaluate the financial controls and risk management systems of the Project SPVs;

(v). To review and recommend the appointment, re-appointment, replacement or removal, remuneration and terms of appointment of the statutory auditors, internal auditors, cost auditors and secretarial auditors, as may be applicable for the Project SPVs and the remuneration payable to the auditors for their services;

(vi). To review and approve the draft annual financial statements and auditor's report of the Project SPVs and the Highways Trust before submitting it to the Board for approval;

(vii). To recommend to the Board for its approval a related party transaction policy;

(viii). To review, approve and recommend to the Board the borrowings to be availed by the Highways Trust and Project SPVs (either singly or together) from banks or financial institutions or related parties including entering into hedging instruments or derivative transactions or risk mitigation instruments, which may be required from time to time and which will be subject to the limits prescribed under the Companies Act 2013, InvIT Regulations and the applicable regulations, if any;

(ix). To review and oversee the functioning of the whistle blower or vigil mechanism;

(x). To review the risks that could be faced by the Highways Trust including but not limited to strategic risks, business environment risk, operational risk, regulatory risk, technology risk, litigation risk and review the adequacy and completeness of the risk management process of the Highways Trust and recommend to the Board the improvements, where deemed necessary;

(xi). To look into any show cause, demand, prosecution and penalty notices which are materially important and may hamper the business on an on-going concern basis, issued to the Investment Manager (in connection with the Highways Trust) or the Project SPVs and bring the same immediately to the notice of the Board with suitable remedial measures to combat the same;

(xii). To monitor compliance and maintain necessary thresholds and other requirements under the Companies Act 2013, InvIT Regulations and the applicable regulations, if any and intimate the Board in case of any non-compliances immediately;

(xiii). To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Project SPVs; and

(xiv). To consider any other additional matters, as may be delegated, from time to time, by the Board.

Policies Adopted in Relation to the Highways Trust

The Board will adopt policies for corporate governance as may be required from time to time in accordance with applicable law and the InvIT Regulations. The Board has adopted the following policies under the corporate governance framework of the Highways Trust, however all these policies will be effective from the Completion Date:

Distribution Policy

The Board has adopted the distribution policy pursuant to a resolution of dated March 15, 2022, in relation to the Highways Trust. For details of the Distribution Policy, see the section entitled "*Distributions*" on page 221.

Code of Conduct (the "Code")

The Board has adopted the Code pursuant to a resolution dated March 15, 2022, in relation to the Highways Trust and conduct of the Highways Trust and the Parties to the Highways Trust. Please see below a summary of the Code:

The Investment Manager has adopted the Code pursuant to a resolution of its board of directors dated March 15, 2022, in relation to the Trust. Trust and the parties to the Trust shall comply with the Code at all times, in accordance with the InvIT Regulations.

The key principles of the Code are set out below:

(i). the Highways Trust and Parties to the Highways Trust shall conduct all affairs of the Highways Trust in the interest of all the Unitholders.

(ii). the Highways Trust and Parties to the Highways Trust shall make adequate, accurate, explicit and timely disclosure of relevant material information to all Unitholders, exchange(s) and SEBI in accordance with the InvIT Regulations and as may be specified by the stock exchange(s) from time to time.;

(iii). the Highways Trust and Parties to the Highways Trust should try to avoid conflicts of interest, as far as possible, in managing the affairs of the Highways Trust and keep the interest of all Unitholders paramount in all matters. In case a conflict of interest that is unavoidable arises, it shall be ensured that appropriate disclosures are made to the Unitholders and they are fairly treated;

(iv). the Highways Trust and Parties to the Highways Trust shall ensure that fees charged by them with respect to activities of the Highways Trust shall be fair and reasonable.;

(v). the Investment Manager shall carry out the business of the Highways Trust in accordance with the Trust Deed and the Investment Management Agreement and invest in accordance with the investment objectives stated in the Offer Document or placement memorandum, and take investment decisions solely in the interest of Unitholders.

(vi). the Highways Trust, Parties to the Highways Trust and any third party appointed by the Investment Manager shall not use any unethical means to sell, market or induce any person to buy Units of the Highways Trust and where a third party appointed by the Investment Manager fails to comply with this condition, the Investment Manager shall be held liable for the same;

(vii). the Highways Trust and Parties to the Highways Trust shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business;

(viii). the Highways Trust and Parties to the Highways Trust shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment; and

(ix). the Highways Trust and Parties to the Highways Trust shall not make any exaggerated statement, whether oral or written, either about their qualifications or capabilities or experience.

Borrowing Policy

The Board has adopted the borrowing policy pursuant to a resolution of dated March 15, 2022, in relation to the Highways Trust. The key terms of the Borrowing Policy include, amongst others:

The Investment Manager shall ensure that all funds borrowed in relation to the Trust are in compliance with the InvIT Regulations. Accordingly, the Investment Manager has formulated the Borrowing Policy to outline the process for borrowing monies in relation to the Trust. The key terms of the Borrowing Policy include, among other things, the following:

(i). The Highways Trust may raise debt and avail borrowings and deferred payments from time to time, including through issuance of debt securities, in the manner specified by SEBI and availing loans from banks and financial institutions, by any instrument, in Indian or foreign currency in accordance with Applicable Law.

(ii). The Trustee shall, on receipt of advice from the Investment Manager, have the power to borrow monies (through any mode, including by way of issuance of debt securities, subordinated debt, equity or other securities as permitted under Applicable Laws and the Trust Deed or instruments permitted under the InvIT Regulations or other Applicable Law) from any person or authority (whether government or otherwise, whether Indian or overseas) on such terms and conditions, and for such periods and purpose, as may be permitted under the InvIT Regulations, and offer such security as it may deem fit, for the purpose of making such borrowing. However, the aggregate consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents shall not exceed seventy percent of the Value of the Project SPVs.

Further, the Trustee (acting in capacity of the trustee of the Highways Trust) shall have the power to create charge, security interest and/or lien over any or all of the assets of the Highways Trust (both, present or future), to secure and/or guarantee the performance of any of the obligations of the SPVs, as it may deem fit.

(iii). The Highways Trust also has the power to create, mortgage or secure any of its Project SPVs (Highways Trust Assets) or provide guarantees in order to borrow funds in accordance with Applicable Law.

(iv). The borrowings made by the related parties shall be in line with the InvIT Regulations.

(v). The Policy shall not contradict with the provisions of any Applicable Law. In case of any discrepancy, the provisions of Applicable Law shall prevail over the provisions of this Policy.

(vi). The Investment Manager shall submit an annual report to the Trustee, the designated stock exchange and Unitholders of the Highways Trust, either electronically or through physical copies, with the following:

a. Details of changes during the year pertaining to borrowings or repayment of borrowings (standalone at Project SPV level and consolidated at the Highways Trust level); and

b. Details of outstanding borrowings and deferred payments of Highways Trust including but not limited to any credit rating(s), debt maturity profiles, and debt service coverage ratio of the Highways Trust on a consolidated and standalone basis as at the end of the year.

Appointment of Auditor and Valuer Policy

The Board has adopted the Appointment of Auditor and Valuer Policy pursuant to a resolution of dated March 15, 2022, in relation to the Highways Trust. The key terms of the Appointment of Auditor and Valuer Policy are provided in the section entitled "*Other Parties to the Highways Trust*" on page 142.

Policy for Determining Materiality of Information ("Materiality of Information Policy")

The Investment Manager has adopted the Materiality of Information Policy pursuant to a resolution of its board of directors dated March 15, 2022, in relation to Trust. The Materiality of Information Policy aims to outline process and procedures for determining materiality of information in relation to periodic disclosures on the Highways Trust's website, to the stock exchange and to all stakeholders at large, in relation to the Highways Trust. The key principles of the Materiality of Information Policy are set out below:

(i). any information concerning the Trust is considered material to the business and affairs of a Trust if (i) it results in, or would reasonably be expected to result in a significant change in the market price or value of units of the Trust; or (ii) if there is a substantial likelihood that a reasonable unitholder would consider it important in determining whether to buy, sell or hold, or engage in other transactions concerning the Trust's units; or (iii) the investor would consider important in making an investment decision.

(ii). The Investment Manager or the Trustee shall provide to Securities and Exchange Board of India ("**SEBI**") and to the stock exchanges, wherever applicable, such information as may be sought by SEBI or by the stock exchanges pertaining to the activity of the Trust.

(iii). certain events or information concerning the business and affairs of the Trust if (i) it results in, or would reasonably be expected to result in a significant change in the market price or value of units of the Trust; or (ii) if there is a substantial likelihood that a reasonable unitholder would consider it important in determining whether to buy, sell or hold, or engage in other transactions concerning the Trust's units; or (iii) the investor would consider important in making an investment decision shall be deemed to be material information and against which Trust shall not be required to apply the criteria for determining materiality of information;

(iv). the Trust shall also submit such information to the designated stock exchange(s) and Unitholders on a periodical basis as may be required under the listing agreement. Further, the Trust shall disclose all such information as may be specified by SEBI to the designated stock exchange(s), Unitholders and SEBI, in the manner as may be specified by SEBI.; and

(v). the Materiality of Information for Periodic Disclosures Policy also provides for the approval process for disclosure or dissemination of any material or unpublished price sensitive information on behalf of the Trust and authorises the compliance officer and other authorised persons to make the disclosures, as may be required.

Policy on Unpublished Price Sensitive Information and Dealing in Units by Parties to the Trust ("UPSI Policy")

The Investment Manager has adopted the UPSI Policy pursuant to a resolution of its board of directors on March 15, 2022. The purpose of the policy is, *inter alia*, to ensure that the Trust complies with applicable law, including the InvIT Regulations or such other laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information ("**UPSI**").

The key principles of the UPSI Policy are set out below:

(i). the Investment Manager shall promptly disclose to the relevant stock exchanges all UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available;

(ii). the Investment Manager shall follow uniform and universal dissemination of UPSI to avoid selective disclosure;

(iii). the Compliance Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure, in accordance with the procedure specified in the Policy for Determining Materiality of Information for Periodic Disclosures*;*

(iv). the Compliance Officer shall also make an appropriate and fair response to the queries on news reports and requests for verification of market rumours by regulatory authorities, in accordance with applicable law. Further, no employee or representative of the Investment Manager who is in receipt of any inquiries relating to the Trust, including from any investors, shall respond to such inquiries. Such employee or representative of the Investment Manager shall refer the inquirer to the Compliance Officer or an any person authorised by the Board to deal with inquiries;

(v). while dealing with analysts or research persons or large investors like institutions, the Investment Manager shall provide only public information. Alternatively, the information given to analysts or research persons shall be simultaneously made public at the earliest;

(vi). the Investment Manager shall handle all UPSI on a "need to know" basis, provided that UPSI may be disclosed to persons who need such information for furtherance of legitimate purposes, performance of duties or discharge of legal obligations in relation to the Trust; and

(vii). the Policy shall not contradict with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or Insider Trading Regulations, as amended, to the extent applicable, or any other applicable law. In case of any discrepancy, the provisions of applicable law shall prevail over the provisions of this Policy.

Other Policies

In addition to the above mentioned policies as required under the InvIT Regulations, the Board has also adopted, among others, an anti-bribery and corruption policy, a health, safety and environment policy, a prevention of sexual harassment policy, a risk management policy and a vigil mechanism policy.

Representatives on the board of directors of each Project SPV

The Investment Manager, in consultation with the Trustee, shall appoint the majority of the members of the board of directors of each of the Project SPVs, in accordance with the requirements prescribed under the InvIT Regulations.

INDUSTRY OVERVIEW

The information contained in this section is derived from the CRISIL Report. The information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be reliable. The information contained herein was prepared expressly for use herein and was based on certain assumptions and information available at the time the CRISIL Report was prepared. As with any attempt to estimate future events, the forecasts, projections, conclusions, and other information included herein are subject to certain risks and uncertainties, and are not to be considered guarantees of any particular outcome. The CRISIL Report, in part or in whole, is not intended to constitute investment advice, and is not a recommendation to purchase or not purchase, an endorsement of, or an opinion as to the value of, any security or any investment instrument of any entity. The CRISIL Report is not a comprehensive evaluation of the industry, the Highways Trust or the Units and all material within the CRISIL Report should be deemed as expressions of opinion which are subject to change without notice. All references to years refer to calendar years except as otherwise stated. References to Indian financial years are to the one year period ending March 31 of the named year.

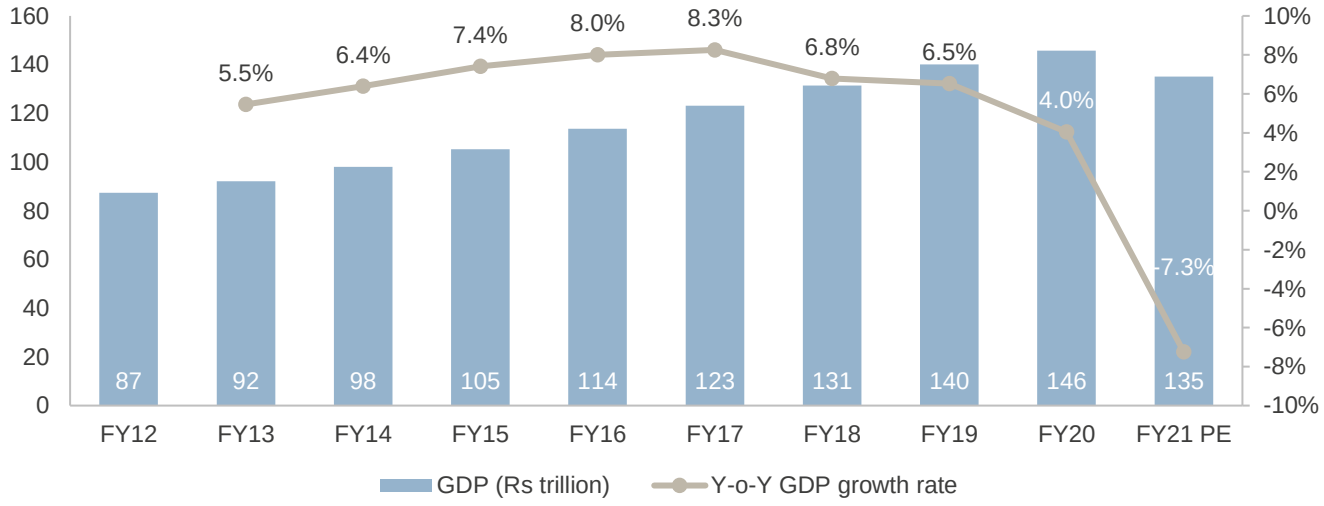
Macro-economic overview of India

Review of India's GDP growth

GDP grew 6.6% CAGR from fiscals 2012 to 2020

Fiscal 2021 has been a challenging year for the Indian economy, which was already experiencing a slowdown before the pandemic struck. GDP contracted 7.3% (in real terms) last fiscal, after growing 4.0% in fiscal 2020.

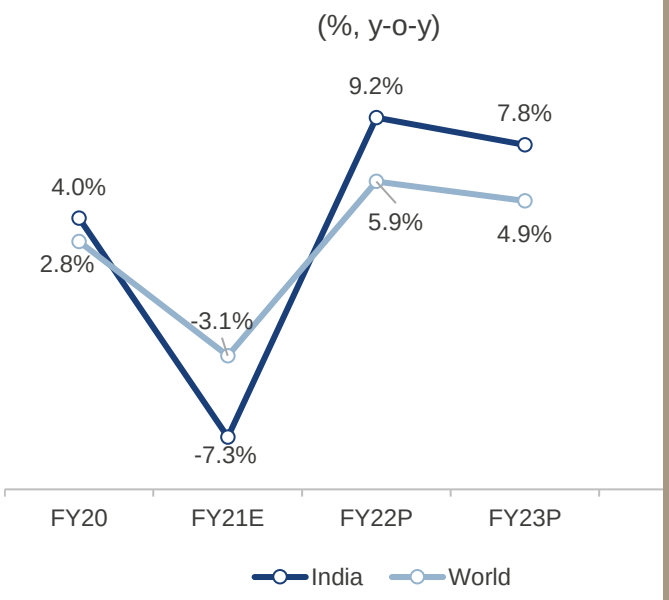
Real GDP growth in India (new GDP series)



PE: Provisional estimates
Source: Provisional estimates of Annual National Income 2020-21, Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation (MoSPI), CRISIL Research

The economy is in recover mode, with GDP expanding 20.1% on-year in the first quarter of fiscal 2022 and 8.4% on-year in the second quarter of fiscal 2022. In absolute terms GDP for the second quarter of fiscal 2022 has just crossed the GDP value reported in first quarter of fiscal 2020 (pre-covid), reporting a rise of 0.2%. The economic rebound comes on the back of reduced pandemic restrictions and improving vaccination coverage.

India to surpass global GDP growth in next three fiscals



GDP growth to rebound to 9.2% this fiscal on the back of a very weak base and the rising-global-tide effect

CRISIL sees India's GDP growth rebounding to 9.2% this fiscal due to a very weak base, flattening of the Covid-19 curve, rollout of vaccinations, investment-focused government spending, and benefit from the 'rising global tide lifts all boats' effect. Yet, the economy is expected to reach pre-pandemic levels only by the second quarter of this fiscal. Services will take longer to recover than manufacturing. Beyond fiscal 2022, India is seen growing faster than the world.

Note: Forecasts for World are for calendar year; FY20 corresponds to 2019 and so on; P: Projected; updated as of June 2021; India numbers for FY20 and FY21 are based on MoSPI's latest GDP estimates and FY22 onwards are CRISIL Research's forecast. World GDP growth rates are from IMF world economic outlook update as of April 2021.

– *Source: S&P Global Ratings, CRISIL*

Key Fiscal Measures announced by government for Infrastructure sector to deal with Covid-19

The government announced a series of fiscal measures under the Atmanirbhar Bharat initiative to contain the human and economic damage from the COVID-19 pandemic. Following are the details of key measures announced under three packages announced in the months of May, October and November of fiscal 2021.

Fiscal stimulus 1.0:

The government announced measures worth Rs 11 trillion in five tranches. This was in addition to the earlier announced measures worth Rs 9.9 trillion (RBI liquidity support and others), taking the total financial support amount to Rs 20.9 trillion. It was announced by Government of India with the aim to revive the economy by liquidity infusion and income support. The actual committed fiscal outgo of Rs 1 trillion, translating to 9% of the Rs 11 trillion of measures outlined over the five tranches. The bulk of this direct support was through the Pradhan Mantri Garib Kisan Yojana. The government also ploughed in some earlier discussed structural reforms, especially in tranches 4 and 5, to help drive India's medium-term growth story. The announcements pertained especially to sectors such as mining, aviation, urban infrastructure, power, and agriculture.

Further, the government increased the borrowing limit for state governments from 3% of their GDP to 5% of GDP. However, of this additional 2 percentage points, 1.5 percentage point is conditional upon states achieving certain targets.

For addressing near-term issues, apart from direct benefit transfers and additional spending through MNREGA, the government mobilised credit to micro, small and medium enterprises (MSMEs), agriculture, and the affordable housing sector. Like the 100% guarantee on Rs 3 trillion loans to MSMEs with one year moratorium to help these units, which are typically strapped for working capital. It was also aimed at spurring credit growth for both banks and non- banks in fiscal 2021 and contain delinquencies in the segment, which would have increased otherwise.

Fiscal stimulus 2.0:

The government measures targeted increasing the demand in the economy. Government has proposed a scheme where central government employees can spend their tax-exempt travel concessions on certain goods and services.

It also made provisions for them to receive a part of their wages in advance to spend on their choice of festival before the end of March 2021. The stimulus also includes infrastructure spending of Rs.250 billion and interest free loan to states which stands at Rs.120 billion. The measures announced under this package amounted to Rs 0.7 trillion.

Fiscal stimulus 3.0:

This Rs 2.65 trillion stimulus package is aimed at job creation, access to credit and farm support with. The key highlight of this stimulus is to provide production linked incentives to 10 sectors which is estimated at around 1.45 trillion. This is proposed to be spent over the next 4-6 years i.e. till FY28 to encourage domestic manufacturing across 10 sectors – namely, textiles, food, pharma, consumer durables, auto, telecom, specialty steel, solar, electronic, and battery. The stimulus package also provides Rs.650 billion additional outlay for subsidy towards fertilisers sector. The stimulus also includes outlay of Rs.180 billion for housing for all plan besides it also includes package of Rs.100 billion to support rural economy.

Key Measures announced by government for Infrastructure sector to deal with Covid-19

Central government have announced some key measures to address the implications caused by Covid-19. Some of the key measures announced by government are as follows:

- Up to 6 month extensions for completion of infrastructure projects: Central government has given extension of up to 6 months to contractors whose operations are hit by Covid-19. This extension is given with no additional penalty for missing out on milestones. All central agencies like Railways, Ministry of Road transport and highways and central public works department will grant extensions to its contractors engaged in different projects work under PPP mode.

- Revenue Shortfall Loan provisions under the concession agreement were extended by NHAI to BOT concessionaires at Bank Rate + 2% to provide relief from the Covid-19 impact. The loan amount would be lower of i) Debt obligation plus the O&M expenses; or ii) Estimated toll collection minus actual collection during the period. NHAI had tried to reduce impact on toll collection due to suspension of tolling operations from 26th March-19th April, 2020 by NHAI as well as disruption in traffic post 19th April due to lockdown in major parts of the country..

- Extension in concession period was granted to road asset operators due to suspension in tolling activity from 26th March to 19th April, 2020. Extension in concession period would be in proportion for period where daily toll collection would be less than 90% of average daily collection. Also waiver of concession fee/premium was announced for 26th March to 19th April period. Extension and waiver of premium/concession fee helped mitigate the extent of impact on decline in return on the assets.

- Release of retention money in proportion of work done and no further deduction of retention money for 3-6 months from contractors

- Enabled monthly payments based on work completed instead of milestone based payments

- Performance security on contracts reduced to 3% instead of 5-10%. The rate of deposits have been slashed in view of Covid-19 pandemic. As these fees usually have to be paid upfront, reduction in the rate of deposit is expected to bring respite to stressed construction companies

- Earnest Money Deposit (EMD) for tenders to be replaced by bid security self-declaration: Government of India have provided relaxation on Earnest money deposit on government tenders. EMD is to be replaced by bid security self-declaration.

Key budgetary proposals for Infrastructure sector

The Union Budget 2022-23 bet big on an investment push to lift economic growth, two years and three waves into the pandemic. The total capex of the government (budgetary capex plus revenue grants for capital creation and capex by central public sector enterprises) is budgeted to rise 14.5% as compared with only 3.1% in the current fiscal. The government thus has tightened the belt around revenue expenditure and frontloaded infrastructure spending that would lead to faster economic growth.

Among the sectors, infrastructure continues to be in the bright spot with a 30% hike in budgetary support.

Key budget announcements concerning infrastructure are,

- At Rs 7.5 trillion, aggregate budgetary support (gross budgetary support or GBS) for capex next fiscal is up 39% over fiscal 2022RE. For infrastructure sectors, budgetary support is 30% up at Rs 4.3 trillion. These exclude Rs 620.57 billion equity infusion into AI Assets Holding Ltd (AIAHL) in fiscal 2022RE
- PM Gati Shakti Master Plan for expressways is to be formulated. The national highways network will be expanded by 25,000 km next fiscal
- In the railways sector, 2,000 km of tracks will be brought under train collision avoidance system, Kavach; 400 new generation Vande Bharat trains will be introduced in the next three years
- Four multi-modal logistics parks will be awarded through the PPP mode next fiscal

Asset monetisation as an infrastructure funding mechanism was largely missing in the budget proposals. It found mention only in the roads sector, where it is expected to generate Rs 200 billion and fund 10% of the National Highways Authority of India's (NHAI) requirement for the next fiscal. This fiscal, the share is estimated to be 5-8% dependent on the realisation of toll-operate-transfer (TOT) bundles 6-8.

Review of roads infrastructure in India

Road sector's contribution to Indian gross value added (GVA)

The road transport sector's share in Indian GDP stood at 3.0% in fiscal 2020. The share of road transport in India's GDP has hovered between 2.9% to 3.1% from fiscals 2012 to 2020.

GVA share (%)	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Road transport (at constant prices)	3.0%	3.1%	3.1%	3.0%	3.0%	2.9%	3.0%	3.0%	3.0%

Source: Ministry of Statistics and Programme Implementation (MoSPI), CRISIL Research

Road network in India

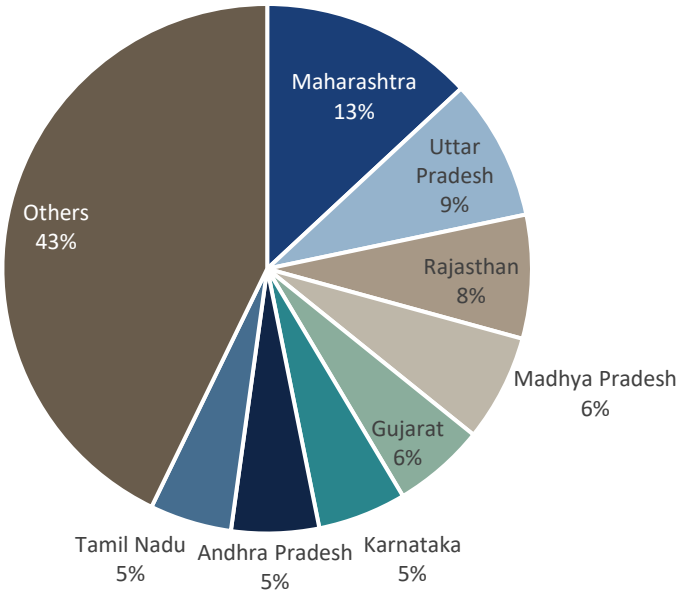
India has the second-largest road network in the world, spanning 6.2 million km.

Road network in India in fiscal 2021

Road network	Length ('000km)	Percentage of total - length	Percentage of total - traffic	Connectivity to
National highways	136.4	~2%	40%	Union capital, state capitals, major ports, foreign highways
State highways	176.8	~3%	60%	Major centres within the states, national highways
Other roads	5,902.5	95%		Major and other district roads, rural roads - production centres, markets, highways, railway stations

Source: MoRTH Annual Report 2020-21, CRISIL Research

State-wise length of national highways in India as of FY21



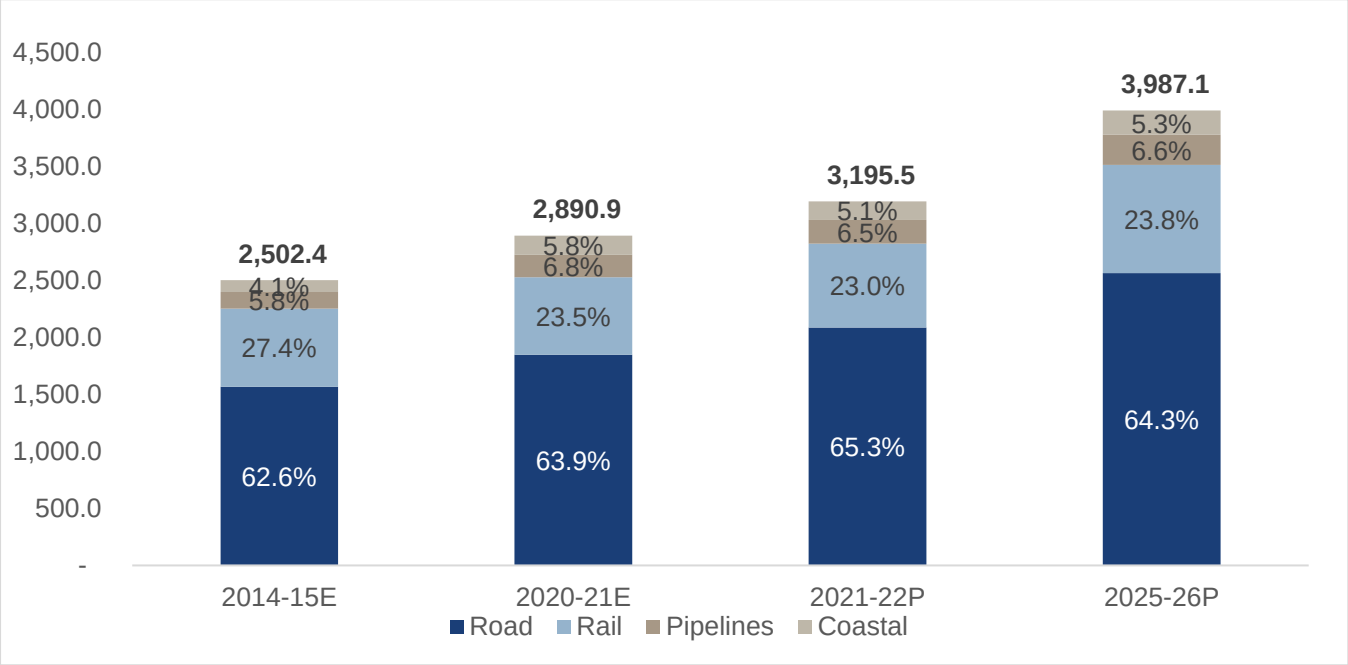
– Source: MoRTH Annual Report 2020-21, CRISIL Research

Indian freight traffic scenario

Roads to continue to have a dominant share in the overall freight movement

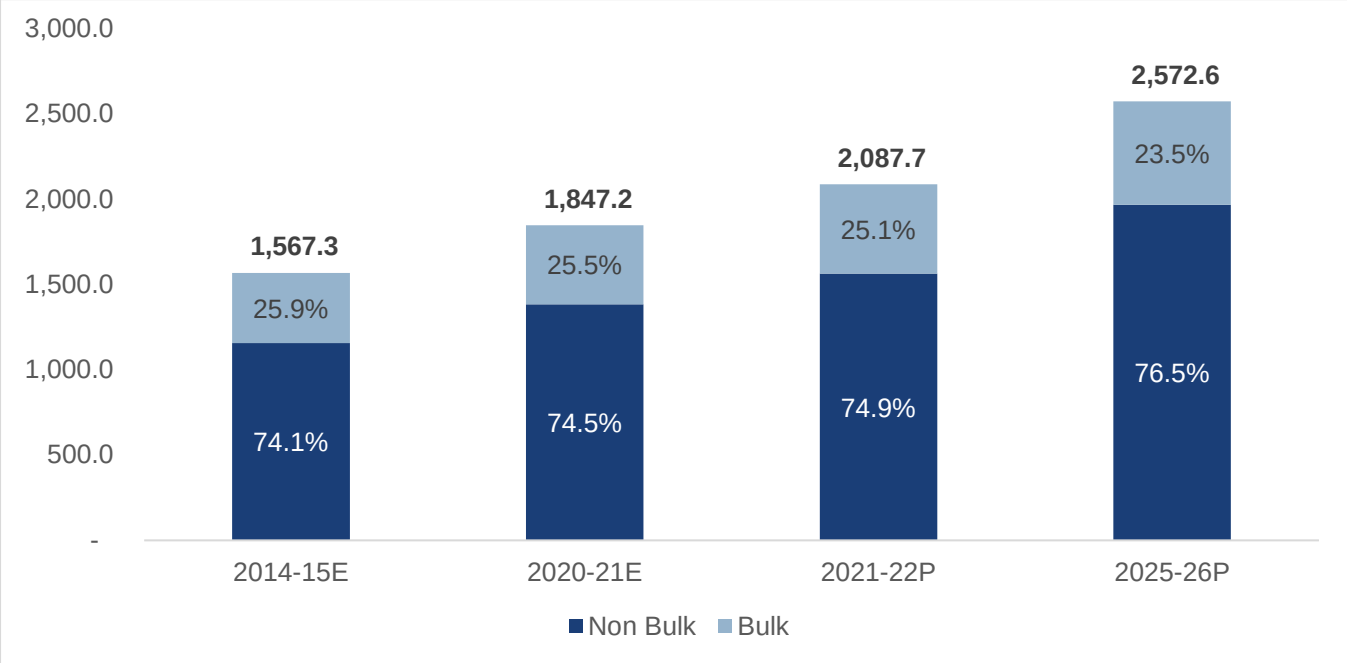
CRISIL Research expects growth in road freight traffic to increase at a compounded annual growth rate (CAGR) of 6-8% in billion-tonne-kilometre (BTKM)terms between fiscals 2021 and 2026, on a low base.

Share of roads in total freight movement (in terms of BTKM)



– *E: Estimated; P: Projected*
– *Source: CRISIL Research*

Roads predominantly transfer non-bulk freight (in terms of BTKM)



– *E: Estimated; P: Projected*
– *Source: CRISIL Research*

Overview of PPP framework and models in operations

Design and build contracts

In this type of contract, the authority does a conceptual study of the project to be awarded and specifies the technical output details, based on which the specifications of the project will be decided. The developer has to undertake the detail designing and execution of these projects. Both EPC and BOT models were design and build models.

A few operational models:

I. BOT-toll/-annuity/-hybrid annuity model (HAM)
II. EPC
III. Toll collection
IV. Operate, maintain and transfer (OMT)
V. Toll, operate and transfer (TOT)

Types of PPP models

Type of project	Description	Development risk	Financing risk	Traffic risk and accrual of toll fee collection	Net cash outflow for the government	Revenue for private party	Concession period	Award criteria
BOT-toll	Private party builds road, undertakes O&M and collects toll	Concessionaire	Concessionaire	Concessionaire	Yes (In form of grant/equity support)	Toll	Around 20-30 years for the NHAI** and other authorities	Highest revenue sharing bid / highest premium/ lowest equity support
BOT-annuity	Private party builds road, undertakes O&M* and collects annuity from the granting authority	Concessionaire	Concessionaire	Authority	Yes, net payment to be made is the difference between the toll collection and the annuity payable	Annuity payment	Around 15-20 years for NHAI and other authorities	Lowest annuity
BOT-HAM	Private party builds road, undertakes O&M. Gets 40% of payment during construction and 60% as annuity along with interest	Concessionaire	Concessionaire	Authority	40% during construction and 60% as semi-annual annuity along with interest, net of toll collected	Construction grant plus annuity payments, interest on annuities, inflation indexed O&M payments	Around 15 years of operations plus additional construction period	Lowest project cost plus O&M cost

Type of project	Description	Development risk	Financing risk	Traffic risk and accrual of toll fee collection	Net cash outflow for the government	Revenue for private party	Concession period	Award criteria
EPC	Private party builds road, based on the cost incurred by the government	Concessionaire	Authority	Authority	Yes	Contract amount	Not required	Lowest contract price requested
OMT	Private party collects toll and undertakes O&M and major maintenance	No development risk except minimal risk in case of paved shoulders	Concessionaire	Concessionaire	No	Toll	Up to nine years for NHAI projects	Highest % of toll revenue share or highest premium per year
Tolling	Private party pays the estimated toll upfront to the authority and collects the toll during concession period	No development	Concessionaire	Concessionaire	No	Toll	Around one year for NHAI projects	Highest revenue-sharing bid
TOT	Private party pays the estimated toll (revenue share) upfront to the authority, undertakes O&M plus certain capex and collects the toll during concession period	Authority (in case upgradation of lanes is taken up during the concession period)	Concessionaire	Concessionaire	No	Toll	20 years[#]	Highest upfront payment

- *Note: Development risk refers to construction risk in developing a road project*
- **Operations and maintenance*
- *** National Highways Authority of India*
- *# As per TOT bundles of NHAI in 2021*
- *Source: CRISIL Research, NHAI*

Toll, operate and transfer (TOT)

As of April 2021, the NHAI has successfully awarded three bundles under the TOT framework, i.e. TOT Bundles 1,3 & 5 . Under the Asset Monetisation plan, NHAI expects to monetise road assets worth Rs 1000 billion over the next 5 years through TOT. The immediate targets are Rs 300-400 billion in the next 2 years, with a target of Rs 100 billion worth assets monetised in FY22 itself.

Asset Monetisation

The Union Finance Minister announced "National Monetization Pipeline" of potential brownfield infrastructure assets under the union budget 2021-22, stating that monetizing operating public infrastructure assets is a very important financing option for new infrastructure construction.

The National Highways Authority of India (NHAI) had plans to raise at least ₹100.0 Bn in 2021 calendar year by monetizing its assets. The NHAI had plans to monetize about 1,200km of roads in 2021 calendar year.

The first asset monetisation model is the InvIT (infrastructure investment trust), which NHAI launched in November 2021. NHAI had filed for application for InvIT with SEBI in June 2020. A total of 5 roads have been included whose total enterprise value is nearly Rs 80.11 Bn and a total length of 390 km. The money raised will be further invested again into road sector with some part being used for operation and maintenance of roads. The roads are located in Gujarat, Karnataka, Rajasthan and Telangana

The first tranche was expected to be about 400-600 km and depending on how much interest it generates among investors, more assets could be added later. NHAI announced plans to raise Rs. 350 Bn from 19-20 projects under InvIT model over the next few years. Government expects the InvIT would attract investments having long-term perspective which includes pension funds and sovereign funds as these projects come with zero construction risk attached to them when compared to that of greenfield highway stretches.

The second tranche in 2021 included Bundle 6, 7, and 8 whose bids were submitted in January 2022. NHAI focuses on smaller bundles with lower concession period than in previous rounds to suit investors. Unlike the InvIT, responsibility of operations and maintenance in TOT model is in the hands of the contractor.

In the first round of TOT model, during 2018, joint venture of Macquarie and Ashoka Buildcon picked up the projects for nine national highway stretches with an upfront fee of Rs.96.8 billion. However, the second TOT bundle has been scrapped because of want of bidders. In the third bundle, cube highways has emerged as the winner by quoting price just above the base price prescribed the NHAI with a total bid of Rs 50.1 billion. Later on, similar to second bundle fourth TOT bundle was also cancelled due to muted investor response.

With respect to TOT bundle 5, the government has split the complete bundle into two parts, 5A-1 and 5A-2. As of April 2021, Adani Enterprises and DP Jain & Co Infrastructure have emerged as highest bidders for bundles 5A-1 & 5A-2 and with respective bids of Rs 10.1 billion and Rs 12.5 billion. The highest bids for both bundle 5A-1 and 5A-2 were above NHAI's reserve price of Rs 8 billion and Rs 8.2 billion respectively.

Overview of government initiatives

New tolling policy (2011)

Toll Act

The central government is authorised to levy a fee (toll) under Section 7 of the National Highways Act, 1956, for public-funded projects and under Section 8-A of the said Act, for private investment projects. The government can levy fees on all sections of national highways (irrespective of four or two lanes), tunnels, bypasses and bridges with specific cost criteria.

Fee structure

Toll charges are based on rates notified by the government. The fee for use of a section of the national highways of four or more lanes for the base year fiscal 2008 shall be the product of the length of such a section multiplied by the rates specified hereunder.

Toll rates for four-lane national highways

Vehicle category	Rs/ km
Car, jeep, van, light motor vehicle	0.65
Light commercial vehicle	1.05
Bus or truck	2.2
3-axle commercial vehicle	2.4
Heavy construction machinery, multi-axle vehicles (MAV) 4-6 axles	3.45
Oversized vehicles 7 or more	4.2

– *Source: PIB, CRISIL Research*

The rates will be revised every year. Effective April 1, 2008, they will be an aggregate of following rules:

Increase of 3% without compounding (on base rates of fiscal 2008)

40% of the increase in wholesale price index (WPI) over the previous year.

Overview of National Highways Development Project (NHDP)

NHDP encompasses building, upgradation, rehabilitation and broadening of existing national highways. The project is executed by NHAI, in coordination with the public works departments of various states. NHAI also collaborates with the Border Roads Organisation for the development of certain stretches. NHDP is being implemented in seven phases.

The projects are awarded to private players either on EPC (cash) or on build-operate-transfer (BOT) basis and now on the newly introduced hybrid annuity model (HAM).

The residual projects under the existing NHDP phases involves 5,000-5,500 km and their awarding target year was fiscal 2021. These residual projects would dominate 50% of investments over the next five years. According to CRISIL estimates, the Bharatmala awarding was ~5,500-6,000 km over fiscals 2018 and 2019. Investments under the Bharatmala Pariyojana (BMP) would be slow to pick up and will account for ~30% of total investments. As projects awarded under the scheme are 60% EPC and 40% HAM, NHAI's ability to raise funds to execute these projects would be a key monitorable.

Bharatmala Pariyojana

Bharatmala Pariyojana is expected to supersede the National Highways Development Project (NHDP) and envisages the construction of 65,000 km of highways. As per the ministry, Bharatmala, along with the schemes currently undertaken, could require a total outlay of Rs 6.9 trillion.

Phase-I of the scheme envisages development of about 24,800 km length of national highways/roads, plus residual 10,000 km of NHDP between fiscals 2018 and 2022.

Components of BMP Phase -I

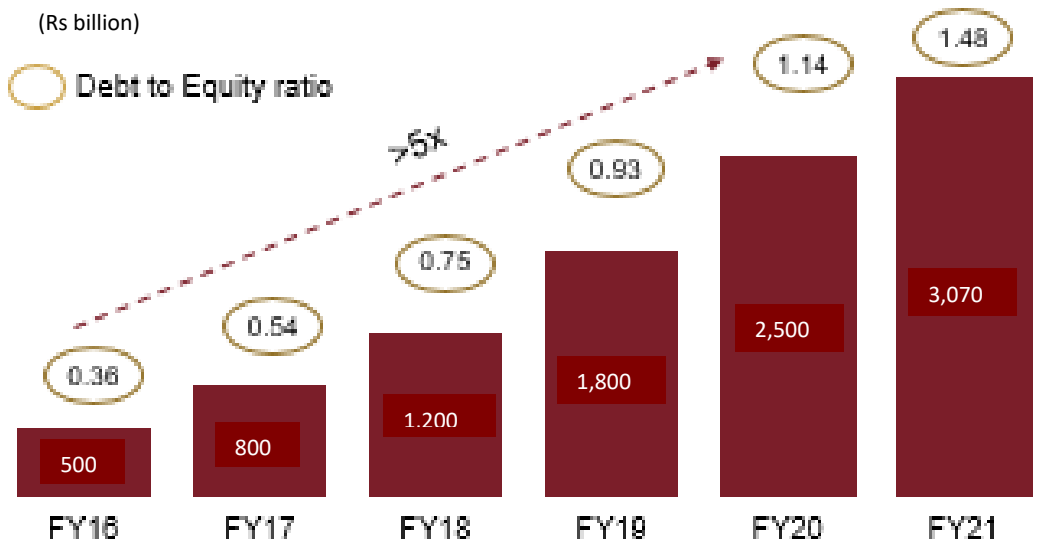
Category	Description	Total length (Km)	Upgrade proposed in Phase I (Km)
National Corridor efficiency improvement	Lane expansion, de-congestion of existing National corridor	13,100	5,000
Economic Corridors development	Connecting economically important production & consumption centres	26,200	9,000
Inter-corridor and feeder routes development	Inter-connection between economic corridors, first mile and last mile connectivity	15,500	6,000
Border and international roads	Connectivity to border areas and boosting trades with neighbouring countries	5,300	2,000
Coastal and port connectivity roads	Connectivity to coastal areas to enable port-led economic development	4,100	2,000
Expressways	Greenfield expressways	1,900	800
Total		66,100	24,800

– *Source: NHAI, CRISIL Research*

Review and outlook of NHAI funding

With the high dependence on market borrowings to fund asset creation through EPC and HAM projects, NHAI's debt to equity has risen to ~1.5 times in FY21.

NHAI borrowings on the rise



– *Source: NHAI, CRISIL Research*

To limit the growth in NHAI's borrowings, NHAI's budgetary support in the form of cess funds (budgetary allocation) & toll plough back were increased by 17% for fiscal 2022 (budgeted) and its IEBR has been kept constant at Rs 650 billion. However, in the latest budget, NHAI's budgetary support rose by ~106% in FY23 budget while IEBR has been made negligible.

Other modes of funding for NHAI such as TOT bundles have seen only limited success, over the past 4 years. NHAI has been able to successfully monetise ~14,000 kms and raise ~Rs 170 billion.

RFPs for TOT 6, 7 and 8 have been released in August 2021 and bids for the same were submitted in January 2022.

Investments by private sector to grow 2x times over the next 5 years

CRISIL Research expects private construction investments in national highways to increase 2x to Rs 1.5 trillion over fiscals 2022 to 2026 compared with the previous five years. This is expected to be mainly through the hybrid annuity model (HAM) mode, as the build-operate-transfer (BOT) toll mode may have only a few takers.

A policy push in the form of changes in Model Concession Agreements (MCA) for HAM and BOT projects and reduction in bid eligibility criteria across all national highway projects would bode well for private participation. However, the share of HAM in total awarding is constrained by the cautious approach employed by banks in lending to HAM projects.

Amidst the COVID-19 pandemic, NHAI and the ministry have taken various steps under the "Atmanirbhar" package to ease issues faced by developers. Releasing monthly payments, instead of milestone based payments; extension of timelines for completion of projects, etc have sustained private participation in the sector.

Asset monetisation, equity infusion key to support private investment in the long run

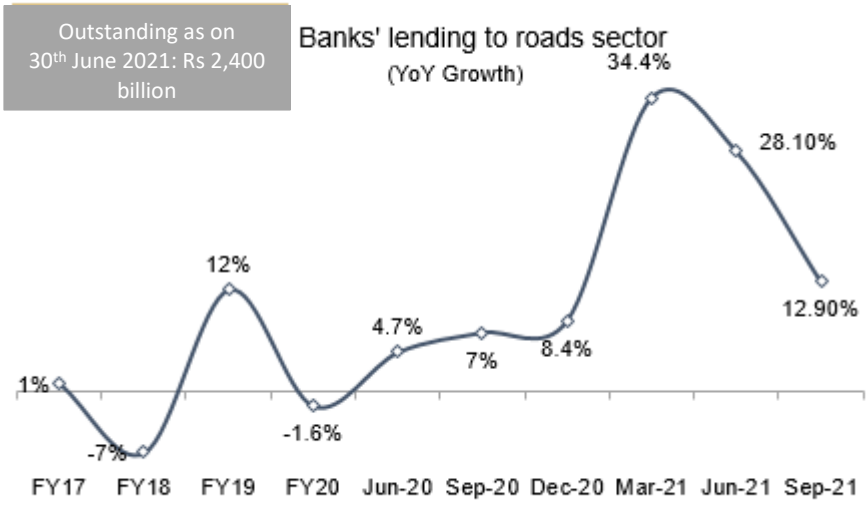
The players present in HAM are currently selling off HAM assets to participate further in upcoming HAM projects. Some players intend to sell off under-construction projects to financial investors with projects being executed by the same player. Thus, they are able to convert HAM projects to EPC without facing the cut-throat competition they deal with currently in the EPC mode. This will help them retain margins.

About Rs 600-700 billion has already been invested through HAM and BOT models. CRISIL's analysis of BOT and HAM projects indicates a potential of ~Rs 2 trillion in terms of Enterprise Value.

Improvement in bank credit growth; sustainability a key monitorable

After increasing 12% in fiscal 2019, bank credit to the roads sector witnessed some pressure in fiscal 2020. However, with higher awards and construction in fiscal 2021, bank lending to the roads sector witnessed a 34% jump.

Banks' credit to the roads sector:



Source: RBI, CRISIL Research

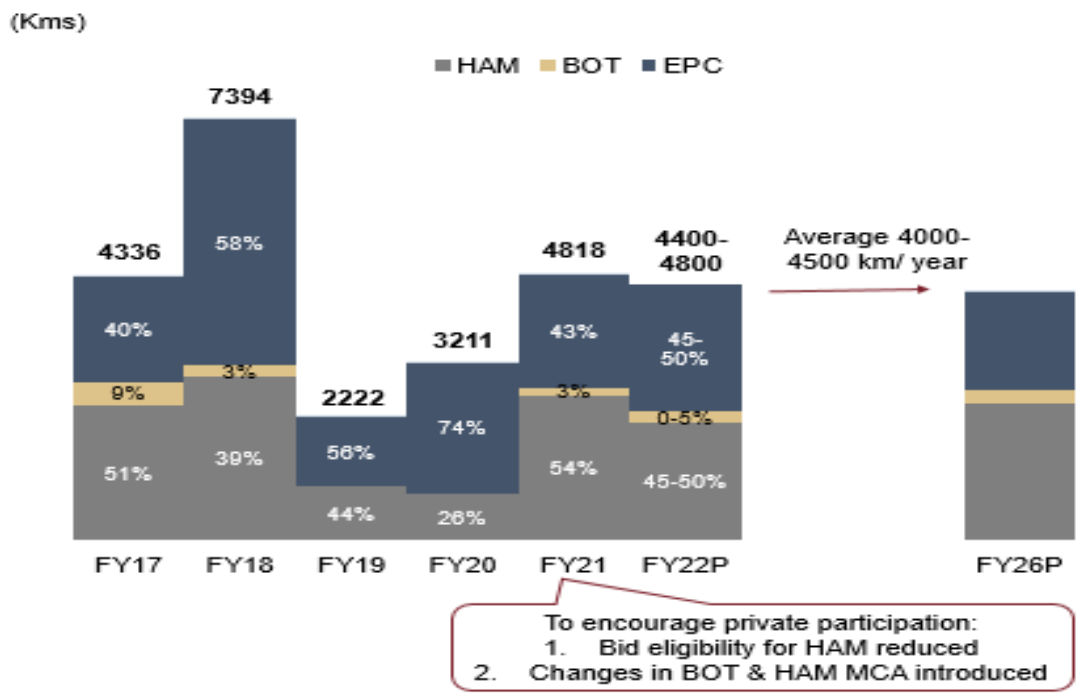
Review and outlook of investments in national highways

Awarding momentum to continue with higher private participation

In order to revive the roads sector, amidst the pandemic-led disruption – NHAI awarded 4,818 kms in fiscal 2021 - a three fiscal high. Of these, 54% were awarded under the Hybrid Annuity Model (HAM), 3% under the Build-Operate-Toll (BOT) mode and rest under the Engineering, Procurement and Construction (EPC) mode. Favourable changes in the BOT and HAM agreements, and relaxation of bidder eligibility criteria indicated a clear policy shift last fiscal to improve private-sector participation.

The trend is expected to continue in fiscal 2022 with awards to be in the range of 4400-4800 kms and over the medium term at 4000-4500 km per year, as developers will be able to free up capital through stake sales supported by the strong pipeline of projects under Bharatmala and the NIP.

Higher awards: HAM gaining share, BOT making a comeback:



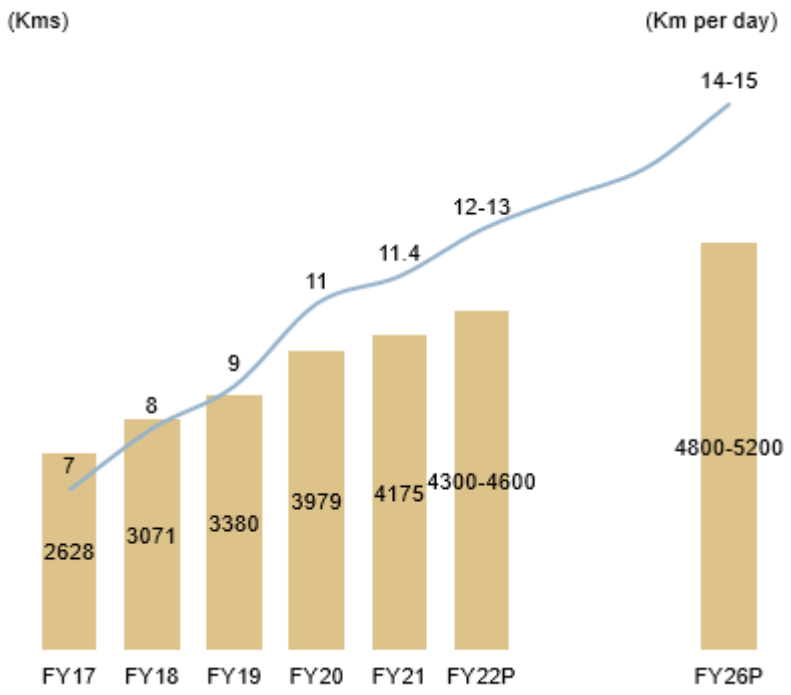
– *P: Projected*

– *Source: NHAI, CRISIL Research*

National Highway construction is also rising steadily with focus on swifter execution

CRISIL Research expects fiscal 2022 NHAI construction to be in the range of 4300-4600 kms and rise steadily to 14-15 km per day by fiscal 2026.

NHAI's pace of construction rising steadily, despite pandemic saw 5% growth in FY21:



– *Source: NHAI, CRISIL Research*

Policy push for HAM enabled higher share in awarding

The Ministry and NHAI, post multiple suggestions from various stakeholders have amended the HAM Model Concession Agreement across the below mentioned parameters in Oct 2020. These are largely aimed to protect developers' returns and ease their liquidity.

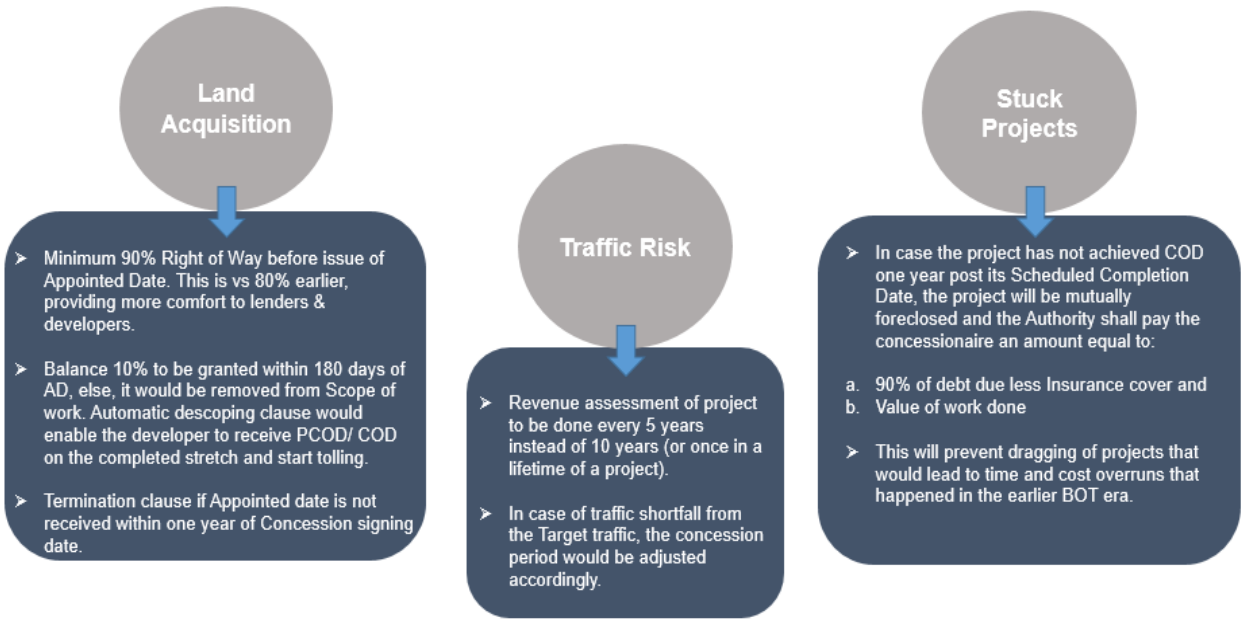
Recent changes in HAM MCA incorporate developers' concerns

	Old Clause	Revised Clause	Impact
Annuity Payments	Interest on annuity payment linked to **RBI determined Bank Rate + 3%**	Interest on annuity payment linked to **average of one year MCLR of top 5 Scheduled Commercial Banks + 1.25%**	Differential between cost of borrowing and interest on annuity reduced, thus preventing erosion of developers' returns due to RBI repo rate changes
Milestone Payments	**5** instalments, each equal to **8%** of the Bid Project Cost	**10** instalments, each equal to **4%** of the Bid Project Cost	Quicker payments helping developers' liquidity
Change in ownership	Original sponsor/ concessionaire shall hold at least 26% of equity during construction period and **2 years thereafter**	Original sponsor/ concessionaire shall hold at least 26% of equity during construction period and **6 months thereafter**	Quicker stake sell-off would ease up developers' balance sheets to bid for new projects
Financial Closure	No clarity on amount on FC	FC to be undertaken for an amount no lower than either: 1. **Total Project Cost (60% of BPC); or** 2. **10% less than (Estimated Project Cost minus 40% of Bid Project Cost)**	Would likely prevent termination of projects due to inadequate financing
Dispute resolution board	In case of a dispute, either party may call upon the Independent Engineer to mediate.	Failing mediation by the IE, either party may require such dispute to be referred to the **Dispute Resolution Board (DRB).**	Quicker dispute resolution mechanism to prevent stuck projects.
Others	Interest mobilization advance linked to bank rate. Termination payments based on previous milestone payments.	Interest on mobilization advance linked to MCLR. Termination payments based on new milestone payments.	NA

Changes in BOT MCA were also introduced

In order to improve private participation via the BOT-toll mode, NHAI & the ministry also introduced changes to the BOT MCA aimed at key issues such as land acquisition, revenue assessment in case of traffic shortfall and stuck projects.

BOT MCA revamped to reinstate interest in the model



Source: MoRTH, NHAI, CRISIL Research

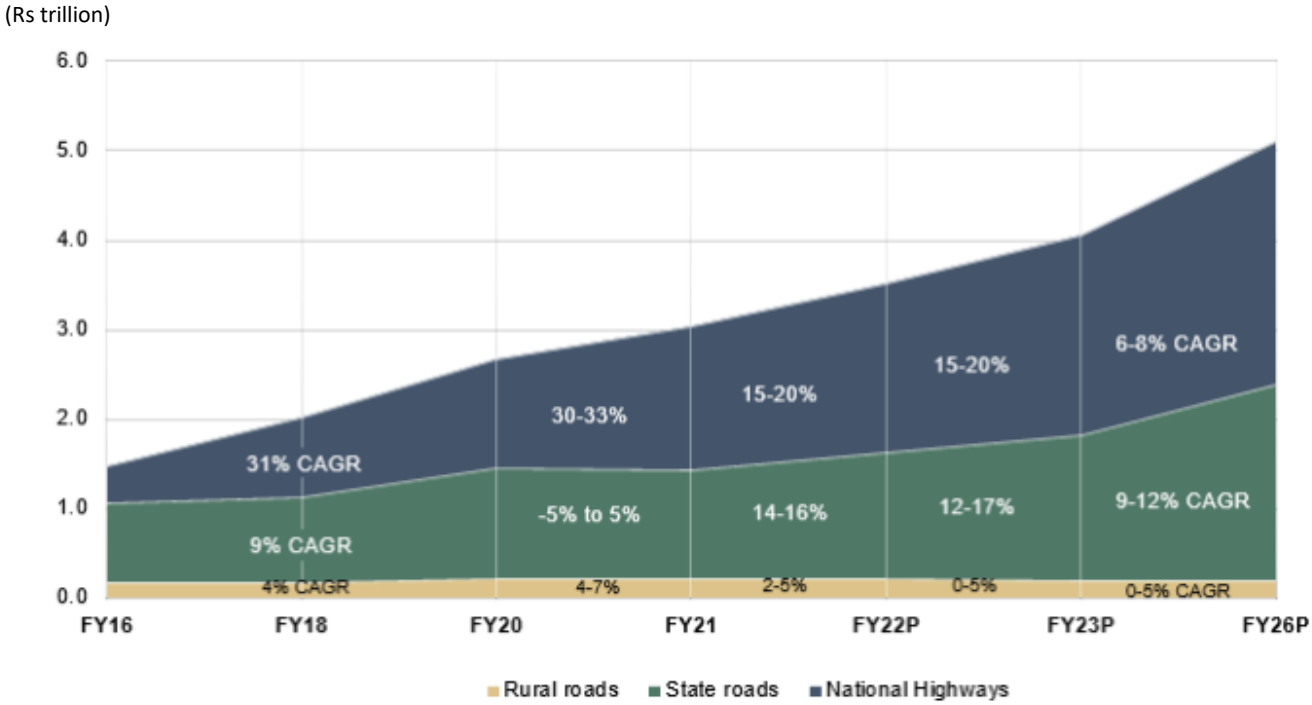
Amendments to EPC contracts effective November 2018

Key implications	Progress
To enable quicker execution by increasing obligations of the authority	Right of Way: Deadline reduced from 240 days to 180 days for approvals/ clearances for area under forest or sanctuary
	If Appointed date is not received within 90 days of signing the agreement, contract may be terminated. Authority will pay contractor damages = 1% of the contract price to contractor
Ensure effective competition, focus on timely project completion	If the project is not completed within 90 days of SCD, contractors would be ineligible to bid for projects till such is complete.
Increased working capital requirement for contractors	Increased interest on mobilization advance paid to authority. Earlier recovery of mobilization advance. Release of retention money against bank guarantees discontinued
Increased maintenance obligations of the contractor	Lower compensation and higher tenure for maintenance obligations of contractor. Defect liability period increased from 4 years to 10 years.

Despite COVID-19 induced lockdowns, investments in National Highways have sustained the sector

Last fiscal, the national highways sector thumbed nose at Covid-19 and delivered a stellar performance, riding on higher project awards, record construction, and traffic that surpassed pre-pandemic levels once the lockdowns were lifted in the second half. Though the second wave of infections dampened this momentum, it is estimated that it did not have a material bearing on growth in fiscal 2022. Through the fiscal 2021, EPC contractors gained learnings from the first wave and insights on scale-up and on the recovery as the economy opens up.

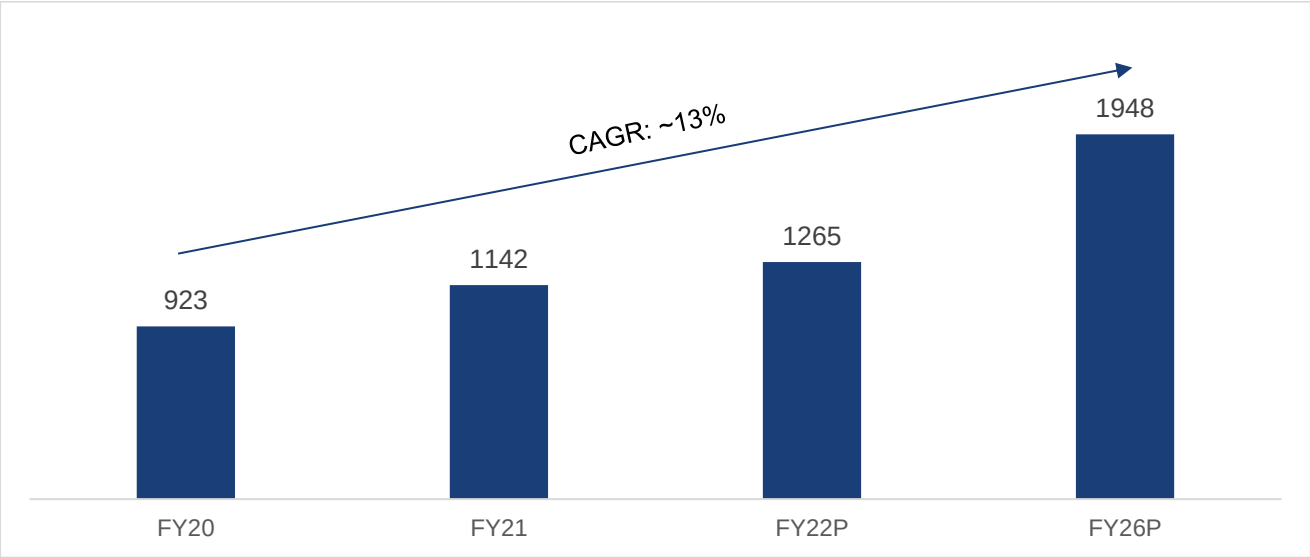
Investments towards National Highways have portrayed resilience during the pandemic



E: Estimated, P: Projected
Note: Capex excludes land acquisition costs
Source: NHAI, MoRTH, State budget documents, PMGSY, CRISIL Research

CRISIL Research estimates that National Highway capex grew by 30-33% in fiscal 2021 due to higher construction and the momentum is expected to continue in fiscal 2022 on the back of higher awards. CRISIL Research further projects the investments in national highways to increase nearly 2 times over the next six years from fiscal 2020 to 2026.

Capex outlook in national highways (in Rs billion)

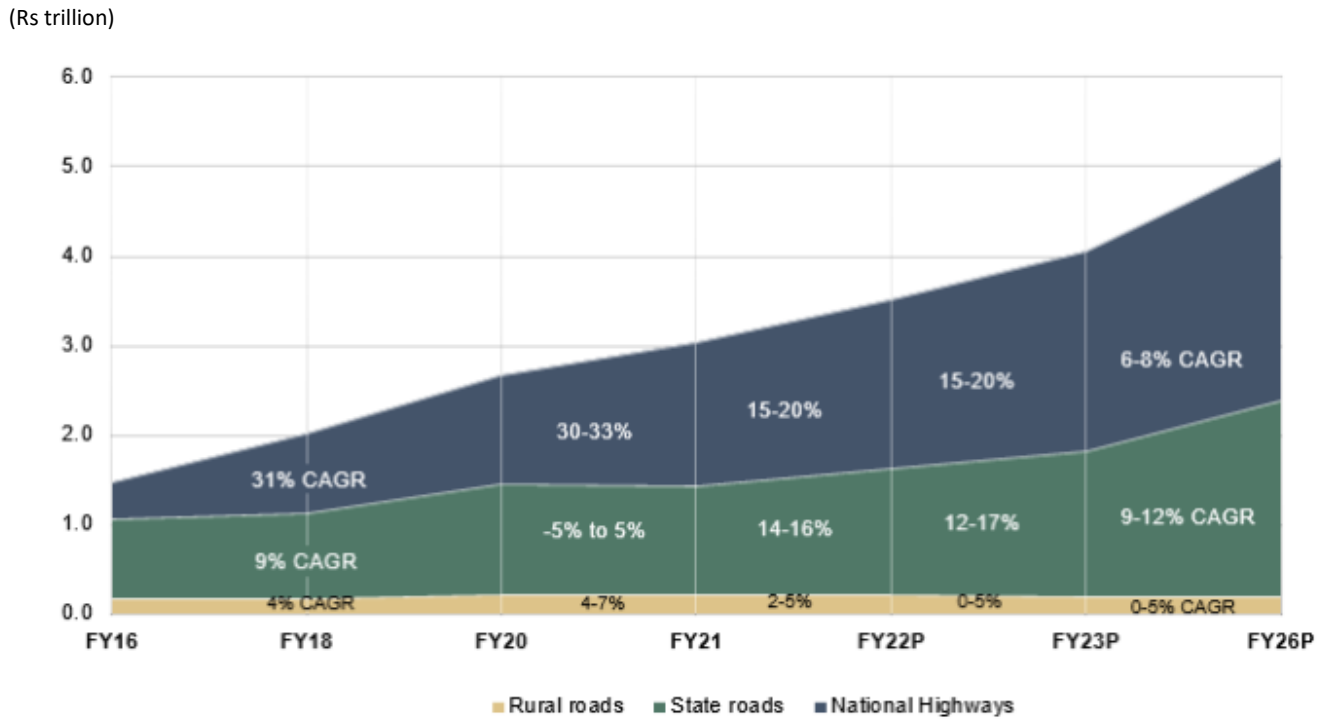


E: Estimated, P: Projected
Source: CRISIL Research

State highways

Budgetary allocations for Roads Capex by key states were anyway lower in fiscal 2021. With the virus spreading across India, the states diverted funds from the budgeted roads capex to health & social sectors.

State road capex upside would be limited due to second wave impact



E: Estimated, P: Projected
Source: State budget documents, CRISIL Research

Outlook of toll collection and remittance on national highways

Toll collection and remittance to grow at CAGR (FY 20-26) of 9-9.5% on a like-to-like basis and to grow at 15.5-16% considering new road additions and subsequent tolling on them. CRISIL Research expects total toll collection and remittance revenue to reach Rs 640-655 bn in the year fiscal 2026 considering both the existing tolled highways and the additional highways to be executed over the subsequent years. The forecast has been achieved by considering improvement in economic activity, efficiency gains due to removal of check posts post implementations of GST, growth in vehicle population in both PV & CV segments, strong execution pipeline, better compliance and blocking of leakages due to implementation of ETC.

BUSINESS

This section should be read in conjunction with, and is qualified in its entirety by, the sections entitled "Risk Factors", "Summary of Concession Agreements", "Special Purpose Combined Financial Statements" and "Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Project SPVs of the Highways Trust" on pages 58, 191, 312 and 224, respectively, and the Technical Reports and Traffic Reports at Annexure II and III, respectively as well as all other information contained in this Draft Placement Memorandum.

References to "we", "us" and "our" are to the Highways Trust and its subsidiaries i.e. the Project SPVs, on a consolidated basis.

Overview

Highway Infrastructure Trust (the "**Highways Trust**") is an Indian infrastructure investment trust which proposes to invest in road infrastructure assets and is sponsored by Galaxy Investments II Pte. Ltd. (the "**Sponsor**"). Highways Trust will have an initial portfolio consisting of the six Project SPVs having an aggregate of 451.98 kms (1,710 lane kms), located across six states in India

The Sponsor is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. As on date, the Sponsor is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd.

Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US$ 470 billion of assets under management as of December 31, 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure.

Currently, KKR's Infrastructure platform has expanded to include approximately 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector. KKR has invested or committed over US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Our Projects

Our initial portfolio of assets includes the following six Projects, comprise both, National Highways and State Highways, and are located in the states of Telangana, Gujarat, Madhya Pradesh, Meghalaya, Rajasthan and Tamil Nadu to be acquired by way of 100% shareholding in six Project SPVs:

- the DBCPL Project, a four lane highway with an aggregate length of 140.79 kilometres, between Bhopal to Dewas on State Highway 18* in Madhya Pradesh, operated by DBCPL;

- the GEPL Project, a four lane highway with an aggregate length of 87.10 kilometres, on the Godhra and the border between Madhya Pradesh and Gujarat on National Highway 59* in Gujarat, operated by GEPL;

- the JPEPL Project, a four lane highway with an aggregate length of 71.54 kilometres, between the Jodhpur and Pali section on National Highway 65* in Rajasthan, operated by JPEPL;

- the NBL Project, a four lane highway with an aggregate length of 30.89 kilometres, between the Kadtal and Armur section on National Highway 7* in Telangana, operated by NBL;

- the SEPL Project, a two lane highway with an aggregate length of 48.77 kilometres, comprising the Shillong bypass connecting National Highway 40* with National Highway 44* in Meghalaya, operated by SEPL; and

- the UEPL Project, a four lane highway with an aggregate length of 72.90 kilometres, between the Tindivanam and Ulundurpet section on National Highway 45* in Tamil Nadu, operated by UEPL;

**Note: The State Highway and National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old Highway numbers and chainages, as per the concession agreements. The actual SH/NH numbers and chainages at site may differ based on subsequent changes.*

Through these six SPVs, we will maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The combined operating revenue of the Project SPVs for the nine months ended December 31, 2021 and for Fiscals 2021, 2020 and 2019 was ₹ 4,452,42 million, ₹ 5,085.04 million, ₹ 5,008.80 million and ₹ 4,526.43 million, respectively.

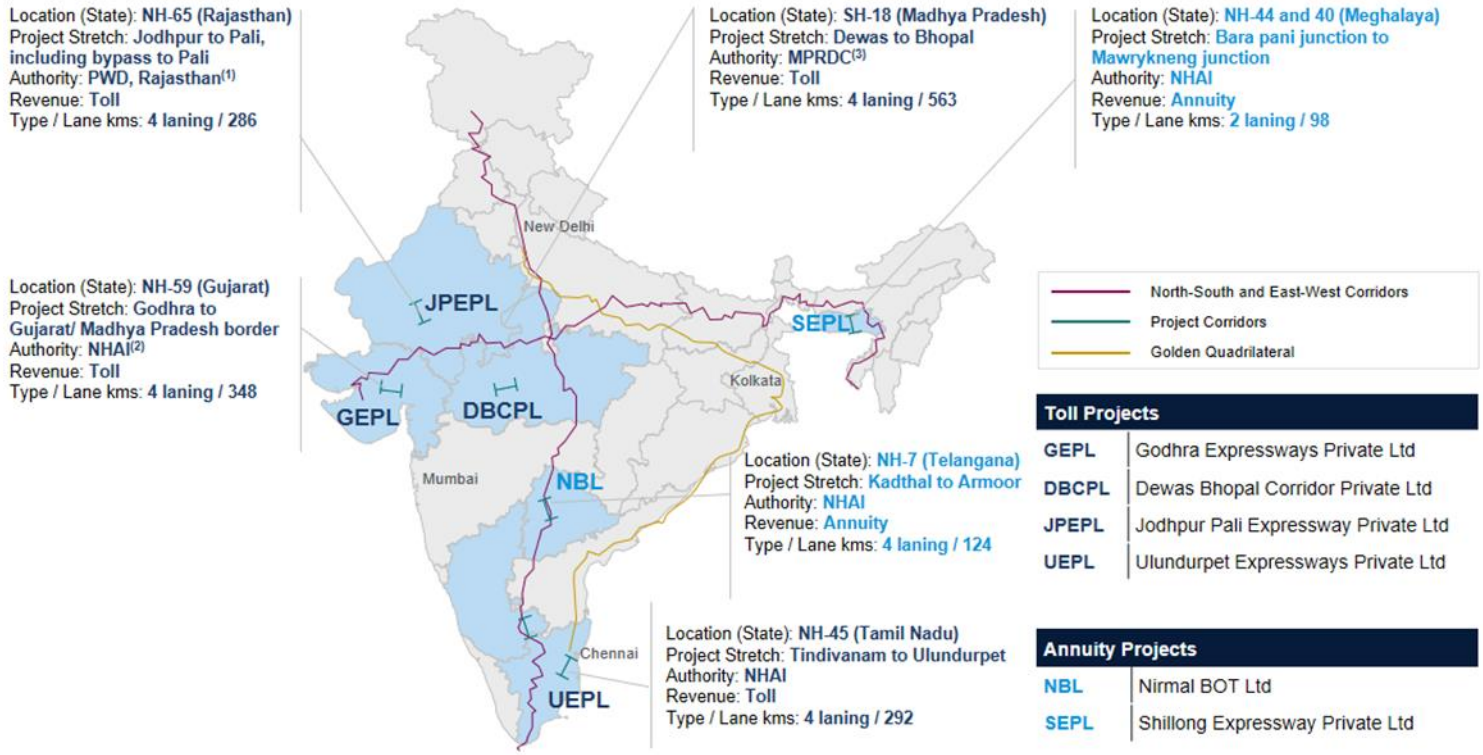
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

Annuity-based Projects: Under this model, the concessionaire is responsible for the construction and maintenance of the project during the concession period. The concessionaire generates revenue through fixed annuity payments received from the concessioning authority, over the concession period. Since this annuity payment is a cost to the concessioning authority, the contract is awarded to the lowest bidder.

Toll-based Projects: Under this model too, the concessionaire is responsible for the construction, operation and maintenance of the project during the concession period, post which the project is transferred to the concessioning authority. During the concession period, the concessionaire realises its returns by way of toll collection rights under the concession agreement. Therefore, the concessionaire bears the revenue risk during the concession period. The toll charged under these contracts is generally regulated by a policy or a public agency.

For further details, please see the section entitled "*Industry Overview*" on page 152.

The map below illustrates the locations of the Projects:



1. Public Works Department, Rajasthan; 2. National Highways Authority of India; 3. Madhya Pradesh Road Development Corporation Limited.

**Map not drawn to scale*

The Investment Manager will also have the flexibility to acquire new projects through acquisitions from the Sponsor and third parties.

Virescent Infrastructure Investment Manager Private Limited is the Investment Manager for the Highways Trust. The Investment Manager is a private limited company incorporated on August 22, 2020 under the Companies Act, 2013, having CIN U74999MH2020PTC344288.

Virescent Renewable Energy Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on November 27, 2020 under the Companies Act, 2013, having U74999MH2020PTC350874.

Axis Trustee Services Limited is the Trustee of the Highways Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee.

For further details of the Sponsor, the Investment Manager, the Project Manager and the Trustee, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Strengths

The Investment Manager believes the following to be the key strengths of the Highways Trust:

Sizeable and Diversified Portfolio - Strategically located Projects and variety of Concessioning Authorities

Highways Trust will have a sizeable initial portfolio consisting of the six Project SPVs having an aggregate of 451.98 kms (1,710 lane kms), located across six states in India. The portfolio of the Highways Trust has toll assets with operating histories of 7 to 13 years and each Project SPV has entered into a long term concession agreement with the NHAI and other state authorities, having terms of between 15 and 27 years, thereby providing long term cash flows to the Highways Trust.

The Concessioning Authorities for these Projects include the NHAI, MPRDC and PWD, Government of Rajasthan. Further, the initial portfolio of assets comprises a mix of both toll and annuity road projects bringing in diversity in the earnings of the Project SPVs as well. We believe that the diversified revenue streams from our Projects provide us with steady cash flow during the course of the year. The Projects are located in corridors that have a mix of high commercial and passenger vehicular traffic, located in parts of India with high gross state domestic product growth. The principal features of the Projects are as follows:

- the DBCPL Project connects two major cities of Madhya Pradesh – Bhopal (political capital of Madhya Pradesh) and Indore (business and trading capital of Madhya Pradesh) via Dewas and serves the regional traffic demand. Additionally, the Project Road provides connectivity to the mobility requirements of smaller towns/cities along the project corridor such as, amongst other, Sehore, Ashta and Sonkatch;

- the GEPL Project serves the long-distance traffic majorly plying from Godhra and beyond to Madhya Pradesh and beyond. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Godhra and Dahod and surrounding areas;

- the JPEPL Project is a part of the national highway that connects the states of Punjab and Rajasthan with western states of Gujarat and Maharashtra. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Jodhpur and Pali areas;

- the UEPL Project acts as one of the primary life-line corridor in the state of Tamil Nadu connecting the Chennai (the state capital) with various industrial towns and tourist places in the southern, eastern, western parts of Tamil Nadu. The UEPL Project serves long-distance distance traffic which is majorly plying between Tindivanam/north of Tindivanam (Chengalpattu/Chennai) and eastern/southern and western Tamil Nadu districts (amongst other, Trichy, Madurai, Cuddalore, Salem and Thanjavur). Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Tindivanam and Villupuram, Madapattu and Kadilam areas;

- the NBL Project is a part of the Nagpur – Hyderabad section of NH-7 and also part of the 4,000 km North-South Corridor that connects Srinagar in Jammu and Kashmir with Kanyakumari in Tamil Nadu; and

- the SEPL Project is part of one of the important road links in North-Eastern India and connects Guwahati, the largest city of Assam with state capitals of Tripura, Mizoram and Manipur.

The concession periods of the Project SPVs started at different times and they are expected to expire at different times, thereby ensuring continuous cash flows. The residual terms of the concession agreements range between approximately 4 years and 22 years as of December 31, 2021 (including any potential extensions on account of shortfall of actual traffic against target traffic. For further details, please see the Traffic Reports in Annexure III). We believe that our temporally and geographically diverse project portfolio provides us with an advantage in capitalizing on new opportunities available in the Indian roads and highways sector and reduces our dependence on select state geographies. We believe that this diversification strengthens our business by reducing our reliance on any specific project and reducing the potential impact on our business of any economic slowdown or Project-specific *force majeure* event or with respect to any particular project.

The Investment Manager believes that the Projects cater to growth sectors and population densities that will utilise these Projects on an increasing basis, thereby contributing to expected growth in the Highways Trusts' toll revenues.

Stable income through annuity assets and toll income generating assets with high traffic volume

We believe that the diversified revenue streams from our Projects provide us with steady cash flow during the course of the year. Approximately 20% of our combined revenue received in cash in the financial year ended March 31, 2021 came from annuities paid by the relevant Concessioning Authorities while approximately 80% of our combined total revenue received in cash in the financial year ended March 31, 2021 was generated from toll collections.

The earliest operating toll-based Project SPV started collecting toll from 2009. The aggregate toll collections were ₹ 3,919.12 million, ₹ 3,922.85 million and ₹ 3,781.56 million in Fiscal 2021, Fiscal 2020 and Fiscal 2019 respectively. While, there was no growth in aggregate toll collections by the four toll based Project SPVs in Fiscal 2021, due to, amongst other things, the impact of COVID-19 in the first two quarters of Fiscal 2021, some of the main reasons for the increase in toll collections historically were the increase in traffic volumes on the Project stretches over the relevant period and the revision of the applicable toll rates with WPI growth on an annual basis as per the terms of concession agreements. According to the Traffic Reports, it is expected that toll collections will continue to increase for the same reasons. Our toll-based Projects are located in strategic areas and connect, amongst others, industrial areas, ports, tourist places and economically important cities. This allows our toll-linked Project SPVs to exhibit a stable growth in toll collections. For further details, please see the section entitled "*Discussion and analysis by the Directors of the Investment Manager of the financial condition, results of operations and cash flows of the Project SPVs of the Highways Trust*" on page 224 and the Traffic Reports in Annexure III.

Our two annuity based Project SPVs have received semi-annual annuities until December 31, 2021. As per the concession agreements, the relevant Concessioning Authorities are required to make payments on the dates set out in the concession agreements. However, average collection days on all annuities is 2 days from the due date, excluding the first annuity. Our annuity-based Project SPVs have predictable cash flows and bring stable income to the Highways Trust.

Strong support from the Sponsor, Project Manager and Investment Manager

We intend to leverage the experience and expertise of our Sponsor and its affiliates, to gain a competitive advantage within the road infrastructure industry. Our Sponsor is engaged in investment activities primarily with an objective of generating stable returns and earning long term capital appreciation. Our Sponsor is is affiliated with funds, vehicles and/or entities managed and/or advised by KKR.

KKR is a leading global investment firm with approximately US$470 billion of assets under management as of December 31, 2021, that offers alternative asset management as well as capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the

management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure. Currently, KKR's infrastructure platform has expanded to include over 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector. KKR has invested or committed US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today.

KKR's Asia Pacific infrastructure portfolio other than Highways Trust, includes , amongst others, the Terra InvIT, India Grid Trust, and recently, HC1. KKR's experienced team is well positioned to capture compelling opportunities and add value to its portfolio to generate attractive, risk adjusted returns for its investors. Drawing upon this depth of experience, our Sponsor has established a strong track record of operating and managing large-scale projects, which will benefit us across all stages of project operations and acquisitions within India's complex regulatory framework (including, for example, strategic acquisition, O&M, and receivables management). Our Sponsor also provides us the ability to leverage its parentage and long-term industry relationships with stakeholders to gain cost efficient access to financing from institutions and capital markets. Further, our Investment Manager and Project Manager are also affiliates of the Sponsor. We believe our affiliation to KKR will allow us to pursue marque and high quality road infrastructure assets and engage effectively with regulators and concessioning authorities.

Attractive industry sector with favourable government policies

Further development of the infrastructure sector, in particular road infrastructure, is a priority for the GoI and many state governments and has been the subject of enhanced investment from the public sector through traditional means of public investment and new channels such as PPPs. Roads have been the key focus area for budget allocations over the years. Under Union Budget 2022-23, the Government has allocated ₹ 1,99,107.71 crore under the Ministry of Road Transport and Highways. Between FY2016-17 and FY2022-23, budget allocation for road transport and highways increased at a robust CAGR of 24.90%. Huge investment have been made in the sector with total investment increasing more than three times from ₹ 51,914 crore (US$ 7.43 billion) in 2014-15 to ₹ 158,839 crore (US$ 22.73 billion) in 2018 – 2019. As of December 2021, road projects with an aggregate length of 19,265 km has been awarded under Bharatmala Pariyojna, of which road length of 6,750 km has already been completed. Through the PPP model, among others, the Investment Manager believes that the Highways Trust has acquired, and will continue to capture through further acquisitions, a significant share in the PPP format of the road infrastructure sector.

For further details on the market opportunity for the road infrastructure industry in India, please see the section entitled *"Industry Overview"* on page 152.

Skilled and experienced management team with a focus on corporate governance

We have a strong management team with several years of experience in the infrastructure sector providing us an ability to pursue our growth strategies in a seamless manner. We draw on the knowledge of our Board of Directors and key personnel, who bring us expertise in the areas of risk management, business strategy and operational and financial capabilities, amongst others. We believe this will be key to the execution of our growth strategies. Our Board comprises of 4 directors, as on the date of this Draft Placement Memorandum with extensive experience in management, finance and infrastructure.

Further, the Project Manager will also entered into a business support services agreement with HC1, an affiliate of the Investment Manager, for provision of certain services to the Project SPVs including, amongst others, corporate accounting, banking and financing services, payroll management services, corporate secretarial services and tax and statutory compliance. For further details in relation to the business support services agreement, please see the section entitled "*Related Party Transactions – Business Support Services Agreement*" on page 259. HC1

houses a team of individuals with an in-depth understanding of the road sector and cumulative experience in the road sector of more than 150 years which we believe will contribute to our growth and success.

We believe that the experience of our management team (Investment Manager and Project Manager) in the infrastructure sector will ensure that the Project SPVs and the Highways Trust are operated and managed in an efficient manner. The team is supported by other qualified operational personnel, through appropriate contractual arrangements, who have an in-depth understanding of the sector in which we operate. We have contracted a significant number of qualified personnel (including the experienced contractors and service provider identified by the Investment Manager and the Project Manager) who are engaged in operating and managing our projects as on the date of this Draft Placement Memorandum.

With the aim of enshrining principles of good corporate governance and effective management and operations of the Highways Trust, the Investment Manager has constituted various committees and adopted policies such an anti-bribery and corruption policy, a health, safety and environment policy, a prevention of sexual harassment policy, a risk management policy and a vigil mechanism policy to manage the activities of the Highways Trust. The Investment Manager has further created separate audit and risk management committee and investment committee for managing the decision-making process for the Highways Trust. In accordance with the SEBI InvIT Regulations, the Investment Manager has also adopted the (a) distributions policy pursuant to which distributions are required to be made to the Unitholders at least once a year for periods after Allotment and (b) borrowing policy which aims to outline the borrowing thresholds and process in relation to the Highways Trust. Further, the Investment Manager has also adopted appointment of auditor and valuer policy which aims at formulating a structure for ensuring compliance by the Highways Trust in appointment of its auditor and the auditing standards followed and the appointment of its valuer, in accordance with applicable law including the SEBI InvIT Regulations and code of conduct policy which aims at formulating a framework for ensuring interest of the Unitholders and proper conduct in carrying out the business and affairs of the Highways Trust in accordance with SEBI InvIT Regulations. For details in relation to the corporate governance framework of the Investment Manager, please see the section entitled "*Corporate Governance*" on page 146.

We believe that our governance process will ensure adherence and enforcement of principles of sound corporate governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations.

Business Strategies

The Investment Manager believes the following to be the key strategies of the Highways Trust:

Continue to pursue accretive growth by expanding the portfolio of road assets

The Investment Manager intends to be selective with respect to any projects it acquires in the future and will consider factors such as access to important locations in the vicinity, connecting roads, industrial and manufacturing hubs, connectivity with raw materials, ports, availability of the relevant approvals, ease of complying with laws and also evaluating competing modes of transportation.

The Investment Manager believes that it will be able to leverage the Sponsor's established network of relationships and contacts, extensive knowledge and experience in the roads sector in India to implement its acquisition strategy, which is to acquire eligible infrastructure assets, operational road projects and road projects that are in advanced stages of construction. In this regard, it may be noted that the Sponsor has entered into the Sponsor SPA 1 and Sponsor SPA 2 for acquisition of certain assets held by Ashoka Concessions Limited and/ or its affiliates and India Infrastructure Fund II , respectively. Upon completion of such acquisitions by the Sponsor, these assets may be made available by the Sponsor for acquisition to the Highways Trust in the future, whether directly or indirectly, subject to various conditions precedents specified in the Sponsor SPA 1 and Sponsor SPA 2 and subject to certain conditions including the receipt of necessary regulatory and statutory approvals. . The Investment Manager intends to expand the portfolio of road projects without compromising on the returns on investment from the Projects while providing attractive cash flows and yields, and opportunities for future income and capital growth.

In addition, the Investment Manager believes that due to trends in the industry, a number of acquisition opportunities may be available. These trends include the potential divestment of assets by highly leveraged private companies and by financial and private equity investors seeking to exit their investments. The Investment Manager hopes to take advantage of these opportunities by actively sourcing and acquiring quality assets from such third parties on a case-by-case basis, subject to its investment criteria as provided below:

- the asset having stable, predictable cash flow;
- the terms and duration of the concession agreement, the O&M agreements and other relevant agreements with respect to the asset;
- the location of the asset;
- the historical and expected traffic volume of the asset;
- the expected cash flows from the asset;
- the maintenance cost of the asset;
- the extent of any ongoing or potential disputes relating to the asset; and
- any other factor that may have an impact on the profitability of the asset.

Maintain optimum capital structure to maximise distributions to Unitholders

We focus on achieving an optimal capital structure for our projects and will continue to draw upon the experience, relationship and expertise of our Sponsor and its affiliates in sourcing funds from multiple sources, both from domestic and international markets. The Highways Trust's total outstanding consolidated net debt after full utilization of the Issue Proceeds, will be within the regulatory requirement of 49% of the value of the InvIT Assets upon completion of the Issue (net of cash and cash equivalents) as specified under the InvIT Regulations.

We also intend to optimise our leverage to retain enough flexibility to provide sustainable and predictable cash flows while also evaluating potential acquisition opportunities in the future. After the completion of the Issue, we believe that we will have sufficient equity capital and ability to add additional debt to support acquisition of additional assets while maintaining an optimum capital structure. We will seek to employ appropriate financing policies and also diversify our funding sources with an objective of minimising our overall cost of capital. We will seek to optimise our debt and equity mix in such a manner that the aggregate consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents does not exceed 70% of the value of the Highways Trust Assets at any time subject to the approval of the unitholders as provided in accordance with the SEBI InvIT Regulations. Further, any additional debt beyond 49% of the value of the Highways Trust Assets will be raised only upon compliance with the conditions set out in the SEBI InvIT Regulations. In accordance with the Trust Deed, and subject to the Applicable Law permitting such additional debt, any additional debt will be raised only with consent of 51% of the Unitholders of the Highways Trust. If it is in the interests of the Unitholders, the Investment Manager may also pursue growth opportunities that require raising additional capital through the issuance of new Units.

Continue to ensure efficient and active asset management

We will appoint the Project Manager to undertake operations and management of the Project SPVs in furtherance of which the Project Manager and the Project SPVs will entered into O&M Agreements with O&M Contractors to provide operation and maintenance services in respect of the Project SPVs.

Our O&M Contractors undertaking toll operations will be professional and reputed toll collection agencies and performance of these O&M Contractors will be evaluated on a regular basis. Our Projects are maintained by contracting professional or expert highway maintenance contractors which undertake maintenance activities such as routine maintenance, repair of defects or damages, route operations and preventive maintenance. We will continue to assess the performance of these O&M Contractors on a regular basis based on certain service level agreements fixed during signing of the O&M Agreements.

The Project Manager will engage a network of O&M Contractors for undertaking the O&M activities relating to the Projects. The principal objective is to incorporate industry best practices in operating and maintaining the Projects. This proactive approach to O&M activities seeks to employ both preventive and corrective measures in order to optimise the long term performance of each Project and reduce, as much as possible, any periods where the roads are unavailable for users (in whole or in part), which may result in a loss of revenue.

Structure of the Highways Trust

The Sponsor has set up the Highways Trust on December 3, 2021, as an irrevocable trust, under the provisions of the Indian Trusts Act, 1882. The Highways Trust was registered as an infrastructure investment trust under the InvIT Regulations on December 23, 2021, having registration number In/ InvIT/21-22/0019. The Highways Trust's principal investment objectives to carry on the activity of an infrastructure investment trust under the InvIT Regulations. Investment by the Highways Trust shall be in any manner permissible under, and in accordance with, the InvIT Regulations and Applicable Law, including in such Holdcos and/or SPVs, securities in India as permitted under the InvIT Regulations and the Investment Strategy.

The Highways Trust will acquire the initial portfolio asset which comprises the Project SPVs consisting of the Projects. The Highways Trust will, subject to receiving the requisite approvals, acquire the Projects through the acquisition of 100.0% of the issued and paid-up equity share capital of the Project SPVs from third parties. Please see the section entitled "*Formation Transactions in relation to the Highways Trust*" on page 21, for a graphical representation of the structure of the Highways Trust

Brief description of the Projects

The initial portfolio of the Highways Trust comprises six Projects that are operated and maintained by the Project SPVs. The Project SPVs have undertaken or are undertaking their respective Projects on a BOT or DBFOT basis, pursuant to which they design, build, finance, operate and maintain the Projects pursuant to concession agreements with the relevant Concessioning Authorities.

The table below sets forth details of the Project SPVs:

S. No.	Project SPV	Type of Project model (Annuity or Toll)	Length (in km)	No. of lanes	State	Authority	COD	End of Concession Period	Residual Concession Period as of December 31, 2021 (in years)	Revenue for Fiscal 2021 (in ₹ lakhs)*	Revenue for nine months ended December 31, 2021 (in ₹ lakhs)
1.	Dewas Bhopal Corridor Private Limited	Toll	140.79	4	Madhya Pradesh	MPRDC	February 10, 2009	December 1, 2033	11.9	12,818.19	10,922.62
2.	Godhra Expressways Private Limited	Toll	87.10	4	Gujarat	NHAI	October 31, 2013	July 23, 2043**	21.60**	10,561.60	14,059.10
3.	Jodhpur Pali Expressway Private Limited	Toll	71.54	4	Rajasthan	PWD, Government of Rajasthan	October 31, 2014	September 15, 2043***	21.70***	5,366.97	4,221.82
4.	Nirmal BOT Limited	Annuity	30.89	4	Telangana	NHAI	July 22, 2009	October 29, 2027	5.80	6,467.50	2,014.80
5.	Shillong Expressway Private Limited	Annuity	48.77	2	Meghalaya	NHAI	February 28, 2013	February 6, 2026	4.10	2,743.65	1,665.83
6.	Ulundurpet Expressways Private Limited	Toll	72.90	4	Tamil Nadu	NHAI	July 23, 2009	February 28, 2027	5.20	11,650.00	10,855.90

** Includes income such as, amongst others, utility shifting income and claims from NHAI.*

*** In accordance with the GEPL Concession Agreement, the concession period will end on February 28, 2038. However, the concession period may get extended until July 23, 2043 (by 5.4 years) in view of actual traffic being lower than the target traffic. Such extension has been recommended by the independent engineer and the NHAI project implementation unit but are subject to formal concurrence from the concessioning authority. For further details, please see the section entitled "Risk Factors - Notwithstanding that the concession periods granted to the Project SPVs are fixed, concession periods may be modified under particular circumstances and affect the Project SPVs' revenues" on page 69 and the Traffic Reports as Annexure III.*

**** In accordance with the JPEPL Concession Agreement, the concession period will end on September 15, 2038. However, the concession period may get extended until until September 15, 2043 (by 5 years) in view of actual traffic being lower than the target traffic. This extension is yet to be approved by the concessioning authority. This, however, remains subject to actual traffic volume tests to be undertaken on the specified dates in accordance with the JPEPL Concession Agreement. For further details, please see the section entitled "Risk Factors - Notwithstanding that the concession periods granted to the Project SPVs are fixed, concession periods may be modified under particular circumstances and affect the Project SPVs' revenues" on page 69 and the Traffic Reports as Annexure III.*

The Projects

Dewas Bhopal Corridor Private Limited ("DBCPL")

Concession agreement

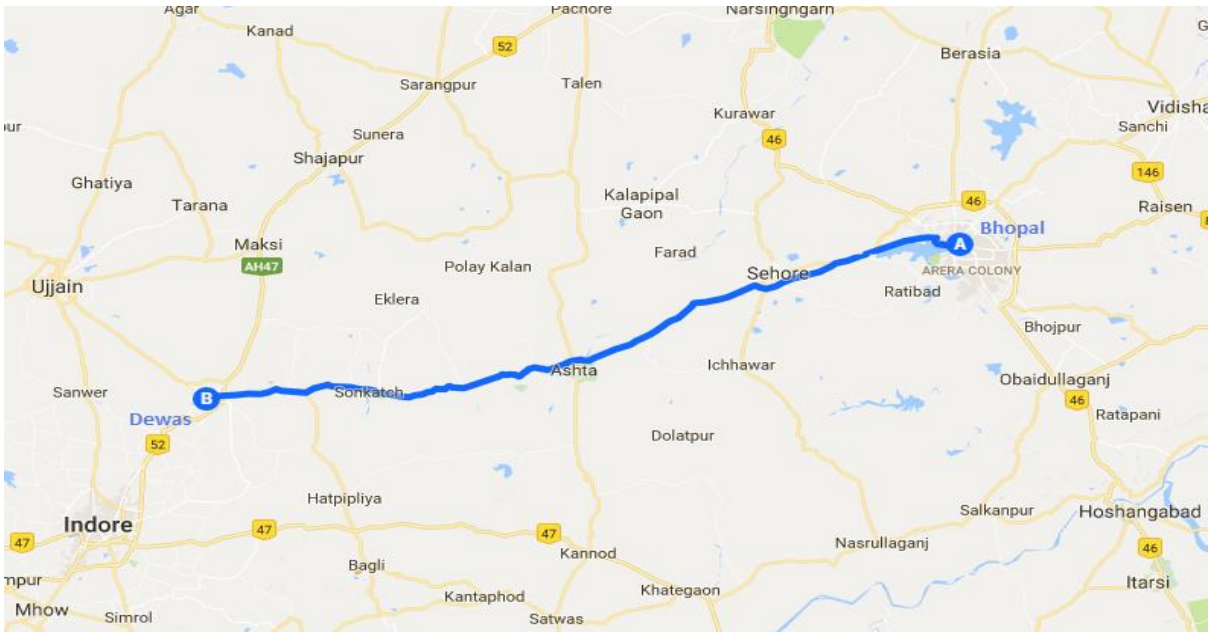
The MPRDC and DBCPL entered into the concession agreement dated June 30, 2007 (the "**DBCPL Concession Agreement**"). DBCPL was engaged, on a build, operate and transfer basis, under the DBCPL Concession Agreement for the reconstruction, strengthening, widening and rehabilitation of the Bhopal-Dewas section including (including all bypasses) from KM 6.800 to KM 151.600 on SH-18* to 4-lane section in the State of Madhya Pradesh.

The DBCPL Concession Agreement was granted for a period of 25 years and certain extensions were granted by the concessioning authority. As consideration, DBCPL has the sole and exclusive right to demand, collect and appropriate tolls payable by vehicles using the Project in accordance with the DBCPL Concession Agreement and at the rates set out in the DBCPL Concession Agreement. DBCPL pays the MPRDC ₹ 1.00 per year, as concession fees, during the term of the DBCPL Concession Agreement. For further details on the DBCPL Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

State Highway 18*, of which the DBCPL Project is a part of, runs from Bhopal to the border of Gujarat.

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



Note: Subsequent to signing of the DBCPL Concession Agreement, the State Highway number has been revised to SH-28.

According to the Traffic Report, the factors that contribute to traffic growth on the Project include, among other things, (i) the lack of routes in vicinity of toll plazas preventing the avoidance of the Project road, (ii) the project being a part of the a part of the Kandla-Sagar economic corridor, and being an important highway for the movement from east to the west and (iii) the Project connecting Bhopal, the political capital of Madhya Pradesh to Indore, the business and trading capital of Madhya Pradesh.

Traffic volume

The table below sets forth the AADT by category of vehicles for Fiscals 2021, 2020 and 2019:

	Fiscal			
	Nine months ended December 31, 2021	**2021****	**2020***	**2019**
Car	7,169	7,425	7,079	7,016
LCV/ Minibus	1,536	1,596	1,329	1,210
Bus	430	363	573	536
Trucks	733	896	864	924
MAV of more than 2 axles	1,292	1,411	1,220	1,376
AADT	11,160	11,691	11,066	11,062

Note: For details, see Traffic Reports in Annexure III
** Toll operations suspended for 6 days due to Covid-19 in March, 2020*
*** Toll operations suspended for 33 days due to Covid-19 in April, 2020 and May, 2020*

Operation and maintenance

For details, please see the sections entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity and securities premium was ₹ 619 million and debt outstanding to lenders, was ₹ 2,851.28 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

**Note: The State Highway numbers and chainages mentioned in this Draft Placement Memorandum are old Highway numbers and chainages, as per the concession agreements. The actual SH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the DBCPL Concession Agreement, the State Highway number has been revised to SH-28*

Godhra Expressways Private Limited ("GEPL")

Concession agreement

The NHAI and GEPL entered into the concession agreement dated February 25, 2010 (the "**GEPL Concession Agreement**"). GEPL was engaged, on a design, build, finance, operate and transfer basis, under the GEPL Concession Agreement for the four-laning of Godhra in Gujarat to Madhya Pradesh border section of National Highway 59* from KM 129.300 to KM 215.900 in the state of Gujarat

The GEPL Concession Agreement was granted for a period of 27 years, with a provision that allows for extension or reduction of this term based on the variation between the actual traffic on the Project and the target set out in the GEPL Concession Agreement. As consideration, GEPL has the sole and exclusive right to demand, collect and appropriate tolls payable by vehicles using the Project in accordance with the GEPL Concession Agreement and at the rates set out in the National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended. GEPL pays the NHAI ₹ 1.00 per year, as concession fees, during the term of the GEPL Concession Agreement and subject to a premium in terms of the GEPL Concession Agreement.

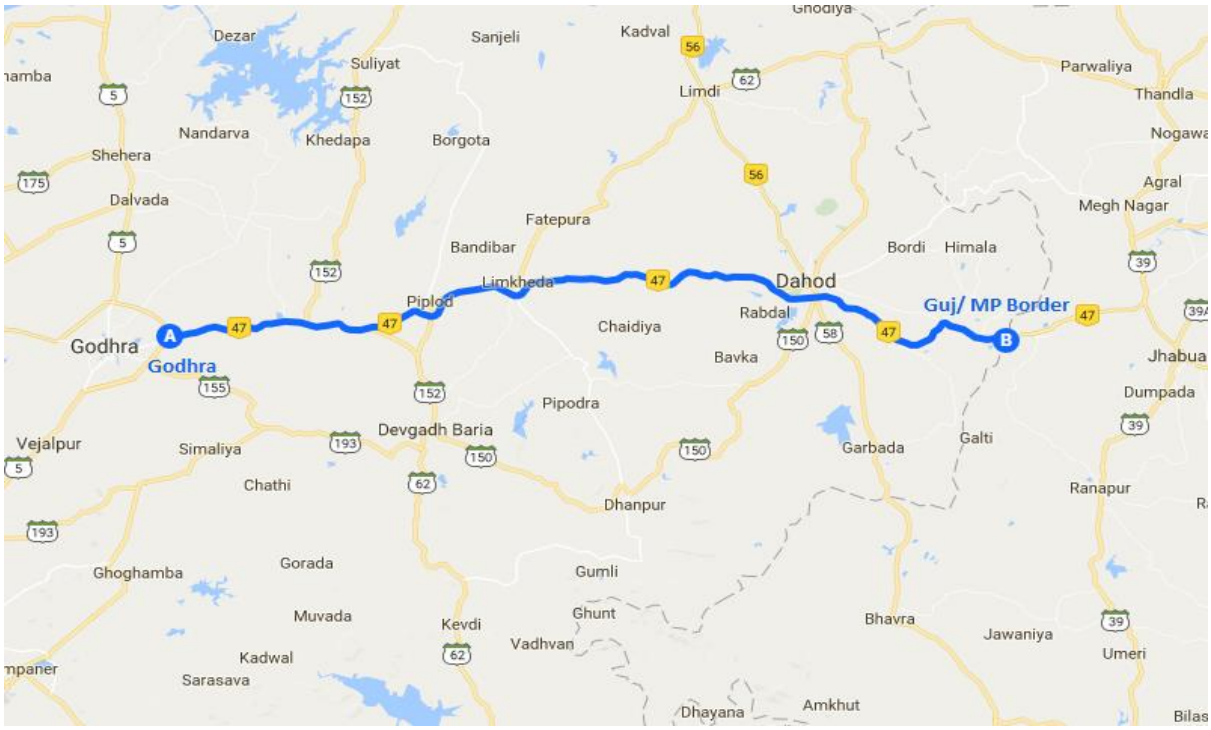
The GEPL Concession Agreement provides that, if the actual traffic volume differs from the target traffic volume, the concession period may be deemed to be extended or reduced, as the case may be. The GEPL Traffic Report provides that the actual traffic volume on the target date was approximately 30% lower than the target traffic volume. Accordingly, the concession period may be extended by 5.4 years. Such extension has been recommended by the independent engineer and the NHAI project implementation unit.

For further details on the GEPL Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

National Highway 59* of which the GEPL Project is a part, connects Ahmedabad in Gujarat with Indore in Madhya Pradesh.

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



Subsequent to signing of the GEPL Concession Agreement, the National Highway number has been revised to NH-47.

According to the Traffic Report, the factors that contribute to traffic growth on the GEPL Project include, among other things, (i) the fact that the tolling has been at place since 2013 and the travel pattern is well established, (ii) lack of alternate routes from/to where the traffic may divert, (iii) the Project corridor consisting of Devgadh Baria, Dahod 1 and Dahod 2 (Kharedi) industrial estates; and (iv) the project being a part of the a part of the Kandla-Sagar economic corridor, and being an important highway for the movement from east to the west.

Traffic volume

The table below sets forth the AADT by category of vehicles for Fiscals 2021, 2020 and 2019:

	Fiscal			
	Nine months ended December 31, 2021	**2021****	**2020***	**2019**
Car	5,393	5,083	4,790	4,659
LCV	531	584	621	627
Bus / Truck	1,736	1,578	1,485	1,388
MAV	2,366	2,454	2,070	1,904
AADT	10,026	9,699	8,966	8,578

Note: For details, see Traffic Reports in Annexure III
** Toll operations suspended for 6 days due to Covid-19 in March, 2020*
*** Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity and securities premium was ₹ 2,250 million. Further, the compulsorily convertible debentures invested was ₹ 5,094.14 million and debt outstanding to lenders, was ₹4,109.41 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

[*]Note: The National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old National Highway numbers and chainages, as per the concession agreements. The actual NH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the GEPL Concession Agreement, the National Highway number has been revised to NH-47.

Jodhpur Pali Expressway Private Limited ("JPEPL")

Concession agreement

The PWD (R) and JPEPL entered into the concession agreement dated February 28, 2013 (the "**JPEPL Concession Agreement**"). JPEPL was engaged, on a design, build, finance, operate and transfer basis, under the JPEPL Concession Agreement for the development and operation of Jodhpur-Pali section of National Highway 65[*] from KM 308.00 to KM 366.00 and including bypass to Pali starting from KM 366.000 of National Highway 65[*], connecting National Highway 14 at KM 114 in State of Rajasthan.

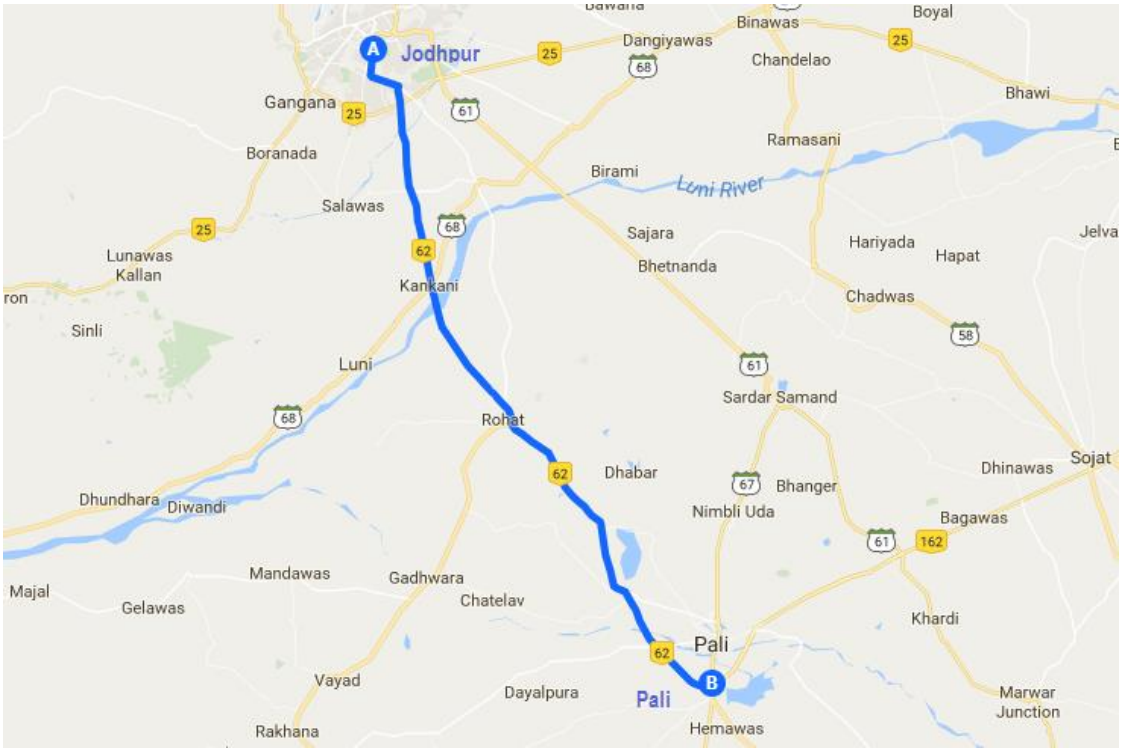
The JPEPL Concession Agreement was granted for a period of 25 years, with a provision that allows for extension or reduction of this term based on the variation between the actual traffic on the Project and the target set out in the JPEPL Concession Agreement. As consideration, JPEPL has the sole and exclusive right to demand, collect and appropriate tolls payable by vehicles using the Project in accordance with the JPEPL Concession Agreement and at the rates set out in the National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended. JPEPL pays the PWD(R) ₹ 1.00 per year, as concession fees, during the term of the JPEPL Concession Agreement and subject to a premium in terms of the JPEPL Concession Agreement.

The JPEPL Concession Agreement provides that, if the actual traffic volume differs from the target traffic volume, the concession period may be deemed to be extended or reduced, as the case may be. The JPEPL Traffic Report estimates that the traffic volume may be 23.2% lower than the targeted traffic volume. Accordingly, JPEPL the concession period may be extended by approximately 5 years. Such extension, however, remains subject to actual traffic volume tests to be undertaken in accordance with the JPEPL Concession Agreement. For further details on the JPEPL Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

National Highway 65[*], of which the JPEPL Project is a part, runs from Ambala in Haryana to Pali in Rajasthan.

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



Subsequent to signing of the JPEPL Concession Agreement, the National Highway number has been revised to NH-62

According to the Traffic Report, the factors that contribute to traffic growth on the JPEPL Project include, among other things, (i) the JPEPL Project being a connecting link between economic corridors and feeder roads. It is likely to remain an important national highway for movement from north to south, and (ii) the proposed Delhi-Mumbai Industrial Corridor forming part of the Western Dedicated Freight Corridor which may result in an upside with distributive traffic from railway node to surrounding areas along the Project.

Traffic volume

The table below sets forth the AADT by category of vehicles for Fiscals 2021, 2020 and 2019:

	Fiscal			
	Nine months ended December 31, 2021	**2021****	**2020***	**2019**
Car	5,045	4,698	4,943	4,839
LCV/ Minibus	278	535	813	910
Two-axle bus	392	4,01	571	543
Two-axle trucks	714	680	657	704
Three-axle trucks/bus	529	530	531	593
MAV (four -six axle)	1,246	1,177	1,046	998
AADT	8,203	8,021	8,561	8,587

Note: For details, see Traffic Reports in Annexure III
** Toll operations suspended for 6 days due to Covid-19 in March, 2020*
*** Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity and securities premium was ₹ 241.77 million. The compulsorily convertible debentures invested was ₹ 2,333.83 million and debt outstanding to lenders, was ₹ 2,634.57 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

[*]Note: The National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old National Highway numbers and chainages, as per the concession agreements. The actual NH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the JPEPL Concession Agreement, the National Highway number has been revised to NH-62.

Nirmal BOT Limited ("NBL")

Concession agreement

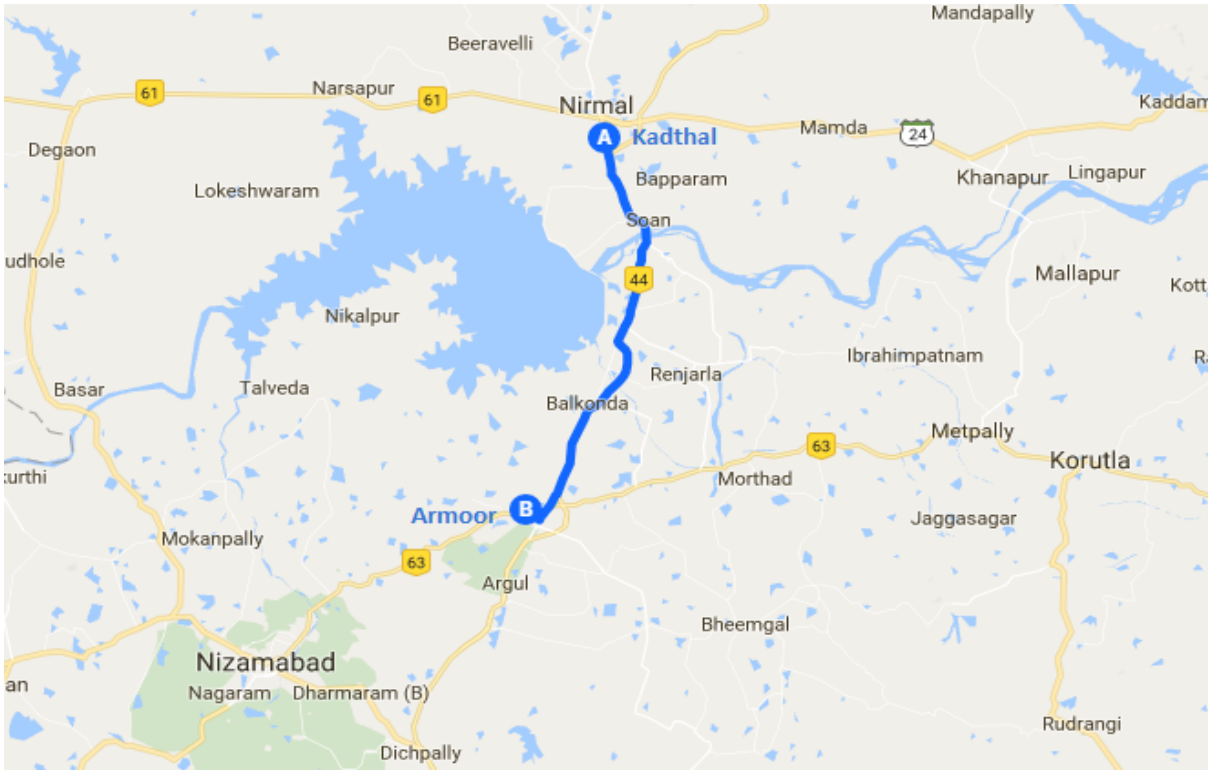
The NHAI and NBL entered into the concession agreement dated May 4, 2007 (the "**NBL Concession Agreement**"). NBL was engaged, on a build, operate and transfer basis, under the NBL Concession Agreement for the design, engineering, construction, development, finance, operation and maintenance of four-laning the existing two-lane section from KM 278 (Kadtal) to KM 308 (Armur) on National Highway 7[*] in the state of Telangana.

The NBL Concession Agreement was granted for a period of 20 years. As consideration, NBL has the sole and exclusive right to demand, collect and appropriate annuities in accordance with the NBL Concession Agreement. As consideration, NBL shall a semi-annual annuity of ₹ 238 million, in accordance with the payment mechanism described in the NBL Concession Agreement. For further details on the NBL Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

National Highway 7[*], of which the NBL Project is a part, is a section of the North-South corridor, which starts from Varanasi and connects major cities like Jabalpur, Nagpur, Hyderbabd, Kurnool Bangalore, Salem and Madurai.

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



Subsequent to signing of the NBL Concession Agreement, the National Highway number has been revised to NH-44

Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity was ₹ 315.00 million, compulsorily convertible debentures invested was ₹ 331.12 million and debt outstanding to lenders, was ₹ 1,249.10 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

**Note: The National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old National Highway numbers and chainages, as per the concession agreements. The actual NH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the NBL Concession Agreement, the National Highway number has been revised to NH-44*

Shillong Expressway Private Limited ("SEPL")

Concession agreement

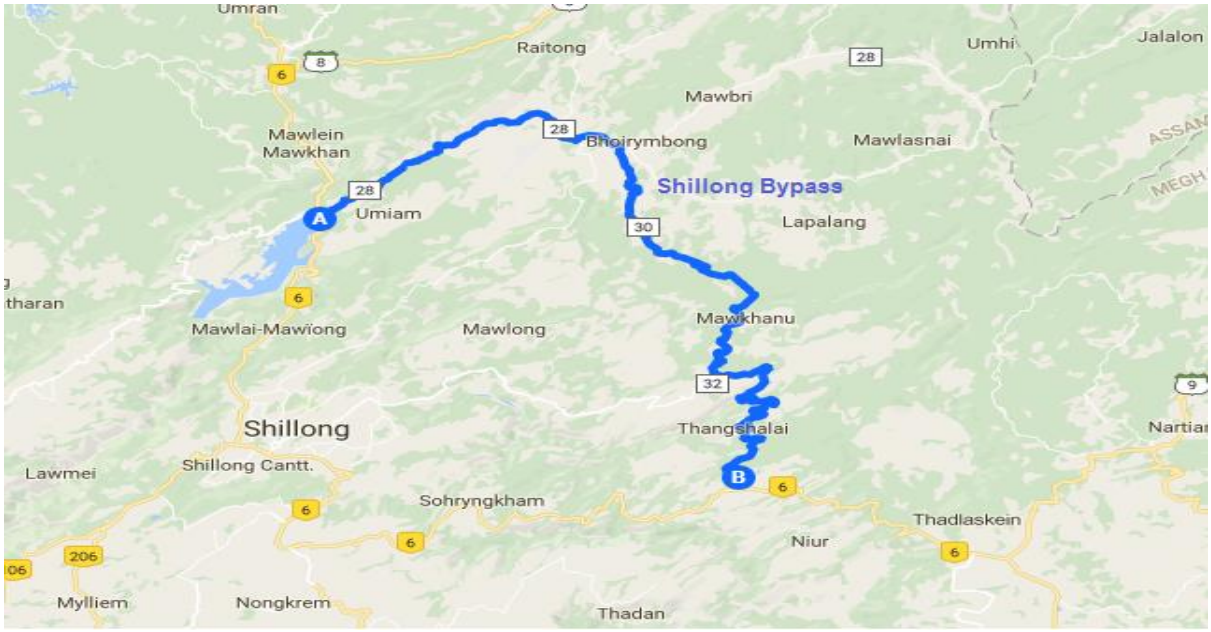
The NHAI and SEPL entered into the concession agreement dated July 14, 2010 (the "**SEPL Concession Agreement**"). SEPL was engaged, on a design, build, operate and transfer basis, under the SEPL Concession Agreement for the two laning of Shillong bypass connecting National Highway 40 and National Highway 44 from KM 61.800 of National Highway 40* to KM 34.850 of National Highway 44* in the state of Meghalaya.

The SEPL Concession Agreement was granted for a period of 15 years. As consideration, SEPL has the sole and exclusive right to demand, collect and appropriate annuities in accordance with the SEPL Concession Agreement. As consideration, SEPL shall a semi-annual annuity of ₹ 248.7 million, in accordance with the payment mechanism described in the SEPL Concession Agreement. For further details on the SEPL Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

The SEPL Project is a part of National Highway 40* and National Highway 44* in the state of Meghalaya.

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



Subsequent to signing of the SEPL Concession Agreement, the National Highway number has been revised to NH-6.

Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity was ₹ 5 million, preference share capital invested was ₹ 545.10 million and debt outstanding to lenders, was ₹ 701.55 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

**Note: The National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old National Highway numbers and chainages, as per the concession agreements. The actual NH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the SEPL Concession Agreement, the National Highway number has been revised to NH-6*

Ulundurpet Expressways Private Limited (formerly, GMR Ulundurpet Expressways Private Limited) ("UEPL")

Concession agreement

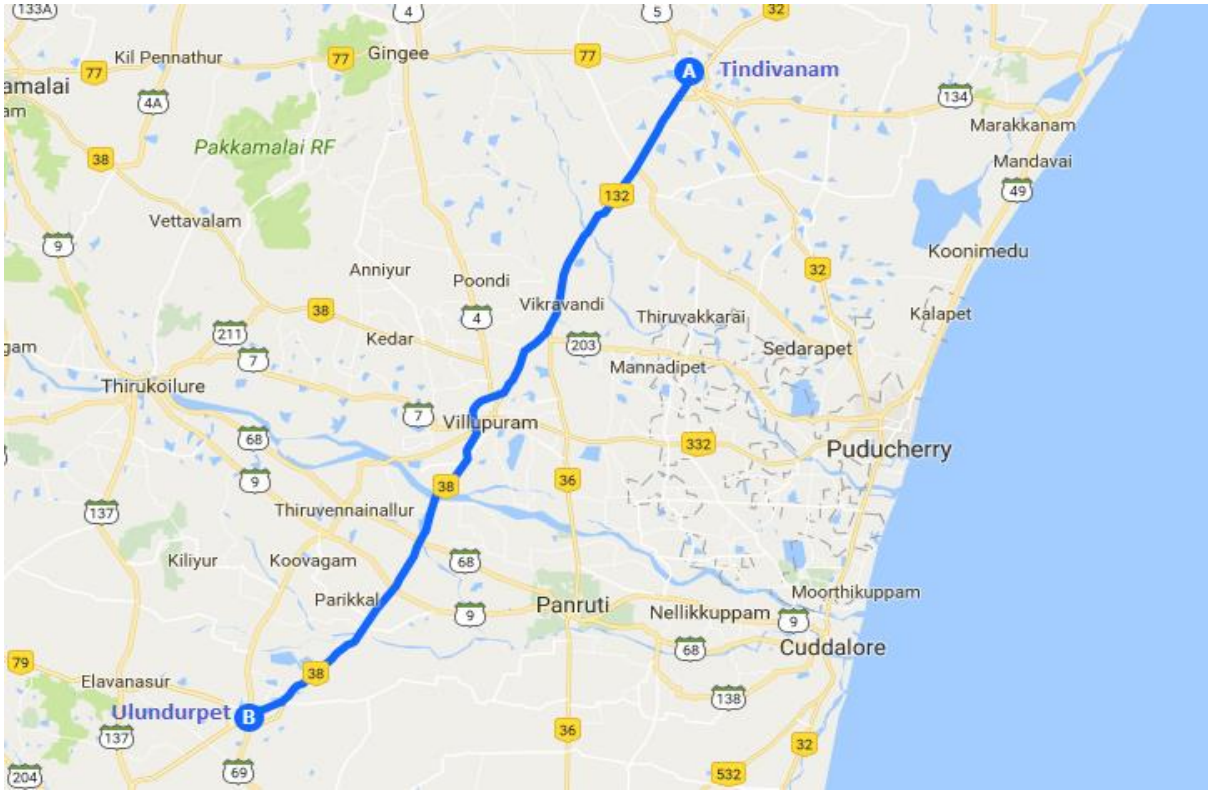
The NHAI and UEPL entered into the concession agreement dated April 19, 2006 (the "**UEPL Concession Agreement**"). UEPL was engaged, on a build, operate and transfer basis, under the UEPL Concession Agreement for the design, engineering, construction, development, finance, operation and maintenance of four-laning the existing two-lane section from KM 121 (near Trindivanam) to KM 192.25 (near Ulundurpet) on National Highway 45* in the state of Tamil Nadu.

The UEPL Concession Agreement was granted for a period of 20 years and certain extensions were granted by the concessioning authority. As consideration, UEPL has the sole and exclusive right to demand, collect and appropriate tolls payable by vehicles using the Project in accordance with the UEPL Concession Agreement and at the rates set out in the National Highways (Collection of Fees by any Person for the Use of Section of National Highways/ Permanent Bridge/ Temporary Bridge On National Highways) Rules, 1997, as amended and the relevant fee notification. UEPL pays the NHAI ₹ 1.00 per year, as concession fees, during the term of the UEPL Concession Agreement and subject to a negative grant payment in terms of the UEPL Concession Agreement. For further details on the Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 191.

Corridor description

National Highway 45*, of which the UEPL Project is a part, runs within Tamil Nadu and starts from Kathipura junction in Guindy area (in Chennai) and extends up to Theni.

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



Subsequent to signing of the UEPL Concession Agreement, National Highway number has been revised to NH-132 and NH-38.

According to the Traffic Report, the factors that contribute to traffic growth on the UEPL Project include, among other things, (i) the unavailability of an alternate route in the vicinity of the Project, (ii) The UEPL Project being a part of route connecting cities of Tamil Nadu with Chennai and (iii) the UEPL Project being a connecting link on the Chennai – Madurai/Kanyakumari economic corridor.

Traffic volume

The table below sets forth the AADT by category of vehicles for Fiscals 2021, 2020 and 2019:

	Fiscal			
	Nine months ended December 31, 2021	**2021****	**2020***	**2019**
Car	16,343	16,324	16,490	15,614
LCV	1,743	1,812	1,990	1,865
Bus	2,158	1,707	4,096	4,151
Two-axle trucks	1,568	1,555	1,468	1,654
MAV	2,769	2,762	2,825	2,826
AADT	24,581	24,160	26,869	26,110

Note: For details, see Traffic Reports in Annexure III
** Toll operations suspended for 6 days due to Covid-19 in March, 2020*
*** Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 191 and 189.

Financing

As of December 31, 2021, equity was ₹ 2,645.52 million, compulsorily convertible debentures invested was ₹ 219.05 million, loan from others ₹ 459.92 million and debt outstanding to lenders, was ₹ 2,968.54 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness*" on page 218.

[*]Note: The National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old National Highway numbers and chainages, as per the concession agreements. The actual NH numbers and chainages at site may differ based on subsequent changes. Subsequent to signing of the UEPL Concession Agreement, the National Highway number has been revised to NH-132 and NH-38.

Key O&M Agreements

The operation and maintenance of the Project SPVs is the responsibility of the Project Manager and the various O&M Contractors, pursuant to their obligations under the Project Management Agreement and the O&M Agreements, respectively.

The Project SPVs have entered into various O&M agreements with the O&M Contractors including, (i) major maintenance contracts for undertaking periodic overlays, strengthening, repairs and rehabilitation of pavement/ structures of the Projects, (ii) routine maintenance and repair works contracts, for cleaning and maintaining the project highway including plantation/ horticulture and facilities and repairs of the Projects, (iii) security manpower contracts for supply of manpower for security and guarding of the toll plazas and Project SPVs, (iv) design, supply, upgradation, installation, integration, testing and commissioning and maintenance of toll collection and management systems agreements, (v) toll collection, route operations and incident management agreements for collection for user fee at the toll plazas on behalf of the Project SPVs and providing incident management services e.g. route patrolling, provision of ambulance and vehicle rescue/ crane services in case of any accident/ breakdown of vehicle on the project, (vi) national electronic toll collection service level agreements with various acquiring banks for electronic collection of toll payments through FASTag, and (vii) contracts for performance of various works awarded by respective concessioning authorities under change of scope to the Project SPVs. Additionally, Project SPV's have also entered into other short terms contracts for provisions of various services/ goods required at the Projects.

For further details in relation the Project Management Agreement, please refer to the section entitled "*Parties to the Highways Trust - Key terms of the Project Management Agreement"* on page 137.

Environment, health and safety

The Project SPVs are required to meet certain health, safety and environmental specifications and standards in the operation and maintenance of the Projects and are subject to a number of laws and regulations relating to health, safety and environmental protection. The Project SPVs are also required to adhere to various labour and workplace related laws and regulations in India. The Project SPVs have policies and procedures in place to ensure that the operation and maintenance of the Projects conform to existing health, safety and environmental regulatory standards and that, amongst others, adequate workmen's compensation and group term life insurance are maintained.

We are committed to ensuring that our business activities are conducted safely, the health of our employees, contractors and the public are protected and the environmental impact resulting from our operations and maintenance are minimized, energy resources are utilized in a responsible and efficient manner to reduce emissions and statutory and regulatory requirements concerning health, safety and environment are complied with.

We have also adopted certain standards for health, safety and environmental and social sustainability and put in place policies and system in order to comply with such standards, including adequate safeguards for operational and personal safety of our employees and contractors, adverse impact on environment and risks to the community that arise due to our operations, responsible, waste disposal measures and compliance with statutory requirements on health, safety and environment. We also seek to improve our environmental practices and performance by reviewing and updating our systems and procedures regularly, conducting internal and external audits, investigating incidents relating to health, safety and environment and implementing corrective measures and training our employees and contractors as needed. We believe that our health, safety and environment systems are comparable to international standards and enables us to remain in compliance in all material respects with Indian legislation in relation to environment laws and regulations and employee health and safety.

Anti-Corruption and Anti Bribery

We have a zero tolerance approach when it comes to bribery and corruption. All major contracts with contractors or vendors are strengthened with Anti-Corruption and Anti-Bribery Policies.

Competition

The Highways Trust faces competition from other road operators, financial investors, private equity funds and from other InvITs, in acquiring lucrative concessions for existing and future projects. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in client decisions, price is a major factor for such acquisitions.

Insurance

The Project SPVs maintain project-specific insurance coverage with various insurers in India. Some of the major risks covered in their all-risk policies for their assets, include, the risk of fire and natural calamities, such as earthquakes, landslides and floods. Further, some of the project-specific insurance policies also cover the Project SPVs against burglary, loss or damage to equipment or machinery, loss due war, riots, nuclear reaction, gradually developing flaws, pecuniary loss in respect of monies arising from fraud, forgery, theft or dishonesty, loss of money in transit by theft robbery etc.

Properties

Under the terms of the concession agreements, title to the roads and related infrastructure such as toll plazas and monitoring posts remains with the concessioning authority for the duration of the concession period. During the concession period, the Project SPVs are licensed to use the roads and the related infrastructure which constitute the concession assets and the Project SPVs are entitled to an income from the collection of tolls. Upon the expiration of a concession period, each Project SPV is required to transfer possession of its concession assets to the relevant concessioning authority.

Employees

As on December 31, 2021, the Project SPVs had 183 permanent employees and 5 contractual employees. Further, employees of the Investment Manager and Project Manager will be engaged in managing the Trust. For further details, please see section entitled "*Parties to the Trust*" on page 105.

SUMMARY OF CONCESSION AGREEMENTS

Set out below are summaries of the concession agreements entered into by the Project SPVs in relation to their respective businesses. The descriptions and summaries of the agreements below are indicative and are not and nor do they purport to be complete descriptions or summaries of all terms of such agreements. Certain terms used in this section have the meaning as assigned to such terms in the respective concession agreements. Copies of these concession agreements have been made available for inspection at the office of the Highways Trust at Mumbai. For further details, please see the section entitled 'Material Contracts and Documents for Inspection' on page 406.

Dewas Bhopal Corridor Private Limited ("DBCPL") Concession Agreement dated June 30, 2007 executed amongst DBCPL and Madhya Pradesh Road Development Corporation Limited ("MPRDC") ("DBCPL Concession Agreement")

Fee: DBCPL shall be entitled during the Toll Period, as defined in the DBCPL Concession Agreement, to levy, collect and appropriate the fee from the users of the Project Highway, as defined in the DBCPL Concession Agreement, pursuant to and in accordance with the fee notification in the DBCPL Concession Agreement. DBCPL acknowledges that the fee notification, inter alia, provides for revision in the fees by increase in the fees of, at the rate of 7% per year based on the fees charged in the previous accounting year, as per the fee notification in the DBCPL Concession Agreement, and DBCPL has confirmed that save and except as provide in the fee notification, DBCPL shall not be entitled to and shall not seek any relief whatsoever from MPRDC, Government of India or Government of Madhya Pradesh on account of increase or otherwise in wholesale price index or on any other account except in accordance with the express provisions of the DBCPL Concession Agreement. DBCPL shall collect fees from local personal traffic and local commercial traffic after reducing the fees by the following rates:

- For local personal traffic: 75% of the applicable fees for the specific category of vehicle; and
- For local commercial traffic: 50% of the applicable fees for the specific category of vehicle.

Concession fee: In consideration of the grant of concession under the DBCPL Concession Agreement, the concession fee payable by DBCPL to MPRDC shall be ₹ 1.00 per year during the term of the DBCPL Concession Agreement. Further, DBCPL shall pay to MPRDC an amount equivalent to 1% of the toll collected as a project monitoring fee (as defined in the DBCPL Concession Agreement) for the first ten years from the commencement date and thereafter to be increased as specified in the DBCPL Concession Agreement.

Maintenance Security: DBCPL shall, for due and faithful performance of its obligations under the DBCPL Concession Agreement, during the Toll Period, provide to MPRDC a security for a sum equivalent to ₹ 42.7 million in the form of an irrevocable and unconditional bank guarantee on or before the issue of completion certificate and start of toll date.

Change of control provisions: Aggregate shareholding of the bidder and its associates or the consortium members (as defined in the DBCPL Concession Agreement) , as may be applicable, in the issued and paid up equity share capital of DBCPL shall not be less than 78% during construction period and below 26% during toll period, in accordance with the DBCPL Concession Agreement.

Change of scope: MPRDC may require the provision of additional works and services on or about Project Highway which are beyond the scope of the project as contemplated by the DBCPL Concession Agreement (the "**Change of Scope**"), to be carried out by DBCPL at its own cost during the concession period and that there shall be no change in concession period or any compensation payable if such changes do not require expenditure exceeding ₹ 21.4 million (0.5% of the project cost) and do not adversely affect the toll date. All such changes shall be made by MPRDC by an order (the "**Change of Scope Order**") issued in accordance with the procedure set forth in the DBCPL Concession Agreement. MPRDC shall not increase/decrease the scope of work under normal circumstances. However, in the exceptional circumstances any increase in the scope of work shall lead to increase in the concession period to the extent such changes require expenditure exceeding ₹ 21.4 million. However, in case the demand of grant is more than 20% of project cost, any reduction in the scope of work under exceptional circumstances shall not alter the concession period and will result in reduction in the subsidy to the extent that grant remains 20% of total project cost and beyond that the same will result in reduction in concession period, to the extent such change in scope requires reduction in expenditure exceeding ₹ 21.4 million. In case the demand of grant is equal or less than 20%, the reduction in change of scope under exceptional circumstances will result in reduction of concession period.

O&M: DBCPL shall operate and maintain the Project Highway in accordance with the DBCPL Concession Agreement either by itself, or through the O&M Contractor, as defined in the DBCPL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of DBCPL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- charging, collecting and retaining the fee in accordance with the DBCPL Concession Agreement;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices; and
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment.

Grant/Subsidy: MPRDC has agreed to pay DBCPL as cash support by way of an outright grant equal to the sum of ₹ 810 million in accordance with the DBCPL Concession Agreement. The Government of India shall be able to grant up to 20% of total project cost as per the provisions of scheme for support to public-private partnerships in infrastructure. The rest of the grant will be disbursed by MPRDC in accordance with DBCPL Concession Agreement. The grant shall be, in no case, more than 40% of the total project cost.

Indemnities:

- DBCPL shall be entirely responsible for and bear the cost of and shall indemnify, hold MPRDC not liable for and defend any and all proceedings, actions and, third party claims (other than a claim by Government of Madhya Pradesh or Government of India) for loss, damage and expense of whatever kind and nature arising out of the design, engineering, construction, procurement, operation and maintenance of entire Project Highway or any arising out of a breach by DBCPL of any of its obligations under the DBCPL Concession Agreement except to the extent that any such claim has arisen due to MPRDC event of default. It has been agreed that no liability or general indemnity would be upon MPRDC;
- DBCPL shall fully indemnify, defend, hold MPRDC not liable including its officers, servants, agents and subsidiaries, from and against any and all loss and damages arising out of or with respect to (a). failure of DBCPL to comply with applicable laws and applicable permits; (b). payments of taxes relating to DBCPL contractors, suppliers and representatives, income or other taxes required to be paid by DBCPL without reimbursement hereunder, or (c). non-payment of amounts due as a result of materials or services furnished to DBCPL or any of its contractors which are payable by DBCPL or any of its contractors.
- DBCPL shall be entirely responsible for and bear the cost of and shall indemnify, defend and hold MPRDC not liable from and against any and all damages which MPRDC, its officers, servants, agents, subsidiaries and contractors ("**MPRDC Indemnified Persons**") may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by DBCPL or by DBCPL's contractors, in performing the obligations of DBCPL or in any way incorporated in or related to the project. If in any such suit, claim or proceedings, a temporary restraint order or preliminary injunction, is granted, DBCPL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the suspension of the injunction or restraint order. If, in any such suit claim or proceedings, the project, or any part, thereof or comprised therein is held to constitute an infringement and its use is permanently enjoined, DBCPL shall promptly make every reasonable effort to secure for MPRDC a licence, at no cost to MPRDC, authoring continued use of the infringing work. If DBCPL is unable to secure such licence within a reasonable time, DBCPL shall, at its own expense and without impairing the specifications and standards either replace the affected work, or pail, or process thereof with non-infringing work or parts or process, or modify the same so that it becomes non-infringing.

Material Breach and Suspension: If DBCPL shall be in Material Breach, as defined in the DBCPL Concession Agreement, of the DBCPL Concession Agreement, MPRDC shall be entitled in its sole discretion and without prejudice to its other rights and remedies under the DBCPL Concession Agreement, including its right of Termination hereunder, to (i) suspend all or any rights of DBCPL under the DBCPL Concession Agreement including the DBCPL's right to collect all Fees and other revenues from the project highway, and (ii) exercise such rights itself and perform the obligations hereunder or authorise any other person to exercise or perform the same on its behalf during such suspension ("**Suspension**"). At any time during the period of Suspension, the

Lenders' Representative, on behalf of Senior Lenders, each term as defined in the DBCPL Concession Agreement, shall be entitled to substitute DBCPL under and in accordance with the Substitution Agreement, as defined in the DBCPL Concession Agreement, and upon receipt of notice thereunder from the Lenders' Representative, MPRDC shall withhold termination for a period not exceeding 120 days from the date of Suspension, and any extension thereof pursuant to the DBCPL Concession Agreement, for enabling the Lenders' Representative to exercise its rights of substitution on behalf of Senior Lenders.

Allocation of costs during subsistence of force majeure:

- Upon occurrence of a Force Majeure Event, as defined in the DBCPL Concession Agreement, after financial closure, the costs arising out of such events ("**Force Majeure Costs**") shall be allocated as follows:
    - When the Force Majeure Event is a Non-Political Event, as defined in the DBCPL Concession Agreement, the parties shall bear their respective costs and neither party shall be required to pay to the other party any costs arising of any such Force Majeure Event;
    - When the Force Majeure Event is an Indirect Political Event, as defined in the DBCPL Concession Agreement, the Force Majeure Costs attributable to such Indirect Political Event and directly relating to such project, shall be borne by DBCPL to the extent Force Majeure Costs exceed the insurance claims, one half of the same to the extent actually incurred and duly certified by the auditors of DBCPL shall be compensated to DBCPL; and
    - When the Force Majeure Event is a Political Event, as defined in the DBCPL Concession Agreement, all Force Majeure Costs to the extent actually incurred and certified by the auditors of DBCPL shall be compensated by MPRDC to DBCPL within 180 days of such amount accepted by MPRDC.

    Force Majeure Costs shall not include loss of Fee revenues but shall include interest payments, debt repayment obligations on such debt in proportion to the period of Force Majeure Event subsisting, O&M expenses and all other costs directly attributable to the Force Majeure Event.

Termination for DBCPL Default: The following events, among others, shall constitute an event of default by DBCPL ("**DBCPL Event of Default**") unless such DBCPL event of default has occurred as a result of MPRDC event of default or a force majeure event:

- DBCPL fails to achieve any project milestone other than scheduled project completion date within the period set forth in the DBCPL Concession Agreement and fails to cure such default within a period of 90 days from the date of its occurrence;
- DBCPL abandons the operations of the Project Highway for more than 15 consecutive days without the prior written consent of MPRDC, provided that DBCPL shall be deemed not to have abandoned such operation if such abandonment was (i). as a result of force majeure event and is only for the period such force majeure is continuing, or (ii). is on account of a breach of its obligations by MPRDC after due notice is given to MPRDC.
- DBCPL repudiates the DBCPL Concession Agreement or otherwise evidences an intention not to be bound by the DBCPL Concession Agreement; and
- DBCPL has delayed any payment that has fallen due under the DBCPL Concession Agreement, if such delay exceeds 90 days.

Upon the occurrence of any breach by DBCPL under the DBCPL Concession Agreement including any DBCPL Event of Default, MPRDC shall be entitled to encash and appropriate the performance guarantee and to terminate the DBCPL Concession Agreement by a communication in writing.

Termination for MPRDC Default: DBCPL may terminate the DBCPL Concession Agreement on account of occurrence of a default by the MPRDC which is not rectified within cure periods (the "**MPRDC Default**") and includes: (i) material breach causing a material adverse effect on DBCPL; (ii) the failure to make any payment due to DBCPL; (iii) repudiation of the DBCPL Concession Agreement etc.

Defects Liability: Not less than 12 months or more than 15 months prior to the expiry of the concession period, DBCPL and the Independent Consultant, as defined in the DBCPL Concession Agreement, shall conduct a joint inspection ("**Initial Inspection**") of the Project Highway and all project facilities. Within 90 days after the completion of the Initial Inspection, DBCPL shall provide to the Independent Consultant a report on the condition of the Project Highway and the project facilities, and a notice setting out proposals by DBCPL as to the renewal

works, pursuant to the provisions of the DBCPL Concession Agreement. DBCPL shall carry out the renewal works at its own cost. Not less than nine months nor more than 12 months prior to the expiry of the concession period, DBCPL and the Independent Consultant shall conduct a joint inspection ("**Second Inspection**") of all elements of the Project Highway and the project facilities (whether or not the renewal works have been carried out). Within 30 days after the completion of the Second Inspection, DBCPL shall provide to the Independent Consultant a report on the condition of the Project Highway and Project Facilities and a notice setting out any revisions or additions to the renewal works, pursuant to the provisions of the DBCPL Concession Agreement. DBCPL shall carry out the revised renewal works at its own cost. From the date which is 1 year prior to the expiry of the concession period, a sum of 7,000 per day during the last 1 year, adjusted to wholesale price index or a higher sum estimated by the Independent Consultant for renewal works, will be retained in the escrow account or alternatively DBCPL can furnish a bank guarantee of an equivalent amount. Upon furnishing the bank guarantee for defect liability by DBCPL, no such retention will be made. If following the Second Inspection, it is agreed or determined that no renewal works are required, then within 14 days of such agreement, 50% of the sums retained for the purposes of defect liability shall be released to DBCPL. Within 14 days after the issue of the Vesting Certificate, as defined in the DBCPL Concession Agreement, the remaining sums retained for the purposes of defects liability shall be released to DBCPL.

Godhra Expressways Private Limited ("GEPL") Concession Agreement ("GEPL Concession Agreement") dated February 25, 2010 executed amongst GEPL and National Highways Authority of India ("NHAI").

Premium: GEPL agrees to pay (on the COD date, as defined in the GEPL Concession Agreement) NHAI a premium in the form of an additional concession fee equal to ₹ 78.3 million and premium for subsequent year shall be increased by 5% p.a. as compared to immediate preceding year, in accordance with the GEPL Concession Agreement.

Fee: On and from the commercial operation date till the transfer date, GEPL shall have the sole and exclusive right to demand, collect and appropriate charge levied on and payable for a vehicle using the Project Highway, as defined in the GEPL Concession Agreement, or a part thereof ("**Fee**") from the users subject to and in accordance with the GEPL Concession Agreement and the fee notification set forth therein.

Concession fee: In consideration of the grant of concession under the GEPL Concession Agreement, the concession fee payable by GEPL to NHAI shall be ₹ 1.00 per year.

Change of scope: NHAI may require the provision of additional works and services which are not included in the scope of the project as contemplated by the GEPL Concession Agreement (the "**Change of Scope**"). NHAI shall make an advance payment to GEPL in a sum equal to 20% of the cost of Change of Scope, and in the event of a dispute, 20% of the cost assessed by the Independent Engineer, as defined in the GEPL Concession Agreement. NHAI shall disburse to GEPL such amounts as are certified by the Independent Engineer, as reasonable and after making a proportionate deduction for the advance payment made. All costs arising out of any Change of Scope order issued during the Construction Period, as defined in the GEPL Concession Agreement, shall be borne by GEPL, subject to an aggregate ceiling of 0.25% of the total project cost. Any costs in excess of the ceiling shall be reimbursed by NHAI.

O&M: GEPL shall operate and maintain the Project Highway, as defined in the GEPL Concession Agreement, in accordance with the GEPL Concession Agreement either by itself, or through the O&M Contractor, as defined in the GEPL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of GEPL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices;
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment;
- protection of the environment and provision of equipment and materials therefor; and
- operation and maintenance of all communication, control and administrative systems necessary for the efficient operation of the Project Highway.

Maintenance manual: GEPL shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual (the "**Maintenance Manual**") for the regular and preventive maintenance of the Project Highway in conformity with the specifications, standards, maintenance requirements, safety requirements and good industry practice. The Maintenance Manual shall be revised and updated once every three years.

Maintenance programme: GEPL shall provide to NHAI and the Independent Engineer its proposed annual programme of preventive, urgent and other scheduled maintenance (the "**Maintenance Programme**") to comply with the maintenance requirements, maintenance manual and safety requirements. Such Maintenance Programme shall include the following:

- preventive maintenance schedule;
- arrangements and procedures for carrying out urgent repairs;
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Project Highway;
- intervals at which GEPL shall carry out periodic maintenance;
- arrangements and procedures for carrying out safety related measures; and
- intervals for major maintenance works and the scope thereof.

Effect of Variation in Traffic Growth: In accordance with the GEPL Concession Agreement, the target traffic as on target date i.e. October 1, 2019 was estimated to be 26,839 PCUs. The traffic volume counts reported as per the surveys conducted by independent engineers appointed by NHAI in September 2018, September 2019 and September 2020 are 17,017 PCUs, 17,891 PCUs and 21,525 PCUs, respectively. The traffic on the project road determined as an average of these surveys is 18,881 PCUs is 30 percent lower than the target traffic. (*Source: Traffic Study Report dated February 2022 issued for GEPL)*.

Pursuant to the GEPL Concession Agreement, if the actual average traffic shall have fallen short of or exceeded the target traffic by more than 2.5 percent, then there will modification in the concession period. Further, if the traffic in PCUs at target date is lower than the target traffic, then for every 1 percent decrease, the concession period shall be increased by 1.5 percent, however, such increase shall not be more than 20 % of the base concession period.

On the basis of the above information provided by GEPL, IE and NHAI Project Implementation Unit (PIU) has already recommended for extension of concession period by 5.4 years. (*Source: Traffic Study Report dated February 2022 issued for GEPL)*.

Restrictions on construction of additional tollway: In accordance with the provisions of the GEPL Concession Agreement, NHAI shall not construct, and shall procure that no Government Instrumentality, as defined in the GEPL Concession Agreement, shall construct or cause to be constructed, any expressway or other toll road between, *inter alia* KM 129.30 to KM 215.90 Godhra to Gujarat/MP border section on National Highway no. 59 (collectively the "**Additional Tollway**") for use by traffic at any time before the twelfth anniversary of the Appointed Date, as defined in the GEPL Concession Agreement. Additional Tollway does not include any expressway or other toll road connecting, *inter alia*, KM 129.30 to KM 215.90 Godhra to Gujarat/MP border section on National Highway no. 59 if the length of such expressway or toll road exceeds the length of the existing route comprising the Project Highway by 20%. If NHAI shall be in breach of this provision, GEPL shall, without prejudice to its other rights and remedies under the GEPL Concession Agreement, be entitled to receive compensation from NHAI.

Obligations relating to competing roads: NHAI shall procure that during the subsistence of the GEPL Concession Agreement, neither NHAI nor any Government Instrumentality shall, at any time before the tenth anniversary of the appointed date, construct or cause to be constructed any competing road, as defined in the GEPL Concession Agreement; provided that this restriction shall not apply if the average traffic on the Project Highway in any year exceeds 90% of its designed capacity specified in the GEPL Concession Agreement. Upon breach of its obligations hereunder, NHAI shall be liable to payment of compensation to GEPL in accordance with the GEPL Concession Agreement, and such compensation shall be the sole remedy of GEPL.

Obligations relating to change in ownership: GEPL shall not undertake or permit any change in ownership, except with the prior written approval of NHAI. Notwithstanding anything to the contrary contained in the GEPL Concession Agreement, GEPL agrees and acknowledges that:

- all acquisitions of equity by an acquirer, either by himself or with any person acting in concert, directly

or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any equity, in aggregate of not less than 15% of the total equity of GEPL; or

- acquisition of any control directly or indirectly of the board of directors of GEPL by any person either by himself or together with any person or persons acting in concert with him, shall constitute a change in ownership requiring prior approval of NHAI from national security and public interest perspective, the decision of NHAI in this behalf being final, conclusive and binding on GEPL, and undertakes that it shall not give effect to any such acquisition of equity or control of the board of directors of GEPL without such prior approval of NHAI. It has been expressly agreed that approval of NHAI hereunder shall be limited to national security and public interest perspective, and NHAI shall endeavour to convey its decision thereon expeditiously. It has also been agreed that NHAI shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve GEPL from any liability or obligation under the GEPL Concession Agreement.

Indemnities:

- GEPL shall indemnify, defend, save and hold harmless NHAI and its officers, servants, agents, Government Instrumentalities, as defined in the GEPL Concession Agreement, and Government owned and/or controlled entities/enterprises, (the "**NHAI Indemnified Persons**") against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, whether arising out of any breach by GEPL of any of its obligations under the GEPL Concession Agreement or any related agreement or on account of any defect or deficiency in the provision of services by GEPL to any user or from any negligence of GEPL under contract or tort or on any other ground whatsoever, except to the extent that any such suits, proceedings, actions, demands and claims have arisen due to any negligent act or omission, or breach or default of the GEPL Concession Agreement on the part of NHAI Indemnified Persons;
- GEPL shall fully indemnify, hold harmless and defend NHAI and NHAI Indemnified Persons from and against any and all loss and/or damages arising out of or with respect to:
  - failure of GEPL to comply with applicable laws and applicable permits;
  - payment of taxes required to be made by GEPL in respect of the income or other taxes of GEPL's contractors, suppliers and representatives; or
  - non-payment of amounts due as a result of materials or services furnished to GEPL or any of its contractors which are payable by GEPL or any of its contractors.
- GEPL shall fully indemnify, hold harmless and defend NHAI Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which NHAI Indemnified Persons may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by GEPL or by GEPL's contractors in performing the obligations of GEPL or in any way incorporated in or related to the project. If in any such suit, action, claim or proceedings, a temporary restraint order or preliminary injunction is granted, GEPL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the revocation or suspension of the injunction or restraint order. If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, GEPL shall promptly make every reasonable effort to secure for NHAI a licence, at no cost to NHAI, authorising continued use of the infringing work. If GEPL is unable to secure such licence within a reasonable time, GEPL shall, at its own expense, and without impairing the specifications and standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it becomes non-infringing.

Suspension of GEPL's rights: Upon occurrence of a GEPL Default, NHAI shall be entitled, without prejudice to its other rights and remedies under the GEPL Concession Agreement including its rights of termination thereunder, to (i) suspend all rights of GEPL under the GEPL Concession Agreement, including GEPL's right to collect Fee, and other revenues pursuant hereto, and (ii) exercise such rights itself and perform the obligations hereunder or authorise any other person to exercise or perform the same on its behalf during such suspension ("**Suspension**"). Suspension hereunder shall be effective forthwith upon issue of notice by NHAI to GEPL and may extend up to a period not exceeding 180 days from the date of issue of such notice; provided that upon written request from GEPL and the Lenders' Representative, as defined in the GEPL Concession Agreement, NHAI shall extend the aforesaid period of 180 days by a further period not exceeding 90 days. At any time during the period of Suspension, the Lenders' Representative, on behalf of Senior Lenders, each term as defined in the GEPL Concession Agreement, shall be entitled to substitute GEPL under and in accordance with the Substitution

Agreement, as defined in the GEPL Concession Agreement, and upon receipt of notice thereunder from the Lenders' Representative, NHAI shall withhold termination for a period not exceeding 180 days from the date of Suspension, and any extension thereof, for enabling the Lenders' Representative to exercise its rights of substitution on behalf of Senior Lenders.

Effect of force majeure event on the Concession:

- Upon the occurrence of any Force Majeure Event, as defined in the GEPL Concession Agreement, prior to the Appointed Date, as defined in the GEPL Concession Agreement, the period for achieving financial close shall be extended by a period equal in length to the duration of the Force Majeure Event.
- At any time after the Appointed Date, if any Force Majeure Event occurs:
  - before COD, the concession period and the dates set forth in the Project Completion Schedule, as defined in the GEPL Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or
  - after COD, whereupon GEPL is unable to collect Fee despite making best efforts or it is directed by NHAI to suspend the collection thereof during the subsistence of such Force Majeure Event, the concession period shall be extended by a period, equal in length to the period during which GEPL was prevented from collection of Fee on account thereof; provided that in the event of partial collection of Fee where the daily collection is less than 90% of the average daily Fee, NHAI shall extend the concession period in proportion to the loss of Fee on a daily basis. Loss of 25% in collection of Fee as compared to the average daily Fee for four days shall entitle GEPL to extension of one day in the concession period.

Allocation of costs arising out of Force Majeure:

- Upon occurrence of any Force Majeure Event prior to the Appointed Date, the parties to the GEPL Concession Agreement shall bear their respective costs and no party shall be required to pay to the other party any costs thereof.
- Upon occurrence of a Force Majeure Event after the Appointed Date, the costs incurred and attributable to such event and directly relating to the project ("**Force Majeure Costs**") shall be allocated and paid as follows:
  - upon occurrence of a Non-Political Event, as defined in the GEPL Concession Agreement, the parties shall bear their respective Force Majeure Costs and neither party shall be required to pay to the other party any costs thereof;
  - upon occurrence of an Indirect Political Event, as defined in the GEPL Concession Agreement, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the insurance cover for such Indirect Political Event, shall be borne by GEPL, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by NHAI to GEPL; and
  - upon occurrence of a Political Event, as defined in the GEPL Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by NHAI to GEPL.

  Force Majeure Costs may include interest payments on debt, O&M expenses, any increase in the cost of construction works on account of inflation and all other costs directly attributable to the Force Majeure Event, but shall not include loss of Fee revenues or debt repayment obligations, and for determining such costs, information contained in the Financial Package, as defined in the GEPL Concession Agreement, may be relied upon to the extent that such information is relevant.

Hand-back Provisions: Upon completion of GEPL Concession Agreement, GEPL shall comply with and conform to the following requirements, amongst others:-

- notify NHAI forthwith the location and particulars of all project assets;
- deliver forthwith the actual or constructive possession of the Project Highway, free and clear of all encumbrances, save and except to the extent set forth in the substitution agreement;
- cure all Project Assets, including the road, bridges, structures and equipment, of all defects and deficiencies so that the Project Highway is compliant with the Maintenance Requirements, except as specified in the GEPL Concession Agreement;
- deliver and transfer relevant records, reports, intellectual property and other licences pertaining to the Project Highway and its design, engineering, construction, operation and maintenance, including all programmes and manuals pertaining thereto, and complete 'as built' drawings as on the transfer date.

- transfer and/or deliver all applicable permits to the extent permissible under applicable laws;
- execute such deeds, conveyance, documents and other writings as the Authority may reasonably require for conveying, divesting and assigning all the rights, title and interest of GEPL in the Project Highway, including manufacturers' warranties in respect of any plant or equipment and the right to receive outstanding insurance claims to the extent due and payable to NHAI, absolutely unto NHAI or its nominee; and
- comply with all other requirements as may be prescribed or required under applicable laws for completing the concession period and assignment of all rights, title and interest of GEPL in the Project Highway, free from all encumbrances, absolutely unto NHAI or to its nominees.

Termination for GEPL Default: Subject to the provisions of the GEPL Concession Agreement, in the event that any of the defaults specified below shall have occurred, and GEPL fails to cure the default within the mentioned cure periods, or where no cure period is specified, then within a cure period of 60 days, GEPL shall be deemed to be in default of the GEPL Concession Agreement (the "**GEPL Default**"), unless the default has occurred solely as a result of any breach of the GEPL Concession Agreement by NHAI or due to force majeure. The defaults referred to shall include, among other things, the following:

- the Performance Security has been encashed and appropriated in accordance with the GEPL Concession Agreement and GEPL fails to replenish or provide fresh Performance Security within a cure period of 30 days;
- subsequent to the replenishment or furnishing of fresh Performance Security in accordance with the GEPL Concession Agreement, GEPL fails to cure, within a cure period of 90 days, the GEPL Default for which whole or part of the Performance Security was appropriated;
- GEPL does not achieve the latest outstanding project milestone due in accordance with the provisions of the GEPL Concession Agreement and continues to be in default for 120 days;
- upon occurrence of a Financial Default, the Lenders' Representative, each term as defined in the GEPL Concession Agreement, has by notice required NHAI to undertake Suspension or termination, as the case may be, in accordance with the Substitution Agreement, as defined in the GEPL Concession Agreement, and GEPL fails to cure the default within the cure period specified;
- GEPL abandons or manifests intention to abandon the construction or operation of the Project Highway without the prior written consent of NHAI;
- GEPL is in breach of the maintenance requirements or the safety requirements, as the case may be;
- GEPL has failed to make any payment to NHAI within the period specified in the GEPL Concession Agreement; and
- a change in ownership has occurred in breach of the provisions of the GEPL Concession Agreement.

Upon occurrence of a GEPL Default, NHAI shall be entitled to terminate the GEPL Concession Agreement by issuing a termination notice to GEPL; provided that before issuing the termination notice, NHAI shall by a notice inform GEPL of its intention to issue such termination notice and grant 15 days to GEPL to make a representation, and may, after the expiry of such 15 days, whether or not it is in receipt of such representation, issue the termination notice.

Termination for NHAI Default: GEPL may terminate the GEPL Concession Agreement on account of occurrence of a default by the NHAI which is not rectified within cure periods (the "**NHAI Default**") and includes – (i) material breach causing a material adverse effect on GEPL; (ii) the failure to make any payment due to GEPL; (iii) repudiation of the GEPL Concession Agreement etc.

Defects liability after termination: GEPL shall be responsible for all defects and deficiencies in the Project Highway for a period of 120 days after termination, as defined in the GEPL Concession Agreement, and it shall have the obligation to repair or rectify, at its own cost, all defects and deficiencies observed by the Independent Engineer in the Project Highway during this period. In the event that GEPL fails to repair or rectify such defect or deficiency within a period of 15 days from the date of notice issued by NHAI, NHAI shall be entitled to get the same repaired or rectified at the risk and cost of GEPL so as to make the Project Highway conform to the maintenance requirements. All costs incurred by NHAI in this regard shall be reimbursed by GEPL to NHAI within 15 days of receipt of demand thereof, and in the event of default in reimbursing such costs, NHAI shall be entitled to recover the same in accordance with the provisions of the GEPL Concession Agreement. A sum equal to 5% of the total realisable fee for the year immediately preceding the transfer date will be retained in the escrow account for a period of 120 days after termination for meeting the liabilities, arising out of or in connection with the GEPL Concession Agreement. Independent Engineer will carry out an inspection of the Project Highway at any time between 210 and 180 days prior to the termination and if it recommends that the status of the Project

Highway is such that a sum larger than the amount of 5% as stipulated above will be retained in the escrow account and for a period longer than the aforesaid 120 days, the amount recommended by the Independent Engineer shall be retained in the escrow account for the period specified by it. GEPL will have option to provide to NHAI a performance bank guarantee of equal amount in lieu of retention in accordance with the GEPL Concession Agreement.

Jodhpur Pali Expressways Private Limited ("JPEPL") Concession Agreement ("JPEPL Concession Agreement") dated February 28, 2013 executed amongst JPEPL and Public Works Department, Rajasthan ("PWD(R)")

Premium: JPEPL agrees to pay (on the COD date, as defined in the JPEPL Concession Agreement) PWD(R) a premium in the form of an additional concession fee equal to ₹ 10.8 million and premium for subsequent year shall be increased by 5% p.a. as compared to immediate preceding year in accordance with the JPEPL Concession Agreement.

Fee: On and from the commercial operation date till the transfer date, JPEPL shall have the sole and exclusive right to demand, collect and appropriate charge levied on and payable for a vehicle using the Project Highway, as defined in the JPEPL Concession Agreement, or a part thereof ("**Fee**") from the users subject to and in accordance with the JPEPL Concession Agreement and the fee notification set forth therein.

Concession fee: In consideration of the grant of concession under the JPEPL Concession Agreement, the concession fee payable by JPEPL to PWD(R) shall be ₹ 1.00 per year along with certain premium amounts, as specified in the JPEPL Concession Agreement.

Change of scope: PWD(R) may require the provision of additional works and services which are not included in the scope of the project as contemplated by the JPEPL Concession Agreement (the "**Change of Scope**") and the costs shall be expended by JPEPL and reimbursed by PWD(R). PWD(R) shall make an advance payment to JPEPL in a sum equal to 20% of the cost of Change of Scope, and in the event of a dispute, 20% of the cost assessed by the Independent Engineer, as defined in the JPEPL Concession Agreement. PWD(R) shall disburse to JPEPL such amounts as are certified by the Independent Engineer, as reasonable and after making a proportionate deduction for the advance payment made. All costs arising out of any Change of Scope order issued during the Construction Period, as defined in the JPEPL Concession Agreement, shall be borne by JPEPL, subject to an aggregate ceiling of 0.25% of the total project cost. Any costs in excess of the ceiling shall be reimbursed by PWD(R).

O&M: JPEPL shall operate and maintain the Project Highway, as defined in the JPEPL Concession Agreement, in accordance with the JPEPL Concession Agreement either by itself, or through the O&M Contractor, as defined in the JPEPL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of JPEPL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices;
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment;
- protection of the environment and provision of equipment and materials therefor; and
- operation and maintenance of all communication, control and administrative systems necessary for the efficient operation of the Project Highway.

Maintenance manual: JPEPL shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual (the "**Maintenance Manual**") for the regular and preventive maintenance of the Project Highway in conformity with the specifications, standards, maintenance requirements, safety requirements and good industry practice. The Maintenance Manual shall be revised and updated once every three years.

Maintenance programme: JPEPL shall provide to PWD(R) and the Independent Engineer its proposed annual programme of preventive, urgent and other scheduled maintenance (the "**Maintenance Programme**") to comply with the maintenance requirements, maintenance manual and safety requirements. Such Maintenance Programme shall include the following:

- preventive maintenance schedule;
- arrangements and procedures for carrying out urgent repairs;
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Project Highway;
- intervals at which JPEPL shall carry out periodic maintenance;
- arrangements and procedures for carrying out safety related measures; and
- intervals for major maintenance works and the scope thereof.

Effect of Variation in Traffic Growth: As per JPEPL Concession Agreement, the target traffic on target date i.e. January 1, 2030 was estimated to be 35,938 PCUs. Based on the forecast the traffic estimated on the project road considering the average of both toll plazas and the average of the traffic for the three consecutive accounting years (FY29 to FY31) is estimated to be 27,612 PCUs which is 23.2 percent lower than the target traffic. (*Source: Traffic Study Report dated February 2022 issued for JPEPL*)

Pursuant to the JPEPL Concession Agreement, if the actual average traffic shall have fallen short of or exceeded the target traffic by more than 2.5 percent, then there will be an increase or reduction in the concession period. Further, if the traffic in PCUs at target date is lower than the target traffic, then for every 1 percent decrease, the concession period shall be increased by 1.5 percent, however, such increase shall not be more than 20 % of the base concession period. The concession period may, therefore, be subject to an increase by 5 to 30 years. (*Source: Traffic Study Report dated February 2022 issued for JPEPL*)

Restrictions on construction of additional tollway: In accordance with the provisions of the JPEPL Concession Agreement, PWD(R) shall not construct, and shall procure that no Government Instrumentality, as defined in the JPEPL Concession Agreement, shall construct or cause to be constructed, any expressway or other toll road between, *amongst others*, Jodhpur and Pali i.e. km 308.000 to km 366.000 on National Highway No.65, including Pali bypass starting from Km 366.00 of NH-65, connecting NH-14 at km 114.000 (collectively the "**Additional Tollway**") for use by traffic at any time before the twelfth anniversary of the Appointed Date, as defined in the JPEPL Concession Agreement. Additional Tollway does not include any expressway or other toll road connecting, *inter alia*, km 308.000 to km 366.000 on National Highway No.65, including Pali bypass starting from km 366.00 of NH-65, connecting NH-14 at km 114.000 if the length of such expressway or toll road exceeds the length of the existing route comprising the Project Highway by 20%. If PWD(R) shall be in breach of this provision, JPEPL shall, without prejudice to its other rights and remedies under the JPEPL Concession Agreement, be entitled to receive compensation from PWD(R).

Obligations relating to competing roads: PWD(R) shall procure that during the subsistence of the JPEPL Concession Agreement, neither PWD(R) nor any Government Instrumentality shall, at any time before the tenth anniversary of the appointed date, construct or cause to be constructed any competing road, as defined in the JPEPL Concession Agreement; provided that this restriction shall not apply if the average traffic on the Project Highway in any year exceeds 90% of its designed capacity specified in the JPEPL Concession Agreement. Upon breach of its obligations hereunder, PWD(R) shall be liable to payment of compensation to JPEPL in accordance with the JPEPL Concession Agreement, and such compensation shall be the sole remedy of JPEPL.

Obligations relating to change in ownership: JPEPL shall not undertake or permit any change in ownership, except with the prior written approval of PWD(R). Notwithstanding anything to the contrary contained in the JPEPL Concession Agreement, JPEPL agrees and acknowledges that:

- all acquisitions of equity by an acquirer, either by himself or with any person acting in concert, directly or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any equity, in aggregate of not less than 15% of the total equity of JPEPL; or
- acquisition of any control directly or indirectly of the board of directors of JPEPL by any person either by himself or together with any person or persons acting in concert with him, shall constitute a change in ownership requiring prior approval of PWD(R) from national security and public interest perspective, the decision of PWD(R) in this behalf being final, conclusive and binding on JPEPL, and undertakes that it shall not give effect to any such acquisition of equity or control of the board of directors of JPEPL without such prior approval of PWD(R). It has been expressly agreed that approval of PWD(R) hereunder shall be limited to national security and public interest perspective, and PWD(R) shall endeavour to convey its decision thereon expeditiously. It has also been agreed that PWD(R) shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve JPEPL from any liability or obligation under the JPEPL Concession

Agreement.

Indemnities:

- JPEPL shall indemnify, defend, save and hold harmless PWD(R) and its officers, servants, agents, Government Instrumentalities, as defined in the JPEPL Concession Agreement, and Government owned and/or controlled entities/enterprises, (the "**PWD(R) Indemnified Persons**") against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, whether arising out of any breach by JPEPL of any of its obligations under the JPEPL Concession Agreement or any related agreement or on account of any defect or deficiency in the provision of services by JPEPL to any user or from any negligence of JPEPL under contract or tort or on any other ground whatsoever, except to the extent that any such suits, proceedings, actions, demands and claims have arisen due to any negligent act or omission, or breach or default of the JPEPL Concession Agreement on the part of PWD(R) Indemnified Persons;
- JPEPL shall fully indemnify, hold harmless and defend PWD(R) and PWD(R) Indemnified Persons from and against any and all loss and/or damages arising out of or with respect to:
  - failure of JPEPL to comply with applicable laws and applicable permits;
  - payment of taxes required to be made by JPEPL in respect of the income or other taxes of JPEPL's contractors, suppliers and representatives; or
  - non-payment of amounts due as a result of materials or services furnished to JPEPL or any of its contractors which are payable by JPEPL or any of its contractors.
- JPEPL shall fully indemnify, hold harmless and defend PWD(R) Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which PWD(R) Indemnified Persons may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by JPEPL or by JPEPL's contractors in performing the obligations of JPEPL or in any way incorporated in or related to the project. If in any such suit, action, claim or proceedings, a temporary restraint order or preliminary injunction is granted, JPEPL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the revocation or suspension of the injunction or restraint order. If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, JPEPL shall promptly make every reasonable effort to secure for PWD(R) a licence, at no cost to PWD(R), authorising continued use of the infringing work. If JPEPL is unable to secure such licence within a reasonable time, JPEPL shall, at its own expense, and without impairing the specifications and standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it becomes non-infringing.

Suspension of JPEPL's rights: Upon occurrence of a JPEPL Default, PWD(R) shall be entitled, without prejudice to its other rights and remedies under the JPEPL Concession Agreement including its rights of termination thereunder, to (i) suspend all rights of JPEPL under the JPEPL Concession Agreement, including JPEPL's right to collect Fee, and other revenues pursuant hereto, and (ii) exercise such rights itself and perform the obligations hereunder or authorise any other person to exercise or perform the same on its behalf during such suspension ("**Suspension**"). Suspension hereunder shall be effective forthwith upon issue of notice by PWD(R) to JPEPL and may extend up to a period not exceeding 180 days from the date of issue of such notice; provided that upon written request from JPEPL and the Lenders' Representative, as defined in the JPEPL Concession Agreement, PWD(R) shall extend the aforesaid period of 180 days by a further period not exceeding 90 days.

Effect of force majeure event on the Concession:

- Upon the occurrence of any Force Majeure Event, as defined in the JPEPL Concession Agreement, prior to the Appointed Date, as defined in the JPEPL Concession Agreement, the period for achieving financial close shall be extended by a period equal in length to the duration of the Force Majeure Event.
- At any time after the Appointed Date, if any Force Majeure Event occurs:
  - before COD, the concession period and the dates set forth in the Project Completion Schedule, as defined in the JPEPL Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or
  - after COD, whereupon JPEPL is unable to collect Fee despite making best efforts or it is directed by PWD(R) to suspend the collection thereof during the subsistence of such Force Majeure Event, the concession period shall be extended by a period, equal in length to the period during which

JPEPL was prevented from collection of Fee on account thereof; provided that in the event of partial collection of Fee where the daily collection is less than 90% of the average daily Fee, PWD(R) shall extend the concession period in proportion to the loss of Fee on a daily basis. Loss of 25% in collection of Fee as compared to the average daily Fee for four days shall entitle JPEPL to extension of one day in the concession period.

Allocation of costs arising out of Force Majeure:

- Upon occurrence of any Force Majeure Event prior to the Appointed Date, the parties to the JPEPL Concession Agreement shall bear their respective costs and no party shall be required to pay to the other party any costs thereof.
- Upon occurrence of a Force Majeure Event after the Appointed Date, the costs incurred and attributable to such event and directly relating to the project ("**Force Majeure Costs**") shall be allocated and paid as follows:
  - upon occurrence of a Non-Political Event, as defined in the JPEPL Concession Agreement, the parties shall bear their respective Force Majeure Costs and neither party shall be required to pay to the other party any costs thereof;
  - upon occurrence of an Indirect Political Event, as defined in the JPEPL Concession Agreement, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the insurance cover for such Indirect Political Event, shall be borne by JPEPL, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by PWD(R) to JPEPL; and
  - upon occurrence of a Political Event, as defined in the JPEPL Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by PWD(R) to JPEPL.

  Force Majeure Costs may include interest payments on debt, O&M expenses, any increase in the cost of construction works on account of inflation and all other costs directly attributable to the Force Majeure Event, but shall not include loss of Fee revenues or debt repayment obligations, and for determining such costs, information contained in the Financial Package, as defined in the JPEPL Concession Agreement, may be relied upon to the extent that such information is relevant.

Termination for JPEPL Default: Subject to the provisions of the JPEPL Concession Agreement, in the event that any of the defaults specified below shall have occurred, and JPEPL fails to cure the default within the mentioned cure periods, or where no cure period is specified, then within a cure period of 60 days, JPEPL shall be deemed to be in default of the JPEPL Concession Agreement (the "**JPEPL Default**"), unless the default has occurred solely as a result of any breach of the JPEPL Concession Agreement by PWD(R) or due to force majeure. The defaults referred to shall include, among other things, the following:

- the Performance Security has been encashed and appropriated in accordance with the JPEPL Concession Agreement and JPEPL fails to replenish or provide fresh Performance Security within a cure period of 30 days;
- subsequent to the replenishment or furnishing of fresh Performance Security in accordance with the JPEPL Concession Agreement, JPEPL fails to cure, within a cure period of 90 days, the JPEPL Default for which whole or part of the Performance Security was appropriated;
- JPEPL does not achieve the latest outstanding project milestone due in accordance with the provisions of the JPEPL Concession Agreement and continues to be in default for 120 days;
- upon occurrence of a Financial Default, the Lenders' Representative, each term as defined in the JPEPL Concession Agreement, has by notice required PWD(R) to undertake Suspension or termination, as the case may be, in accordance with the Substitution Agreement, as defined in the JPEPL Concession Agreement, and JPEPL fails to cure the default within the cure period specified;
- JPEPL abandons or manifests intention to abandon the construction or operation of the Project Highway without the prior written consent of PWD(R);
- JPEPL is in breach of the maintenance requirements or the safety requirements, as the case may be;
- JPEPL has failed to make any payment to PWD(R) within the period specified in the JPEPL Concession Agreement; and
- a change in ownership has occurred in breach of the provisions of the JPEPL Concession Agreement.

Upon occurrence of a JPEPL Default, PWD(R) shall be entitled to terminate the JPEPL Concession Agreement by issuing a termination notice to JPEPL; provided that before issuing the termination notice, PWD(R) shall by a notice inform JPEPL of its intention to issue such termination notice and grant 15 days to JPEPL to make a

representation, and may, after the expiry of such 15 days, whether or not it is in receipt of such representation, issue the termination notice.

Termination for PWD(R) Default: JPEPL may terminate the JPEPL Concession Agreement on account of occurrence of a default by the PWD(R) which is not rectified within cure periods (the "**PWD(R) Default**") and includes – (i) material breach causing a material adverse effect on JPEPL; (ii) the failure to make any payment due to JPEPL; (iii) repudiation of the JPEPL Concession Agreement etc.

Defects liability after termination: JPEPL shall be responsible for all defects and deficiencies in the Project Highway for a period of 120 days after termination, as defined in the JPEPL Concession Agreement, and it shall have the obligation to repair or rectify, at its own cost, all defects and deficiencies observed by the Independent Engineer in the Project Highway during this period. The Independent Engineer appointed in terms of the JPEPL Concession Agreement will carry out an inspection of the Project Highway at any time between 210 and 180 days prior to the termination of the JPEPL Concession Agreement In the event that JPEPL fails to repair or rectify such defect or deficiency within a period of 15 days from the date of notice issued by PWD(R), PWD(R) shall be entitled to get the same repaired or rectified at the risk and cost of JPEPL so as to make the Project Highway conform to the maintenance requirements. All costs incurred by PWD(R) in this regard shall be reimbursed by JPEPL to PWD(R) within 15 days of receipt of demand thereof, and in the event of default in reimbursing such costs, PWD(R) shall be entitled to recover the same in accordance with the provisions of the JPEPL Concession Agreement. A sum equal to 5% of the total realisable fee for the year immediately preceding the transfer date will be retained in the escrow account for a period of 120 days after termination for meeting the liabilities, arising out of or in connection with the JPEPL Concession Agreement. However, if the Independent Engineer recommends that a larger sum be retained or such sum be retained for a period longer than the aforesaid 120 days, the amount recommended by the Independent Engineer shall be retained in the escrow account for the period specified by the Independent Engineer. JPEPL will have option to provide to PWD(R) a performance bank guarantee of equal amount in lieu of retention in accordance with the JPEPL Concession Agreement.

On termination of the JPEPL Concession Agreement, the independent engineer may require JPEPL to carry out appropriate tests to verify compliance by JPEPL with the maintenance requirements at JPEPL's cost. In the event the JPEPL Concession Agreement is terminated due to a PWD (R) event of default, JPEPL will not be required to bear the cost of such tests.

Nirmal BOT Limited ("NBL") Concession Agreement ("NBL Concession Agreement") dated May 4, 2007 executed amongst NBL and National Highways Authority of India ("NHAI").

Annuity: NHAI agrees and undertakes to pay NBL on each Annuity Payment Date, as defined in the NBL Concession Agreement, a sum equal to ₹ 238 million in accordance with the NBL Concession Agreement.

Concession fee: In consideration of the grant of concession under the NBL Concession Agreement, the concession fee payable by NBL to NHAI shall be ₹ 1.00 per year.

Change of scope: NHAI may require the provision of additional works and services which are not included in the scope of the project as contemplated by the NBL Concession Agreement, during the Construction Period, as defined in the NBL Concession Agreement (the "**Change of Scope**") provided such changes do not require any increase/reduction in expenditure exceeding 10% of the Total Project Cost and do not affect the COD, each as defined in the NBL Concession Agreement. All such changes shall be made by NHAI by an order issued in accordance with the procedure set forth in the NBL Concession Agreement.

NHAI may request further improvements to the Project Assets and Project Highway, each as defined in the NBL Concession Agreement, subject to a limit to 20% of the Project Cost (as defined in the NBL Concession Agreement), during the operations period in the form of a Change of Scope order that is required to make the Project Highway comply with the latest specifications and standards, and other requirements as set out in the NBL Concession Agreement, good industry practice, applicable laws and permits during the entire operations period ("**Value Additions**"). The cost of such Value Additions shall be borne by NHAI and such costs shall be computed and the work for the same shall be carried out in the manner as set out specifically in the NBL Concession Agreement.

O&M: NBL shall operate and maintain the Project Highway in accordance with the NBL Concession Agreement either by itself, or through the O&M Contractor, as defined in the NBL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of NBL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices; and
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment.

Maintenance manual: NBL shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual not later than 180 days before the Scheduled Project Completion Date, as defined in the NBL Concession Agremeent (the "**Maintenance Manual**") for the regular and periodic maintenance, and shall ensure that at all times during the Operations Period, as defined in the NBL Concession Agreement, the Project Highway is maintained in a manner that it complies with the Specifications and Standard, as defined in the NBL Concession Agreement and the minimum maintenance requirement as set forth in the NBL Concession Agreement.

Maintenance programme: NBL shall in consultation with the Independent Engineer not later than 45 days from the start of each Accounting Year, as defined in the NBL Concession Agreement, provide to NHAI and the Independent Engineer its proposed annual programme of preventive and other scheduled maintenance (the "**Maintenance Programme**") to comply with the maintenance requirements, maintenance manual and safety requirements. Such Maintenance Programme shall include the following:

- preventive maintenance schedule;
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Project Highway;
- intervals at which NBL shall carry out periodic maintenance; and
- intervals for major maintenance works and the scope thereof.

Obligations relating to change in ownership: NBL shall not undertake or permit any change in ownership, except with the prior written approval of NHAI. Notwithstanding anything to the contrary contained in the NBL Concession Agreement, NBL agrees and acknowledges that:

- all acquisitions of equity by an acquirer, either by himself or with any person acting in concert, directly or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any equity, in aggregate of not less than 15% of the total equity of NBL; or
- acquisition of any control directly or indirectly of the board of directors of NBL by any person either by himself or together with any person or persons acting in concert with him, shall constitute a change in ownership requiring prior approval of NHAI from national security and public interest perspective, the decision of NHAI in this behalf being final, conclusive and binding on NBL, and undertakes that it shall not give effect to any such acquisition of equity or control of the board of directors of NBL without such prior approval of NHAI. It has been expressly agreed that approval of NHAI hereunder shall be limited to national security and public interest perspective, and NHAI shall endeavour to convey its decision thereon expeditiously. It has also been agreed that NHAI shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve NBL from any liability or obligation under the NBL Concession Agreement.

Indemnities:

- NBL shall indemnify, defend, save and hold harmless NHAI against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, arising out of the design, engineering, construction, procurement, Operation and Maintenance, as defined in the NBL Concession Agreement, of the Project Highway or arising out of any breach by NBL of any of its obligations under the NBL Concession Agreement except to the extent that any such claim has arisen due to NHAI Event of Default, as defined in the NBL Concession Agreement;

- NBL shall fully indemnify, hold harmless and defend NHAI and NHAI Indemnified Persons from and against any and all loss and/or damages arising out of or with respect to:
  - failure of NBL to comply with applicable laws and applicable permits;
  - payment of taxes required to be made by NBL in respect of the income or other taxes of NBL's contractors, suppliers and representatives; or
  - non-payment of amounts due as a result of materials or services furnished to NBL or any of its contractors which are payable by NBL or any of its contractors.
- NBL shall fully indemnify, hold harmless and defend NHAI Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which NHAI Indemnified Persons may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by NBL or by NBL's contractors in performing the obligations of NBL or in any way incorporated in or related to the project. If in any such suit, action, claim or proceedings, a temporary restraint order or preliminary injunction is granted, NBL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the revocation or suspension of the injunction or restraint order. If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, NBL shall promptly make every reasonable effort to secure for NHAI a licence, at no cost to NHAI, authorising continued use of the infringing work. If NBL is unable to secure such licence within a reasonable time, NBL shall, at its own expense, and without impairing the specifications and standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it becomes non-infringing.

Effect of force majeure event on the Concession:

- Upon the occurrence of any Force Majeure Event, as defined in the NBL Concession Agreement, prior to the Financial Close, as defined in the NBL Concession Agreement, (i) there shall be no termination except as provided in the NBL Concession Agreement, (ii) the period for achieving Financial Close shall be extended by a period equal in length to the duration of the Force Majeure Event, and (iii) each party shall bear its own costs and no party shall be required to pay the other party, costs arising out of such Force Majeure Event.
- At any time after the Financial Close, if any Force Majeure Event occurs:
  - there shall be no termination except as provided in the NBL Concession Agreement;
  - before COD, the concession period and the dates set forth in the Project Completion Schedule, as defined in the NBL Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or
  - after COD, NBL shall continue to make all reasonable efforts to maintain and operate the Project Highway; or
  - costs arising out of such Force Majeure Event shall be borne in accordance with the provisions of the NBL Concession Agreement.

Allocation of costs arising out of Force Majeure:

- Upon occurrence of a Force Majeure Event after the Financial Close, the costs incurred and attributable to such event and directly relating to the project ("**Force Majeure Costs**") shall be allocated and paid as follows:
  - upon occurrence of a Non-Political Event, as defined in the NBL Concession Agreement, the parties shall bear their respective Force Majeure Costs and neither party shall be required to pay to the other party any costs thereof;
  - upon occurrence of an Indirect Political Event, as defined in the NBL Concession Agreement, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the insurance cover for such Indirect Political Event, shall be borne by NBL, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by NHAI to NBL in accordance with the terms as set out in the NBL Concession Agreement; and
  - upon occurrence of a Political Event, as defined in the NBL Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by NHAI to NBL in accordance with the terms as set out in the NBL Concession Agreement.

Force Majeure Costs shall not include any debt repayment obligations, but may include interest payments on debt, O&M expenses and all other costs directly attributable to the Force Majeure Event.

Hand-back Provisions: Upon completion of concession period, the NBL shall comply and conform to the following divestment requirements in respect of the Project Highway:

- all project assets including the road, pavement stricture and equipment shall have been renewed and cured of all defects and deficiencies as necessary so that the Project Highway is compliant with the specifications and standards set out in the NBL Concession Agreement;
- all sections of each traffic lane of the Project Highway shall have a roughness index of not more than 2500 mm per km and shall be free from defects in accordance with O&M requirements;
- all lamps shall be in working condition;
- NBL delivers relevant records and reports pertaining to the Project Highway and its design, engineering, construction, operation, and maintenance including all operation and maintenance records and programmes and manuals pertaining thereto and complete as built drawings on the divestment date;
- NBL executes such deeds of conveyance, documents and other writings as the NHAI may reasonably require to convey, divest and assign all the rights, title and interest of NBL in the Project Highway free from all encumbrances absolutely and free of any charge or tax unto the NHAI or its nominee; and
- NBL complies with all other requirements as may be prescribed under applicable laws to complete the divestment and assignment of all the rights, title and interest of NBL in the Project Highway free from all encumbrances absolutely and free of any charge or tax to NHAI or its nominee.

Termination for NBL Default: Subject to the provisions of the NBL Concession Agreement, in the event that any of the defaults specified below shall have occurred, and NBL fails to cure the default within the mentioned cure periods, NBL shall be deemed to be in default of the NBL Concession Agreement (the "**NBL Default**"). The defaults referred to shall include, among other things, the following:

- NBL is in material breach of any of the Project Agreements, as defined in the NBL Concession Agreement;
- A resolution has been passed by the shareholders of NBL for voluntary winding up of NBL;
- NBL does not achieve the latest outstanding project milestone due in accordance with the provisions of the NBL Concession Agreement and continues to be in default for 180 days;
- NBL fails to achieve Financial Close in accordance with the terms of the NBL Concession Agreement;
- NBL has failed to make any payment under the NBL Concession Agreement within the period specified in the NBL Concession Agreement and if such delay exceeds 90 days.

Upon occurrence of a NBL Default, NHAI shall be entitled to terminate the NBL Concession Agreement by issuing a termination notice to NBL; provided that before issuing the termination notice, NHAI shall by a notice inform NBL of its intention to issue such termination notice and grant 15 days to NBL to make a representation, and may, after the expiry of such 15 days, whether or not it is in receipt of such representation, issue the termination notice.

Termination for NHAI Default: NBL may terminate the NBL Concession Agreement on account of occurrence of a default by the NHAI which is not rectified within cure periods (the "**NHAI Default**") and includes – (i) material breach causing a material adverse effect on NBL and NHAI has failed to cure such breach within 90 days from receipt of notice in this behalf from NBL; (ii) the failure to make any payment due to NBL and if such delay exceeds 90 days; (iii) repudiation of the NBL Concession Agreement etc.

Shillong Expressway Private Limited ("SEPL") Concession Agreement ("SEPL Concession Agreement") dated July 14, 2010 executed amongst SEPL and National Highways Authority of India ("NHAI").

Annuity: SEPL upon achieving COD for the Project Highway, each as defined in the SEPL Concession Agreement and in consideration of SEPL accepting the concession and undertaking to performs its obligations as set out in the SEPL Concession Agreement, NHAI agrees and undertakes to pay SEPL, for each Annuity Payment Period (as defined in the SEPL Concession Agreement), on each Annuity Payment Date (as defined in the SEPL Concession Agreement) a sum of ₹ 248.7 million in accordance with the SEPL Concession Agreement.

Concession fee: In consideration of the grant of concession under the SEPL Concession Agreement, the concession fee payable by SEPL to NHAI shall be ₹ 1.00 per year.

Performance security: SEPL shall, for the performance of its obligations under the SEPL Concession Agreement, during the Construction Period, as defined in the SEPL Concession Agreement, provide to NHAI no later than 180 (one hundred and eighty) days from the date of the SEPL Concession Agreement, an irrevocable and unconditional guarantee from a bank for a sum equivalent to ₹ 113.1 million in the form set forth in the SEPL Concession Agreement.

Change of scope: NHAI may require the provision of additional works and services which are not included in the scope of the project as contemplated by the SEPL Concession Agreement (the "**Change of Scope**"). NHAI shall make an advance payment to SEPL in a sum equal to 20% of the cost of Change of Scope, and in the event of a dispute, 20% of the cost assessed by the Independent Engineer, as defined in the SEPL Concession Agreement. NHAI shall disburse to SEPL such amounts as are certified by the Independent Engineer, as reasonable and after making a proportionate deduction for the advance payment made. All costs arising out of any Change of Scope order issued during the Construction Period, as defined in the SEPL Concession Agreement, shall be borne by SEPL, subject to an aggregate ceiling of 0.25% of the total project cost. Any costs in excess of the ceiling shall be reimbursed by NHAI.

O&M: SEPL shall operate and maintain the Project Highway, as defined in the SEPL Concession Agreement, in accordance with the SEPL Concession Agreement either by itself, or through the O&M Contractor, as defined in the SEPL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of SEPL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices;
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment;
- protection of the environment and provision of equipment and materials therefor; and
- operation and maintenance of all communication, control and administrative systems necessary for the efficient operation of the Project Highway.

Maintenance manual: SEPL shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual (the "**Maintenance Manual**") for the regular and preventive maintenance of the Project Highway in conformity with the specifications, standards, maintenance requirements, safety requirements and good industry practice. The Maintenance Manual shall be revised and updated once every three years.

Maintenance programme: SEPL shall provide to NHAI and the Independent Engineer its proposed annual programme of preventive, urgent and other scheduled maintenance (the "**Maintenance Programme**") to comply with the maintenance requirements, maintenance manual and safety requirements. Such Maintenance Programme shall include the following:

- preventive maintenance schedule;
- arrangements and procedures for carrying out urgent repairs;
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Project Highway;
- intervals at which SEPL shall carry out periodic maintenance;
- arrangements and procedures for carrying out safety related measures; and
- intervals for major maintenance works and the scope thereof.

Hand-back Provisions: Upon completion of the SEPL Concession Agreement, SEPL shall comply with and conform to the following requirements, amongst others:

- notify NHAI forthwith the location and particulars of all Project assets;
- deliver forthwith the actual or constructive possession of the Project Highway, free and clear of all encumbrances, save and except to the extent set forth in the substitution agreement;
- cure all Project assets, including the road, bridges, structures and equipment, of all defects and

deficiencies so that the Project Highway is compliant with the maintenance requirements;

- deliver and transfer relevant records, reports, intellectual property and other licences pertaining to the Project Highway and its design, engineering, construction, operation and maintenance, including all programmes and manuals pertaining thereto, and complete 'as built' drawings as on the transfer date.
- transfer and/or deliver all applicable permits to the extent permissible under applicable laws;
- execute such deeds, conveyance, documents and other writings as NHAI may reasonably require for conveying, divesting and assigning all the rights, title and interest of SEPL in the Project Highway, including manufacturers' warranties in respect of any plant or equipment and the right to receive outstanding insurance claims to the extent due and payable to NHAI, absolutely unto the NHAI or its nominee; and
- comply with all other requirements as may be prescribed or required under applicable laws for completing the concession period and assignment of all rights, title and interest of SEPL in the Project Highway, free from all encumbrances, absolutely unto NHAI or to its nominees.

Obligations relating to change in ownership: SEPL shall not undertake or permit any change in ownership, except with the prior written approval of NHAI. Notwithstanding anything to the contrary contained in the SEPL Concession Agreement, SEPL agrees and acknowledges that:

- all acquisitions of equity by an acquirer, either by himself or with any person acting in concert, directly or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any equity, in aggregate of not less than 15% of the total equity of SEPL; or
- acquisition of any control directly or indirectly of the board of directors of SEPL by any person either by himself or together with any person or persons acting in concert with him, shall constitute a change in ownership requiring prior approval of NHAI from national security and public interest perspective, the decision of NHAI in this behalf being final, conclusive and binding on SEPL, and undertakes that it shall not give effect to any such acquisition of equity or control of the board of directors of SEPL without such prior approval of NHAI. It has been expressly agreed that approval of NHAI hereunder shall be limited to national security and public interest perspective, and NHAI shall endeavour to convey its decision thereon expeditiously. It has also been agreed that NHAI shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve SEPL from any liability or obligation under the SEPL Concession Agreement.

Indemnities:

- SEPL shall indemnify, defend, save and hold harmless NHAI and its officers, servants, agents, Government Instrumentalities, as defined in the SEPL Concession Agreement, and Government owned and/or controlled entities/enterprises, (the "**NHAI Indemnified Persons**") against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, whether arising out of any breach by SEPL of any of its obligations under the SEPL Concession Agreement or any related agreement or on account of any defect or deficiency in the provision of services by SEPL to any user or from any negligence of SEPL under contract or tort or on any other ground whatsoever, except to the extent that any such suits, proceedings, actions, demands and claims have arisen due to any negligent act or omission, or breach or default of the SEPL Concession Agreement on the part of NHAI Indemnified Persons;
- SEPL shall fully indemnify, hold harmless and defend NHAI and NHAI Indemnified Persons from and against any and all loss and/or damages arising out of or with respect to:
  - failure of SEPL to comply with applicable laws and applicable permits;
  - payment of taxes required to be made by SEPL in respect of the income or other taxes of SEPL's contractors, suppliers and representatives; or
  - non-payment of amounts due as a result of materials or services furnished to SEPL or any of its contractors which are payable by SEPL or any of its contractors.
- SEPL shall fully indemnify, hold harmless and defend NHAI Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which NHAI Indemnified Persons may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by SEPL or by SEPL's contractors in performing the obligations of SEPL or in any way incorporated in or related to the project. If in any such suit, action, claim or proceedings, a temporary restraint order or preliminary injunction is granted, SEPL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the revocation or suspension of the injunction or restraint

order. If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, SEPL shall promptly make every reasonable effort to secure for NHAI a licence, at no cost to NHAI, authorising continued use of the infringing work. If SEPL is unable to secure such licence within a reasonable time, SEPL shall, at its own expense, and without impairing the specifications and standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it becomes non-infringing.

Suspension of SEPL's rights: Upon occurrence of a SEPL Default, NHAI shall be entitled, without prejudice to its other rights and remedies under the SEPL Concession Agreement including its rights of termination thereunder, to (i) suspend all rights of SEPL under the SEPL Concession Agreement, including SEPL's right to collect Fee, and other revenues pursuant hereto, and (ii) exercise such rights itself and perform the obligations hereunder or authorise any other person to exercise or perform the same on its behalf during such suspension ("**Suspension**"). Suspension hereunder shall be effective forthwith upon issue of notice by NHAI to SEPL and may extend up to a period not exceeding 180 days from the date of issue of such notice; provided that upon written request from SEPL and the Lenders' Representative, as defined in the SEPL Concession Agreement, NHAI shall extend the aforesaid period of 180 days by a further period not exceeding 90 days. At any time during the period of Suspension, the Lenders' Representative, on behalf of Senior Lenders, each term as defined in the SEPL Concession Agreement, shall be entitled to substitute SEPL under and in accordance with the Substitution Agreement, as defined in the SEPL Concession Agreement, and upon receipt of notice thereunder from the Lenders' Representative, NHAI shall withhold termination for a period not exceeding 180 days from the date of Suspension, and any extension thereof, for enabling the Lenders' Representative to exercise its rights of substitution on behalf of Senior Lenders.

Effect of force majeure event on the Concession:

- Upon the occurrence of any Force Majeure Event, as defined in the SEPL Concession Agreement, prior to the Appointed Date, as defined in the SEPL Concession Agreement, the period for achieving financial close shall be extended by a period equal in length to the duration of the Force Majeure Event.
- At any time after the Appointed Date, if any Force Majeure Event occurs:
  - before COD, the concession period and the dates set forth in the Project Completion Schedule, as defined in the SEPL Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists.

Allocation of costs arising out of Force Majeure:

- Upon occurrence of any Force Majeure Event prior to the Appointed Date, the parties to the SEPL Concession Agreement shall bear their respective costs and no party shall be required to pay to the other party any costs thereof.
- Upon occurrence of a Force Majeure Event after the Appointed Date, the costs incurred and attributable to such event and directly relating to the project ("**Force Majeure Costs**") shall be allocated and paid as follows:
  - upon occurrence of a Non-Political Event, as defined in the SEPL Concession Agreement, the parties shall bear their respective Force Majeure Costs and neither party shall be required to pay to the other party any costs thereof;
  - upon occurrence of an Indirect Political Event, as defined in the SEPL Concession Agreement, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the insurance cover for such Indirect Political Event, shall be borne by SEPL, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by NHAI to SEPL; and
  - upon occurrence of a Political Event, as defined in the SEPL Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by NHAI to SEPL.

  Force Majeure Costs may include interest payments on debt, O&M expenses, any increase in the cost of construction works on account of inflation and all other costs directly attributable to the Force Majeure Event, but shall not include loss of Fee revenues or debt repayment obligations, and for determining such costs, information contained in the Financial Package, as defined in the SEPL Concession Agreement, may be relied upon to the extent that such information is relevant.

Termination for SEPL Default: Subject to the provisions of the SEPL Concession Agreement, in the event that any of the defaults specified below shall have occurred, and SEPL fails to cure the default within the mentioned cure periods, or where no cure period is specified, then within a cure period of 60 days, SEPL shall be deemed to be in default of the SEPL Concession Agreement (the "**SEPL Default**"), unless the default has occurred solely as a result of any breach of the SEPL Concession Agreement by NHAI or due to force majeure. The defaults referred to shall include, among other things, the following:

- the Performance Security has been encashed and appropriated in accordance with the SEPL Concession Agreement and SEPL fails to replenish or provide fresh Performance Security within a cure period of 30 days;
- subsequent to the replenishment or furnishing of fresh Performance Security in accordance with the SEPL Concession Agreement, SEPL fails to cure, within a cure period of 90 days, the SEPL Default for which whole or part of the Performance Security was appropriated;
- SEPL does not achieve the latest outstanding project milestone due in accordance with the provisions of the SEPL Concession Agreement and continues to be in default for 90 days;
- upon occurrence of a Financial Default, the Lenders' Representative, each term as defined in the SEPL Concession Agreement, has by notice required NHAI to undertake Suspension or termination, as the case may be, in accordance with the Substitution Agreement, as defined in the SEPL Concession Agreement, and SEPL fails to cure the default within the cure period specified;
- SEPL abandons or manifests intention to abandon the construction or operation of the Project Highway without the prior written consent of NHAI;
- SEPL is in breach of the maintenance requirements or the safety requirements, as the case may be;
- SEPL has failed to make any payment to NHAI within the period specified in the SEPL Concession Agreement; and
- a change in ownership has occurred in breach of the provisions of the SEPL Concession Agreement.

Upon occurrence of a SEPL Default, NHAI shall be entitled to terminate the SEPL Concession Agreement by issuing a termination notice to SEPL; provided that before issuing the termination notice, NHAI shall by a notice inform SEPL of its intention to issue such termination notice and grant 15 days to SEPL to make a representation, and may, after the expiry of such 15 days, whether or not it is in receipt of such representation, issue the termination notice.

Termination for NHAI Default: SEPL may terminate the SEPL Concession Agreement on account of occurrence of a default by the NHAI which is not rectified within cure periods (the "**NHAI Default**") and includes – (i) material breach causing a material adverse effect on SEPL; (ii) the failure to make any payment due to SEPL; (iii) repudiation of the SEPL Concession Agreement etc.

Defects liability after termination: SEPL shall be responsible for all defects and deficiencies in the Project Highway for a period of 120 days after termination, as defined in the SEPL Concession Agreement, and it shall have the obligation to repair or rectify, at its own cost, all defects and deficiencies observed by the Independent Engineer in the Project Highway during this period. In the event that SEPL fails to repair or rectify such defect or deficiency within a period of 15 days from the date of notice issued by NHAI, NHAI shall be entitled to get the same repaired or rectified at the risk and cost of SEPL so as to make the Project Highway conform to the maintenance requirements. All costs incurred by NHAI in this regard shall be reimbursed by SEPL to NHAI within 15 days of receipt of demand thereof, and in the event of default in reimbursing such costs, NHAI shall be entitled to recover the same in accordance with the provisions of the SEPL Concession Agreement.

Ulundurpet Expressways Private Limited ("UEPL") Concession Agreement ("UEPL Concession Agreement") dated April 19, 2006 executed amongst UEPL and National Highways Authority of India ("NHAI")

Concession fee: In consideration of the grant of concession under the UEPL Concession Agreement, the concession fee payable by UEPL to NHAI shall be ₹ 1.00 per year.

Fee: During the Operation Date, as defined in the UEPL Concession Agreement, UEPL shall have the sole and exclusive right to demand, collect and appropriate charge levied on and payable for a vehicle using the Project Highway, as defined in the UEPL Concession Agreement, or a part thereof ("**Fee**") from the users subject to and in accordance with the UEPL Concession Agreement and the fee notification set forth therein.

Change of scope: NHAI may require the provision of additional works and services which are not included in the scope of the project as contemplated by the UEPL Concession Agreement, during the Construction Period, as defined in the UEPL Concession Agreement (the "**Change of Scope**") provided such changes do not require any increase/reduction in expenditure exceeding 10% of the Total Project Cost and do not affect the COD, each as defined in the UEPL Concession Agreement. All such changes shall be made by NHAI by an order issued in accordance with the procedure set forth in the UEPL Concession Agreement.

NHAI may request further improvements to the Project assets and the Project Highway, as defined in the UEPL Concession Agreement ,subject to a limit to 20% of the Project Cost, during the operations period in the form of a Change of Scope order that are required to make the Project Highway comply with the latest specifications and standards, and other requirements set forth in the UEPL Concession Agreement, good industry practice, applicable laws and applicable permits during the entire operations period ("**Value Additions**"). The cost of such Value Additions shall be borne by NHAI and such costs shall be computed and the work for such Value Additions shall be carried out in the manner as set out in the UEPL Concession Agreement.

O&M: UEPL shall operate and maintain the Project Highway , in accordance with the UEPL Concession Agreement either by itself, or through the O&M Contractor, as defined in the UEPL Concession Agreement, and if required, modify, repair or otherwise make improvements to the Project Highway, and conform to specifications, standards and good industry practice. The obligations of UEPL, among other things, shall include:

- permitting safe, smooth and uninterrupted flow of traffic on the Project Highway during normal operating conditions;
- carrying out periodic preventive maintenance of the Project Highway;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, pavement markings, lighting, road signs and other traffic control devices; and
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment.

Maintenance manual: UEPL shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual not later than 180 days before the Scheduled Project Completion Date, as defined in the UEPL Concession Agreement (the "**Maintenance Manual**") for the regular and periodic maintenance, and shall ensure that at all times during the Operations Period, as defined in the UEPL Concession Agreement, the Project Highway is maintained in a manner that it complies with the Specifications and Standard, as defined in the UEPL Concession Agreement and the minimum maintenance requirement as set forth in the UEPL Concession Agreement.

Maintenance programme: UEPL shall in consultation with the Independent Engineer not later than 45 days from the start of each Accounting Year, as defined in the UEPL Concession Agreement, provide to NHAI and the Independent Engineer its proposed annual programme of preventive and other scheduled maintenance (the "**Maintenance Programme**") to comply with the maintenance requirements, maintenance manual and safety requirements. Such Maintenance Programme shall include the following:

- preventive maintenance schedule;
- criteria to be adopted for deciding maintenance needs;
- intervals and procedures for carrying out inspection of all elements of the Project Highway;
- intervals at which UEPL shall carry out periodic maintenance; and
- intervals for major maintenance works and the scope thereof.

Obligations relating to change in ownership: UEPL shall not undertake or permit any change in ownership, except with the prior written approval of NHAI. Notwithstanding anything to the contrary contained in the UEPL Concession Agreement, UEPL agrees and acknowledges that:

- all acquisitions of equity by an acquirer, either by himself or with any person acting in concert, directly or indirectly, including by transfer of the direct or indirect legal or beneficial ownership or control of any equity, in aggregate of not less than 15% of the total equity of UEPL; or
- acquisition of any control directly or indirectly of the board of directors of UEPL by any person either by himself or together with any person or persons acting in concert with him, shall constitute a change in ownership requiring prior approval of NHAI from national security and public interest perspective, the decision of NHAI in this behalf being final, conclusive and binding on UEPL, and undertakes that it shall not give effect to any such acquisition of equity or control of the board of directors of UEPL without

such prior approval of NHAI. It has been expressly agreed that approval of NHAI hereunder shall be limited to national security and public interest perspective, and NHAI shall endeavour to convey its decision thereon expeditiously. It has also been agreed that NHAI shall not be liable in any manner on account of grant or otherwise of such approval and that such approval or denial thereof shall not in any manner absolve UEPL from any liability or obligation under the UEPL Concession Agreement.

Indemnities:

- UEPL shall indemnify, defend, save and hold harmless NHAI against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, arising out of the design, engineering, construction, procurement, Operation and Maintenance, as defined in the UEPL Concession Agreement, of the Project Highway or arising out of any breach by UEPL of any of its obligations under the UEPL Concession Agreement except to the extent that any such claim has arisen due to NHAI Event of Default, as defined in the UEPL Concession Agreement;
- UEPL shall fully indemnify, hold harmless and defend NHAI and NHAI Indemnified Persons from and against any and all loss and/or damages arising out of or with respect to:
  - failure of UEPL to comply with applicable laws and applicable permits;
  - payment of taxes required to be made by UEPL in respect of the income or other taxes of UEPL's contractors, suppliers and representatives; or
  - non-payment of amounts due as a result of materials or services furnished to UEPL or any of its contractors which are payable by UEPL or any of its contractors.
- UEPL shall fully indemnify, hold harmless and defend NHAI Indemnified Persons from and against any and all suits, proceedings, actions, claims, demands, liabilities and damages which NHAI Indemnified Persons may hereafter suffer, or pay by reason of any demands, claims, suits or proceedings arising out of claims of infringement of any domestic or foreign patent rights, copyrights or other intellectual property, proprietary or confidentiality rights with respect to any materials, information, design or process used by UEPL or by UEPL's contractors in performing the obligations of UEPL or in any way incorporated in or related to the project. If in any such suit, action, claim or proceedings, a temporary restraint order or preliminary injunction is granted, UEPL shall make every reasonable effort, by giving a satisfactory bond or otherwise, to secure the revocation or suspension of the injunction or restraint order. If, in any such suit, action, claim or proceedings, the Project Highway, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, UEPL shall promptly make every reasonable effort to secure for NHAI a licence, at no cost to NHAI, authorising continued use of the infringing work. If UEPL is unable to secure such licence within a reasonable time, UEPL shall, at its own expense, and without impairing the specifications and standards, either replace the affected work, or part, or process thereof with non-infringing work or part or process, or modify the same so that it becomes non-infringing.

Effect of force majeure event on the Concession:

- Upon the occurrence of any Force Majeure Event, as defined in the UEPL Concession Agreement, prior to the Financial Close, as defined in the UEPL Concession Agreement, (i) there shall be no termination except as provided in the UEPL Concession Agreement, (ii) the period for achieving Financial Close shall be extended by a period equal in length to the duration of the Force Majeure Event, and (iii) each party shall bear its own costs and no party shall be required to pay the other party, costs arising out of such Force Majeure Event.
- At any time after the Financial Close, if any Force Majeure Event occurs:
  - there shall be no termination except as provided in the UEPL Concession Agreement;
  - before COD, the concession period and the dates set forth in the Project Completion Schedule, as defined in the UEPL Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or
  - after COD, UEPL shall continue to make all reasonable efforts to collect the Fee, but if UEPL is unable to collect Fee on account of the Force Majeure Event, the Concession Period shall be extended for such period for which the collection of Fee remains suspended on account of the Force Majeure Event; or
  - costs arising out of such Force Majeure Event shall be borne in accordance with the provisions of the UEPL Concession Agreement.

Allocation of costs arising out of Force Majeure:

- Upon occurrence of a Force Majeure Event after the Financial Close, the costs incurred and attributable to such event and directly relating to the project ("**Force Majeure Costs**") shall be allocated and paid as follows:
    - upon occurrence of a Non-Political Event, as defined in the UEPL Concession Agreement, the parties shall bear their respective Force Majeure Costs and neither party shall be required to pay to the other party any costs thereof;
    - upon occurrence of an Indirect Political Event, as defined in the UEPL Concession Agreement, all Force Majeure Costs attributable to such Indirect Political Event, and not exceeding the insurance cover for such Indirect Political Event, shall be borne by UEPL, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by NHAI to UEPL in accordance with the terms as set out in the UEPL Concession Agreement; and
    - upon occurrence of a Political Event, as defined in the UEPL Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by NHAI to UEPL in accordance with the terms as set out in the UEPL Concession Agreement.

  Force Majeure Costs shall not include any debt repayment obligations or loss of Fee revenue, but may include interest payments on debt, O&M expenses and all other costs directly attributable to the Force Majeure Event.

Hand-back Provisions: Between 30 to 36 months (initial inspection period) and between 9 to 12 months (second inspection period) prior to the expiry of the concession period, UEPL and the Independent Consultant will conduct a joint inspection of the Project Highway and all the project facilities. Post to the inspection, UEPL will provide to the Independent Consultant a report on the condition of the Project Highway and the project facilities along with a notice setting out its proposal to renewal of works in compliance with the divestment requirements.

2 years prior to the expiry of the concession period a sum equal to the fees realisable during the last 2 years of the concession period for a traffic volume calculated at the rate of 10,000 PCUs per day per year or a higher sum estimated by the Independent Consultant for renewal works, will be retained in the escrow account. Alternatively, UEPL may furnish a bank guarantee of an equivalent amount in the form of a performance guarantee. Upon furnishing the performance guarantee by UEPL, the retention amount in the escrow account will be dispensed with. If pursuant to the second inspection it is determined that no renewal of works is required, then within 14 days, 50% of the retention amount will be released from the escrow account to UEPL.

UEPL is also responsible for rectifying all defects and deficiencies in the Project Highway till the vesting certificate has been issued within 3 months of UEPL conforming to all the divestment requirements. After 14 days after the issuance of the vesting certificate the entire retention amount held in the escrow account as performance security will be released to UEPL.

Termination for UEPL Default: Subject to the provisions of the UEPL Concession Agreement, in the event that any of the defaults specified below shall have occurred, and UEPL fails to cure the default within the mentioned cure periods, UEPL shall be deemed to be in default of the UEPL Concession Agreement (the "**UEPL Default**"). The defaults referred to shall include, among other things, the following:

- UEPL is in material breach of any of the Project Agreements, as defined in the UEPL Concession Agreement;
- A resolution has been passed by the shareholders of UEPL for voluntary winding up of UEPL;
- UEPL does not achieve the latest outstanding project milestone due in accordance with the provisions of the UEPL Concession Agreement and continues to be in default for 180 days;
- UEPL fails to achieve Financial Close in accordance with the terms of the UEPL Concession Agreement; and
- UEPL has failed to make any payment under the UEPL Concession Agreement within the period specified in the UEPL Concession Agreement and if such delay exceeds 90 days.

Upon occurrence of a UEPL Default, NHAI shall be entitled to terminate the UEPL Concession Agreement by issuing a termination notice to UEPL; provided that before issuing the termination notice, NHAI shall by a notice inform UEPL of its intention to issue such termination notice and grant 15 days to UEPL to make a representation,

and may, after the expiry of such 15 days, whether or not it is in receipt of such representation, issue the termination notice.

Termination for NHAI Default: UEPL may terminate the UEPL Concession Agreement on account of occurrence of a default by the NHAI which is not rectified within cure periods (the "**NHAI Default**") and includes – (i) material breach causing a material adverse effect on UEPL and NHAI has failed to cure such breach within 90 days from receipt of notice in this behalf from UEPL; (ii) the failure to make any payment due to UEPL and if such delay exceeds 90 days; (iii) repudiation of the UEPL Concession Agreement etc.

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INFORMATION CONCERNING THE UNITS

Unitholding of the Highways Trust:

Particulars	Number of Units
Units issued and outstanding prior to this Issue	[●]*
Units issued and outstanding after this Issue*	Up to [●]**

* *The first allotment of Units is proposed to be made to the Sponsor on or about [●] in accordance with the Share Purchase Agreement (for further details, please see the section entitled "Related Party Transactions- Acquisition of the Project SPVs by the Trust" on page 262) after the Bid/ Issue Closing Date and prior to the Allotment of Units pursuant to the Issue.*
*** To be updated in the Final Placement Memorandum to be filed with SEBI and Stock Exchange.*

Unitholders holding more than 5% of the Units

Sr. No.	Name of the Unit Holders*	Pre-Issue		Post Issue**	
		Number of Units	Percentage of holding (%)	Number of Units	Percentage of holding (%)
1.	[•]	[•]	[•]	[•]	[•]

* *The first allotment of Units is proposed to be made to the Sponsor on or about [●] in accordance with the Share Purchase Agreement (for further details, please see the section entitled "Related Party Transactions" on page 257) after the Bid/ Issue Closing Date and prior to the Allotment of Units pursuant to the Issue.*
*** To be updated in the Final Placement Memorandum to be filed with SEBI and Stock Exchange.*

Unitholding of the Sponsor, Investment Manager, Project Manager and Trustee

The Sponsor, shall be allotted Units of the Trust pursuant to the Share Purchase Agreement, prior to Allotment of Units in the Issue.

The Trustee, Investment Manager and Project Manager do not hold any Units and shall not acquire any Units in this Issue.

Unitholding of the directors of the Investment Manager

As on the date of this Draft Placement Memorandum, none of the directors of the Investment Manager hold any Units or propose to hold any Units in the Highways Trust.

Sponsor lock-in

In terms of the InvIT Regulations, the Sponsor shall hold not less than 15% of Units on a post-Issue basis, aggregating up to [●] Units, which shall be locked-in for a period of three years from the date of listing of the Units. Further, unitholding of the Sponsor, exceeding 15% on a post-Issue basis, if any, shall be locked-in for a period of not less than one year from the date of listing of the Units.

USE OF PROCEEDS

The Issue Proceeds will be up to ₹ 4,000.00 million (the "**Issue Proceeds**"). The Issue Proceeds will be utilised towards the following objects:

(i). Acquisition of non-cumulative redeemable preference shares issued by SEPL;

(ii). Acquisition of compulsory convertible debentures issued by the Project SPVs; and

(iii). General purposes.

Requirements of Funds

The Issue Proceeds are proposed to be utilised in accordance with the details provided in the following table:

(In ₹ million)

S. No.	Particulars	Amount*
(i)	Acquisition of non-cumulative redeemable preference shares issued by SEPL	545.10
(ii)	Acquisition of compulsory convertible debentures issued by the Project SPVs	2,904.90
(iii)	General purposes	[●]
(iv)	Issue expenses	[●]
	TOTAL	[●]

**To be updated in the Final Placement Memorandum prior to filing with SEBI and the Stock Exchange(s).*

The fund requirements mentioned above and the proposed deployment are based on the estimates of the Investment Manager and have not been appraised by any bank, financial institution or any other external agency. The fund requirements may vary due to factors beyond the Investment Manager's control, such as market conditions, competitive environment, interest rate and exchange rate fluctuations. Consequently, the fund requirements are subject to revisions, in the future, at the discretion of the Investment Manager.

Details of Utilisation of the Issue Proceeds

The details of utilisation of the Issue Proceeds are set forth herein below:

(i). ***Acquisition of non-cumulative redeemable preferences shares issued by SEPL***

SEPL has issued 6% 18,17,000 non-cumulative redeemable preference shares ("**RPS**") of face value of ₹ 10 each, to India Infrastructure II ("**IIF II**"). In accordance with the amended and restated share purchase agreement dated December 15, 2021 ("**SEPL SPA**") entered into, amongst others, between the Sponsor and IIF II, subject to certain conditions, the Sponsor shall assign the SEPL SPA to the Highways Trust by way of assignment agreement. Upon such assignment, the Trust shall acquire the RPS from IIF II.

Accordingly, the Trust proposes to utilise the Issue Proceeds aggregating up to ₹ 545.10 million for acquisition of the RPS from IIF II. The indicative key terms of the RPS have been summarised below:

(a) ***Aggregate amount:*** ₹ 545.10 million;
(b) ***Interest:*** 6%;
(c) ***Face value:*** ₹ 10 or as may be mutually agreed; and
(d) ***Redemption period:*** any time on or before March 31, 2022, subject to availability of cash, at the option of SEPL.

(ii). ***Acquisition of compulsory convertible debentures issued by the Project SPVs***

The Project SPVs have issued certain compulsory convertible debentures ("**CCDs**") which are currently held by the Sponsor. The Trust proposes to acquire a portion of these compulsory convertible debentures from the Issue Proceeds, aggregating to ₹ 2,904.90 million, pursuant to the securities purchase agreement to be executed between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, and the Project SPVs. The indicative key terms of the CCDS have been summarised below:

(a) ***Aggregate amount:*** ₹ 2,904.90 million;
(b) ***Form:*** Dematerialised;
(c) ***Interest:*** up to 14% per annum to be paid annually or as may be mutually agreed;
(d) ***Face value:*** ₹ 100 or as may be mutually agreed;
(e) ***Security:*** Unsecured;
(f) ***Tenure:*** 30 years from the date of the issue;
(g) ***Transferability:*** Freely transferable;
(h) ***Voting rights:*** No voting rights until conversion into equity shares; and
(i) ***Conversion:*** As specified in the securities purchase agreement.

For further details in relation to the securities purchase agreement, please see the section entitled "*Related Party Transactions – Securities Purchase Agreement*" on page 259.

(iii). ***General purposes***

In terms of the InvIT Regulations, the Investment Manager shall, at its discretion, deploy the balance Issue Proceeds (excluding the Issue Expenses) aggregating up to ₹ [●] million towards general expenses for the operation of the Trust, subject to such utilization not exceeding 10% of the Issue Proceeds, in compliance with the InvIT Regulations. The general purposes for which the Trust proposes to utilise Issue Proceeds include meeting exigencies and expenses incurred in the ordinary course of business. In addition, the Trust may utilise the Issue Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved by the Investment Manager or the Trustee, as the case may be, subject to compliance with applicable law.

In case of a shortfall in Issue Proceeds, the Investment Manager may, in compliance with the InvIT Regulations, have the flexibility to meet such shortfall including, by utilising the Trust's internal accruals or availing facilities from lenders. The Investment Manager, in accordance with the Investment Objectives of the Trust, policies of its board of directors and the InvIT Regulations, will have flexibility in utilising any surplus amounts.

Issue Expenses

The total expenses of this Issue are estimated to be up to ₹ [●] million ("**Issue Expenses**"). The Issue Expenses consist of fee and commissions payable to the Lead Managers, fee payable to legal counsels, fee payable to Escrow Collection Bank, Registrar and other advisors or arrangers and all other incidental and miscellaneous expenses for undertaking the formation transactions and for listing the Units on the Stock Exchange(s). The Issue Expenses shall be borne by the Highways Trust.

For ease of operations, if required, the Issue Expenses as stated above, may be borne by the Investment Manager or HC1. Such expenses may be reimbursed by the Highways Trust to the Investment Manager in the future, as agreed between the Investment Manager and the Highways Trust in terms of the Investment Management Agreement. Further, for all expenses incurred by HC1 on behalf of the Highways Trust, the Investment Manager shall reimburse HC1 in the future, as agreed between such parties in accordance with the Reimbursement Agreement. For further details in relation to the Reimbursement Agreement, please see the section entitled "*Related Party Transactions-Reimbursement Agreement*" on page 262.

FINANCIAL INDEBTEDNESS

The details of indebtedness of the Highways Trust as at December 31, 2021, together with a brief description of certain material covenants of the relevant financing agreements, are provided below:

(Amounts in ₹ million)

Category of borrowing	Amount Outstanding
Highways Trust	
Secured	-
Unsecured	-
Total Borrowings	-
DBCPL	
Secured	2,851.28
Unsecured	-
Total Borrowings	**2,851.28**
GEPL	
Secured	4,109.41
Unsecured	5,094.14
Total Borrowings	**9,203.55**
JPEPL	
Secured	2,655.31
Unsecured	2,634.57
Total Borrowings	**4,968.40**
NBL	
Secured	1,249.10
Unsecured	331.12
Total Borrowings	**1,580.22**
SEPL	
Secured	701.55
Unsecured	-
Total Borrowings	**701.55**
UEPL	
Secured	2,968.54
Unsecured	678.97
Total Borrowings	**3,647.51**
Total	**22,952.51**

Principal terms of the borrowings availed by, the Project SPVs:

1. *Security:* The borrowings availed by the Project SPVs, are secured by, amongst others, a first ranking *pari passu* charge over:

    (i). identified immovable assets of the Project SPVs (not including the project assets);

    (ii). tangible and moveable assets of certain Project SPVs (present and future) except the project assets;

    (iii). the intangible assets of certain Project SPVs;

    (iv). pledge of a certain specified percentage of the equity shares of certain Project SPVs;

    (v). accounts of certain Project SPVs, including escrow accounts and sub-accounts maintained in accordance with the financing arrangements, accounts created for maintaining reserves such as

major maintenance reserves, debt service reserve account and any other bank accounts of the Project SPV and all its receivables; and

(vi). the assignment of all rights and interests of certain Project SPVs: (A) under the project agreements, (B) in the clearances obtained by the Project SPVs, (C) in any letter of credit, liquidation damages or performance bonds provided by any party to the project agreement, and (D) under the insurance contracts;

2. *Pre-payment:* Most of the loans availed by the SPVs may be prepaid in full or in part without the payment of any prepayment penalty, subject to certain conditions such as (i) the prepayment being affected at the instance of the lenders; (ii) the prepayment being on account of of reset in the 'Spread' on the facility by a lender which increase is not acceptable to the Project SPV, (iii) the prepayment being made within a specified time-period post any spread reset date, after giving a prior written notice to the lenders; and (iv) the prepayment being made from the internal accruals, after giving a prior written notice to the lenders. The Project SPVs may also be required to mandatorily prepay the loans availed by them in full or in part, immediately upon, amongst others, (i) receipt of certain amounts by the Project SPV, as set out in the financing arrangements such as amounts in the nature of termination payments under the project agreements, proceeds resulting from arbitral or judicial awards and any insurance proceeds received, and (ii) the Projects SPV accepting offers for capacity augmentation in accordance with the project agreements.

3. *Restrictive Covenants:* The borrowing arrangements entered into by the Project SPVs contain standard restrictive covenants affecting the Project SPVs, which prevent them from undertaking certain actions, including:

(i). incurring any indebtedness without prior approval of certain lenders, other than as permitted in accordance with the financing documents;

(ii). effecting changes in its control or capital structure without prior approval of certain lenders;

(iii). making any 'Restricted Payments' which include amongst other things, payment of dividends, distributions, returns on equity, repayment or redemption for value and payment of interests;

(iv). amending its constitutional documents without the prior consent of certain lenders;

(v). making any changes to their names and addresses, without the prior consent of certain lenders;

(vi). making any capital expenditure or acquire fixed assets on lease without prior consent of certain lenders; and

(vii). taking any action towards amalgamation, reconstruction, merger, consolidation or re-organisation without the prior consent of certain lenders.

4. *Events of Default:* Borrowing arrangements entered into by the Project SPVs contain standard events of default affecting the Project SPVs, including, amongst others:

(i). failure to pay any sum under the financing agreement;

(ii). non-compliance with the provisions of the financing agreements or any misrepresentations thereunder;

(iii). a default by the Project SPVs under any of their other financing documents;

(iv). the security interest provided to the lenders being in jeopardy, in the opinion of the lenders;

(v). initiation of insolvency or other analogous proceedings against the Project SPVs;

(vi). cessation of business of the Project SPVs; and

(vii). failure to maintain the debt service coverage ratio as may be set out in the financing agreements.

5. *Consequences of default*: In terms of the borrowing arrangements entered into by the Project SPVs, the following, amongst others, are the consequences of default:

   (i). cancellation or suspension the available commitments;

   (ii). acceleration of repayment obligations and declaration of amounts outstanding to be forthwith due and payable;

   (iii). enforcement of security interests; and

   (iv). exercise of other remedies as permitted or available under the borrowing arrangements.

This is an indicative list of the terms of the borrowings availed by the Project SPVs and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by the Project SPVs. Where applicable and in relation to any debentures issued by the Project SPVs, the term 'lenders' may include the relevant debenture trustee and/or the debenture holders.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, the Project SPVs may, from time to time, enter into re-financing arrangements and draw down funds thereunder, prior to the filing of the Placement Memorandum.

Leverage

In accordance with and subject to the InvIT Regulations, the provisions of the Trust Deed, and the borrowing policy adopted by the Investment Manager, the aggregate consolidated borrowings and deferred payments of the Trust may be up to 70% of the aggregate of the Trust Assets.

Status of lender consents

The Project SPVs have availed debt from certain third-party lenders and consents from the respective lenders are required for and in connection with the Issue. As on the date of this Draft Placement Memorandum, the Project SPVs have made applications to the relevant lenders for seeking their consent in relation to the Issue, out of which some have been received and some are expected to be received from these lenders prior to filing the Placement Memorandum with SEBI. For further details, please see the section entitled "*Risk Factors – The acquisition by the Highways Trust of the Project SPVs from the Sponsor may be subject to certain risks, which may result in damages and losses. We may not be able to recover losses arising from the acquisition of the Project SPVs from the Sponsor or third parties under relevant contractual arrangements*" on page 65.

Borrowing Policy

The Investment Manager shall ensure that all funds borrowed in relation to the Highways Trust are in compliance with the InvIT Regulations. Accordingly, the Investment Manager has formulated a borrowing policy to outline the process for borrowing monies in relation to the Highways Trust. For further details, please see the section entitled "*Corporate Governance – Investment Manager – Policies adopted in relation to the Highways Trust – Borrowing Policy*" on page 149.

DISTRIBUTIONS

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Highways Trust, the Trustee, the Sponsor, the Investment Manager, the Lead Manager or any other person. Bidders are cautioned not to place undue reliance on these forward-looking statements that are stated only as at the date of this Draft Placement Memorandum. For details in relation to such forward-looking statements, please see the section entitled "Forward-Looking Statements" on page 15.

The net distributable cash flows of the Highways Trust (the "**Distributable Income**") are based on the cash flows generated from the underlying operations undertaken by the SPVs. For details of the business and operations presently undertaken by the SPVs, please see the section entitled *"Business*" on page 170. Currently, cash flows receivable by the Highways Trust may be in the form of dividend, capital reduction, interest income or principal repayment received from the SPVs in relation to any debt sanctioned by the Highways Trust, or a combination of both.

In terms of the InvIT Regulations, not less than 90% of the net distributable cash flows of the SPVs, shall be distributed to the Highways Trust, subject to applicable provisions in the Companies Act, 2013, as amended and not less than 90% of the net distributable cash flows of the Highways Trust shall be distributed to the Unitholders.

The Highways Trust shall declare and distribute at least 90% of the Distributable Income to the Unitholders. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year. However, if any infrastructure asset is sold by the Highways Trust or the SPVs, or if the equity shares or interest in the SPVs are sold by the Highways Trust and if the Highways Trust proposes to re-invest the sale proceeds into another infrastructure asset within one year, it shall not be required to distribute any sales proceeds to the Highways Trust or to the Unitholders. Further, if the Highways Trust proposes not to invest the sale proceeds into any other infrastructure asset within one year, it shall be required to distribute the same in the manner specified above. In accordance with the InvIT Regulations, distributions by the Highways Trust shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees. For details on the risks relating to distribution, please see the section entitled "*Risk Factors*" on page 58.

Distribution Policy

Method of calculation of Distributable Income

The Distributable Income of the Highways Trust shall be calculated in accordance with the InvIT Regulations. The Highways Trust proposes to calculate Distributable Income in the manner provided below:

(a) Calculation of the Net Distributable Cash Flows at Project SPV level:

Description
Profit after tax as per profit and loss account (standalone) (A)
Add: Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust, as per profit and loss account
Add: Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.
Add/Less: Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to • any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • interest cost as per effective interest rate method (difference between accrued and actual paid); • deferred tax, lease rents, provisions, etc. • any other items charged / credited to the P&L account which do not involve corresponding cash flows
Add/Less: Decrease / increase in working capital
Add/Less: Loss / gain on sale of assets / investments
Add: Proceeds from sale of infrastructure assets adjusted for the following: • related debts settled or due to be settled from sale proceeds; • directly attributable transaction costs; • directly attributable transaction costs proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations

Add: Net proceeds (after applicable taxes) from sale of assets / investments adjusted for proceeds reinvested or planned to be reinvested.
Add: Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax
Add: Net proceeds (after applicable taxes) from sale of assets / investments not distributed pursuant to an earlier plan to reinvest, if such proceeds are not intended to be invested subsequently.
Add: amount released from DSRA/MMRA or any other reserve in lieu of providing bank guarantee.
Add: amount received from settlement of claim from NHAI or from any engineering, procurement and construction contractors to the extent not already considered in profit after tax
Add: Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.
Add: Proceeds from loan raised from third parties
Add: Proceeds from loan raised from related party (other than Trust)
Less: Capital expenditure, if any
Less: Investments made in accordance with the investment objective, if any
Less: Repayments of loan raised from related parties (Other than Trust)
Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
Add: Proceeds from additional borrowings (including debentures / other securities), fresh issuance of equity shares / preference shares, etc.
Less: Payment of any other liabilities (not covered under working capital)
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future
Add / Less: Amounts added or retained in accordance with the transaction documents or the loan agreements in relation to the Project SPV
Add / Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "**IM Board**") to ensure that there is no double counting of the same item for the above calculations
Add / Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager as deemed necessary
Add: Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations
Total Adjustments (B)
Net Distributable Cash Flows (C)=(A+B)

(b) Calculation of the Distributable Income at the Highways Trust level:

Description
Net Distributable cash flows from project entities as follows:
a) in the form of interest / accrued interest / additional interest
b) in the form of dividend
c) in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Trust
d) in the form of proceeds through capital reduction by way of a buy back or any other means as permitted, subject to applicable law
Add: Cash flows from sale of equity shares or any other investments in the Project SPV adjusted for amounts reinvested or planned to be reinvested
Add: Cash flows from the sale of the Project SPVs not distributed pursuant to an earlier plan to reinvest, or if such proceeds are not intended to be invested subsequently
Add: Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.
Add: Any other income accruing at the Highways Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Highways Trust
Total cash inflow at the InvIT level (A)
Less: Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.
Less: Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust
Less: Income tax (if applicable) for standalone Highways Trust and / or payment of other statutory dues
Less: Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt
Less: Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.
Less: Amount invested in any of the Project SPVs for service of debt or interest
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations

Less: Amounts set aside to be invested or planned to be invested, as deemed necessary by the Investment Manager in compliance with the SEBI InvIT Regulations
Less: Investments including acquisition of other Project SPVs
Less: Capital expenditure if any
Less: Costs/retention associated with sale of the Project Entity, being: (a) related debts settled or due to be settled from sale proceeds of SPV; (b) transaction costs paid on sale of the Project Entity; and (c) capital gains taxes on sale of the Project Entity, or other investments of the Trust.
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future
Less: Reserve for debentures / loans / capex expenditure in the intervening period till next proposed distribution if deemed necessary by the Investment Manager invested in permitted investments
Add / Less: Amounts added or retained in accordance with the transaction documents or the loan agreements in relation to the Highways Trust
Less: Any other expense of the InvIT not captured herein as deemed necessary by the Investment Manager
Add / Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager to ensure that there is no double counting of the same item for the above calculations
Add / Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager as deemed necessary.
Total cash outflow/retention at the Highways Trust level (B)
Net Distributable Cash Flows (C) = (A+B)

In terms of the InvIT Regulations, if the distribution is not made within 15 (fifteen) days from the date of declaration of the Distributable Income, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% (fifteen per cent) per annum till the distribution is made. Such interest shall not be recovered in the Management Fees of the Investment Manager or in the form of fee or any other form payable to the Investment Manager by the Highways Trust.

DISCUSSION AND ANALYSIS BY THE DIRECTORS OF THE INVESTMENT MANAGER OF THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE PROJECT SPVS OF THE HIGHWAYS TRUST

You should read the following discussion and analysis of our financial condition, results of operations and cash flows in conjunction with the sections entitled "Summary Combined Financial Information of the Highways Trust" and "Special Purpose Combined Financial Statements" on pages 26 and 312, respectively. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 58. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the section entitled "Forward-Looking Statements" on page 15.

The Special Purpose Combined Financial Statements are prepared in accordance with Ind AS, which differs in certain respects from Indian GAAP, International Financial Reporting Standards and U.S. GAAP. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve-month period ended March 31 of that year. For the sole purposes of the Special Purpose Combined Financial Statements, references to "we", "us" and "our" is to the Initial Portfolio Assets on a combined basis.

Overview

Highway Infrastructure Trust (the "**Highways Trust**") is an Indian infrastructure investment trust which proposes to invest in road infrastructure assets and is sponsored by Galaxy Investments II Pte. Ltd. (the "**Sponsor**"). Highways Trust will have an initial portfolio consisting of the six Project SPVs having an aggregate of 451.98 kms (1,710 lane kms), located across six states in India

The Sponsor is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. As on date, the Sponsor is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd.

Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US$ 471 billion of assets under management as of December 31, 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group LLC. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made over 60 infrastructure investments globally and more than US$39 billion in assets under management within infrastructure.

Currently, KKR's Infrastructure platform has expanded to include approximately 77 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector. KKR has invested or committed over US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Our Projects

Our initial portfolio of assets includes the following six Projects, comprise both, National Highways and State Highways, and are located in the states of Telangana, Gujarat, Madhya Pradesh, Meghalaya, Rajasthan and Tamil Nadu to be acquired by way of 100% shareholding in six Project SPVs:

- the DBCPL Project, a four lane highway with an aggregate length of 140.79 kilometres, between Bhopal

to Dewas on State Highway 18* in Madhya Pradesh, operated by DBCPL;

- the GEPL Project, a four lane highway with an aggregate length of 87.10 kilometres, on the Godhra and the border between Madhya Pradesh and Gujarat on National Highway 59* in Gujarat, operated by GEPL;

- the JPEPL Project, a four lane highway with an aggregate length of 71.54 kilometres, between the Jodhpur and Pali section on National Highway 65* in Rajasthan, operated by JPEPL;

- the NBL Project, a four lane highway with an aggregate length of 30.89 kilometres, between the Kadtal and Armur section on National Highway 7* in Telangana, operated by NBL;

- the SEPL Project, a two lane highway with an aggregate length of 48.77 kilometres, comprising the Shillong bypass connecting National Highway 40* with National Highway 44* in Meghalaya, operated by SEPL; and

- the UEPL Project, a four lane highway with an aggregate length of 72.90 kilometres, between the Tindivanam and Ulundurpet section on National Highway 45* in Tamil Nadu, operated by UEPL;

**Note: The State Highway and National Highway numbers and chainages mentioned in this Draft Placement Memorandum are old Highway numbers and chainages, as per the concession agreements. The actual SH/NH numbers and chainages at site may differ based on subsequent changes.*

Through these six SPVs, we will maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The combined operating revenue of the Project SPVs for the nine months ended December 31, 2021 and for Fiscals 2021, 2020 and 2019 was ₹ 4,452,42 million, ₹ 5,085.04 million, ₹ 5,008.80 million and ₹ 4,526.43 million, respectively.

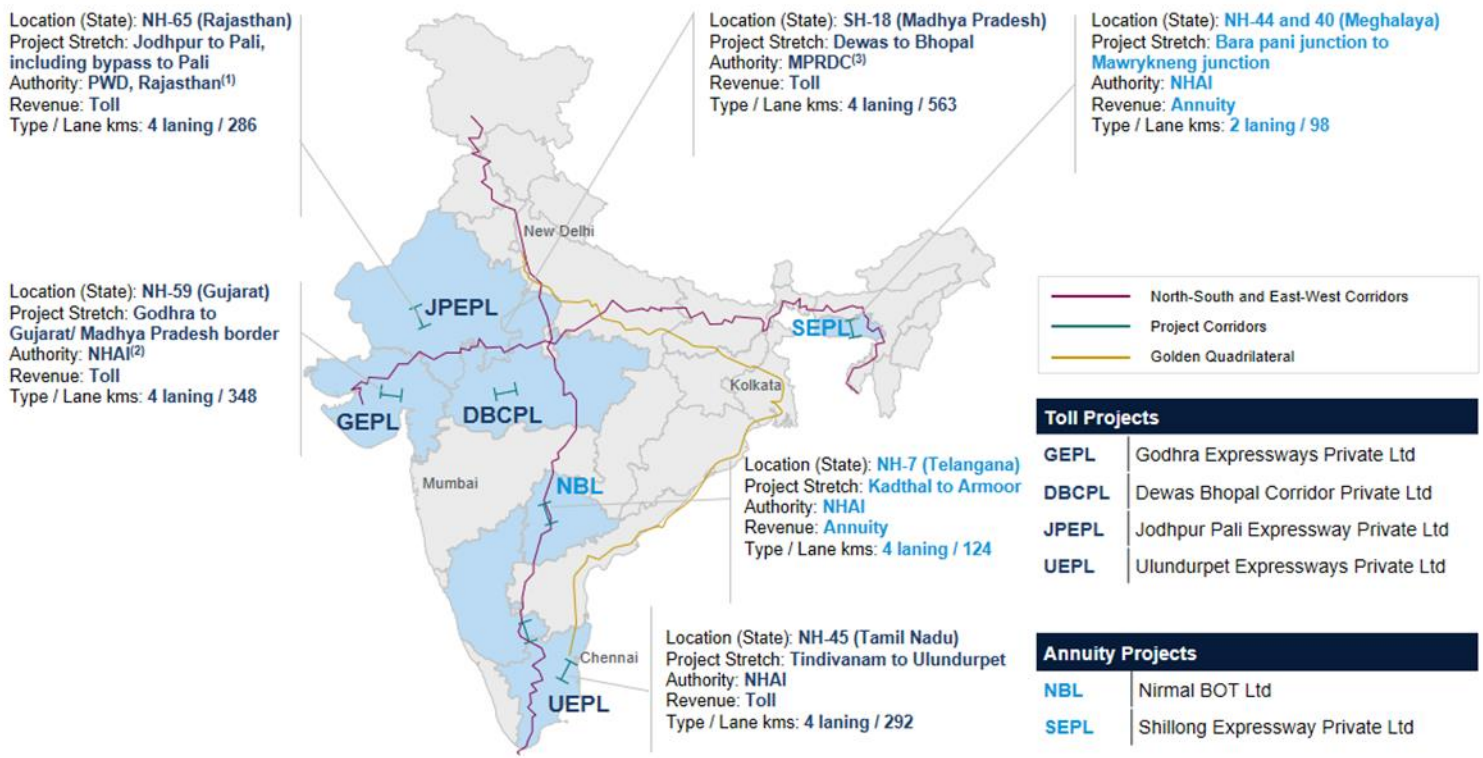
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

Annuity-based Projects: Under this model, the concessionaire is responsible for the construction and maintenance of the project during the concession period. The concessionaire generates revenue through fixed annuity payments received from the concessioning authority, over the concession period. Since this annuity payment is a cost to the concessioning authority, the contract is awarded to the lowest bidder.

Toll-based Projects: Under this model too, the concessionaire is responsible for the construction, operation and maintenance of the project during the concession period, post which the project is transferred to the concessioning authority. During the concession period, the concessionaire realises its returns by way of toll collection rights under the concession agreement. Therefore, the concessionaire bears the revenue risk during the concession period. The toll charged under these contracts is generally regulated by a policy or a public agency.

For further details, please see the section entitled "*Industry Overview*" on page 152.

The map below illustrates the locations of the Projects:



1. Public Works Department, Rajasthan; 2. National Highways Authority of India; 3. Madhya Pradesh Road Development Corporation Limited

**Map not drawn to scale*

The Investment Manager will also have the flexibility to acquire new projects through acquisitions from the Sponsor and third parties.

Virescent Infrastructure Investment Manager Private Limited is the Investment Manager for the Highways Trust. The Investment Manager is a private limited company incorporated on August 22, 2020 under the Companies Act, 2013, having CIN U74999MH2020PTC344288.

Virescent Renewable Energy Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on November 27, 2020 under the Companies Act, 2013, having U74999MH2020PTC350874.

Axis Trustee Services Limited is the Trustee of the Highways Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee.

For further details of the Sponsor, the Investment Manager, the Project Manager and the Trustee, please see the section entitled "*Parties to the Highways Trust*" on page 105.

Factors Affecting Results of Operations

The Project SPVs' business, prospects, results of operations and financial condition are affected by a number of factors, including the following key factors:

Lower than expected returns on our investment in our Projects

In our annuity based projects, our revenue depends on the fixed amounts paid to us semi-annually by our government clients. The amount of annuity is not necessarily linked to investment and will only be calculated pursuant to the relevant concession agreements. In our toll-based projects or projects with a toll component, our toll revenue depends on the tolling rates set by the relevant concessioning authority in accordance with the relevant concession agreements and the actual traffic volume using our roads. Our decision to undertake BOT or DBFOT road projects is largely based on our estimate of our expected toll revenue, which in turn is partly based on our estimate of the traffic volume using our roads.

Traffic volume may be affected by a number of factors beyond our control, including general economic conditions, alternate routes, alternate means of transportation, location of toll plazas, weather conditions, demographic changes, fuel prices, reduction in commercial or industrial activities in the regions served by the roads and natural disasters. Thus the actual traffic volume may be lower than our estimate. Any decrease in traffic volume, could result in a significant loss of our toll revenue. In addition, our concession agreements typically limit and regulate increases in tolling rates. In accordance with the Concession Agreements, the NHAI or other applicable authority sets the applicable tolling rates which is revised by such authority and we may not be able to increase tolling rates to cover increases in our operational costs.

Further, there are no provisions in our concession agreements protecting us against increases in interest rates or cost of raw materials. Our lenders may have the right to periodically adjust our interest rates and our applicable interest rates may increase based on their review of our credit profile and perceived risks in our operations. Our operational costs may also increase substantially during the operation of our BOT or DBFOT projects due to shortage of raw materials or substantial increases in prices of raw materials required for operation and maintenance beyond the permitted scope of adjustment due to occurrence of certain events under the relevant provisions of the concession agreements. Many factors causing such adverse changes are beyond our control and we are usually not able to demand matching increases in our tolling rates over and above certain fixed increases, in accordance with the concession agreements.

Under the relevant concession agreements, our Project SPVs have rights to construct and operate the road projects exclusively for fixed periods of time and we receive annuities and/or collect tolls, as the case may be, for the use of our roads. However, we may be faced with competition from new roads developed by NHAI and/or State Governments, which are not within our control. For example, MPRDC has the right to construct competing roads after a prescribed period of time, pursuant to the terms of the concession agreements. State Governments may not always charge for the use of these roads. There can be no assurance that our road projects will compete effectively against such roads that connect the same locations. Any material decrease in the actual

traffic volume as compared to our forecasted traffic volume could have a material adverse effect on our cash flows from our tolling projects.

As our Projects often require significant capital investment with potential returns spread over a long period of time, inadequate toll revenues and annuities collected from our projects may result in a low return or even loss on our investment.

Operating expenses are dependent on the routine and periodic major maintenance obligations contained in the concession agreements and are subject to fluctuations.

The concession agreements provide that the Project SPVs are required to operate and maintain the Projects in accordance with the respective concession agreements. Accordingly, the Project SPVs prepare a maintenance manual and a maintenance program in consultation with an independent engineer appointed by the NHAI for each Project, and are required to abide by the same. The Project SPVs' maintenance obligations are primarily to operate and maintain the Projects in order to permit the safe, smooth and uninterrupted flow of traffic and the related work and maintenance that they are required to undertake in order to fulfil such obligations. Such maintenance obligations include the repair of wear and tear of roads including overlaying the surface of the roads, among other things. Please see the section entitled "*Summary of the Concession Agreements*" on page 191 for details on the Project SPVs' O&M obligations.

Routine and periodic major maintenance costs mainly comprise costs of raw materials and other items including fuel, equipment costs and labour expenses, besides maintenance and replacement of hardware, software and equipment. The prices and supply of raw materials depend upon factors that are beyond our control, including, but not limited to, general economic conditions, transportation costs, global and domestic market prices, competition, production levels and import duties, which could be cyclical in nature. Unanticipated increases in the price of materials, fuel costs, labour or other inputs will affect the results of operations of the Project SPVs, especially if the wear and tear on the relevant Project requires major work. The Project SPVs' ability to absorb increases in the purchase price of materials, fuel and other inputs is limited.

Further, our operational costs may also increase substantially if the relevant O&M Contractors fail to perform its duties as per the O&M Agreements.

Inflation/deflation and interest rate risks.

There are no specific provisions in our concession agreements protecting us against increases in interest rates or cost of raw materials. Our lenders may have the right to periodically adjust our interest rates and our applicable interest rates may increase based on their review of our credit profile and perceived risks in our operations. Many factors causing such adverse changes are beyond our control and we are usually not able to demand matching increases in our tolling rates or annuities. While our tolling rates may increase with an increase in WPI, any increase may not be adequate to offset the negative impact of increases in interest rates or O&M costs. Further, our tolling rated may decrease with a decrease in WPI and accordingly, the business, financial condition and results of operations of the Highways Trust may be adversely affected.

The road sector in India

We derive and expect to continue to derive in the foreseeable future, most of our revenues and operating profits from India. Changes in macroeconomic conditions generally impact the road industry and could negatively impact our business. Accordingly, our business is highly dependent on the state of development of the Indian economy and the macroeconomic environment prevailing in India. Since the use of our Projects, our expansion plans and future projects depend or will depend on macroeconomic factors that may negatively impact demand the development of road infrastructure projects in India, or the timely commencement of their operations could in turn have a material adverse effect on our growth prospects, business and cash flows. In addition, access to financing may be more expensive or not available on commercially acceptable terms during economic downturns.

General economic conditions in India

Our performance and the growth are dependent on the performance of the Indian economy, which, in turn, depends on various factors. The Indian economy has been affected by the recent global economic uncertainties, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting

agriculture and various other macroeconomic factors.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries and regions, especially in U.S., Europe and China, have an impact on the growth of the Indian economy, and GoI policy may change in response to such conditions. While recent Indian governments have been focused on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. The rate of economic liberalisation could decrease, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. In the road sector, there can be no assurance that the GoI's engagement with and outreach to private sector operators, including the Highways Trust, will continue in the future. A significant change in India's economic liberalisation and deregulation policies, in particular, those relating to the road sector, could disrupt business and economic conditions in India generally and our business in particular. In addition, adverse developments in the Indian economy could also impact companies and banks that provide services to us. For example, on March 5, 2020 and November 17, 2020, respectively, the GoI, in consultation with RBI placed Yes Bank Limited and Lakshmi Vilas Bank under moratorium, imposed limitations on their operations as well as on withdrawals by depositors and payments to creditors over certain specified amounts for a limited period of time from the date of such moratorium coming into effect. The limitations on operations and the moratorium were subsequently lifted in both cases. The occurrence of any such development in the future may impact our banking channels, and we may or may not be able to recover our deposits, in part or in full. This could result in potential write-offs on our books of accounts.

Additionally, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and our business. Any downturn in the macroeconomic environment in India could materially and adversely affect our business.

Dependence on support from governmental entities

The operations of the Projects and any future projects that the Highways Trust may acquire, are and will be significantly dependent on various central and state government entities, in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the surface transportation industry, as well as the terms of the contractual arrangements, concessions and other incentives available from these government entities for the projects. Sustained increases in budgetary allocations by the GoI and various state governments for investments in the infrastructure sector, the development of structured and comprehensive infrastructure policies that encourage greater private sector participation and increased funding by international and multilateral development financial institutions in infrastructure projects in India have resulted in, and are expected to continue to result in, an increase in the amount of transportation infrastructure projects undertaken in India. Any adverse change in the focus or policy framework regarding infrastructure development or the surface transportation industry, of or change in the Highways Trust's relationships with the GoI or various government entities in India, could adversely affect the Projects, the opportunities for the Highways Trust to secure new projects and the business, financial condition and results of operations of the Highways Trust.

Tax benefits for road infrastructure sector in India

The Project SPVs are entitled for certain benefits under Section 80-IA of the Income Tax Act, 1961, as amended, if certain conditions are satisfied. However, the benefits to the Project SPVs may expire at various points of time. Any expiry, termination or Government of India withdrawal of these tax benefits could result in an increase in the Trust's tax expenses, thereby adversely affecting the Highways Trust's, or the Project SPVs' results of operations and cash flows.

Competition

The Highways Trust faces competition from other road operators, financial investors and other InvITs in acquiring profitable concessions for future projects. The competition for road projects varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. Some competitors may have greater financial resources, economies of scale and operating efficiencies than the Highways Trust.

Basis of Preparation and Presentation of Audited Special Purpose Combined Financial Statements

The Special Purpose Combined Financial Statements of the Project SPV Group comprise the Combined Balance Sheets as at December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, Combined Statements of Profit and Loss, Combined Cash Flow Statements, Combined Statements of Changes in Equity for the nine-months period ended December 31, 2021 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and Combined Statement of Net Assets at Fair Value as at December 31, 2021 and the Combined Statement of Total Returns at Fair Value for the nine-months period ended December 31, 2021 and for the financial year ended March 31, 2021, a Summary of Significant Accounting Policies and Other Explanatory Information.

The Special Purpose Combined Financial Statements were authorized for issue in accordance with resolutions passed by the Board of Directors of the Investment Manager on March 22, 2022.

The Special Purpose Combined Financial Statements have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder ("InvIT Regulations") and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India (“Guidance Note”).

The Special Purpose Combined Financial Statements are special purpose financial statements and have been prepared by the Investment Manager to meet the requirements of InvIT Regulations and for inclusion in the draft placement memorandum, placement memorandum and final placement memorandum (collectively, ‘the placement documents’) prepared by the Investment Manager in connection with the proposed private placement of units of the Highways Infrastructure Trust (hereinafter referred to as the “Trust”). As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose. As permitted by paragraph 41 of the Guidance Note, comparative figures for the nine-months period ended December 31, 2021 have not been given. Further, the Special Purpose Combined Financial Statements are not fully prepared in accordance with the requirements of Schedule III notified under the Companies Act, 2013.

In accordance with the requirements of the InvIT Regulations, since the Trust is set up on December 3, 2021 and has been in existence for a period lesser than three completed financial years and the historical financial statements of Trust are not available for the entire portion of the reporting period of three years, the Special Purpose Combined Financial Statements have been disclosed for the periods when such historical financial statements were not available. Further, as required by the InvIT regulations, the Special Purpose Combined Financial Statements are prepared, based on an assumption that all Project SPV were part of Trust for such period when Trust was not in existence. However, the Special Purpose Combined Financial Statements may not be representative of the position which may prevail after the Project SPV Group is transferred to Trust.

The Special Purpose Combined Financial Statements are presented in India Rupees which is also the functional currency of the Project SPV Group. All values are rounded to the nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00.

These Special Purpose Combined Financial Statements correspond to the classification provisions contained in Ind AS 1 ‘Presentation of Financial Statements’. For clarity purposes, various items are aggregated in the Combined Statement of Profit and Loss and Combined Balance Sheet. These items are disaggregated separately in the notes to the Special Purpose Combined Financial Statements, where applicable or required.

These Special Purpose Combined Financial Statements have been prepared on a historical cost convention and on an accrual basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

a) ***Basis of Combination***

The Special Purpose Combined Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the Project SPVs used for the purpose of combination are drawn up to the same reporting date i.e. financial year ended on 31 March each year/nine-months ended 31 December. The financial statements of the Project SPVs have been prepared in accordance with the accounting standards notified under the Section 133 of the Companies Act, 2013 (the Act),

Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The procedure for preparing Special Purpose Combined Financial Statements of the Project SPV Group are stated below –

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Project SPVs; and

- Eliminate, if any, in full intragroup assets and liabilities, equity, income, expenses and cash flows (as applicable) relating to transactions between entities of the Project SPV Group (profits or losses resulting from intragroup transactions that are recognized in assets are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

b) Date of commencement of commercial operations

The details of incorporation and commencement of operations of UEPL, SEPL, JEPL, GEPL, DBCPL and NBL are as given below:

Name of the entity	Date of incorporation	Commencement of operation
Ulundurpet Expressways Private Limited	March 20, 2006	July 23, 2009
Shillong Expressway Private Limited	June 9, 2010	February 28, 2013
Jodhpur Pali Expressway Private Limited	January 10, 2013	October 31, 2014
Godhra Expressways Private Limited	January 21, 2010	October 31, 2013
Dewas Bhopal Corridor Private Limited	May 14, 2007	February 10, 2009
Nirmal BOT Limited	September 19, 2006	July 22, 2009

c) Use of estimates and judgements

The preparation of Special Purpose Combined Financial Statements requires management to make certain estimates and assumptions that affect the amounts reported in the Special Purpose Combined Financial Statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the Special Purpose Combined Financial Statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

The Project SPV Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

i. Revenue Recognition - Applicability of service concession agreement accounting

Appendix C of Ind AS 115 "Service concession arrangements" applies to "public to private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to main public facilities for a specified period of time in return of managing the infrastructure used to deliver those public services.

More specifically, it applies to public to private service concession arrangement if the grantor:

- Controls or regulates what services the operators must provide with the infrastructure, to whom it must provide them, and at what price; and

- Controls through ownership or otherwise –any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Project SPV – Shillong Expressway Private Limited ("SEPL") and Nirmal Bot Limited ("NBL") have the right to receive fixed annuity payments from NHAI during the concession period and have adopted 'Financial Asset Model'.

Accounting under "Financial Asset Model" involves extensive use of estimates. The management of Project SPV has allocated the contract revenues into distinct individual performance obligations i.e. Construction, operation and maintenance based on their relative stand-alone selling prices, which are derived in line with the amounts estimated by the Management of Project SPV basis the actual/estimated cost to be incurred. Accordingly, annuity payment receivable has been classified as a "Financial asset" at the inception of concession period at fair value. The future annuity payments have been bifurcated towards construction services and unearned finance income based on the effective interest rate model.

ii. Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

iii. Provision for major maintenance obligation

The operating and maintenance cost includes routine, periodic/major maintenance, manpower costs and operational expenses, including, but not limited to, road and site work expenses, employee benefit expenses and other operating and maintenance costs. The provision for potential periodic / major maintenance cost is created based on the estimates provided by the management and the same is adjusted for actual expenditures in the year of occurrence.

iv. Fair valuation of interest free loans taken/given at inception

Interest free loan taken/given from related parties have been valued at fair value on inception at the applicable market rate of interest. The same is subsequently measured at amortized cost. The identification of applicable market rate of interest requires the application of judgement.

v. Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Project SPV Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of assets are disclosed in the notes to Special Purpose Combined Financial Statements.

vi. Impairment of annuity and intangible assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the annuity and intangible assets are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from forecasts over the life of the projects of Project SPVs.

vii. Useful lives of depreciable/amortisable assets

Management of each Project SPV reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

viii. Defined benefit obligations (DBO)

Management of Project SPV's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

ix. Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

x. Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

xi. Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management of each Project SPV assesses the expected credit losses on outstanding receivables and advances.

xii. Contingent liabilities

The Project SPV Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Project SPV Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management of each Project SPV consults with legal counsel and certain other experts on matters related to litigation and taxes. The Project SPV Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

xiii. Income taxes

Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The extent to which deferred tax assets/minimum alternate tax credit can be recognized is based on management's assessment of the probability of the future taxable income against which the deferred tax assets/minimum alternate tax credit can be utilized.

Summary of Significant Accounting Policies

The following is the summary of significant accounting policies applied by the Project SPVs in preparing its Special Purpose Combined Financial Statements:

a) Basis of classification as current and non-current

The 6 Project SPVs, (collectively the "**Project SPV Group**") presents assets and liabilities in the combined balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets have been classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Project SPV Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Project SPV Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Project SPV Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

b) Fair value measurement

The Project SPV Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Project SPV Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Please refer to Note 37 of the Special Purpose Combined Financial Statements for fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Combined Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Special Purpose Combined Financial Statements on a recurring basis, the Project SPV Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as annuity receivable and intangible assets, where required. Involvement of external valuers is decided by each Project SPV management on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management of each Project SPV decides after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management of each Project SPV analysis the movement of assets and liabilities which are required to be re-measured or reassessed as per the Project SPV's accounting policies. For this analysis, the management of each Project SPV verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with each Project SPV's external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Project SPV Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes the accounting policy for fair value. Other fair value related disclosures are given in the relevant notes in the Special Purpose Combined Financial Statements

i. Disclosures of Statement of Net Assets at fair value and Statement of total returns at fair value
ii. Quantitative disclosures of fair value measurement hierarchy (note 37)
iii. Investment in quoted mutual fund (note 11)
iv. Financial instruments (including those carried at amortized cost) (note 38).

c) Revenue Recognition

Effective 01 April 2018, the Project SPV Group adopted Ind AS 115 "*Revenue from Contracts with customers*" using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before 31 March 2018.

To determine whether to recognize revenue, the Project SPV Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price is allocated amongst the various performance obligations based on their relative standalone selling price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Project SPV Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognised either at a point in time or over time, when (or as) the Project SPV Group satisfies performance obligations by transferring the promised goods or services to its customers.

While this represents significant new guidance, the implementation of this new guidance had no impact on the timing or amount of revenue recognised by the Project SPV Group in any year.

Toll Collections

The income from Toll Contracts on BOT basis is recognised on actual collection of toll revenue (net of revenue share payable to NHAI) as per the Concession Agreements. Revenue from electronic toll collection is recognised on accrual basis.

Claims with NHAI/MPRDC

Claims with NHAI and other Government Authorities are accounted as revenue as and when it becomes probable that such claims will be received and which can be measured reliably.

In cases where the SPV Group has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the SPV Group, such claims are recognized as other operating income when the right for the compensation is established based on the facts and circumstances.

Contract revenue (Construction contracts)

Contract revenue associated with the construction of roads is recognized at cost of work performed on the contract plus proportionate margin, where required, using the percentage of completion method.

Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the statement of profit or loss in the period in which the change is made and in subsequent periods.

Contract cost include costs that relate directly to the specific contract and allocated cost that are attributable to the construction of the road.

Rendering of services

Revenue from major maintenance obligation and regular operation and maintenance is recognized over the period of contract as and when the services are rendered.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Project SPV Group and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Project SPV Group's right to receive is established.

Other operating income/other income

All other operating income/income is recognized on accrual basis when no significant uncertainty exists on their receipt.

d) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Project SPV Group and the same taxation authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax ("**MAT**") paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Project SPV Group will pay normal income tax during the specified period. MAT credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

e) Property, plant and equipment (PPE)

On transition to Ind AS, the Project SPV Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 01, 2015 for all Project SPVs other than DBCPL and April 01, 2018 for DBCPL measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment on the date of transition i.e. April 01, 2015 and April 01, 2018 respectively.

Freehold land is carried as historical cost. All other items of property, plant and equipment and capital work in progress are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Project SPV Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Depreciation on property, plant and equipment held by Ulundurpet Expressways Private Limited ("**UEPL**"), Shillong Expressway Private Limited ("**SEPL**"), Jodhpur Pali Expressway Private Limited ("**JPEPL**"), Godhra Expressways Private Limited ("**GEPL**") and Nirmal Bot Limited ("**NBL**") is calculated on a straight-line basis over the estimated useful lives of respective assets as estimated by the management and is charged to the Statement of profit and loss as per the requirement of Part C of Schedule II of the Act.

Depreciation on property, plant and equipment held by Dewas Bhopal Corridor Private Limited ("**DBCPL**") is provided on written down value method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule Il of the Act.

Depreciation on additions / (disposals) during the year is provided on a pro-rata basis i.e., from the date on which asset is ready for use and up to the date on which the asset is disposed of/fully depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Machinery spares which are specific to a particular item of PPE and whose use is expected to be irregular are capitalized as PPE. Spare parts are capitalized when they meet the definition of PPE, i.e., when the Project SPV Group intends to use these during more than a period of 12 months.

Freehold land held by Project SPV Group as per the requirement of NHAI/various Government Authorities and the amount of land is nominal hence it is not treated as investment property as per Ind AS 40.

f) Intangible assets

On transition to Ind AS, the Project SPV Group exercised first time adoption under Ind AS 101 "First-time Adoption of Indian Accounting Standards" and has elect to continue with the carrying value of its "Toll Collection Rights" (Intangible Assets), as recognised in the Special Purpose Combined Financial Statements as at the date of transition (i.e. 01 April 2015 for all SPVs other than DBCPL and 01 April 2018 for DBCPL) measured as per the previous GAAP and uses that as its deemed cost as at date of transition.

Accounting of intangible assets under Service Concession agreement

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (BOT) and design, build, finance, operate and transfer (DBFOT) project undertaken by the Project SPV's. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to NHAI/ MPRDC, if any. Till the completion of the project, the same is recognized under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

Extension of concession period by the authority in compensation for claims made by the Project SPV are capitalized as part of Toll Collection Rights when it is probable that such claims will be received and can be measured reliably.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Grant received if any are considered as a part of total outlay of the construction project. The same shall be recognized when the entity complies with the conditions attaching to the collection of grant considered as a financial asset and it shall be simultaneously reduced from the cost of acquisition of the intangible asset and are recognized.

Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development.

Amortisation of intangible assets under Service Concession agreement

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortization method prescribed under Schedule Il to the Companies Act, 2013. Under the revenue based method, amortization is provided based on proportion of actual revenue to reflect the pattern in which the assets economic benefits will be consumed. At each balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortisation of toll collection rights is changed prospectively to reflect any changes in the estimates.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

Other intangible assets

Other intangible assets comprise of cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Project SPV Group and the cost of the item can be measured reliably, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are derecognized when no future economic benefits are expected from use or disposal.

Amortization of other intangible assets

Other Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Specialized software held by the Project SPV Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The above periods also represent the management estimated economic useful life of the respective intangible assets.

g) Accounting of financial asset under Service Concession Agreement

The management has determined that the “Financial Asset” model under Appendix C of Ind AS 115 “Service Concession Agreements” is applicable to the concession of SEPL and NBL. In particular, they note that grantor (NHAI/State authorities) has the primary responsibility to pay to the operator (“SPV”).

Under the arrangement, the SPV recognizes a financial asset arising from service concession agreement as it has an unconditional right to receive cash from grantor (NHAI/State authorities) for the construction service, major maintenance obligations and regular operation and maintenance services over the concession period. Such financial asset is measured at fair value on initial recognition and classified under the head "Trade Receivable". Subsequent to initial recognition, the financial asset is measured at amortized cost. Under this model, the financial asset will be reduced as and when grant is received from Grantor (NHAI/State authorities).

As per the salient feature of the arrangement, the operator ("SPV") has a two-fold activity based on which revenue is recognized in the Special Purpose Combined Financial Statements in line with the requirement of Appendix C of Ind AS 115. The activities are given below:

a. a construction activity in respect of its obligation to design, build, finance an asset that it makes available to the Grantor (NHAI/State authorities);
b. Revenue from major maintenance obligation and operation and maintenance activity in respect of the assets during the concession period in accordance with Ind AS 115.

h) Lease

Where the SPV Group is the lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. To assess whether a contract conveys the right to control the use of an identified asset, the Project SPV Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Project SPV Group obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Project SPV Group has the right to direct the use of the asset.

Recognition and initial measurement

At lease commencement date, the Project SPV Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Project SPV Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Project SPV Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Project SPV Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate.

Subsequent measurement

The Project SPV Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Project SPV Group also assesses the right-of-use asset for impairment when such indicators exist.

The liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.
The Project SPV Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit and loss on a straight-line basis over the lease term.

Where the Project SPV Group is the lessor

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Amounts due from lessees under finance

leases are recorded as receivables at the Project SPV Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Contingent rents are recognized as revenue in the period in which they are earned.

Leases in which the Project SPV Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term. Rental income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease.

i) Impairment of non-financial assets

At each reporting date, the Project SPV Group assesses whether there is any indication based on internal/external factors, that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate the recoverable amount of the asset / cash generating unit. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

j) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Project SPV Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Project SPV Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is disclosed when there is a possible obligation that arises from events and whose existence is only confirmed by one or more doubtful future events or when there is an obligation that is not recognized as a liability or provision because it is not likely that on outflow of resources will be required.
A contingent asset is not recognized but disclosed in the Special Purpose Combined Financial Statements, where economic inflow is probable.

k) Financial Instruments

Financial Asset

Initial recognition and measurement

Financial instruments are recognised when the Project SPV Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

i. Financial assets at amortised cost**-** A financial instrument is measured at amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. Financial assets at fair value

- Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Project SPV Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted

Subsequent measurement
After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Project SPV group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Project SPV Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.
ECL is the weighted average of difference between all contractual cash flows that are due to the Project SPV Group in accordance with the contract and all the cash flows that the Project SPV Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Project SPV Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

- Trade receivables**:**
  In respect of trade receivables, the Project SPV Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

- Other financial assets**:**
  In respect of its other financial assets, the Project SPV Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Project SPV Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

  When making this assessment, the Project SPV Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Project SPV Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Project SPV Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

m) Segment reporting

The Project SPV Group is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Project SPV Group's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

n) Employee benefits

The Project SPV Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Project SPV Group pays fixed contributions into an independent fund administered by the government. The Project SPV Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Project SPV Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Project SPV Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Special Purpose Combined Financial Statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or

charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

o) Borrowing costs

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the Project SPV Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

a. transactions of a non-cash nature;
b. any deferrals or accruals of past or future operating cash receipts or payments and,
c. all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Project SPV Group are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

r) Prior period error

a) As per Ind AS -8, Accounting Policies, Change in Accounting Estimates & prior period Item an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

s) Recent Pronouncements/Standards issued but not yet effective

As at December 31, 2021, there are no recent pronouncements/standards issued but not yet effective.

Principal Components of Combined Statement of Profit and Loss

Income

Our total income consists of revenue from operations and other income.

Revenue from operations

Revenue from operations primarily comprises revenue from toll collections, interest income on annuity, revenue from operations and maintenance, periodic maintenance, interest on annuity, utility shifting and change in scope and claims from NHAI.

- ***Revenue from Toll Collections***: Revenue from toll collections represents toll revenue collected by the Project SPVs as per the respective concession agreements in respect of different categories of vehicles using the Projects.

- ***Interest Income on Annuity***: Interest income from an annuity project is recognized when it is probable that economic benefits (annuity) will flow to the relevant Project SPVs in accordance with the concession agreements and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

- ***Revenue from Operations and Maintenance and Period Maintenance***: Revenue from operations and maintenance and periodic maintenance is the revenue from the maintenance work carried out in relation to the Projects in accordance with the terms of the concession agreement. Revenue from major maintenance obligation and regular operation and maintenance is recognized over the period of contract as and when the services are rendered.

- ***Other operating revenue***: Other operating revenue primarily consists of the revenue from (i) utility shifting services, being, compensation receivable by the Project SPVs for shifting certain utilities that are located on construction sites and which is not part of the scope of work as per the concession agreements, (ii) change in scope, being, compensation for cost incurred for additional work which is not mentioned in scope of the concession agreements, (iii) revenue from claims made to NHAI, and (iv) any modification gains on annuity.

Other income

Other income primarily consists of interest income, which comprises interest on bank deposits and income tax refund, insurance claims, gain on investments carried at fair value through profit or loss, gain on sale of property, plants and equipment, express provisions written back, gain on sale of investments, gain on modification of liability and others.

Expenses

Our expenses consist of claim expenses, toll operations and maintenance expenses, provision for major maintenance obligation, change of scope and utility shifting, employee benefits expense, finance costs, depreciation and amortization expense, and other expenses.

- ***Claim Expenses***: It is the cost in relation to the any claims made to the NHAI or made by NHAI or other concessioning authorities.

- ***Toll Operations and Maintenance Expenses:*** It is the cost in relation to the toll operations and O&M work carried out for the purposes of the Projects in accordance with the terms of the concession agreements.

- ***Provision for major maintenance obligation***: Provision for major maintenance obligation includes accruals for expenses which will be incurred for periodic maintenance in future periods based on the concession

agreements.

- ***Change of Scope and Utility Shifting Costs:*** It is the cost in relation to the shifting of certain utilities that are located on construction sites and other works which are not part of the scope of work as per the concession agreements.

- ***Employee benefits expense***: Employee benefits expenses primarily comprise salaries, wages and bonus, contribution towards provident and other funds and staff welfare expense.

- ***Finance costs***: Finance costs primarily comprise interest on borrowings, unwinding cost on deferred payment to NHAI for purchase of right to charge users of toll roads, unwinding cost on provision for major maintenance obligations, unwinding cost of discount on provisions and financial liabilities carried at amortised cost, loss on modification of liability and finance and bank charges.

- ***Depreciation and amortization expenses***: Depreciation and amortization expenses include depreciation on property, plant and equipment and amortization of intangible assets.

- ***Other expenses***: Other expenses primarily comprise, amongst others, power, fuel and water expense, legal and professional charges, insurance cost and other expenses.

Result of Operations

The following table sets forth certain information with respect to the results of operations of the Project SPVs for the periods indicated: *(in ₹ million)*

Particulars	Nine months ended December 31, 2021	Percentage of Total Income	March 31, 2021	Percentage of Total Income	March 31, 2020	Percentage of Total Income	March 31, 2019	Percentage of Total Income
Revenue from operations	4,452.42	95.19	5,085.04	95.47	5,008.80	95.58	4,526.43	94.54
Other income	225.12	4.81	241.09	4.53	231.43	4.42	261.25	5.46
Total Income	**4,677.54**	**100.00**	**5,326.13**	**100.00**	**5,240.23**	**100.00**	**4,787.68**	**100.00**
Expenses								
Operating expenses	1,171.41	25.04	1,377.29	25.86	1,388.02	26.49	1,016.73	21.24
Employee benefits expense	96.88	2.07	117.56	2.21	116.19	2.22	102.95	2.15
Finance costs	2,074.33	44.35	2,740.51	51.45	2,774.77	52.95	2,898.98	60.55
Depreciation and amortization expense	733.62	15.68	919.81	17.27	1,038.67	19.82	936.21	19.55
Other expenses	363.14	7.76	393.69	7.39	349.50	6.67	395.94	8.27
Total expenses	**4,439.38**	94.91	**5,548.86**	104.18	**5,667.15**	108.15	**5,350.81**	111.76
Profit/ (Loss) before tax	**238.16**	**5.09**	**(222.73)**	**(4.18)**	**(426.92)**	**(8.15)**	**(563.13)**	**(11.76)**
Tax expense:								
(i) Current tax (including earlier period/years)	127.18	2.72	127.00	2.38	91.10	1.74	121.11	2.53
(ii) Tax adjustments relating to earlier period / years	-	-	-	-	-	-	-	-
(iii) Deferred tax	479.00	10.24	(155.54)	(2.92)	(2.41)	(0.05)	(90.82)	(1.90)
Total tax expense	**606.18**	**12.96**	**(28.54)**	**(0.54)**	**88.69**	**1.69**	**30.29**	**0.63**
Net Loss for the period/ year	**(368.02)**	**(7.87)**	**(194.19)**	**(3.65)**	**(515.61)**	**(9.84)**	**(593.42)**	**(12.39)**
Other comprehensive income/ (loss)								
Items that will not be reclassified to profit or loss								
(i) Re-measurement gains /(losses) on defined benefit obligations	0.46	0.01	0.57	0.01	(1.25)	(0.02)	(0.06)	0.00
(ii) Income tax relating to these items	-	-	-	-	-	-	-	-
Total other comprehensive income/ (loss) for the period/ year	**0.46**	**0.01**	**0.57**	**0.01**	**(1.25)**	**(0.02)**	**(0.06)**	**0.00**
Total comprehensive loss for the period/ year	**(367.56)**	**(7.86)**	**(193.62)**	**(3.64)**	**(516.86)**	**(9.86)**	**(593.48)**	**(12.39)**

Nine months ended December 31, 2021

Total Income

Total income was ₹ 4,677.54 million for the nine months ended December 31, 2021, which was principally comprised of revenue from operations of ₹ 4,452.42 million and other income of ₹ 225.12 million.

Revenue from operations

Revenue from operations was ₹ 4,452.42 million for the nine months ended December 31, 2021, primarily due to income from toll collections, interest income from annuity and claims from NHAI.

Income from Toll Collections

Income from toll collections was ₹ 3,290.10 million for the nine months ended December 31, 2021. Income arising out of toll collection represented 70.34% of our total income for the nine months ended December 31, 2021.

Claims from NHAI

Revenue from claims from NHAI was ₹ 601.80 million for the nine months ended December 31, 2021 which was principally attributable to certain claims in relation to demonetisation, force majeure and arbitration claims in relation to construction. Revenue from claims from NHAI represented 12.87% of our total income for the nine months ended December 31, 2021.

Other income

Other income was ₹ 225.12 million for the nine months ended December 31, 2021, primarily on account of interest on bank deposits and insurance claims. Other income represented 4.81% of our total income for the nine months ended December 31, 2021.

Interest on Fixed Deposit

Interest on bank deposits for the nine months ended December 31, 2021 was ₹ 74.49 million which was primarily attributable to interest on cash surplus deposits. Interest on bank deposit represented 1.59% of our total income for the nine months ended December 31, 2021.

Insurance Claims

Income from insurance claims for the nine months ended December 31, 2021 was ₹ 58.08 million which was primarily attributable to claims settled for damages caused due to floods on account of excess rains in the DBCPL Project. Income from insurance claims represented 1.24% of our total income for the nine months ended December 31, 2021.

Total Expenses

Total expenses was ₹ 4,439.38 million for the nine months ended December 31, 2021, primarily on account of operating expenses, employee benefit expenses, finance costs, expenses on depreciation and amortization and other expenses. Total expenses represented 94.91% of our total income for nine months ended December 31, 2021.

Operating Expenses

Operating expenses were ₹ 1,171.41 million for the nine months ended December 31, 2021, in relation to arbitration claim expenses (which was a pass through to the erstwhile owners), toll operations and maintenance expenses, major maintenance provisions and change in scope and utility shifting expenses. Operating expenses represented 25.04% of our total income for the nine months ended December 31, 2021.

Employee benefit expense

Employee benefits expenses was ₹ 96.88 million for the nine months ended December 31, 2021, due to payment

of salaries and wages, contributions to provident and other funds and staff welfare expenses. Employee benefits expenses represented 2.07% of our total income for the nine months ended December 31, 2021.

Finance costs

Finance costs was ₹ 2,074.33 million for the nine months ended December 31, 2021, primarily attributable to the interest expenses on term loans and debentures. Finance costs represented 44.35% of our total income for the nine months ended December 31, 2021.

Depreciation and Amortization Expense

Depreciation and amortization expense was ₹ 733.62 million for the nine months ended December 31, 2021 which is due to the implementation of the requirements of Schedule II of the Companies Act to depreciation and the revenue based method to amortization of intangible assets and is in the normal course of business and operations. Depreciation and Amortisation represented 15.68% of our total income for the nine months ended December 31, 2021.

Other expenses

Other expenses was ₹ 363.14 million for the nine months ended December 31, 2021, and is mainly on account of management support services fee, power, fuel and water charges, independent consultancy and project monitoring fees, legal and professional fees, etc. Other expenses represented 7.76% of our total income for the nine months ended December 31, 2021.

Loss before and after tax

As a result of the factors outlined above, our profit / (loss) before and after tax was ₹ 238.16 million and ₹ (368.02) million for the nine months ended December 31, 2021.

Other comprehensive income/(Loss)

Other comprehensive income was ₹ 0.46 million for the nine months ended December 31, 2021.

Total comprehensive income/(loss)

As a result of the factors outlined above, our total comprehensive loss was ₹ (367.56) million for the nine months ended December 31, 2021.

Financial year ended March 31, 2021 compared to financial year ended March 31, 2020

Total Income

Total income increased by 1.64% from ₹ 5,240.23 million in Fiscal 2020 to ₹ 5,326.13 million in Fiscal 2021, primarily due to claims received from NHAI, a modification in the gain on annuity and a gain on modification of liabilities

Revenue from operations

Revenue from operations increased by 1.52% from ₹ 5,008.80 million for Fiscal 2020 to ₹ 5,085.04 million for Fiscal 2021, primarily due to income received from claims made to NHAI.

Claims from NHAI

Revenue from claims received from NHAI increased by an amount of ₹ 378.72 million in Fiscal 2021.

Income from Toll Collections

Income from toll collections decreased by 0.10%, from ₹ 3,922.85 million for Fiscal 2020 to ₹ 3,919.12 million for Fiscal 2021.

Other income

Other income increased by 4.17% from ₹ 231.43 million for Fiscal 2020 to ₹ 241.09 million for Fiscal 2021, primarily on account of gain on modification of liability.

Total Expenses

Total expenses decreased by 2.09% from ₹ 5,667.15 million for Fiscal 2020 to ₹ 5,548.86 million for Fiscal 2021, on account of decrease in the depreciation and amortization expense and a slight decrease in operating expenses.

Operating Expenses

Operating expenses decreased by 0.77% from ₹ 1,388.02 million for Fiscal 2020 to ₹ 1,377.29 million for Fiscal 2021, primarily due to the decrease in the provision for major maintenance provision. Provision for major maintenance obligations decreased by 45.88% from ₹ 834.11 million for Fiscal 2020 to ₹ 451.45 million for Fiscal 2021, primarily due to scheduled major maintenance work carried out against the provision for the current major maintenance cycle as per the concession agreement

Employee benefit expense

Employee benefits expenses increased by 1.18% from ₹ 116.19 million for Fiscal 2020 to ₹ 117.56 million for Fiscal 2021, due to a minor increase in staff welfare expenses.

Finance costs

Finance costs decreased by 1.23% from ₹ 2,774.77 million for Fiscal 2020 to ₹ 2,740.51 million for Fiscal 2021, primarily attributable to the decrease in interest on loans from banks and financial institutions and a decrease in finance and bank charges.

Depreciation and Amortization Expense

Depreciation and amortization decreased by 11.44% from ₹ 1,038.67 million for Fiscal 2020 to ₹ 919.81 million for Fiscal 2021 which is in normal course of business and operations.

Other expenses

Other expenses increased by 12.65% from ₹ 349.5 million for Fiscal 2020 to ₹ 393.69 million for Fiscal 2021, primarily due to increase in insurance expenses, legal and professional fees and independent consultancy and project monitoring fees.

Loss before and after tax

As a result of the factors outlined above, our loss before tax decreased by 47.83% from ₹ (426.92) million for Fiscal 2020 to ₹ (222.73) million for Fiscal 2021. Our loss after tax decreased by 62.34% from ₹ (515.61) million for Fiscal 2020 to ₹ (194.19) million for Fiscal 2021.

Other comprehensive income/(Loss)

Other comprehensive loss increased by 145.49% from ₹ (1.25) million for Fiscal 2020 to ₹ 0.57 million for Fiscal 2021.

Total comprehensive income/(loss)

As a result of the factors outlined above, our total comprehensive loss decreased by 62.54% from ₹(516.86) million for Fiscal 2020 to ₹(193.62) million for Fiscal 2021.

Financial year ended March 31, 2020 compared to financial year ended March 31, 2019

Total Income

Total income increased by 9.45% from ₹ 4,787.68 million in Fiscal 2019 to ₹ 5,240.23 million in Fiscal 2020, primarily due to decrease in revenue from periodic maintenance of roads and a modification gain on annuity.

Revenue from operations

Revenue from operations increased by 10.66% from ₹ 4,526.43 million for Fiscal 2019 to ₹ 5,008.80 million for Fiscal 2020, primarily due to an increase in the revenue from the periodic maintenance of roads.

Income arising out of toll collections

Income arising out of toll collections increased by 3.74%, from ₹ 3,781.56 million for Fiscal 2019 to ₹ 3,922.85 million for Fiscal 2020. This increase was attributable to augmentation in traffic volume and increase in toll rates as per the concession agreements.

Revenue from the periodic maintenance of road

Revenue from the periodic maintenance of roads increased by 5,724.53% from ₹5.30 million for Fiscal 2019 to ₹ 308.70 million for Fiscal 2020. This increase was attributable to income from periodic maintenance of roads for our annuity projects, as incurred in accordance with the Concession Agreements.

Other income

Other income decreased by 11.41% from ₹ 261.25 million for Fiscal 2019 to ₹ 231.43 million for Fiscal 2020, primarily on account of a decrease in the gain on investments carried at fair value through profit or loss and gain on sale of investments which was partially offset by an increase in interest income.

Total Expenses

Total expenses increased by 5.91% from ₹ 5,350.81 million for Fiscal 2019 to ₹ 5,667.15 million for Fiscal 2020, primarily on account of increase in operating expenses and employee benefit expenses which was partially offset by a decrease in finance costs and other expenses.

Operating Expenses

Operating expenses increased by 36.52% from ₹ 1,016.73 million for Fiscal 2019 to ₹ 1,388.02 million for Fiscal 2021, primarily due to the increase in the provision for major maintenance. Provision for major maintenance obligations increased by 105.90% from ₹ 405.10 million for Fiscal 2019 to ₹ 834.11 million for Fiscal 2020, primarily due to provisioning for scheduled spend on period maintenance as per the concession agreement.

Employee benefit expense

Employee benefits expenses increased by 12.86% from ₹ 102.95 million for Fiscal 2019 to ₹ 116.19 million for Fiscal 2020, due to a slight increase in salaries and wages and contribution to provident and other funds.

Finance costs

Finance costs decreased by 4.28% from ₹ 2,898.98 million for Fiscal 2019 to ₹ 2,774.77 million for Fiscal 2020, primarily attributable to a decrease in interest expenses and unwinding of discount on provisions and financial liabilities carried at amortised cost.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 10.94% from ₹ 936.21 million for Fiscal 2019 to ₹ 1,038.67 million for Fiscal 2020, which is in normal course of business and operations and due to change in estimates.

Other expenses

Other expenses decreased by 11.73% from ₹ 395.94 million for Fiscal 2019 to ₹ 349.50 million for Fiscal 2020, primarily due to a decrease in payments to concession authorities and other miscellaneous expenses.

Loss before and after tax

As a result of the factors outlined above, our loss before tax reduced by 24.19% from ₹ (563.13) million for Fiscal 2019 to ₹ (426.92) million for Fiscal 2020. Our loss after tax reduced by 13.11% from ₹ (593.42) million for Fiscal 2019 to ₹ (515.61) million for Fiscal 2020.

Other comprehensive income/(Loss)

Other comprehensive loss increased by 1,912.95% from ₹ (0.06) million for Fiscal 2019 to ₹ (1.25) million for Fiscal 2020.

Total comprehensive income/(loss)

As a result of the factors outlined above, our total comprehensive loss reduced by 12.91% from ₹ (593.48) million for Fiscal 2019 to ₹ (516.86) million for Fiscal 2020.

Cash Flows

The following table sets forth certain information relating to the cash flows of the Project SPVs on a combined basis for the periods indicated:

(*In ₹ million*)

Particulars	Nine months ended December 31, 2021	Financial Year ended March 31,		
		2021	2020	2019
Net cash generated from operating activities	3,376.91	2,845.33	2,659.32	3,078.21
Net cash (used in) / flow from investing activities	(905.07)	269.93	(61.55)	498.66
Net cash used in financing activities	(2,446.72)	(3,210.36)	(2,610.38)	(3,510.65)

Net cash generated from operating activities

Net cash from operating activities for the nine months ended December 31, 2021 was ₹ 3,376.91 million, primarily arising out of tolling operations.

Net cash from operating activities for Fiscal 2021 was ₹ 2,845.33 million, primarily arising out of tolling operations.

Net cash used in operating activities for Fiscal 2020 was ₹ 2,659.32 million, primarily arising out of tolling operations.

Net cash from operating activities for Fiscal 2019 was ₹ 3,078.21 million, primarily arising out of tolling operations.

Net cash (used in)/ flow from investing activities

Net cash used in investing activities for the nine months ended December 31, 2021 was ₹ (905.07) million, primarily arising out of purchase of current investments and movement in bank deposits.

Net cash flowing from investing activities for Fiscal 2021 was ₹ 269.93 million, primarily due to proceeds from sale of current investments.

Net cash used in investing activities for Fiscal 2020 was ₹ (61.55) million, primarily due to purchase of current investments.

Net cash flowing from investing activities for Fiscal 2019 was ₹ 498.66 million, primarily due to proceeds from sale of current investments.

Net cash from / (used) by / in financing activities

Net cash used in financing activities for the nine months ended December 31, 2021 was ₹ (2,446.72) million, primarily due to repayment of borrowings, interest paid and finance costs.

Net cash used in financing activities for Fiscal 2021 was ₹ (3,210.36) million, primarily due to repayment of borrowings, interest paid and finance costs.

Net cash used in financing activities for Fiscal 2020 was ₹ (2,610.38) million, primarily due to repayment of borrowings, interest paid and finance costs.

Net cash from financing activities for Fiscal 2019 was ₹ (3,510.65) million, primarily due to repayment of borrowings, interest paid and finance costs.

Capital Expenditure

The Project SPVs capital expenditure has historically been principally for construction and O&M costs. In the nine months ended December 31, 2021 and the Fiscals 2021, 2020 and 2019, the combined capital expenditure of the Project SPVs was as follows:

(*In ₹ million*)

Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Intangible Capital Expenditure	1.19	1.09	17.07	0.44
Property, Plant and Expenditure	17.20	20.46	9.17	16.15
Capital work in progress	5.98	9.40	5.40	6.58

Indebtedness

The following table provides the types and amounts of the Project SPVs outstanding indebtedness as of December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019:

(*In ₹ million*)

Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Secured				
Term loan from banks	1,735.03	2,043.30	2,250.78	2,509.67
Term loan from financial institutions	2,858.32	3,223.74	3,232.18	3,962.51
Non-convertible debentures	8,475.09	9,367.25	9,967.02	10,042.67
Unsecured				
Unsecured loan from related parties	-	325.91	324.92	324.02
Unsecured loan from others	459.92	427.83	388.94	353.49
Optionally convertible debentures from related parties	-	6,864.12	6,300.25	5,541.00
Compulsory convertible debentures from related parties	7,978.14	-	-	-
Total Non-Current Borrowings	**21,506.50**	**22,252.16**	**22,464.09**	**22,733.36**
Current Maturities of Long Term Borrowings				

Particulars	As at December 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Secured				
Term loan from banks	328.93	293.65	261.25	246.45
Term loan from financial institutions	332.03	59.64	43.40	50.20
Non-convertible debentures	785.05	869.84	825.07	691.40
Unsecured				
Liability Component of Compound Financials Instruments	531.98	519.08	531.84	495.42
Total Current Maturities of Long Term Borrowings	**1,977.99**	**1,742.21**	**1,661.56**	**1,483.47**
Total Long Term Borrowings	**23,484.49**	**23,994.36**	**24,125.65**	**24,216.83**

As at December 31, 2021, the Project SPVs' total borrowings comprising of unsecured loans and secured loans and current maturities of the long term borrowings of the Project SPVs, was ₹ 23,484.49 million, consisting of unsecured loans of ₹ 8,970.04 million and secured loans of ₹ 14,514.44 million. Most of the Project SPVs' financing arrangements are secured by their movable and immovable assets, including charges on their equipment and intangible assets relating to toll collection rights and financial assets relating to their respective projects.

As at March 31, 2021, the Project SPVs' total borrowings, comprising of unsecured loans and secured loans and current maturities of the long term borrowings of the Project SPVs, was ₹ 23,994.36 million, consisting of unsecured loans of ₹ 8,136.94 million and secured loans of ₹ 15,857.42 million. Most of the Project SPVs' financing arrangements are secured by their movable and immovable assets, including charges on their equipment and intangible assets relating to toll collection rights and financial assets relating to their respective projects.

Sufficiency of Working Capital

The Highways Trust will raise funds through appropriate manner to meet its working capital requirements. The Investment Manager has confirmed that the Highways Trust has the ability to meets its working capital requirements for at least 12 months from the date of allotment of the Units through such fund raise.

Related Party Transactions

We have in the past engaged, and in the future may engage, in related party transactions. For a description of our related party transactions, see the section entitled "*Related Party Transactions*" on page 257.

Seasonality

Our business model is predominantly toll based and is subject to seasonality of traffic and toll revenue. Traffic volumes tend to increase at the beginning and end of holiday seasons, but decrease during the monsoon season and on the day of a holiday. The monsoon season may also restrict our ability to carry on activities related to our operation and maintenance of the Project SPVs. Such events may result in delays in periodic maintenance and reduce productivity, thereby materially and adversely affecting our business, financial condition and results of operations.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Placement Memorandum, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Total Turnover of each Major Industry Segment in which we operate

We have one primary business segment, namely the road sector. For further information, please see the section entitled "*Industry Overview*" and "*Business*" on pages 152 and 170, respectively.

Known Trends or Uncertainties

Other than as described in the section entitled "*Risk Factors*" on page 58 and this section entitled "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Project SPVs of the Highways Trust*" on page 224, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Quantitative and Qualitative Disclosure about Market Risks

The Project SPVs' activities expose them to a variety of financial risks, including market risk, credit risk and liquidity risk. The Project SPVs' primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Project SPVs' risk management assessment and policies and processes are established to identify and analyses the risks faced by the Project SPVs, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and the Project SPVs' board of directors have overall responsibility for the establishment and oversight of the Project SPVs' risk management framework. This section presents information about the risks associated with their financial instruments, the Project SPVs' objectives, policies and processes for measuring and managing risk, and the Project SPVs' management of capital.

Credit Risk

The Highways Trusts' exposure to credit risk primarily relates to investments, accounts receivable and cash and cash equivalents. The Highways Trust monitors and limits its exposure to credit risk on a continuous basis.

Liquidity risk

The Highways Trust is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Highways Trust monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and financial requirements. The Highways Trust has access to credit facilities and debt capital markets and monitors cash balances daily. In relation to the Highways Trust's liquidity risk, the Highways Trust's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions as they fall due while minimizing finance costs, without incurring unacceptable losses or risking damage to the Highways Trusts' reputation.

Significant Developments since December 31, 2021

Except as disclosed in this Draft Placement Memorandum and except for the ordinary course of business of the Project SPVs, we are not aware of any circumstances that have arisen since December 31, 2021 that materially and adversely affect, or are likely to affect, our operations or profitability, the value of our respective assets, or our ability to pay our respective liabilities within the next twelve months.

The Highways Trust and the Investment Manager confirm that there has been no material change in the contingent liabilities since December 31, 2021, being the date of latest financial information included by way of the Audited Special Purpose Combined Financial Statements.

The Highways Trust and the Investment Manager confirm that there has been no material change in the capital and other commitments since December 31, being the date of latest financial information included by way of the Audited Special Purpose Combined Financial Statements.

The month-wise unaudited revenue for certain of the Project SPVs from the date of the latest financial statements included in this Draft Placement Memorandum until the completed month before the filing of this Draft Placement Memorandum has been provided below.

Two of the Project SPVs (namely, NBL and SEPL) are annuity projects which receive semi-annual annuity from the concessioning authorities. Accordingly, while SEPL received an annuity payment in February, 2022, no revenue was received by NBL during the months of January 2022 and February 2022.

(in ₹ crores)

Sr. No.	Project SPVs	January 2022	February 2022
1.	DBCPL	13.48	13.38
2.	GEPL	10.6	10.1
3.	UEPL	12.3	11.2
4.	JPEPL	5.0	5.1
5.	NBL*	1.63	1.76
6.	SEPL*	1.63	2.16

*As per IndAS for Annuity Projects.

RELATED PARTY TRANSACTIONS

In terms of Regulation 2(1)(zv) of the InvIT Regulations, related parties to the Highways Trust, shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to the Trust; and (ii) promoters, directors, and partners of the Parties to the Trust. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being Ind AS 24 on "*Related Party Disclosures*" ("**Related Parties**") in relation to related party transactions. The Parties to the Trust, may, from time to time, enter into related party transactions, in accordance with applicable law.

Procedure for dealing with Related Party Transactions

To ensure proper approval, supervision and reporting of the transactions between the Trust and its Related Parties, the board of directors of the Investment Manager has adopted the Policy in relation to Related Party Transactions and conflict of interests, pursuant to its resolution dated March 15, 2022, to regulate the transactions between the Trust and its Related Parties. The key terms of the RPT Policy are provided below:

(i). In accordance with the InvIT Regulations, the Investment Manager will ensure that all future Related Party Transactions shall be:

(a). on an arm's length basis;

(b). in accordance with the relevant accounting standards;

(c). in the best interest of the Unitholders;

(d). consistent with the strategy and investment objectives of the Trust; and

(e). compliant with applicable law including InvIT Regulations..

(ii). Framework for approval of Related Party Transactions:

(a). All transactions with Related Parties shall be referred to the Audit and Risk Management Committee for prior approval.

(b). All Related Party transactions as approved by the Committee may be noted by the Board and the Related Party transaction that are not in ordinary course of business and/or not on arm's length basis are mandatorily required to be approved by the Board at a duly constituted meeting. In addition, the following kinds of transactions with related parties will also be placed before the Board for its approval:

i. Transactions in respect of which the Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

ii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Committee requires Board approval.

(c). Every Material Related Party Transaction involving the Investment Manager (as defined under the policy) shall require approval of the shareholders except Related Party transaction that are in ordinary course of business and on arm's length basis. Separately, all Related Party Transactions involving the Highways Trust which require approval from the unit holders under the terms of the InvIT Regulations shall be referred to the unit holders for approval..

(iii). The Investment Manager will establish an internal control system so as to ensure that future InvIT Related Party Transactions are compliant with the InvIT Regulations and applicable accounting standards. The Investment Manager will convene meetings of the Unitholders in accordance with InvIT Regulations, and maintain records pertaining to such meetings in the manner prescribed under applicable law. The Investment Manager shall also ensure compliance with any additional guidelines issued in this regard by SEBI and other relevant regulatory or governmental authorities from time to time.

(iv). In addition to any other requirement that may be prescribed in terms of the InvIT Regulations or other applicable laws, all InvIT Related Party Transactions to be entered into in the future will be.

(a) decided by a majority vote of the Board, including the vote of majority of independent directors after satisfying itself that the transactions are conducted in accordance with the parameters set out in the policy; and

(b) reviewed and approved by the Committee.

(v). As a general rule, the Investment Manager must demonstrate to the Committee that future InvIT Related Party Transactions satisfy the criteria set out in in policy at the time of recommending the same for the approval of the Committee.

(vi). The Investment Manager will maintain a register to record all InvIT Related Party Transactions entered into by the Trust and the basis on which they are entered into.

(vii). The Investment Manager will also incorporate into its internal audit plan a review of all InvIT Related Party Transactions entered into by the Trust during each financial year.

(viii). The Committee shall review at least quarterly in each financial year the InvIT Related Party Transactions entered into during such quarter to ascertain that the guidelines and procedures established to monitor the InvIT Related Party Transactions have been complied with.

(ix). The review by the Committee will include the examination of the nature of the transaction and its supporting documents or such other data as may be deemed necessary by the Committee, including the following. Any member of the Committee who has a potential interest in any InvIT Related Party Transaction will recuse himself or herself and abstain from discussion and review of the InvIT Related Party Transaction.

(x). While considering a InvIT Related Party Transaction, any Director of the Board who has a potential interest in any InvIT Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the InvIT Related Party Transaction.

Disclosure and Reporting

(i). InvIT Related Party Transactions shall be disclosed to the Trustee, stock exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreement to be entered into with the stock exchanges in relation to the listing of the Units. The Investment Manager shall adequately disclose the details of any fees or commissions received or to be received by any person or entity which is an associate of the Related Party to the stock exchanges.

(ii). Related Party Transactions shall be disclosed: (a) in the offer document with respect to any such transactions entered into prior to the offer of units and any such proposed transactions subsequent to the offer; and (b) to the stock exchanges and the Unitholders periodically, in accordance with the InvIT Regulations and the agreements to be entered into with the stock exchanges in relation to the listing of the Units.

(iii). In terms of the InvIT Regulations, the annual report to be submitted by the Investment Manager to all Unitholders, electronically or by physical copies, and to the stock exchanges within three months from the end of the financial year, shall contain, inter alia, details of all InvIT Related Party Transactions.

Related Party Transactions

Present and On-going Related Party Transactions

Related Party Transactions of the Trust in relation to the setting up of the Trust and this Issue

A number of present and on-going transactions with certain Related Parties have been, or will be, entered into in relation to the setting up of the Trust. The Trustee and the Investment Manager confirm that the following related

party transactions have been, or shall be, entered into, on an arm's length basis in accordance with the relevant accounting standards, in the best interest of the Unitholders, consistent with:

(A) Securities Purchase Agreement

Please see the section entitled "*Related Party Transactions – Acquisition of the Project SPVs by the Trust*" on page 262 for a description of the terms of the Securities Purchase Agreement.

(B) Trust Deed

Please see the section entitled "*Parties to the Highways Trust – Key Terms of the Trust Deed*" on page 107 for a description of the terms of the Trust Deed. The Trustee has received a sum ₹ 10,000 towards the initial settlement of the Trust from the Investment Manager.

(C) Investment Management Agreement

Please see the section entitled "*Parties to the Highways Trust – Key Terms of the Investment Management Agreement*" on page 121 for a description of the terms of the Investment Management Agreement.

(D) Project Management Agreement

Please see the section entitled "*Parties to the Highways Trust – Key terms of the Project Management Agreement*" on page 137 for a description of the terms of the Project Management Agreement.

The Securities Purchase Agreements, the Investment Management Agreement and the Project Management Agreement will take effect prior to the Allotment of Units.

(E) Business Support Services Agreement

The Project Manager shall enter into a business support services agreement with the Project SPVs and HC1, in relation to provision of certain services (*as defined hereinafter)* by HC1 to the Project SPVs (the "**Service Agreement**"). The key terms of the Service Agreement are specified below:

(i). ***Appointment:***

The Project SPVs, in consultation with the Project Manager, in accordance with the Project Management Agreement has appointed HC1 (as the "**Service Provider**"), to provide services to the Project SPV for such fee as agreement in the Service Agreement.

(ii). ***Provision of Services:***

- The Service Provider shall provide business support services to the Project SPVs, including but not limited to, (a) corporate accounting, banking and financing services in order to assist the Project SPVs to maintain appropriate financial records, (b) allowing registered office of the Project SPVs at the premises of the Service Provider and issuing the necessary NOC for all registrations required to be maintained using such address, (c) payroll management services, (d) assisting with corporate secretarial services, (e) direct and indirect tax compliance, (f) concession agreement and financing agreement management and taking steps for ensuring compliance with all the provisions thereof, (g) documentation or statutory compliance services, and (h) general monitoring and administration services (Collectively referred to as "**Services**").

- The Service Provider shall at all times perform, or use its commercially reasonable efforts to cause any third-party providers to perform, the Services in a manner that is at least consistent in scope, nature, quality standards, timeliness and operational, performance and technical specifications for a person or business providing services of such nature;

- Without the prior written consent of the Project Manager, the Service Provider shall not represent itself as the agent or the power of attorney holder of the Project SPV or the Project Manager before any authority and the Service Provider shall not take any action or decision on behalf of the Project SPV or the Project Manager vis–a-vis any third party,

unless specifically authorized by the Project SPV or the Project Manager, respectively, to do so; and

- The Project Manager and the Project SPVs agree that the Service Provider shall have the right to take (and consents to the Service Provider taking), such reasonable actions and decisions with respect to the Project SPVs and its affairs, as may be necessary in order to discharge the Services.

(iii). ***Resources:***

The Service Provider agrees that it will, and/or will use commercially reasonable efforts to cause its third-party providers (to whom it has sub-contracted any of the Services) to, maintain such resources, systems, facilities and equipment throughout the term as are reasonably necessary to provide the Services in accordance with this Service Agreement.

(iv). ***Performance of Services:***

- The Service Provider shall, and/or shall use its commercially reasonable efforts to cause its third-party providers to, provide the Services, (i) in a workmanlike manner and in accordance with the Scope of Services (*as defined in the Service Agreement)*; (ii) in a standard and manner that is materially consistent (in nature, quality, degree of care, skill, diligence and scope) with market standards; and (iii) in compliance with applicable Laws, subject, in each case, to any limitations or restrictions imposed by or resulting from: (a) any change in scope (as agreed in writing by the parties from time-to-time during the services term); (b) any restrictions imposed on the Service Provider by applicable Laws that would directly influence the Service Provider's ability to provide the Services; and (c) the mutual written agreement of the parties.

- The Service Provider shall also be solely responsible for providing all the necessary compensations, payments, fees and statutory benefits to employees, consultants, contractors or agents, engaged by it to provide the Services (including for deployment as whole time key managerial personnel required to be engaged by the Project SPVs under Applicable Laws), unless agreed otherwise and as further specified in the Service Agreement.

(v). ***Project Manager Supervision and Management Reporting***:

The Service Provider has acknowledged and agreed that it shall provide the Services under the overall supervision of the Project Manager and shall accept any instruction provided by the Project Manager in this regard. The Service Provider shall provide management reporting to Project Manager and the Project SPVs as may be mutually agreed between the Parties or otherwise may be required by the Project Manager or the Project SPVs for any reporting or compliances under Applicable Law.

(vi). ***Third Party Licenses and Consents****:*

The Service Provider shall keep and maintain in effect, all governmental or third-party licenses, consents or amendments required for the provision of the Services by the Service Provider in accordance with the terms hereof; provided, that, if, in using such efforts, the Service Provider is unable to obtain any such license, consent or amendment, the Service Provider shall promptly notify the Company and the Project Manager in writing and shall, and shall cause its Affiliates to, use reasonable best efforts to implement a commercially reasonable alternative arrangement, as specified in the Service Agreement.

(vii). ***Covenants:***

(a) The Service Provider shall at all times perform the Services strictly in accordance with the Service Agreement and applicable laws, and in carrying out the Services under the terms of the Service Provider, the Service Provider shall, amongst others:

- at all times act in good faith;
- ensure compliance by the Project SPVs of all applicable laws, to the extent under the scope of services;
- provide access to the Project Manager to all data and information pertaining to the Project SPVs, in a proper and timely manner as mutually agreed;
- exercise the level of skill, care, attention and diligence as may reasonably be expected of an experienced, professional, prudent and competent third party skilled in providing the Services;
- keeping the Project Manager informed on all matters which have or may have a material bearing on the operations of the Project SPVs;
- keeping proper records of actions taken in respect of the Project SVs and upon request, with reasonable notice, by the Project Manager, whether during the term or after termination of the Service Agreement, at its own expense, make such records, available for inspection and audit (including copies and extracts of records as required) by the Project Manager;
- complying with the instructions of the Project Manager, in accordance with the applicable laws.

(b) The Service Provider has acknowledged that the Project Manager shall supervise the activities undertaken by the Service Provider in accordance with applicable laws and accordingly, the Service Provider shall accept instructions from the Project Manager and provide necessary information as required, to enable the Project Manager to perform such obligations in accordance with applicable laws.

(c) The Service Provider shall provide to the Project Manager, all information that may be necessary for the Project Manager for making submissions to any governmental authorities or the 'Investment Manager' or 'Trustee' of the Highways Trust, including with respect to relevant approvals, consents and other documents required in relation to the Project SPVs and the reporting requirements under applicable laws, in a proper and timely manner, and in the format prescribed (if any), as required by the Project Manager.

(viii). ***Term and Termination:***

The Service Agreement shall remain valid and subsisting between the Parties until it is terminated by the parties (As specified below). The Service Agreement shall be terminated in accordance with the following:

- upon the mutual written agreement of the parties; or
- by any party, without cause, on providing a written notice of 90 (ninety) days-to the other party.

(ix). ***Indemnity:***

Each party shall indemnify, hold harmless, and defend the other party and/or such other party's affiliates from and against any and all costs and expenses that are incurred by such party or any of its affiliates as a result of the other party's breach of any of the terms of the Service Agreement.

(F) Reimbursement Agreement

The Investment Manager shall enter into a reimbursement agreement with HC1 in relation to reimbursement of certain costs (the "**Reimbursement Agreement**"). Pursuant to the Issue, certain costs which are usually to be incurred by the Investment Manager of the Trust, will be initially discharged by HC1 and subsequently be reimbursed by the Investment Manager. The key terms of the Reimbursement Agreement are specified below:

(i). ***Reimbursement:***

- The Investment Manager on behalf of the Trust, has agreed and undertaken to reimburse HC1, for any third party costs and expenses (and excluding all employee related and internal costs of HC1), at actuals, that HC1 is requested to undertake from time to time, by the Investment Manager, solely in connection with the set-up of the Trust and/ or for the Issue ("**Costs**"), in the manner set out below, it being clarified that no amounts shall be considered 'Costs' unless incurred in connection with the set-up of the Trust and/ or the Issue, and requested to be undertaken by the Investment Manager, in writing.

- HC1 shall be entitled, to issue a at the end of each month, issue a notice (via an email) to the Investment Manager for any Costs incurred by it (each such notice, a "**Reimbursement Notice**"). The Investment Manager shall, within 15 Business Days of the listing of the units issued pursuant to the Issue, deposit an amount equivalent to the undisputed portion of Costs plus Taxes and shall be subject to withholding of appropriate Taxes (if applicable) ("**Reimbursement Amount**"), via wire transfer of immediately available funds, in a bank account designated by HC1 in the relevant Reimbursement Notice(s). In case the Investment Manager disputes any portion of the Costs, such amounts shall be paid subject to resolution of the dispute in accordance with the Reimbursement Agreement.

- HC1 agrees that Reimbursement Notice(s) shall be accompanied by all relevant documents and information necessary for the Investment Manager to verify the Costs (including without limitation the engagement letters, invoices, requests from the Investment Manager and payment receipts), and further agrees to promptly provide, upon reasonable request by the Investment Manager, any further documentation to support the Costs, it has listed in the relevant Reimbursement Notice. Further, HC1 agrees that all the costs paid by it shall be subject to appropriate withholding of taxes (if applicable) and consequently, HC1 shall deposit such withheld taxes on or before the due date with the government treasury and furnish tax withholding certificates to the respective vendors on or before the due date.

(ii). ***Term:*** The Reimbursement Agreement shall remain valid and subsisting between the parties until mutually terminated in writing. Liabilities and obligations of the parties arising prior to termination of the Reimbursement Agreement shall not be affected by termination of such agreement.

Acquisition of the Project SPVs by the Trust

Securities Purchase Agreement

Prior to the Allotment and in accordance with the InvIT Regulations, the Highways Trust, acting through its Trustee, proposes to acquire the shareholding of the Sponsor in the issued and paid-up equity share capital of each of the Project SPVs ("**Sale Shares**") from the Sponsor and certain outstanding CCDS ("**Transferor CCDS**", along with the Sale Shares referred to as the "**Transferor Securities**") pursuant to the Securities Purchase Agreement (the "**SPA**"). Pursuant to Completion under the Securities Purchase Agreement, the Highways Trust will acquire 100% interest (directly or indirectly) in the Project SPVs. As consideration for acquisition of the Sale Shares, the Highways Trust will allot such number of Units as mutually agreed in writing between the Sponsor and the Highways Trust, as specified in the SPA. Further, as consideration of the Transferor CCDS, Highways Trust shall allot such number of Units, or pay such amounts, or a combination of both, as may be agreed between the Highways Trust and the Sponsor, as specified in the SPA.

The key terms of the SPA are specified below:

Transfer and Acquisition of Transferor Securities: in accordance with the terms of the SPA, the Sponsor has agreed to sell the Sale Shares and the Transferor CCDS to the Highways Trust, together with all legal and beneficial interest and free and clear of all encumbrances (other than Permitted Encumbrances (as defined in the SPA), by way of a swap arrangement and for a cash consideration, on the terms and conditions set out in the SPA.

Consideration: The Highways Trust has agreed to issue and allot such number of Units as mutually agreed in writing between the Sponsor and the Highways Trust as consideration amount for the Sale Shares. In addition, the Highways Trust shall allot such number of Units, or pay such amounts, or a combination of both, as may be agreed between the Highways Trust and the Sponsor, as consideration amount for the Transferor CCDS, as specified in the SPA.

Conditions Precedent: The Sale Shares and Transferor CCDs will stand transferred to the Highways Trust subject to the satisfaction of the condition precedent as set out in the SPA, by the Sponsor and the Project SPVs to the satisfaction of the Highways Trust, such as that the Fundamental Warranties (as defined in the SPA) provided by the Sponsor and the Project SPVs under the SPA are true, accurate, correct, and complete in all material respects as on SPA Closing Date, (as defined below) other than as disclosed in this Draft Placement Memorandum.

Closing*:* Closing shall occur within seven business days of the Highways Trust issuing a certificate confirming satisfaction of the conditions precedent or on such other date, as may be mutually agreed between the parties to the SPA (such date "**SPA Closing Date**"). On the SPA Closing Date, each of the Sponsor, Highways Trust and the Project SPVs shall deliver relevant instructions for the transfer of the respective Sale Shares and Transferor CCDS as specified in the SPA. Further, each of the Project SPV shall approve and take note of the transfer of the relevant Sale Shares and/or Transferor CCDS in its meeting of the board of directors.

Post-Closing Actions*:* On or after the SPA Closing Date, amongst other things, the Highways Trust shall take all necessary steps to ensure that necessary filings with the relevant governmental authorities are duly made in relation to the acquisition of the Sale Shares and Transferor CCDs by the Highways Trust including to record the name of the Highways Trust as the true, legal and beneficial owner of the Sale Shares and Transferor CCDS.

Representations and Warranties*:* The representations and warranties provided by the Sponsor, the Highways Trust, the Investment Manager and the Project SPVs, include, amongst others:

- due incorporation and valid existence;
- due authorisation for the consummation of the SPA;
- execution of the SPA and transactions contemplated in the SPA does not violate its charter documents, or material breach or violation of material contract or applicable law; and
- representations in relation to solvency.

Further, the Sponsor represents and warrants that as of the date of the signing of the SPA and the SPA Closing Date, amongst others, that:

- each of the Specified Agreements (as defined in the SPA), has been duly executed by the Sponsor, duly stamped, and is in full force and effect, and upon execution of the assignment deed, all rights and obligations under the Specified Agreements shall be legally transferred to and shall be enforceable against the parties thereto (including certain erstwhile seller indemnified parties specified in the SPA) by the Highways Trust without any further actions or prior approval from such indemnified parties. The Sponsor confirms that it is not subject to any deferred payment or consideration holdback obligations under the Specified Agreements or the Sale Agreements *(*as defined in the SPA*)*;
- the Fundamental Warranties are true, accurate and not misleading. Further, the Sponsor extends to the Highways Trust the benefit of each of the warranties provided by the erstwhile sellers (as of dates to which they pertain as per the Specified Agreements) to the Sponsor under such agreements; and

- the consideration for the Sale Shares and the Transferor CCDS when issued under the SPA, (a) shall be duly authorised, validly issued, fully paid-up and free and clear of all encumbrances; and (b) shall provide clear and marketable title and rights to the Sponsor in respect thereof.

***Indemnity**:*

- On and from the Closing Date (as defined in the Securities Purchase Agreement), the Sponsor will indemnify the Highways Trust (acting through its Trustee), the Investment Manager and the Project SPVs (if the Terra InvIT so requests) and their respective directors and employees ("**Indemnified Parties**") from and against any and all losses actually suffered or incurred by the Indemnified Parties resulting from (i) any misrepresentation in or breach of any Fundamental Warranties (as defined in the Securities Purchase Agreement) of the Indemnifying Party; and (ii) any breach of any covenant or obligation of the Project SPV and/ or the Sponsor contained in the Securities Purchase Agreement which occurs on or prior to the Closing Date. The indemnification obligations of the Sponsor will be the exclusive monetary remedy available to the indemnified parties for any loss that they may suffer on account of any of the Indemnification Events (as defined in the Securities Purchase Agreement). Any indemnification payments or other payments made by the Sponsor shall be made subject to withholding or deduction of any tax, as may be required under applicable law. Further, the liability for any loss actually suffered or incurred will be limited to, amongst other limitations, 100% of the value of the Consideration Units (as defined in the Securities Purchase Agreement) as on the Closing Date and CCDs Consideration Cash (as defined in the Securities Purchase Agreement).

- The Sponsor will have the right to assign all its rights and obligations (including the right to make indemnity claims) under the Specified Agreements (as defined in the Securities Purchase Agreement) to the Highways Trust. On assignment by the Sponsor of all its rights and obligations under the Specified Agreements to the Highways Trust, then the Highways Trust shall make all indemnity claims (apart from the claims set out in point (i) above) directly against the IIF Indemnifying Party(ies) (as defined in the Securities Purchase Agreement and being the erstwhile sellers of the Project SPVs) under the Specified Agreements and will not have any recourse against the Sponsor in relation to such indemnity claims.

***Termination**:* The SPA shall stand terminated by either of the parties to the SPA by (i) by mutual consent of the parties, (ii) by a notice in writing if closing does not take place by the long top date (as specified in the SPA); or (iii) automatically, in the event SEBI revokes the registration granted to the Highways Trust.

Borrowings from Related Parties

Depending upon market conditions and other considerations, the Highways Trust may infuse funds, by way of debt, into the Project SPVs in accordance with applicable law.

Potential Future Related Party Transactions

Certain transactions may be entered with Related Parties in the future and the Trustee and the Investment Manager confirm that such related party transactions shall be, entered into, in compliance with the InvIT Regulations and the Related Party Transactions Policy. An indication of potential related party transactions is set out below:

Pursuant to letter March 22, 2022 dated issued by the Sponsor to the Highways Trust and the Investment Manager, the Sponsor has intimated that it has has entered into the Sponsor SPA 1 and Sponsor SPA 2 for acquisition of (i) 100% equity share capital of five entities held by Ashoka Concessions Limited and/ or its affiliates; and (ii) 76% of the equity share capital of an asset held by India Infrastructure Fund II , respectively (the "**Target Assets**"). . The consummation of the transactions contemplated under the Sponsor SPA 1 and Sponsor SPA 2 are subject to various conditions precedents specified thereunder. The Sponsor SPA 1 and Sponsor SPA 2 contain standard representations, warranties and indemnities from the relevant counterparties that are customary and appropriate for a transaction of such type and nature. The Sponsor may make available such Target Assets for acquisition to the Highways Trust in the future, whether directly or indirectly.

Additionally, in terms of the InvIT Regulations, any transactions between two or more InvITs with a common investment manager or sponsor, shall be deemed to be related party transactions. The Investment Manager is also the investment manager of the Virescent Renewable Energy Trust ("**Terra InvIT**"), an irrevocable trust set up under the Indian Trusts Act, 1882 and registered as an infrastructure investment trust under the InvIT Regulations on February 25, 2021, having registration number IN/InvIT/20-21/0018. Additionally, Terra Asia Holdings II Pte.

Ltd., the Sponsor of the Terra InvIT is also an affiliate of our Sponsor. Accordingly, any transactions, between the Terra InvIT and the Highways Trust shall be considered as a related party transaction and shall be entered into in accordance with the Related Party Transactions Policy.

The Highways Trust may, directly or through the Investment Manager, avail advisory and/ or support services from Sponsor and/ or the affiliates of KKR and/ or the Sponsor which may be considered a related party to the Highways Trust.

Potential Conflicts of Interest

The Investment Manager has established certain procedures to deal with conflict of interest issues. For further details on management of potential conflicts of interest, please see the section entitled "*Related Party Transactions – Procedure for dealing with Related Party Transactions*" on page 257.

REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws currently in force in India, which are applicable to the operations of the Highways Trust and the Project SPVs. The information detailed in this section has been obtained from statutes, regulations, sector-specific policies and publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to Bidders and is neither designed as, nor intended to substitute, professional legal advice. The information in this section is based on the current provisions of applicable law that are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions in India. For information regarding regulatory approvals obtained by the Project SPVs, please see the section entitled "Regulatory Approvals" on page 274.

Laws Relating to the Business and Operations of the Highways Trust and the Project SPVs

The regulatory framework in India in the highways sector, implemented on a public-private partnership ("**PPP**") basis, mainly derives its source from the primary legislations of National Highways Authority of India Act, 1988 (the "**NHAI Act**") and the National Highways Act, 1956 (the "**NH Act**") enacted by the Indian parliament, each as amended or supplemented.

The National Highways Act, 1956

The policy of the MoRTH, in implementing the NH Act, is to vest the MoRTH with the power to declare a national highway and for acquisition of land for this purpose. The GoI, by notification, can declare the intention to acquire any land for a 'public purpose' as envisaged by the law and such land can be used for the purposes of building, maintenance and operation of the declared national highways throughout the country. The NH Act prescribes the procedure for such land acquisition. The procedure includes, *inter alia*, a declaration of an intention to acquire, entering and inspecting such land, hearing of objections, a declaration of the acquisition and the power to take possession. The NH Act also provides for payment of compensation to owners and any other person whose right of enjoyment or ownership in the land has been affected. The NH Act vests MoRTH with the power to appoint a competent authority for the effective implementation of the NH Act and its policies. The said appointed authority retains the right and power to (a) survey, make any inspection, valuation or enquiry; (b) take levels; (c) dig or bore into sub-soil; (d) set out boundaries and intended lines of work; (e) mark such levels, boundaries and lines placing marks and cutting trenches; or (f) do such other acts or things as may be laid down by rules made in this behalf by that government. All the notified national highways shall vest in the name of the Union and for the purposes, shall include all lands appurtenant thereto and all the bridges, culverts, tunnels and other enlisted constructions under the said NH Act. The Central Government shall assume the responsibility of maintaining and construction of national highways in proper condition in accordance to the law. The Central Government also retains the right to levy fee over the services and benefits rendered in relation to the use of such national highways.

The GoI is responsible for the development and maintenance of national highways. However, it may direct that such functions may also be exercised by the government of a state in which the highway is located or by any officer or authority subordinate to the GoI or to the state government. Further, the GoI has the power to enter into an agreement with any person for the development and maintenance of a part or whole of the highway. Such person would have the right to collect and retain fees at such rates as may be notified by the GoI and will also have the powers to regulate and control the traffic, for proper management of the highway, in accordance with the provisions of the Motor Vehicles Act, 1988, as amended. The GoI also has the power to make rules for carrying out the purposes of the NH Act.

The National Highways (Amendment) Act, 2017, entails the competent authority to issue reports to the Central Government in respect of any land (either acquired or proposed to be acquired) which is, either under incorrect revenue record or which is not required due to change in geometry or alignment of the construction, to issue order for the de-notification of such land from the acquisition for development and maintenance of the national highway. In pursuance of the foregoing amendment to the statute, the National Highways Rules, 1957, have been amended to ensure the exercise of the power under the NH Act. These rules provide for periodic regulatory compliance and reporting standards to be followed by the competent authority in reporting to the Central Government.

The National Highways Authority of India Act, 1988

The NHAI Act was enacted in pursuance of the powers of the Central Government for appointing a competent authority under the NH Act and provides for the constitution of an authority for the development, maintenance and management of national highways and for matters connected therewith or incidental thereto. In accordance with the NHAI Act, the GoI carries out development and maintenance of the national highways through NHAI. Subject to the provisions of the NHAI Act, the NHAI has the power to enter into and perform any contract

necessary for the discharge of its functions. The NHAI has the power to acquire any land to discharge its functions, and such acquired land will be deemed to be land needed for a 'public purpose'. The NHAI Act prescribes a limit in relation to the value of the contracts that may be entered into by NHAI. However, the NHAI may enter into contracts exceeding the specified value, on obtaining prior approval of the GoI. The NHAI Act provides that the contracts for acquisition, sale, or lease of immovable property on behalf of the NHAI cannot exceed a term of 30 years unless previously approved by the GoI. NHAI's objective is to ensure that all contract awards and procurements conform to the best industry practices with regard to transparency of process, adoption of bid criteria to ensure healthy competition in award of contracts. In accordance with the NHAI Act, the NHAI shall consist of a full time chairman, not more than 6 full time members and not more than 6 part time members who are being appointed by the Central Government. Additionally, various project implementation units headed by project director have been set at various sites to oversee timely completion of the projects.

In view of the challenging task of construction, development, and management of national highways being undertaken by NHAI, the Committee on Public Undertakings selected the subject "National Highways Authority of India (NHAI)" for comprehensive examination and report. The National Highways Authority of India (Amendment) Act, 2013, received the assent of the President of India on September 10, 2013, and aimed at increasing the institutional capacity of NHAI to help execute the powers delegated to it. National Highways Development Project ("**NHDP**") was launched in 1998 with the objective of developing roads of international standards which facilitate smooth flow of traffic. The NHDP envisages creation of roads with enhanced safety features, better riding surface, grade separator and other salient features.

As per the NHAI Works Manual, 2006, NHAI's mandate is the time and cost bound implementation of the NHDP. In an effort to attract private sector participation in the NHDP, the NHAI has issued model concession agreements ("**MCAs**") which have been formulated by Planning Commission of India or NITI Aayog and other departments of Central Government where a private entity, being the concessionaire, is, through an international competitive bidding process, awarded a concession (in form of a license) to build, own, operate and collect toll on a highway for a specified period of time. The concession to develop highway projects is given by the NHAI or other governmental authorities under various models of PPP like:

(i) Build, Operate, Transfer (BOT)/ Design, Build, Finance, Operate and Transfer (DBFOT) – In this model, the entire designing, financing and construction is undertaken by the concessionaire at its own cost. The concessionaire is entitled to collect toll or receive annuity payments from the NHAI, as the case may be, during the concession period after the construction of the highway project. The bid for the project may either be selected basis the lowest grant wanted by the private developer from the NHAI or the highest premium the private developer is willing to pay to NHAI, in the form of additional concession fee. The concessionaire at the end of the concession period transfers the highway project to the NHAI (free of charge and clear of all encumbrances). The concessionaire's investment in the highway project is recovered directly through user fees collected by way of tolls. Under the BOT model, the projects which are generally not viable based on toll revenue alone, the NHAI or the relevant governmental authority provides concessionaire with a capital grant upto certain percentage of the project cost to increase the viability of projects and the quantum of such grant is determined on a case to case basis. For certain projects with high traffic volumes, concessionaire also offers a negative grant (i.e., premium) to the NHAI.

(ii) Toll, Operate and Transfer (TOT) – In this model, the road projects which are in operational phase are awarded by the NHAI or relevant governmental authorities to the concessionaire. The NHAI passes on the toll collection rights and operation and maintenance obligations to the concessionaire against payment of upfront concession fees quoted by the concessionaire as a part of the bidding process.

The bidding for the projects takes place in two stages as per the process provided below:

1. in the qualification (RFQ) stage, the NHAI selects certain applicants on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
2. in the proposal (RFP) stage, the NHAI invites financial bids from the applicants qualified at the RFQ stage on the basis of which the concession is awarded to the successful bidder by the NHAI for implementation of the project.

The GoI, under the Central Road and Infrastructure Fund Act, 2000 created a fund which is required to be utilized for the development and maintenance of national highways (the "**Central Road Fund**"). Section 18 of the NHAI Act also provides for the creation of a separate NHAI Fund. Any capital grant or aid received, loan taken, borrowing made, or any other sum received by the NHAI is credited to the NHAI Fund. Certain sources for

financing of the NHDP are through dedicated accruals under the Central Road Fund by levy of cess on fuel as well as involving the private sector and encouraging public private partnerships. The sources of finance available to the NHAI also include fund assistance from external funding agencies like the International Bank of Reconstruction and Development and the Asian Development Bank. NHAI's role encompasses involving the private sector in provision, maintenance, and operation of the national highways.

Exit Policy

The CCEA in May 2015 approved a comprehensive exit policy framework with the objective to mobilize funds in the market. In pursuance thereto, NHAI, vide Circular No. NHAI/1103/CGM(FA)/4/2015 dated June 9, 2015 permitted divestment of 100% equity by concessionaires/developers after two years of completion of construction to facilitate unlocking of funds for new infrastructure projects. The equity divested is required to be invested by promoters in their new projects. This comprehensive exit policy framework is expected to harmonize certain conditions across all concessions signed prior to 2009 with the policy framework for post 2009 contracts which permit divestment of equity up to 100%, two years after completion of construction. In line with the spirit of quoted circular, the NHAI issued another circular dated September 9, 2015 followed by the circular dated November 19, 2015, on the same subject, allowing the promoter to use the proceeds from the sale of divested equity of the concessionaire in one or more of the following:

(i). to reinvest in incomplete NHAI projects;
(ii). To reinvest any other highway projects;
(iii). any other power sector projects; or
(iv). to retire their debt to financial institutions in any other infrastructure projects.

Rationalized Compensation

The CCEA in November 2015 approved a policy for rationalized compensation to concessionaires for languishing national highway projects in BOT mode for delays that are not attributable to the concessionaires. Under the policy, the NHAI is authorized to allow an extension of the concession period for BOT (Toll) projects while the tenure for the operations period as envisaged originally in the concession agreement may remain unchanged which would result in a corresponding increase in concession period. The NHAI has also been authorised to pay compensatory annuities to the concessionaire corresponding to the actual period of delay that is not attributable to the concessionaire upon successful completion of the project.

One Time Fund Infusion Scheme

The CCEA in October 2015 gave its approval to the NHAI for a one-time infusion of funds with the purpose of reviving and physically completing stalled projects in the advanced stages of completion. As per the policy, the amount of funds required in each case shall be approved by NHAI on a case to case basis.

Bidder Information

MoRTH has developed the Bidder Information Management System ("**BIMS**") to streamline the process of pre-qualification of bidders for EPC mode of contracts for all national highway works, with enhanced transparency and objectivity. BIMS works as a data base of bidder information that covers basic details, civil works experience, cash accruals and network, and annual turnover so that bidders' pre-qualification can be assessed based on evaluation parameters like threshold capacity and bid capacity from already stored data and the technical evaluation can be carried out in a faster manner.

Land Acquisition

While land is acquired for national highway projects under the NH Act, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "**Land Acquisition Act**") must also be complied with. MoRTH has issued comprehensive guidelines on land acquisition for national highways taking into account the applicability of the Land Acquisition Act.

Arbitral Awards

CCEA on August 31, 2016 approved various measures to revive the construction sector. An office memorandum dated September 5, 2016 was issued by the National Institute for Transforming India with certain proposals. On

November 20, 2019, the CCEA approved certain proposals in relation to the arbitrations by or against government entities, for the effective implementation of the CCEA's decision on August 31, 2016 on its initiatives to revive the construction sector. Initially, the CCEA had approved the proposal that government agencies will be required to pay 75% of the arbitral award to the concessionaire against a bank guarantee, in cases where the award already announced is challenged. However, pursuant to a press release dated November 20, 2019, the CCEA approved, inter-alia, that where a government entity has challenged an arbitral award, resultant of which the amount of the arbitral award has not been paid, 75% of such award will be paid by the government entity to the contractor or the concessionaire against a bank guarantee only for the said 75% and not for its interest component. In relation to interest payable to the government entity, if a subsequent court order required the refund of 75% of the amount, the payment of such amounts will be required to be made as per the court orders.

Applicable Rules

As per the NH Act and the NHAI Act, the Central Government is empowered to make rules in order to further the objects of NH Act and NHAI Act. In exercise of such power, the Central Government has framed certain rules which are as follows:

- The National Highways Rules, 1957, as amended;
- National Highways Authority of India (Budget, Accounts Audit, Investment of Funds and Powers to enter Premises) Rules, 1990, as amended;
- The National Highways (Manner of Depositing the Amount by the Central Government with Competent Authority for Acquisition of Land) Rules, 1998;
- The National Highways Tribunal (Procedure for Appointment as Presiding Officer of the Tribunal) Rules, 2003, as amended;
- The Central Road Fund (State Roads) Rules, 2007;
- The National Highways Tribunal (Procedure) Rules 2003;
- National Highways Authority of India (The Term of Office and Other Conditions of Service of Members) Rules, 2003, as amended;
- The National Highways Tribunal (Financial and Administrative Powers) Rules, 2004;
- The National Highways Tribunal (Procedure for Investigation of Misbehaviour or Incapacity of Presiding Officer) Rules, 2003;
- The National Highways Fee (Determination of Rates and Collection) Rules, 2008, as amended;
- The Highway Administration Rules, 2004;
- The National Highways (Collection of Fees by any person for the use of Section of National Highways/Permanent Bridges/Temporary bridge on National Highways) Rules, 1997;
- The National Highways (Fee for the use of National Highways and Permanent Bridge public Funded Project) Rules, 1997; and
- The National Highways (Rate of Fee) Rules, 1997.
- Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996 and Central Rule, 1998
- C.E.A. (Measures Relating to Safety and Electric Supply) Regulations, 2010
- Central Electronical Authority (Measures Relating to Safety and Electric Supply) Regulations, 2020
- Indian Electricity Rules, 1956

Environmental Compliances and Regulations

Infrastructure projects must also ensure compliance with environmental legislations such as the Water (Prevention and Control of Pollution) Act, 1974 ("**Water Pollution Act**"), the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Pollution Act**") and the Environment Protection Act, 1986 ("**Environment Act**", together with the Water Pollution Act and the Air Pollution Act, the "**Environment Protection Acts**"). The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a central pollution control board ("**Central Pollution Control Board**" or "**CPCB**") at the Central level and state pollution control boards ("**State Pollution Control Boards**" or "**SPCBs**", together with the Central Pollution Control Board, the "**PCBs**") at the State levels. The functions of the CPCB includes, among other things, coordination of activities of the SPCBs, collecting data relating to water pollution and the measures devised for the prevention and control of water pollution and prescription of standards for streams or wells. The SPCBs are responsible for, among other things, the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control, inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up

for treatment and purification of water, laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters, and laying down standards for treatment of trade effluents to be discharged. These authorities issue consent to establish and consent to operate which are to be required to be renewed periodically. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect violation of such regulations. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer, or bring into use any new or altered outlet for discharge of sewage, or begin to make any new discharge of sewage without taking prior consent of the SPCBs.

In context of the environmental compliances and regulations, the National Green Tribunal Act, 2010 (the "**NGT Act**") is an important legislation which provides for the establishment of a National Green Tribunal ("**NGT**") for the effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected therewith or incidental thereto. In accordance with the Forest (Conservation) Act, 1980, state governments are not permitted to make any order directing the use of forest land for a non-forest purpose, or assignment of any forest land through lease or otherwise to any private person or corporation without the approval of the GoI. The Ministry of Environment, Forest and Climate Change ("**MoEF**") mandates the Environment Impact Assessment ("**EIA**") must be conducted for specified projects. In the process, the MoEF receives proposals or the setting up of projects and assesses their impact on the environment before granting clearances to the projects. The EIA Notification S.O. 1533, issued on September 14, 2006 (the "**EIA Notification**") and amended from time to time, under the provisions of the Environment Protection Act, prescribes that new construction of specified projects require prior environmental clearance from the MoEF. The environment clearance must be obtained from MoEF according to the procedure specified in the EIA Notification. No construction work or preparation of land by the project management except for securing the land, relating to the setting up of a specified project can be undertaken until such clearance is obtained. Under the EIA Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft 'EIA Report' and the 'Environment Management Plan.' The final EIA Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final EIA Report. The EIA Guidance Manual for Highways, 2010 explains the four stages of the environmental clearance process and the contents of the EIA Report required to be submitted by highway projects.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, impose an obligation and duty on the owners and operators of any facility or industry with a capability to create hazardous materials to safely dispose of such material in transport and other means of collecting and storing. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy, 2015

In September 2015, MoRTH has launched Green Highways (Plantation, Transplantation, Beautification and Maintenance) Policy, 2015, which will require road developers to earmark 1% of a project's total cost for planting of trees and shrubs along the national highways. Under this policy, the maintenance of such plantations will be outsourced through a bidding process to plantation agencies. MoRTH/NHAI will appoint the authorized agency for empanelment of such plantation agencies. ***Public Liability Insurance Act, 1991***

The Public Liability Insurance Act, 1991 (the "**Public Liability Act**"), imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the legislation has been enumerated by the GoI by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

Other applicable law

The Motor Vehicles Act, 1988

The development, maintenance and management as well as control of the National Highways are regulated by the NH Act and the NHAI Act. Under the Motor Vehicles Act, 1988, some powers have been delegated to the

Transport Department of the State Governments. Section 138 of the Motor Vehicles Act, 1988 further empowers the State Governments to make rules for the control of traffic, including for the purpose of the removal and the safe custody of vehicles including their loads which have broken down or which have been left standing or have been abandoned on roads; the installation and use of weighing devices; the maintenance and management of wayside amenities complexes; the exemption from all or any of the provisions of relating to fire brigade vehicles, ambulances and other special classes or descriptions of vehicle, subject to such conditions as may be prescribed; the maintenance and management of parking places and stands and the fee, if any, which may be charged for their use; prohibiting the taking hold of or mounting of a motor vehicle in motion; prohibiting the use of foot-paths or pavements by motor vehicles, generally, the prevention of danger, injury or annoyance to the public or any person, or of danger or injury to property or of obstruction to traffic. The Motor Vehicles (Amendment) Act, 2019 is targeted towards bringing changes in the transport sector to encourage safer driving practices among Indian motor vehicle drivers. The draft for the amendment was put forward in the lower house of the Parliament, with a proposal to impose strict fines on the violators of traffic rules. The Act proposes to create a National Road Safety Board to be created by the Central Government through a notification. The Board will advise the Central and State governments on all aspects of road safety and traffic management.

Indian Trusts Act, 1882

The Indian Trusts Act, 1882 ("**Trusts Act**") governs all private trusts in India. The Trusts Act sets out the purpose for which private trusts can be established, the manner in which they may be created, executed and extinguished. The person creating a trust under the Trusts Act is the author of such trust, the person to whom the author grants the power and authority to regulate the trust is the trustee and the persons for whose benefit such trust has been created are the beneficiaries of such trust. The Trust Act sets out the rights, duties, liabilities and powers of the trustees and the beneficiaries *vis-a-vis* the trust. The Trust has been settled in accordance with the provisions of the Trusts Act.

Control of National Highways (Land and Traffic) Act, 2002

The Control of National Highways (Land and Traffic) Act, 2002 (the "**Control of NH Act**") provides for control of land within national highways, right of way and traffic moving on national highways and also for removal of unauthorised occupation thereon.

In accordance with the provisions of the Control of NH Act, the Central Government has established Highway Administrations. Under the Control of NH Act, all land that forms part of a highway which vests in the Central Government, or that which does not already vest in the Central Government but has been acquired for the purpose of highways shall be deemed to be the property of the Central Government. The Control of NH Act prohibits any person from occupying any highway land or discharging any material through on such land without the permission of the Highway Administration or any officer authorised by such administration. The Control of NH Act permits the grant of lease and license for use of highway land for temporary use.

Indian Tolls Act, 1851

In accordance with the Indian Tolls Act, 1851 (the "**Tolls Act**"), the state governments have been vested with the power to levy tolls at such rates as they deem fit, to be levied upon any road or bridge, made or repaired at the expense of the Central or any state government. The tolls levied under the Tolls Act, are deemed to be 'public revenue' and the collection of tolls can be placed under any person the State governments' deem fit. Such persons are enjoined with the same responsibilities as if they were employed in the collection of land revenue. Further, all police officers are bound to assist the toll collectors when required in the implementation of the Tolls Act. The Tolls Act further gives power for recovery of toll and exempts certain category of people from payment of toll.

National Highways Fee (Determination of Rates and Collection) Rules, 2008

The National Highways Fee (Determination of Rates and Collection) Rules, 2008 (the "**NH Fee Rules**"), regulates the collection of fee for the use of national highways. In accordance with the NH Fee Rules, the GoI may, by a notification, levy fee for use of any section of a national highway, permanent bridge, bypass or tunnel forming part of a national highway, as the case may be. However, the GoI may, by notification, exempt any section of a national highway, permanent bridge, bypass or tunnel constructed through a public funded project from levy of such fee. The NH Fee Rules supersede the National Highways (Temporary Bridges) Rules, 1964, the National Highways (Collection of Fees by any Person for the Use of Section of National Highways/ Permanent Bridge/ Temporary Bridge on National Highways) Rules, 1997, the National Highways (Fees for the use of National Highways Section and Permanent Bridges Public Funded Project) Rules, 1997 and the National Highways (Rate of Fees) Rules, 1997 other than in respect of things done or omitted to be done under such rules prior to supersession. The NH Fee Rules do not apply to agreements and contracts executed or bids invited prior to the

publication of such rules i.e. prior to December 5, 2008. The collection of fee in case of a public funded project shall commence within 45 days from the date of completion of the project. The NH Fee Rules further provide for the base rate of fee applicable for the use of a section of the national highway for different categories of vehicles and the fees collected by the executing authority shall be remitted to the GoI. However, the GoI may, by notification, allow any or all of the executing authorities to appropriate the whole, or part of such fees for purposes as may be specified.

FASTag lanes on fee plazas is an initiative of the GoI in which there is an exclusive lane in the fee plaza for movement of vehicles fitted with FASTag. The FASTag is a device which is fitted on the front windscreen of vehicles to indicate online toll payment. The amended NH Fee Rules impose a penalty equivalent to two times the fee applicable if a vehicle not fitted with FASTag enters the exclusive FASTag lane. However, in case a user is unable to pay, due to malfunctioning electronic toll collection infrastructure, the user will be permitted to pass the fee plaza without payment. The NH Fee rules were also amended to provide that the driver or owner of a mechanical vehicle which is loaded in excess of permissible load specified for its category, (i) shall be liable to pay fee at such rate which is applicable for the next higher category of mechanical vehicles, and (ii) Payment of such fee shall not entitle the driver or owner, to use the national highway until the excess load has been remove from such mechanical vehicle. . However, in case no weighbridge has been installed at the toll plaza, no fee for overloading shall be levied.

The National Highways Rules, 1957 (the "NH Rules")

The NH Rules provide that in situations where the estimate cost of the execution of any original work on a national highway exceeds ₹ 1,000,000, a detailed estimated of the cost is to be forwarded to the GoI. An application for allotment of funds for meeting expenditure on an original work on a national highway must also be made to the GoI. The executing agency of the highway is required to furnish monthly progress reports and a completion report on the conclusion of the work. The NH Rules also give the consulting engineer of the GoI the right to inspect the work while it is in progress or after completion. Provisions under the Constitution of India and other legislations in relation to collection of toll Entry 59, List II of Schedule VII read with Article 246 of the Constitution of India vests state governments with the power to levy tolls. Further, in accordance with the Tolls Act, state governments have been vested with the power to levy tolls at such rates as they deem fit.

Foreign Investment Regulations

Foreign investment in Indian securities is governed by the provisions of the FEMA, read with the applicable FEMA Rules, the FEMA (Mode of payment and Reporting of Non-Debt Instruments) Regulations, 2019 and the consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government. Foreign investment is permitted (except in the prohibited sectors) either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the FEMA Rules and the current consolidated FDI Policy, effective from October 15, 2020, an infrastructure investment trust registered and regulated by the SEBI under the InvIT Regulations, being an 'investment vehicle', is permitted to receive foreign investment from a person resident outside India (subject to Press Note 3 (2020 series)), including an FPI or an NRI subject to the terms and conditions specified in the FEMA Rules.

Downstream investment by an infrastructure investment trust shall be regarded as indirect foreign investment if neither the sponsor nor the investment manager of such an infrastructure investment trust is Indian 'owned and controlled' as defined in FEMA Rules.

Downstream investment by an 'investment vehicle' shall have to conform to the sectoral caps and conditions/restrictions, if any, as applicable to the company in which the downstream investment is made as per the FDI Policy. Foreign investment of up to 100% through the automatic route is permitted in the infrastructure sector in India. An infrastructure investment trust that receives foreign investment shall be required to make such report and in such format to the RBI or to the SEBI as may be prescribed by them from time to time.

The payment for the units of an infrastructure investment trust acquired by a person resident or registered/ incorporated outside India shall be made by an inward remittance from abroad through banking channels or by way of swap of shares of an SPV, or out of funds held in a Non-resident External ("**NRE**") or Foreign Currency Non-resident Bank ("**FCNR(B)"**) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

Further, any person who is a non-resident and holds units of an infrastructure investment trust in accordance with the FEMA Rules may pledge such units (i) in favour of a bank in India to secure the credit facilities being extended to the Indian company for bona fide purposes; (ii) in favour of an overseas bank to secure the credit facilities

being extended to the person, or a person resident outside India who is the promoter of the Indian company or the overseas group company of the Indian company; (iii) in favour of a Non-Banking Financial Company registered with the RBI to secure credit facilities being extended to the Indian company for bona fide purposes; and (iv) subject to the authorized dealer bank satisfying itself of the compliance of the conditions stipulated by the RBI in this regard.

Other Laws and Regulations

In addition to the aforementioned, the other laws and regulations that may be applicable to the Highways Trust and the Project SPVs include the following:

- *Factories Act, 1948*[*]
- *The Contract Labour (Regulation and Abolition) Act, 1970*[*]
- *The Child Labour (Prohibition and Regulation) Act, 1986*
- *The Employees' Compensation Act, 1923*[**]
- *The Employees' State Insurance Act, 1948*[**]
- *The Employee's Provident Fund and Miscellaneous Provisions Act, 1952*[**]
- *The Equal Remuneration Act, 1976*[***]
- *The Maternity Benefit Act, 1961*[**]
- *The Minimum Wages Act, 1948*[***]
- *The Payment of Gratuity Act, 1972*[**]
- *The Payment of Bonus Act, 1965*[***]
- *The Payment of Wages Act, 1936*[***]
- *The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013*
- *Industrial Disputes Act, 1917*
- *Shops and Commercial Establishments Acts, where applicable*

[*]*The Occupational Safety, Health and Working Conditions Code, 2020 (enacted by the Parliament of India and assented to by the President of India on September 28, 2020) will come into force on such date as may be notified in the official gazette by the Central Government and different dates may be appointed for different provisions of the Occupational Safety, Health and Working Conditions Code, 2020. Once effective, it will subsume, inter alia, the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970.*

[**]*The Code on Social Security, 2020 (enacted by the Parliament of India and assented to by the President of India on September 28, 2020) has been notified to the extent of Section 142 of the Code and will come into force in its entirety on such date as may be notified in the official gazette by the Central Government and different date may be appointed for different provisions of the Code on Social Security, 2020. Once effective, it will subsume, inter alia, the Employees' Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972.*

[***]*The Code on Wages, 2019 (enacted by the parliament of India and assented to by the President of India on August 8, 2019) was notified in the official gazette by the Central Government on September 28, 2020 to the extent of the rules governing the constitution and functions of the central advisory board under the Code on Wages once notified and effective in its entirety, it will subsume the Equal Remuneration Act, 1976, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Payment of Wages Act, 1936.*

In addition to the above, compliance with the provisions of various tax-related legislations, intellectual-property related legislations and other applicable law for our day-to-day operations is also required.

REGULATORY APPROVALS

Provided below are the material approvals, consents, licenses, registrations and permissions from the government, various governmental agencies and other statutory and/or regulatory authorities with which the Highways Trust can undertake the Issue and the Highways Trust and the Project SPVs can undertake their respective current business activities, as applicable. Unless otherwise stated, these approvals are valid as of the date of this Draft Placement Memorandum. In the event that any of the approvals and licenses that are required for the Project SPVs' business operations expire in the ordinary course of business, the relevant Project SPV will apply for such renewal from time to time. For details in connection with the regulatory and legal framework within which the Highways Trust and the Project SPVs operate, please see the section entitled "Regulations and Policies" on page 266.

A. Approvals in relation to the Issue

1. Resolutions dated March 22, 2022 and March 24, 2022 , passed by the board of directors and InvIT committee of the Investment Manager respectively in relation to the Issue and other incidental matters.

2. In-principle listing approval from NSE dated [●].

B. Approvals in relation to the Highways Trust

1. Certificate of registration dated December 23, 2021 bearing registration number IN/InvIT/21-22/0019 issued by SEBI under Regulation 3 of the InvIT Regulations, for registration of the Highways Trust as an infrastructure investment trust.

C. Material Business Approvals in Relation to the Project SPVs

I. JPEPL

1. Completion certificate dated March 8, 2018 issued by Office of the Project Director Cum Superintending Engineer, PWD, NH Circle, Jodhpur certifying March 8, 2018 as the date of commencement of commercial operations of the project highway.

2. Registration certificate dated November 25, 2014 under the provisions of the Contract Labour (Registration and Abolition) Act, 1970 valid until November 24, 2022.

3. Registration certificate dated December 20, 2019 under the provisions of the Building and other Construction Workers (Regulation of Employment and Condition of Service) Central Rules, 1996.

4. Permission dated July 8, 2021 under Regulation 32 of the C.E.A. (Measures Relating to Safety and Electric Supply) Regulations, 2010 for energization of DG sets.

II. DBCPL

1. Provisional completion certificate dated February 10, 2009 issued by MPRDC certifying February 10, 2009 as the date of commencement of commercial operations of section one of the project highway.

2. Completion certificate dated August 7, 2009 issued by MPRDC certifying June 27, 2009 as the date of completion of commercial operations of section one of the project highway.

3. Provisional completion certificate dated September 17, 2009 issued by MPRDC certifying September 17, 2009 as the date of commencement of commercial operations of section two of the project highway.

4. Completion certificate dated February 3, 2010 issued by MPRDC certifying December 15, 2009 as the date of completion of commercial operations of section two of the project highway.

5. Provisional completion certificate dated April 30, 2009 issued by MPRDC certifying April 30, 2009 as the date of commencement of commercial operations of section three of the project highway.

6. Completion certificate dated September 23, 2010 issued by MPRDC certifying August 12, 2010 as the

date of completion of commercial operations of section three of the project highway.

7. Environmental clearance dated January 31, 2007 issued by the MOEFCC for the widening and strengthening of existing 2 lane SH-18 Sehore bypass to Dewas bypass.

8. Consents to establish dated August 2, 2019 issued by the Madhya Pradesh Pollution Control Board under the provisions of the Air (Prevention & Control of Pollution) Act, 1981 in relation to the Amlaha Toll Plaza and the Phanda Toll Plaza.

9. License dated January 5, 2022 issued by the Office of Licensing Officer, Government of Madhya Pradesh, under the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, valid until December 31, 2022.

10. Approval to install a DG set dated June 7, 2012 issued by Office of Executive Engineer, Electrical Safety and Divisional Electrical Inspector, Madhya Pradesh, Government, under the provisions of the Electricity Act, 2003, Indian Electricity Rules, 1956 and Madhya Pradesh Electricity Charges Act, 1949.

III. UEPL

1. Provisional completion certificate dated July 22, 2009 issued by Intercontinental Consultants and Technocrats Pvt. Ltd. certifying July 23, 2009 as the date of commencement of commercial operations of the project highway.

2. Completion certificate dated August 4, 2016 issued by CDM Smith India Private Limited certifying completion of commercial operations of the project highway.

3. Environmental clearance dated June 13, 2005 issued by the MOEFCC for the national highway development projects- 4 lane and strengthening of the NH-45 from km 121 (Tindivanam) to km 325 (Trichy bypass end) section in Tamil Nadu.

4. Consent to establish dated October 30, 2018 issued by the Tamil Nadu Pollution Control Board under the provisions of the Air (Prevention & Control of Pollution) Act, 1981, valid until March 31, 2023.

5. Consent to establish dated October 30, 2018 issued by the Tamil Nadu Pollution Control Board under the provisions of the Water (Prevention & Control of Pollution) Act, 1974, valid until March 31, 2023.

6. Certificate of registration dated December 10, 2019 issued by the Ministry of Labour and Employment under the provisions of the Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996 and Central Rule, 1998, valid until December 31, 2027.

7. Certificate dated September 22, 2020 for registration of captive generating plant issued by the Electrical Inspectorate, Government of Tamil Nadu, valid until March 25, 2022.

8. Fire service license dated September 27, 2021 issued by the Tamil Nadu Fire and Rescue Service Department under the provisions of the Tamil Nadu Fire and Rescue Service Act, 1985, valid for one year from the date of issue.

IV. GEPL

1. Provisional certificates dated (i) October 31, 2013 and (ii) September 25, 2015, issued by Intercontinental Consultants and Technocrats Pvt. Ltd. in relation to commencement of commercial operations of the project highway.

2. Completion certificate dated June 29, 2016 issued by MSV International Inc. certifying June 29, 2016 as the date of completion of commercial operations of the project highway.

3. Environmental clearance dated June 3, 2009 issued by the MOEFCC for widening and strengthening of existing 2 lane to 4/6 lane from Ahmedabad, Gujarat to the Madhya Pradesh/Gujarat border.

4. Environmental clearance dated June 3, 2009 issued by the MOEFCC for widening and strengthening of NH-59 Ahmedabad Gujarat/Madhya Pradesh Border to 4 lane in favour of NHAI in Panchmehal and Dahod District of Gujarat.

5. License dated March 4, 2021 issued by the Office of the Deputy Chief Labour Commissioner (Central) under the provisions of the Contract Labour (Registration and Abolition) Act, 1970, valid until February 27, 2022.

6. Approval to install a DG set dated March 12, 2018 issued by Office of the Electrical Inspector under the provisions of the Central Electrical Authority (Measures Relating to Safety and Electric Supply) Regulations, 2020.

7. Certificate of verification of weights, measures, etc. issued by the Office of the Controller, Legal Metrology, Gujrat State dated June 11, 2021 bearing stamping certificate (1840241/DAH/2021/01).

8. No Objection Certificates for ground water abstraction issued by the Government of India, Ministry of Jal Shakti, Department of Water Resources, River Development & Ganga Rejuvenation Central Ground Water Authority.

V. NBL

1. Provisional completion certificate dated July 22, 2009 issued by Aarvee Associates certifying July 22, 2009 as the date of commencement of commercial operations of the project highway.

2. Completion certificate dated October 3, 2018 issued by MSV International Inc. certifying completion of commercial operations of the project highway.

3. Environmental clearance dated June 11, 2007 issued by the MOEFCC for widening and strengthening of existing 2 lane to 4/6 lane from MH/AP border to Armur in Nagpur-Hyderabad section of NH7.

4. Registration certificate of establishment dated December 1, 2020 issued by the Labour Department, Government of Telangana under the provisions of the Shops and Establishments Act, valid until December 31, 2021.

5. Certificate for installation of a DG set dated September 8, 2009 issued by Government of Andhra Pradesh, Electrical Inspectorate under the provisions of the Indian Electricity Rules, 1956.

6. No Objection Certificate for ground water for construction of bore wells in the premises of toll plaza office, Gamjal, Nirmal district issued by the Government of Telangana, Ground Water Department dated June 19, 2020.

VI. SEPL

1. Provisional completion certificate dated July 12, 2013 issued by URS Scott Wilson India Pvt. Ltd. certifying March 25, 2013 as the date of commencement of commercial operations of the project highway.

2. Completion certificate dated March 30, 2017 issued by Feedback Infra Private Limited certifying March 30, 2016 as the date of commencement of commercial operations of the project highway.

3. License dated July 26, 2021 issued by Office of the Deputy Chief Labour Commissioner (Central) under the provisions of the Contract Labour (Registration and Abolition) Act, 1970, valid until August 9, 2022.

4. Provisional approval for installation of a DG set dated July 30, 2021 issued by Government of Meghalaya, Inspectorate of Electricity under the provisions of the Central Electrical Authority (Measures Relating to Safety and Electric Supply) Regulations, 2020, valid until July 29, 2022.

J. Approvals applied for, but not yet received

As of the date of this Draft Placement Memorandum, except as disclosed below, there are no approvals

required to be obtained by the Highways Trust and the Project SPVs, for which applications have been made, but approvals have not been received:

1. Application for a no-objection certificate from the Tamil Nadu Pollution Control Board by UEPL.

Apart from this, as of the date of this Draft Placement Memorandum, there are no material approvals required to be obtained by the Highways Trust or the Project SPVs for which applications are yet to be made.

LEGAL AND OTHER INFORMATION

Except as stated in this section, there are no outstanding material litigation or non-ordinary course regulatory action involving the Project SPVs and against the Highways Trust, the Sponsor, the Investment Manager, the Project Manager or any of their Associates and the Trustee that are currently pending.

*For purposes of this section, on the basis described below, details of all non-ordinary course regulatory actions and criminal matters that are currently pending, involving Project SPVs or against the Highways Trust, the Sponsor, the Investment Manager, the Project Manager or their respective Associates (collectively referred to as the "**Relevant Parties**") and the Trustee have been disclosed. Further, all material litigations (on the basis described below) with respect to the Project SPVs and against the Highways Trust, the Sponsor, the Investment Manager, the Project Manager or each of their respective Associates and the Trustee have been disclosed. For this purpose, all civil litigation involving an amount equivalent to, or more than the amount as disclosed below, have been considered material.*

Outstanding litigation against any of the Project SPVs before any judicial forum involving a claim amount exceeding ₹ 66.50million, i.e. 1.5% of the total revenue from operations of the Project SPVs as for the period ended December 31, 2021, shall be considered material. In relation to outstanding litigation and/or non-ordinary course regulatory actions where the monetary liability is not quantifiable, such litigation shall be considered material in the event that the outcome of such litigation would have a material adverse effect on the position of the Project SPVs.

*The disclosures with respect to material litigations and non-ordinary course regulatory actions relating to the Sponsor and its Associates (other than the Highways Trust and its Associates, the Project SPVs, the Investment Manager, and the Project Manager and their Associates), have been made solely on the basis of the public disclosures made by KKR & Co. Inc., ("**KKR & Co.**") in the most recent annual quarter report on Form 10-K filed with U.S. Securities and Exchange Commission on February 28, 2022 relating to the year ended December 31, 2021 with respect to all entities, which are consolidated for financial reporting purposes with KKR & Co., which is listed on the New York Stock Exchange. In accordance with applicable securities law and stock exchange rules, KKR & Co., is required to disclose material litigations through applicable securities filings and KKR & Co., has made no public filings after February 28, 2022which materially changes the disclosures made in that regard in such quarterly report. The threshold for identifying material litigations in such disclosures is based, among other considerations, on management judgment and periodically reviewed thresholds applied by the independent auditor of KKR & Co., in expressing its opinion on the financial statements.*

In relation to the Trustee, all litigation involving an amount equivalent to or exceeding ₹9 million (being 5% of the profit after tax for the period ended December 31, 2021 based on the unaudited standalone financial statements of the Trustee for the period ended December 31, 2021).

Taxation proceedings against the Relevant Parties (and, in case of the Project SPVs, involving the Project SPVs) have been disclosed in a consolidated manner on the basis of the above.

I. Litigation and Regulatory Actions against the Highways Trust and its Associates

As at the date of this Draft Placement Memorandum, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Highways Trust and its Associates, except as disclosed below.

II. Litigation and Regulatory Actions against the Sponsor and its Associates (other than the Highways Trust and its Associates, the Project SPVs the Investment Manager, and the Project Manager and their Associates)

In accordance with the abovementioned, except as stated below, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Sponsor solely on the basis described above.

From time to time, KKR (including Global Atlantic Financial Group LLC and its subsidiaries ("**Global Atlantic**")) is involved in various legal proceedings, lawsuits, arbitration and claims incidental to the conduct of KKR's businesses. KKR's asset management and insurance businesses are also subject to extensive regulation, which may result in regulatory proceedings against them.

In December 2017, KKR & Co. L.P. (which is now KKR & Co. Inc.) and its Co-Chief Executive Officers were

named as defendants in a lawsuit filed in Kentucky state court alleging, among other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals was appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it. On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky. On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20th complaint.

KKR (including Global Atlantic) currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the U.S. Securities and Exchange Commission, Department of Justice, U.S. state attorney generals, Financial Industry Regulatory Authority, the U.K. Financial Conduct Authority, Central Bank of Ireland, Monetary Authority of Singapore, U.S. state insurance regulatory authorities, and the Bermuda Monetary Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel.

Moreover, in the ordinary course of business, KKR (including Global Atlantic) is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other events. Such lawsuits may involve claims that adversely affect the value of certain investments owned by KKR's funds and Global Atlantic's insurance companies.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including among others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupportable, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such

as contributions and/or indemnity, which may reduce any ultimate loss. KKR has included in its financial statements the reserve for regulatory, litigation and related matters that Global Atlantic includes in its financial statements, including with respect to matters arising from the conversion of life insurance policies from systems previously managed by Athene Holdings Limited to the platform of one of Global Atlantic's third party service providers, Alliance-One, a subsidiary of DXC Technology Company.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. Based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

III. Litigation and Regulatory Actions involving the Project SPVs

DBCPL

Proceedings against DBCPL

1. Mukesh Chandravanshi and Manohar Singh Rajput ("**Complainants**"), erstwhile employees of DBCPL have filed two separate complaints before the Labour Court, Bhopal, under the Industrial Disputes Act, 1947, in relation to wrongful termination of their employment by DBCPL. DBCPL claimed that the termination of Complainants was due to (i) the Complainants stopping toll collection at DBCPL's toll plazas and allowing vehicles to cross without payment of toll on December 30, 2015, and (ii) misbehaviour of Complainants with other senior employees of DBCPL. The matters are currently pending.

Proceedings by DBCPL

1. DBCPL has filed a criminal complaint before the court of L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas) against its erstwhile accountant, Sameer Kumar Jha under section s 408 and 420 of the Indian Penal Code, 1860, read with section 200 of the Code of Criminal Procedure, 1973, in relation to unauthorised absence from service and misappropriation of an amount of approximately ₹0.09 million. The matter is currently pending.

2. DBCPL ("**Petitioner**") had filed a writ petition ("**Petition**") before the High Court of Judicature at Jabalpur, ("**Court**"), against the State, the Department of Commercial Taxes and Madhya Pradesh Road Development Corporation Limited ("**MPRDC**") (collectively, the "**Respondents**") challenging the constitutionality of proviso (c) to Entry No. 33 of Schedule 1-A of the Indian Stamp Act, 1899 ("**Act**") as amended by the Indian Stamp Act (M.P Amendment) Act, 2002 (Act No. 12 of 20220) ("**Proviso**") which provides for levy of stamp duty at 2% on the amount likely to be spent under a B.O.T agreement by a lessee. The Petitioner claimed that in accordance to a 2002 resolution passed by the Council of Ministers and subsequently the chief secretary of state of Madhya Pradesh, the State had circulated a letter to not levy stamp duty on Bond/BOT projects. However, the subsequent amendment of the Act provided for the levy of stamp duty at 2% on the amount likely to be spent on a proposed project on the agreement to lease where the right to collect toll is given, going against its parent provision and hence being unconstitutional. Consequently, the concession agreement to be entered into between the Petitioner and MPRDC was in abeyance at the execution stage, on account of payment of stamp study, wherein the cost of the project was estimated at ₹4,450 million with an alleged deficit stamp duty payable at ₹85.30 million. The Petitioner prayed that the Proviso be struck down as unconstitutional, invalid and inoperative, and the Court command the Respondents to execute the pending BOT agreement.

   The Court however, through final order dated February 11, 2010 ("**Impugned Order**"), dismissed the Petition, regarding the Proviso as not *ultra vires* the Constitution of India. Subsequently, the Petitioner filed a Special Leave Petition before the civil appellate jurisdiction of the Supreme Court of India challenging the Impugned Order for being erroneous on law and facts and against constitutional jurisprudence. The matter is currently pending.

3. DBCPL ("**Petitioner**") filed a writ petition before the High Court of Madhya Pradesh at Jabalpur ("**High Court**") against, amongst others, the State of Madhya Pradesh ("**Respondents**"), challenging the constitutionality of Rule 14(2)(b) of the Building and Other Construction Workers Cess Rules, 1988 ("**Cess Rules**"). Further, the Petitioner challenged (i) the inspection report issued by the Labour Inspector; and (ii) the show cause notices issued to it by the Labour Commission, Madhya Pradesh, in respect of submission of the project cost for assessment of cess and

alleged non-payment of labour cess. The Petitioner submitted that the Cess Rules are not applicable to the Petitioner. The Petitioner prayed for the High Court to, amongst others (i) declare Rule 14(2)(b) of the Cess Rules as ultra vires to the constitution of India; (ii) quash the inspection report and show cause notices issued to the Petitioner; (iii) direct the Respondents to not proceed further on the show cause notices issued and not take any coercive steps against the Petitioner. The High Court, by way of its order dated September 9, 2015 (as modified by way of order dated September 30, 2015), directed that that, pending disposal of the writ petition, no coercive steps for recovery of cess shall be taken against the Petitioner. The estimated amount involved in this matter is ₹47.78 million. This matter is currently pending.

NBL

Proceedings by NBL

1. NBL ("**Petitioner**") has filed a writ petition ("**Petition**") before the High Court of Judicature, Andhra Pradesh at Hyderabad ("**Court**"), against The District Registrar and the Inspector General of Stamps and Registration (collectively, the "**Respondents**") in relation to payment of certain stamp duty on the NBL Concession Agreement. The District Registrar, Adilabad, through its letter dated December 16, 2008, had called upon the Petitioner to pay an alleged deficit stamp duty amount of approximately ₹ 135.86 million in relation to the NBL Concession Agreement. The Petitioner prayed that the demand for such stamp duty be set aside by the Court as the same is not required to be paid on concession agreements. The Respondents have filed their response to the Petition. Simultaneously, the Petitioner has also filed an interim application praying for a stay in respect of all further proceedings in relation to recovery of the alleged deficit stamp duty and other amounts until the disposal of the Petition. Subsequently, the Court by way of its order dated June 9, 2011 granted a stay in respect of all further proceedings and in relation to recovery of a token amount of ₹ 0.5 million from the Petitioner. The matter is currently pending.

SEPL

Proceedings by SEPL

1. SEPL raised certain claims before the Arbitral Tribunal ("**Tribunal**"), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land ("**Defaults**"). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEL along with advancing the annuity dates as prayed by SEPL ("**Award**"). Subsequently, SEPL filed an execution petition dated October 26, 2018 ("**Execution Petition**") before the High Court of Delhi ("**Court**") for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by of its order dated November 2, 2018 ("**Court Order**").

   Thereafter, NHAI filed an appeal dated January 7, 2019 ("**NHAI Appeal**") challenging the Court Order before the Commercial Appellate Divisional bench of the Court ("**Appellate Bench**"). The Appellate Bench by way of an interim order dated January 22, 2019 upheld the partial Award and directed NHAI to deposit the amount towards additional bonus annuity i.e. ₹ 106.30 million with an additional interest amount of ₹ 37.20 million within a period of four weeks with the Court. The direction was complied with by NHAI. The matter is currently pending in respect to the Execution Petition and the NHAI Appeal.

2. SEPL ("**Petitioner**") had made an application ("**Petition**") under section 66 read with section 52 of the Companies Act, 2013, for seeking approval of the National Company Law Tribunal ("**NCLT**") for reduction of 18,17,000 6% Non-Cumulative Redeemable Preference Shares of ₹ 10 each, fully paid up, at an aggregate consideration of ₹ 54,51,00,000 to be discharged by payment of cash consideration to the extent of ₹15,00,00,000 and rest by way of issue of 3,951 1% unsecured Non-Convertible Debentures of face value of ₹1,00,000 each, issued at par ("**NCLT Scheme**"). Subsequently, the Petition was admitted by NCLT and the matter is currently pending for final hearing.

UEPL

Proceedings by UEPL

1. UEPL ("**Petitioner**") has filed a writ petition before the High Court of Judicature at Madras ("**High Court**"), against The Secretary (Transport), Government of Tamil Nadu ("**Respondent**") in relation to certain pending toll fees from the Respondent. UEPL alleged that the Respondent was involved in plying buses enrolled under the monthly passes issued by the Petitioner more frequently than permitted and also plying different busses other than those enrolled with the monthly passes. The amount involved in this matter is approximately ₹ 128 million, along with an interest amount of 18% p.a. for the period between July 2009 until December 2011, which allegedly remains unpaid in relation to three depots of the Petitioner. The Respondent claims to have remitted a sum of ₹62.20 million towards the payment of the pending toll fee, however, the High Court has, vide order dated November 18, 2021, directed the Respondent to file the statement of accounts with regard to such payment. The Respondent is yet to file the same. The matter is currently pending.

IV. Litigation and Regulatory Actions against the Investment Manager, Project Manager and their Associates

As at the date of this Draft Placement Memorandum, subject to the disclosures made in the section entitled "*Legal and Other Information – Litigation and Regulatory Actions against the Sponsor (other than the Highways Trust and its Associates, the Project SPVs, the Investment Manager and the Project Manager and their respective Associates)*" on page 278, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Investment Manager, Project Manager and their Associates.

V. Litigation and Regulatory Actions against the Trustee

As at the date of this Draft Placement Memorandum, there are no material litigation or any outstanding criminal litigation or non-ordinary course regulatory actions against the Trustee.

Taxation Proceedings

The details of all outstanding tax disputes involving the Project SPVs and against the Highways Trust, Sponsor, the Project Manager, the Investment Manager, their respective Associates and the Trustee, on the basis of abovementioned, are set forth below:

Name of the entity	Number of Proceedings	Amount Involved (in ₹ million)
Direct tax		
i. Highways Trust	-	-
ii. Sponsor	-	-
iii. Investment Manager	-	-
iv. Project Manager	-	-
v. Associates of Sponsor / Project Manager / Investment Manager	-	-
vi. Project SPVs	5	103.08
vii. Trustee	-	-
Indirect Tax		
i. Highways Trust	-	-
ii. Sponsor	-	-
iii. Investment Manager	-	-
iv. Project Manager	-	-
v. Associates of Sponsor / Project Manager / Investment Manager	-	-
vi. Project SPVs	-	-
vii. Trustee	-	-

SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchange and has not been prepared or independently verified by the Parties to the Highways Trust or the Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE, together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"). SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Regulations, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Units

The InvIT Regulations provide for listing and delisting of units of infrastructure investment trusts on the stock exchanges.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. 1ST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The NSE and the BSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen-based trading in securities and was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

SELLING AND TRANSFER RESTRICTIONS

The distribution of this Draft Placement Memorandum and the offer, sale or delivery of the Units is restricted by law in certain jurisdictions. Persons who may come into possession of this Draft Placement Memorandum are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Draft Placement Memorandum may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Units or making any resale, pledge or transfer of the Units.

Each purchaser of the Units in this Issue will be deemed to have made acknowledgments and agreements as described under "Notice to Eligible Investors – Representations by the Eligible Investors" on page 2 of this Draft Placement Memorandum.

Republic of India

The Draft Placement Memorandum may not be distributed directly or indirectly in India or to residents of India and any Units may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible Investors and is not an offer to the public. The Draft Placement Memorandum is neither a public issue nor a prospectus under the Companies Act, 2013 or an advertisement and should not be circulated to any person other than to whom this Issue is made. The Placement Memorandum and Final Placement Memorandum has not been and will not be registered as a prospectus with any Registrar of Companies in India.

No action has been taken or will be taken by the Highways Trust, the Investment Manager or the Lead Managers that would permit a public offering of the Units to occur in any jurisdiction, or the possession, circulation or distribution of the Draft Placement Memorandum or any other material relating to the Highways Trust or the Units in any jurisdiction where action for such purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and the Draft Placement Memorandum, any offering materials and any advertisements in connection with the offering of the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable InvIT Regulations. Each purchaser of the Units in this Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors*" on page 1, "*Notice to Eligible Investors - Representations by the Eligible Investors*" on page 2 and these Selling and Transfer Restrictions.

United States

The Units offered hereby have not been and will not be registered with, or approved or disapproved by the SEC or any State securities commission in the U.S. or any other U.S. regulatory authority. Accordingly, the Units may not be offered, sold, resold or otherwise transferred within the U.S. or the territories or possessions thereof, except in a transaction exempt from the registration requirements of the Securities Act. The Units referred to in this Draft Placement Memorandum are being offered and sold in offshore transactions outside of the U.S. in compliance with Regulation S under the Securities Act to persons located in jurisdictions where such offer and sale of the Units is permitted under the laws of such jurisdictions. The offering to which this Draft Placement Memorandum relates is not, and under no circumstances is to be construed as, an offering of any Units for sale in the U.S. or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward to transmit this Draft Placement Memorandum in or into the U.S. at any time. Furthermore, the foregoing authorities have not passed on or endorsed the merits of the offering or the accuracy or adequacy of this Draft Placement Memorandum. Any representation to the contrary is a criminal offense in the U.S.

Notice to Investors in certain other jurisdictions

The distribution of this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Investment Manager or the Lead Manager which would permit an issue

of the Units in any jurisdiction other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum nor any Issue materials in connection with the Units be distributed or published in or from any country or jurisdiction that would require registration of the Units in such country or jurisdiction.

RIGHTS OF UNITHOLDERS

The rights and interests of Unitholders are included in this Draft Placement Memorandum and the InvIT Regulations. Under the Trust Deed and the Investment Management Agreement, these rights and interests are safeguarded by the Trustee and the Investment Manager, respectively. Any rights and interests of Unitholders as specified in this Draft Placement Memorandum would stand qualified by and deemed to be amended to the extent of any amendment to the InvIT Regulations.

Beneficial Interest

Each Unit represents an undivided beneficial interest in the Highways Trust. The beneficial interest of each Unitholder shall be equal and limited to the proportion of the number of Units held by the Unitholder to the total number of Units. A Unitholder has no equitable or proprietary interest in the InvIT Assets and is not entitled to transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of the Highways Trust. A Unitholder's right is limited to the right to require due administration of the Highways Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Ranking

No Unitholder of the Highways Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes. However, subordinate Units may be issued only to the Sponsor and its Associates, where such subordinate units carry only inferior voting or any other rights compared to other Units in the future in accordance with Regulation 4(2)(h) of the InvIT Regulations.

Redressal of grievances

The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the Highways Trust, and the Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Investment Manager shall maintain records of the Unitholders' grievances and the actions taken thereon, including copies of correspondences made with the Unitholders.

Distribution

The Unitholders shall have the right to receive distribution in accordance with the InvIT Regulations and in the manner provided in this Draft Placement Memorandum. For details, please see the section entitled "*Distributions*" on page 221.

Meeting of Unitholders

Meetings of Unitholders will be conducted in accordance with the InvIT Regulations.

Passing of resolutions

1. With respect to any matter requiring approval of the Unitholders:

   (i) a resolution shall be considered as passed when the votes cast by Unitholders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in the InvIT Regulations, of votes cast against;

   (ii) the voting may be done by postal ballot or electronic mode;

   (iii) a notice of not less than 21 days shall be provided to the Unitholders;

   (iv) voting by any Unitholder (including, the Sponsor in its capacity as a Unitholder), who is a related party in such transaction, as well as associates of such Unitholder(s) shall not be considered on the specific issue; and

   (v) the Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholder, subject to oversight by the Trustee. However, for issues pertaining to the Investment Manager, including a change in the Investment Manager, removal of Investment Manager or change in control of Investment Manager; the Trustee shall convene and handle all activities pertaining to conduct of the meetings. Additionally, for issues pertaining to the Trustee, including change in Trustee, the Trustee shall not be involved in any manner in the conduct of the meeting.

2. For the Highways Trust:

(i) an annual meeting of all Unitholders shall be held not less than once a year within 120 days from the end of each financial year and the time between two meetings shall not exceed 15 months;

(ii) with respect to the annual meeting of Unitholders,

a) any information that is required to be disclosed to the Unitholders and any issue that, in the ordinary course of business, may require approval of the Unitholders may be taken up in the meeting including:

- latest annual accounts and performance of the Highways Trust;
- approval of auditors and fee of such auditors, as may be required;
- latest valuation reports;
- appointment of valuer, as may be required; and
- any other issue; and

b) for any issue taken up in such meetings which require approval from the Unitholders other than as specified in Regulation 22(6) of the InvIT Regulations and paragraph 4 below, votes cast in favour of the resolution shall be more than the votes cast against the resolution.

3. Notwithstanding generally of the foregoing, in case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall be more than the votes cast against the resolution:

(i) any approval from the Unitholders required in terms of Regulation 18 (*Investment conditions and dividend policy)*, Regulation 19 (*Related Party Transactions*) and Regulation 21 *(Valuation of assets*) of the InvIT Regulations to the extent applicable;

(ii) any borrowings, in excess of the limits specified under Regulation 20(2) of the InvIT Regulations;

(iii) any transaction, other than any borrowing, the value of which is equal to or greater than 25% of the Highways Trust Assets;

(iv) increasing period for compliance with investment conditions to one year in accordance with Regulation 18(5)(c) of the InvIT Regulations;

(v) any issue, in the ordinary course of business, which in the opinion of the Sponsor or the Highways Trust or the Investment Manager, is material and requires approval of the Unitholders, if any;

(vi) de-classification of the status of the Sponsor; and

(vii) any issue for which SEBI or the designated stock exchange requires approval.

4. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution:

(i) any issue, not in the ordinary course of business, which in the opinion of the Sponsor or Investment Manager or the trustees of the Highways Trust requires approval of the Unitholders;

(ii) any issue for which SEBI or the designated stock exchange requires approval; and

(iii) any issue taken up on request of the Unitholders including:

a) removal of the Investment Manager and appointment of another investment manager to the Highways Trust;

b) removal of the Auditors and appointment of another auditors to the Highways Trust;

c) removal of the Valuer and appointment of another valuer to the Highways Trust;

d) delisting of the Highways Trust, if the Unitholders have sufficient reason to believe that such delisting would act in the interest of the Unitholders;

e) any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders; and

f) change in the Trustee, if Unitholders have sufficient reason to believe that acts of the Trustee are detrimental to the interest of Unitholders.

With respect to the rights of the Unitholders under clause 4(iii) above:

(i) save as set out in (iii) below, not less than 25% of the Unitholders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Highways Trust for the purpose;

(ii) on receipt of such application, the Highways Trust shall require, with the Investment Manager to place the issue for voting in the manner as specified in the InvIT Regulations; and

(iii) with respect to clause 4(iii)(f) above, not less than 60% of the Unitholders by value shall apply, in writing, to the Highways Trust for the purpose.

Information rights

The Investment Manager, on behalf of the Highways Trust, shall also submit such information to the Stock Exchange and the Unitholders, on a periodical basis as may be required under the InvIT Regulations and the Listing Agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Highways Trust) shall disclose to the Stock Exchange, the Unitholders and SEBI, all such information and in such manner as specified under the InvIT Regulations and such other requirements as may be specified by SEBI. The Investment Manager, on behalf of the Trust, shall also provide disclosures or reports specific to the sector or sub-sector in which the Trust has invested or proposes to invest, in the manner as may be specified by SEBI.

Buyback of Units

Any buyback of Units shall be in accordance with the Trust Deed and the InvIT Regulations.

De-listing of Units

Any delisting of Units shall be in accordance with the Trust Deed and the InvIT Regulations.

DILUTION

Dilution is the amount by which the Issue Price exceeds the net asset value ("**NAV**") per Unit, immediately after the completion of this Issue. NAV per Unit is determined by subtracting the total liabilities of the Highways Trust from the total assets of the Highways Trust and dividing by the number of Units issued and outstanding immediately before this Issue. There was no *pro forma* NAV before this Issue for the Units.

The Highways Trust will issue [●] Units at an Issue Price of ₹ [●] for each Unit. The following provides the per Unit dilution as on [●]:

Combined NAV per Unit before this Issue	Not applicable
Combined NAV per Unit after this Issue	[●]
Dilution in NAV per Unit to the Sponsor attributable to the Sponsor	[●]
Dilution in NAV per Unit to Unitholders (other than the Sponsor)	[●]
Dilution to Unitholders (other than the Sponsor) as a percentage of the Issue Price	[●]

ISSUE STRUCTURE

Initial offer through a private placement of up to [●] Units for cash at price of ₹ [●] per Unit, aggregating up to ₹ 4,000 million by the Highways Trust. In accordance with Regulation 14 of the InvIT Regulations, this Issue shall constitute at least [●] of the total outstanding Units on a post-Issue basis.

Particulars	Details
Number of Units available for Allotment/allocation	Up to [●] Units
Basis of Allotment/ allocation	Discretionary
Minimum Bid	Such number of Units that the Bid Amount is not less than ₹ [●] million, and in multiples of [●] Units thereafter
Maximum Bid	Such number of Units (in multiples of [●] Units) not exceeding the size of this Issue, subject to applicable investment limits
Mode of Allotment	Compulsorily in dematerialised form
Bid Lot	A minimum of [●] Units, and in multiples of [●] Units thereafter
Allotment Lot	A minimum of [●] Units, and in multiples of [●] Units thereafter
Trading Lot[(1)]	Upon listing, such number of Units, the value of which is, or exceeds, ₹ [●] million
Arrangements for Disposal of Odd Lots	The Stock Exchange will provide for an odd lot window to facilitate the trading of odd lots of Units that may be created from time to time on account of various events, including instances such as declaration of NAV and any distributions in respect of the Units
Who can apply	(i) Institutional Investors; and (ii) Bodies Corporate
Terms of Payment	Entire Bid Amount shall be payable along with the Application Form

(1) *The trading lot post-listing of the Units may be modified in accordance with the InvIT Regulations and other applicable law.*

Indicative Issue Timeline

Event	Indicative Date
Bid/Issue Opening Date	[●]
Bidders to submit completed Application Forms	[●]
Bid/Issue Closing Date	[●]
Dispatch of CANs to successful Bidders	On or about [●]
Closing Date	On or about [●]
Designated Date	On or about [●]
Initiation of refunds, if any, in the event of any failure to obtain final listing and trading approval within 30 Working Days from the date of Allotment	On or about [●]
Listing Date	On or about [●]

The above timetable is indicative and does not constitute any obligation or liability on the Highways Trust, the Investment Manager, the Trustee or the Lead Manager.

While the Investment Manager shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Units on the Stock Exchange is completed within 30 Working Days from the date of Allotment, the timetable may change due to various factors, such as, any extension of the Bid/Issue Period by the Investment Manager or any delay in receiving the final listing and trading approval from the Stock Exchange. The commencement of trading of the Units will be entirely at the discretion of the Stock Exchange and in accordance with applicable law.

ISSUE PROCEDURE

Below is a summary, intended to provide a general outline of the procedures for the bidding, application, payment, Allocation and Allotment of the Units to be offered pursuant to the Issue.

Eligible Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them under applicable law to which they are subject, and should consult their respective advisors in this regard. Eligible Investors that apply in this Issue will be required to confirm, and will be deemed to have represented to the Trustee, the Investment Manager, the Lead Manager and their respective directors, officers, agents, affiliates and representatives, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Units. The Investment Manager, the Sponsor and the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Units.

Authority for the Issue

The Highways Trust is making this Issue in accordance with Regulation 14(2) of the InvIT Regulations. The Issue was authorised and approved by the Board on March 22, 2022. The Board approved this Draft Placement Memorandum in its meeting dated March 22, 2022 and the InvIT Committee approved this Draft Placement Memorandum by way of a resolution dated March 24, 2022.

The Highways Trust has received in-principle approval from NSE, for listing of the Units on NSE pursuant to a letter dated [●]. The Investment Manager has filed a copy of this Draft Placement Memorandum, and will file a copy of the Placement Memorandum and the Final Placement Memorandum with the SEBI and the Stock Exchange, in compliance with the provisions of the InvIT Regulations.

The Units have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable law of such jurisdiction. The Units shall not be offered or sold where such offer or sale would require registration, qualification or listing.

The Eligible Investors should note that Allotment to successful Bidders will only be in the dematerialised form. Application Forms which do not have the details of the Bidders' demat accounts including DP ID, PAN and Client ID will be treated as incomplete and rejected. Bidders will not have the option of receiving Allotment in physical form. On Allotment, the Units will be traded only on the dematerialized segment of the Stock Exchange.

Issue Procedure

1. The Lead Manager, in consultation with the Investment Manager shall electronically or physically circulate serially numbered copies of the Placement Memorandum and the Application Form to Eligible Investors. The Application Form will be specifically addressed to each Eligible Investor. The list of Eligible Investors to whom the serially numbered copies of the Placement Memorandum and the Application Form will be circulated shall be determined by the Investment Manager, in consultation with the Lead Manager.

2. **Unless a serially numbered Placement Memorandum along with an Application Form is addressed to a particular Eligible Investor, no invitation to subscribe shall be deemed to have been made to such Eligible Investor.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and such person shall not be eligible to participate in the Issue.

3. Bidders may submit an Application Form to the Lead Manager only during the Bid/Issue Period and not later than the Bid/Issue Closing Date.

4. Bidders will be required, amongst other things, to indicate the following in the Application Form:

   (a) name of the Bidder to whom the Units are to be Allotted;

   (b) number of Units Bid for;

   (c) the details of the Bid Amount deposited by the Bidder into the Designated Account;

   (d) details of the demat accounts to which the Units should be credited;

(e) a representation that such person is an "Institutional Investor" or a "Body Corporate" in terms of the InvIT Regulations;

(f) the details of Bidder's bank account along with fund transfer details, in case of any refund;

(g) that it is permitted to acquire the Units under the laws of any applicable jurisdiction and that it has necessary capacity and authority, and have obtained all necessary consents and authorisations to enable it to commit to this participation in the Issue and to perform its obligations in relation thereto (including, without limitation, on behalf of any person) and honour such obligations;

(h) it is eligible to invest in India and in the Units under applicable law, including the FEMA Rules, and has not been prohibited by the SEBI or any regulatory authority from buying, selling or dealing in units or securities; and

(i) any other information which may be relevant to the Bid.

Bids made by asset management companies or custodians of Mutual Funds, if permitted under applicable law, shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law.

5. Each Bidder shall be required to make payment of the entire Bid Amount for the Units at the Issue Price, only through electronic transfer to the Designated Account during the Bid/Issue Period, along with the completed Application Form.

6. No payment shall be made by Bidders in cash. Please note that any payment of Bid Amount for Units shall be made from the bank account of the relevant Bidder applying for Units and the Lead Manager, on behalf of the Investment Manager, shall keep a record of the bank account from where such Bid Amounts have been received. The Bid Amount payable on Units to be held by joint holders shall be paid from the bank account of the person whose name appears first in the completed Application Form. Pending listing of the Units, all Bid Amounts received from Bidders shall be kept by in the Designated Account.

7. Once a duly completed Application Form is submitted by a Bidder on the basis of disclosures in the Placement Memorandum, such Application Form constitutes an irrevocable offer and cannot be withdrawn, subject to terms contained therein and the Placement Memorandum.

8. Upon receipt of the completed Application Form and the receipt of Bid Amount in the Designated Account, the Investment Manager shall, after Bid/Issue Closing Date, determine the number of the Units to be Allotted pursuant to the Issue, in consultation with the Lead Manager.

9. Upon determination of the Bidders to whom Allocation shall be made, the Lead Manager, on behalf of the Investment Manager, will send the CANs, along with serially numbered Final Placement Memorandums to the Bidders who have been Allocated Units. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to the Bidder. **Please note that the Allocation and Allotment will be at the absolute discretion of the Investment Manager, in consultation with the Lead Manager, and in accordance with the InvIT Regulations.**

10. Upon the dispatch of the CAN to successful Bidders, the Investment Manager shall Allot Units of the Highways Trust as per the details in the CAN sent to the successful Bidders. The Investment Manager will intimate the Stock Exchange about the details of the Allotment and apply for approvals of the Units for listing and trading of the Units on the Stock Exchange after the credit of Units into the demat accounts of the successful Bidders.

11. Allottees are advised to instruct their respective Depository Participants' to accept the Units that may be Allotted to them pursuant to the Issue into their respective demat accounts.

12. In the event the Investment Manager is unable to Allot the Units or upon cancellation of the Issue, the Investment Manager shall be liable to refund the Bid Amounts with interest to the Bidders in accordance

with applicable law. For each Bidder to whom any amounts are to be refunded, the refund shall be made to the same bank account from which the Bid Amount was remitted by such Bidder.

13. The Units that have been credited to the demat accounts of the Bidders shall be eligible for trading on the Stock Exchange only upon the receipt of final listing and trading approvals from the Stock Exchange. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchange or the Investment Manager.

14. The Bid Amounts will be transferred to the account of the Highways Trust from the Designated Account only after receipt of the final listing and trading approval for the Units from Stock Exchange.

Who can Bid?

Each Bidder should check if it is eligible to Bid under applicable law, including the FEMA Rules. Certain categories of Bidders may not be permitted to Bid in the Issue or hold Units in excess of the limits specified under applicable law.

Only Institutional Investors and Bodies Corporate are eligible to participate in the Issue.

An Institutional Investor is defined in Regulation 2(1)(ya) of the InvIT Regulations.

A Body Corporate is defined in Section 2(11) of the Companies Act, 2013 to include a company incorporated outside India, but does not include (i) a co-operative society registered under any law relating to co-operative societies; and (ii) any other body corporate (not being a company as defined in the Companies Act, 2013) which the Central Government may, by notification, specify in this regard.

Bodies Corporate incorporated outside India are permitted to participate in the Issue subject to compliance with Schedule VIII of the FEMA Rules.

The Trustee, the Valuer and the employees of the Valuer, who were involved in the valuation of the Project SPVs are not permitted to Bid in the Issue.

Bids by FPIs

Foreign Portfolio Investors (other than individuals, corporate bodies and family offices) are permitted to participate in the Issue subject to compliance with Schedule 8 of the FEMA Rules. In case of Bids by FPIs, the payment should be made as inward remittance from abroad through banking channels or out of funds held in NRE, SNRR or FCNR(B) accounts maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, along with documentary evidence in support of the remittance. In case of Bids made by FPIs, a copy of the certificate of registration under the SEBI FPI Regulations is required to be attached with the Application Form. In case of Bids made by FPIs, a copy of the certificate of registration issued by the designated depository participant under the SEBI FPI Regulations is required to be attached along with the Application Form, failing which the Investment Manager, in consultation with the Lead Manager, reserves the right to reject the Bid.

Bids by SEBI registered VCFs and AIFs

The SEBI VCF Regulations prescribe, amongst others, the investment restrictions on VCFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Further, VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations. VCFs and AIFs are subject to certain investment restrictions, including with respect to the percentage of investible funds held in each investee entity. Allotments made in respect of Bids by VCFs and AIFs in the Issue shall be subject to the rules and regulations that are applicable to each of them respectively.

Bids by Banking Companies

Bids may be made by banks, as permitted by the RBI, and are subject to the conditions specified in the Prudential Guidelines – Banks' investment in units of REITs and InvITs dated April 18, 2017. In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form. Failing this, any such Bid is liable to be rejected.

Bids by Provident Funds/Pension Funds

On March 2, 2015, the Ministry of Finance issued a notification allowing investments by non-government provident funds, pension funds, super-annuation funds and gratuity funds up to 5% in infrastructure investment trusts, as specified. On June 26, 2015, the Ministry of Labour and Employment issued a notification allowing investments by provident funds up to 5% in infrastructure investment trusts, as specified. The Pension Fund Regulatory and Development Authority issued circulars dated June 3, 2015, September 2, 2015, November 4, 2016 and May 4, 2017, respectively, allowing investments by national pension funds up to 5% in infrastructure investment trusts, as specified. However, such investments by provident funds and pension funds will be subject to, amongst others, the sponsor or in some cases the securities having a minimum of AA or equivalent rating from at least two credit rating agencies registered with SEBI. In case of Bids made by provident funds/ pension funds, subject to applicable law, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, any such Bid is liable to be rejected.

Bids by NPS Schemes

The Pension Fund Regulatory and Development Authority issued circulars dated June 3, 2015 and September 2, 2015, respectively, allowing investments by national pension fund schemes ("**NPS Schemes**") up to 5% in infrastructure investment trusts, as specified. However, in accordance with the circular dated May 4, 2017 (effective from May 8, 2017), as amended by the circular dated May 8, 2018, issued by PFRDA, such investments by NPS Schemes will be subject to, amongst others, such securities having a minimum of 'A' or an equivalent rating in the applicable rating scale from at least two credit rating agencies registered with SEBI, subject to the maximum permissible amount of investments in securities rated between A- and AA. In case of Bids made by NPS Schemes, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, any such Bid is liable to be rejected.

Bids by Mutual Funds

Bids may be made by mutual funds under all its schemes, existing and future, subject to the investment conditions and other restrictions prescribed under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (including, the circular on mutual funds dated February 28, 2017 and any other circulars, notifications and guidelines issued thereunder).

Bids by Insurance Companies

Bids may be made by insurance companies as permitted by the Insurance Regulatory and Development Authority of India in terms of the Master Circular – Investments, 2016 and the circular issued by the IRDAI entitled, Investment in Units of Real Estate Investment Trusts (REIT) & Infrastructure Investment Trusts (InvIT) dated March 14, 2017.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by Institutional Investors or Bodies Corporate, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted along with the Application Form. Failing this, any such Bid is liable to be rejected.

The Investment Manager, in consultation with the Lead Manager, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form.

Allotments, if any, made to FVCIs in the Issue are subject to the respective rules and regulations that are applicable to each of them.

The Parties to the Highways Trust and the Lead Manager are not liable for any amendment or modification or change to applicable law or regulations, which may occur after the date of the Placement Memorandum. Eligible Investors are advised to make their independent investigations and satisfy themselves that they are eligible to apply in the Issue. Eligible Investors are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Units that can be held by them under applicable law or regulation or as specified in the Placement Memorandum.

Note: Affiliates or associates of the Lead Manager who are Eligible Investors may participate in the Issue in compliance with applicable law.

Maximum and Minimum Bid Size

(i) Each Bidder is required to Bid for a Minimum Bid Size of ₹[●] million and in multiples of [●] Units, thereafter.

(ii) No Bidder shall Bid for that number of Units which exceeds the Issue size.

Application Process

Application Form

Bidders shall only use the Application Forms provided by the Investment Manager for the purpose of making a Bid in terms of the Placement Memorandum.

A Bidder applying for the Units to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such Bidder.

By making a Bid for the Units through Application Forms, Bidders will be deemed to have made the following representations and warranties, respectively:

1. The Bidder confirms that it is an Institutional Investor or a Body Corporate, and is eligible to participate in the Issue;

2. The Bidder has deposited the Bid Amount in the Designated Account;

3. Subject to the terms of the Application Form and the Placement Memorandum and applicable law, the Bidder has no right to withdraw its Bid once such Bid is submitted to the Lead Manager;

4. The Bidder confirms that it is eligible to apply for, and hold, any Units that may be Allotted to the Bidder pursuant to the Issue. The Bidder further confirms that any such Allotment of Units to, and the holding of Units by, the Bidder does not, and shall not, exceed the level permissible as per any law applicable to the Bidder;

5. The Bidder understands and agrees that the Units offered hereby have not been registered with, or approved or disapproved by the SEC or any State securities commission in the U.S. or any other U.S. regulatory authority, and that the Units may not be offered, sold or resold or otherwise transferred within the U.S., except in a transaction exempt from the registration requirements of the Securities Act, and the Units are being offered and sold in an offshore transaction outside the U.S. in compliance with Regulation S to persons located in jurisdictions where such offer and sale of the Units is permitted under the laws of such jurisdiction. Accordingly, the Bidder confirms that it is outside the United States and it is purchasing the Units in an offshore transaction in reliance on Regulation S under the U.S. Securities Act.

6. The Bidder further confirms that no offer or sale of the Units is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S) and that Highways Trust and the Lead Manager, and their respective affiliates and representatives (including legal counsels to each of the foregoing), will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time any of the acknowledgements, representations, warranties and agreements made in connection with the Units is no longer accurate, it shall immediately notify Highways Trust and the Lead Manager in writing.

ELIGIBLE INVESTORS MUST PROVIDE THEIR DEMAT ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND BANK ACCOUNT DETAILS IN THE APPLICATION FORM. ELIGIBLE INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEMAT ACCOUNT IS HELD.

Demographic details such as address and bank account details will be obtained from the Depositories as per the demat account details given in the Application Form.

Instructions for completing the Application Form

Bidders may note that forms not filled completely or correctly as per instructions provided in the Placement Memorandum and the Application Form are liable to be rejected. The Bids should adhere to the following:

(i) Bids must be made only in the prescribed application form;

(ii) Application Form must be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the Application Form. Incomplete Application Forms are liable to be rejected. Bidders must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended shall not be considered for Allotment. Bidders should note that the Lead Manager, Registrar and the Investment Manager will not be liable for errors in data entry due to incomplete or illegible Application Forms; and

(iii) Bidders are required to sign the Application Form. Bidders should ensure that the thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India, are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the Bidder, the number of the Units applied for and the Bid Amount deposited in the Designated Account, and include details of the bank account from which payment of the Bid Amount was made as well as a confirmation of funds transfer. The Application Form shall be submitted to the Lead Manager either through electronic form or through physical delivery at the following address:

Axis Capital Limited
1st Floor, Axis House
C 2 Wadia International Centre
P. B. Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
Email: highways.invit@axiscap.in
Contact person: Harish Patel/Akash Aggarwal

The Lead Manager shall not be required to provide any written acknowledgement of the Application Form.

PAN

Each Eligible Investor must mention its PAN allotted under the IT Act. Each Eligible Investor is required to submit a copy of its PAN card along with the Application Form. Eligible Investors should not submit the general index registrar number ("**GIR**") instead of the PAN. Applications without this information will be considered incomplete and are liable to be rejected, except from Eligible Investors which are not required to hold a PAN under applicable law.

Bank Account for Payment of Bid Amount

The Investment Manager will open the Designated Account with [●], acting as the Escrow Collection Bank in terms of the arrangement among the Highways Trust, the Investment Manager, the Lead Manager and the Escrow Collection Bank. Bidders are required to deposit the entire Bid Amount during the Bid/Issue Period, together with the completed Application Form, in favour of "[●]".

If the payment of the Bid Amount is not made favouring the Designated Account within the Bid/Issue Period, the Application Form of the Bidder is liable to be rejected.

The Trustee and the Investment Manager shall utilize the amount deposited in the Designated Account only for the purposes of: (i) adjustment against Allotment; or (ii) refund of application monies in case of any failure to allot Units in the Issue. For further details, please see the section entitled "*Issue Procedure – Refunds*" on page 299.

Payment Instructions

The payment of Bid Amount shall be made by the Bidders in the name of the Designated Account as per the payment instructions provided in the Placement Memorandum and the Application Form. Payments are to be made only through electronic fund transfer. Payments through cheques or cash or any mode other than electronic mode shall be rejected.

Bidders' Demat Account and Bank Account Details

Bidders should note that on the basis of Bidders' PAN, DP ID and Client ID provided by them in the Application Form, the Registrar will obtain from the Depository the demographic details including the Bidders' address and bank account details (including the nine-digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf) (the "**Demographic Details**"), from the Depository. The Demographic Details will be used for giving refunds (including through direct credit, NACH, NECS, NEFT and RTGS) to the Bidders. It is mandatory to provide the bank account details in the space provided in the Application Form and Application Forms that do not contain such details are liable to be rejected. Hence, Bidders are advised to immediately update their bank account details, PAN and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in credit of refunds to Bidders at their sole risk and none of the Lead Manager, Registrar, the Investment Manager or the Trustee will have any responsibility or undertake any liability for this. Accordingly, Bidders should carefully fill in their demat account details in the Application Form.

By signing the Application Form, the Bidder is deemed to have authorised the Depositories to provide to the Investment Manager and the Registrar, on request, the required Demographic Details as available in their records.

The Trustee, the Investment Manager or the Lead Manager will not be responsible or liable for the delay in the credit of the Units to be issued and transferred pursuant to the Issue due to errors in the Application Form, delay in payment of Bid Amount or otherwise on part of the Bidders.

Allocation

Build-up of the book

The Bidders shall submit their Bids for the Units within the Bid/Issue Period to the Lead Manager. The book shall be maintained by the Lead Manager.

Method of Allocation

The Investment Manager shall determine the Allocation in consultation with the Lead Manager on a discretionary basis. After finalization of the Allocation, the Investment Manager will update the Placement Memorandum with the Issue details and file the Final Placement Memorandum with SEBI and the Stock Exchange, and dispatch the CAN, together with a serially numbered Final Placement Memorandum to each successful Bidder.

THE DECISION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGER, IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF THE UNITS IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE INVESTMENT MANAGER, IN CONSULTATION WITH THE LEAD MANAGER, AND BIDDERS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS. NEITHER THE INVESTMENT MANAGER NOR THE LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY SUCH NON-ALLOCATION.

Confirmation of Allocation Note or CAN

Based on the Application Forms and Bid Amounts received from Bidders, the Investment Manager, in consultation with the Lead Manager, in their sole and absolute discretion, will decide the Bidders to whom the serially numbered CANs shall be sent, pursuant to which the details of Units Allocated to them shall be notified to such Bidders. Further, details of the amounts payable for Allotment of the Units in their respective names shall be notified to such Bidders. Additionally, the CAN will include the probable designated date, being the date of credit of the Units to the respective Bidder's demat account ("**Designated Date**").

Bidders, who have been Allocated Units, would also be sent a serially numbered Final Placement Memorandum either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Final Placement Memorandum and the CAN to Bidders shall be deemed a valid, binding and irrevocable contract in respect of the number of Units Allocated to each successful Bidder.

Bidders are advised to instruct their Depository Participant to accept the Units that may be Allotted to them pursuant to the Issue.

Allotment of the Units

The Trustee and the Investment Manager will endeavour to complete the Allotment by the Closing Date.

In accordance with the InvIT Regulations, the Units will be issued and Allotment shall be made only in dematerialised form to the Allottees. The Investment Manager (on behalf of the Highways Trust) and the Registrar have entered into:

(a) Agreement dated March 7, 2022 with NSDL; and

(b) Agreement dated March 3, 2022 with CDSL.

After the Bid/Issue Closing Date and the completion of the Formation Transactions, the Investment Manager will update the Placement Memorandum with the Issue details and file the Final Placement Memorandum with the SEBI and the Stock Exchange, within the timelines specified under applicable law.

Following the Allotment of Units, the Investment Manager will apply for final listing and trading approval from the Stock Exchange. The Investment Manager and the Lead Manager shall endeavour to list the Units on the Stock Exchange within 30 Working Days from date of Allotment.

Refunds

In the event of non-receipt of listing permission from the Stock Exchange, the Units shall not be eligible for listing. The Highways Trust will ensure that refunds are made to the Bidders, along with interest at the rate of 15% per annum from the date of Allotment, in accordance with and subject to applicable law.

Other Instructions

Right to Reject Applications

The Investment Manager, in consultation with the Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of the Investment Manager and the Lead Manager in relation to the rejection of Bids shall be final and binding.

Units in Dematerialised form with NSDL or CDSL

The Allotment shall be only in dematerialised form (i.e., not in physical certificates but represented by the statement issued through the electronic mode).

A Bidder applying for the Units to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of such Bidder.

Units in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. NSE has electronic connectivity with NSDL and CDSL. The trading of the Units would be in dematerialised form only for all Unitholders in the respective demat segment of NSE. For details in respect of the minimum trading lot, please see the section entitled "*Issue Structure*" on page 291.

The Trustee, the Investment Manager or the Lead Manager, will not be responsible or liable for the delay in the credit of the Units to be issued and transferred pursuant to the Issue due to errors in the Application Form, delay in payment of Bid Amount or otherwise on part of the Bidders.

STATEMENT OF TAX BENEFITS

CERTIFICATE ON STATEMENT OF TAX BENEFITS

Date: 24.03.2022

To:
Highways Infrastructure Trust
acting through Axis Trustee Services Limited, as the trustee (the "**Trustee**")
2nd Floor, Piramal Tower
Peninsula Corporate Park
Lower Parel
Mumbai 400 013
Maharashtra, India
(the "**Trust**")

Virescent Infrastructure Investment Manager Private Limited
in its capacity as an investment manager of the Highways Trust
10th Floor, Parinee Crescenzo
C- 30 'G' Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400051
Maharashtra, India
(the "**Investment Manager**")

Galaxy Investments II Pte. Ltd.
10 Changi Business Park, Central 2
#5-01, Hansapoint,
Singapore - 486030
("**Sponsor**")

Axis Capital Limited
1st Floor, Axis House
C 2 Wadia International Centre
P. B. Marg, Worli
Mumbai 400 025
Maharashtra, India
("**Lead Manager**")

Dear Sir,

Ref: Statement of possible tax benefits available to the Highways Infrastructure Trust and its unitholders on proposed offering of units ("Issue").

1. The accompanying Statement of Possible Special Tax Benefits available to the Highways Infrastructure Trust ("**the Trust**") and its unitholders (hereinafter referred to as "**the Statement**") under the Income Tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2021 (hereinafter referred to as the "Indian Income Tax Regulations") has been prepared by the Trust (acting through the Investment Manager) in connection with the Issue, which we have initialed for identification purposes.

2. The preparation of this Statement as of the date of our report which is to be included in the Draft Placement Memorandum, Placement Memorandum and Final Placement Memorandum (collectively, the "**Issue Documents**") is the responsibility of the Trust (acting through the Investment Manager). The Trust's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Trust (acting through the Investment Manager) is also responsible for identifying and ensuring that it complies with the laws and regulations applicable to its activities.

3. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

4. Our work was carried out to report whether the Statement prepared by the Trust (acting through the Investment Manager), presents, in all material respects, the possible special tax benefits as of 24 March 2022 available to the Trust and the unitholders in accordance with the Indian Income Tax Regulations as at the date of our report.

Inherent Limitations

5. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Trust or its unitholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive

   The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

   Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

6. In our opinion, the Statement prepared by the Trust presents, in all material respects, the possible special tax benefits available as of 24 March 2022, to the Trust and its unitholders in accordance with the Indian Income Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

   (i) The Trust or its unitholders will continue to obtain the benefits per the Statement in future; or

   (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

7. This report is addressed to and provided to the Board of Directors of the Investment Manager of the Trust solely in connection with the Issue and for the purpose of inclusion in the Issue Documents and other documents in connection with the proposed Issue by the Trust and should not be used by any other person or for any other purpose. Further it should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. We will not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom the report is shown or into whose hands it may come without our prior consent in writing. save as set out in this report.

Yours faithfully,
For Sunil Vankawala & Associates

Authorized Signatory
Name: Sunil T.Vankawala

Designation: Proprietor
Membership No.: 033461
Firm Registration No.: 110616W
UDIN: 22033461AFMGMN8975

CC:
Legal Advisor to the Issue

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

Statement of Tax Benefits

1. In case of InvIT

Tax benefits available to InvITs in respect to income received form the Special Purpose Vehicle(s) ('SPVs') – 10(23FC) of the ITA

Any income of the Trust (as a business trust) in the nature of interest or dividend received or receivable from a SPV (including the Project SPVs) shall be exempt from income tax and accordingly not to be included in the total income of the Trust.

The above is on account of the tax pass through status accorded by the Indian Income-tax Act, 1961 ('ITA') to InvITs as business trusts. The interest income is taxable in the hands of Unitholders of the InvIT directly in the same manner and same nature as it would have been taxable in the hands of the Trust.

The Finance Act, 2020 has abolished Dividend Distribution Tax ('DDT') and hence there shall be no DDT on profits distributed by SPVs to business trust on or after April 1, 2020. However, with the removal of DDT, dividend income would be taxable in the hands of unitholders of the InvIT based on whether the SPVs have opted for the old tax regime or the concessional tax regime u/s 115BAA of the ITA. In case, the SPV has opted for a concessional tax rate specified under section 115BAA of the ITA, dividend income will be taxable in the hands of the unitholders. Therefore, withholding tax obligation would need to be assessed at the time of distribution of dividend income by the Business Trust to the unit holders based on the tax regime (i.e. old tax regime/ concessional tax regime) adopted by the respective SPV.

The Finance Act 2021 extends the benefit of non-withholding of tax on the dividend income credited or paid to REIT/ InvIT by specified SPV. This amendment will take effect retrospectively from 01 April 2020. Accordingly, with respect to dividend income distributed by the SPVs to the Business Trust, SPVs may not be liable to withhold tax while making payment to the Business Trust.

As per section 14A of the Indian Income-tax Act, 1961, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. The provision of Rule 8D of the Income-tax Rules, 1962 read with section 14A of the Indian Income-tax Act, 1961 shall be followed for calculating the quantum of disallowance.

Income from buy back of shares – Section 10(34A) of the Indian Income-tax Act, 1961 read with section 115QA

Income arising to the Trust as an InvIT from buy-back of shares held in SPVs (including Project SPVs) shall not be taxable as per section 10(34A) of the Indian Income-tax Act, 1961 in the hands of the Trust as an InvIT. However, the provisions of section 14A of the Indian Income-tax Act, 1961 shall apply as stated above.

Section 115UA(2) read with section 111A, section 112 and 112A of the Indian Income-tax Act, 1961 - Taxability of capital gains at concessional rates

Subject to the provisions of section 111A and section 112 of the Indian Income-tax Act, 1961, the total chargeable income of a business trust shall be taxable at maximum marginal rate as per Section 115UA(2) of Income-tax Act, 1961. MMR is defined under the provisions of the Act to mean the rate of income-tax (including surcharge on income-tax, if any) applicable in relation to the highest slab of income as per the relevant Finance Act.

In accordance with Section 2(29A) of the Indian Income-tax Act, 1961, the following assets on meeting the respective period of holding shall be classified as long-term capital asset otherwise the same shall be classified as short-term capital asset:

S No	Asset	Period of Holding
1	Security (other than a unit) listed on a recognized stock exchange in India or unit of the UTI or unit of an equity-oriented fund or zero-coupon bond	> 12 months
2	Shares of a company not being listed on a recognized stock exchange or immovable property	> 24 months

3	Other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust	> 36 months

As per the provisions of section 111A of the Indian Income-tax Act, 1961, any income arising from transfer of short-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of a eligible business trust, transacted through a recognized stock exchange and subject to STT, will be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per the provisions of section 112(1) of the Indian Income-tax Act, 1961, gains arising on the transfer of long-term capital assets being equity shares of an unlisted company shall be chargeable to tax in the hands of the business trust at the rate of 20% (plus applicable surcharge and cess).

Section 48 of the Indian Income-tax Act, 1961 prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

Please note that the Finance Act, 2018 has made amendments in connection with the capital gains tax that accrue post 1st Apr 2018. Salient features of the same are as follows:

The erstwhile exemption from capital gains tax on long-term capital assets being specified listed securities sold in a stock exchange has been withdrawn where the quantum of gains exceeds Rs. 1 lac. The same will be taxable u/s 112A of the Indian Income-tax Act, 1961 at the rate of 10% (plus applicable surcharge and cess).

With a view to grandfather gains notionally realized by investors up to 31 January 2018, for units acquired till such date, it has been provided that taxable gains will be determined using the higher of:

- Actual cost of acquisition; or
- Lower of sale price and fair market value (as specifically defined under the Indian Income-tax Act, 1961)

Further, as per proviso to section 112 of the Indian Income-tax Act, 1961, capital gain in case of specified listed securities (other than a unit) where the conditions prescribed under section 112A of the Indian Income-tax Act, 1961 are not met or zero-coupon bond, shall be taxable at the rate of 10% without giving the benefit of indexation.

It is pertinent to note here that section 115UA provides that chargeable incomes other than capital gains covered under section 111A and 112 of the Act, shall be taxed at MMR.

Therefore, long term capital gains on account of sale of listed securities which is taxable @ 10% under section 112A (subject to certain conditions) of the Indian Income-tax Act, 1961 will be taxable at MMR in the hands of business trust since specific carve out has not been provided for section 112A of the Indian Income-tax Act, 1961 under the provisions of section 115UA of the Indian Income-tax Act, 1961.

Rebate under section 87A of the Indian Income-tax Act, 1961 shall be allowed from the income-tax on the total income as produced by the tax payable on long-term capital gains.

In accordance with, and subject to the conditions, including the limit of investment of INR 50 lacs, capital gains arising on transfer of a long term capital asset, being land or building or both, shall be exempt from capital gains under section 54EC if the gains are invested within 6 months from the date of transfer in purchase of specified bonds (redeemable after five years and issued on or after 1 April 2018) issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL) or any other bond notified by the Central Government, if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains is not so invested, the exemption shall be allowed on a pro rata basis.

In accordance with, and subject to the conditions, including the limit of investment of INR 50 lacs, capital gains arising on transfer of a long-term capital asset shall be exempt from capital gains tax under section 54EE if the gains are invested within 6 months from the date of transfer in the purchase of long-term specified assets if permitted to be invested by an Investment trust as per the extant governing regulations. In case the whole of the gains is not so invested, the exemption shall be allowed on a pro rata basis.

Deduction in respect of certain intercorporate dividends – Section 80M inserted by Finance Act, 2020

The Finance Act, 2020 has also inserted section 80M to eliminate the cascading tax effect in case of intercorporate dividends by providing a deduction in respect of dividends received by a company (including foreign company) and business trust to the extent such dividend is distributed.

2. Tax benefits available to unit holders of InvITs

Section 10(23FD) of the Indian Income-tax Act, 1961

As per the provisions of section 115UA(1) of the Indian Income-tax Act, 1961, the income distributed by InvIT shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as if such income was received by or accrued to InvIT. Therefore, income taxable in the hands of unit holders shall be taxed in the same manner and nature as it would have been taxed in the hands of InviT.

The provisions of section 10(23FD) of the Indian Income Tax Act, 1961 provides for exemption in the hands of unitholders. However, the subject provisions carve out the following income from its exemption ambit:

- Distribution made by InvIT out of interest income as specified in 10(23FC)(a)
- Distribution made by InviT which corresponds to the dividend income as specified in 10(23FC)(b) in the cases where SPV has opted for Section 115BAA.

In accordance with the provisions of section 115UA(3) of the Indian Income Tax Act, 1961, the aforesaid incomes shall be taxable in the hands of unitholders. However, in case of dividend income mentioned above, the interest expense against such income shall be allowable subject to the cap of 20%. We would also like to highlight that income distributed by InviT which is corresponding to the dividend received from the SPV shall be exempt in the hands of unitholders in cases where SPV has not opted for concessional rate of 22% prescribed under section 115BAA of the Act

General benefit and provisions

Vide Finance Act, 2020, definition of 'business trust' has been amended to include those trusts which are registered as InvITs with SEBI as per relevant regulations and not listed on a recognised stock exchange in India.

Where the gains arising on the transfer of the units of InvIT are included in the business income of an assessee, assessable under the head – 'Profits and Gains from Business or Profession' and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Indian Income-tax Act, 1961.

Short-term capital gains arising on transfer of the units of InvIT will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Indian Income-tax Act, 1961 provided such transaction is subject to securities transaction tax. In case of a unit holder being an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Indian Income-tax Act, 1961.

A unit holder being a domestic company will not be able to claim the above exemption / beneficial tax rates while computing the book profits under section 115JB of the Indian Income-tax Act, 1961 and income tax payable under the said section shall be available as credit under section 115JAA (subject to conditions) of the Indian Income-tax Act, 1961.

The erstwhile exemption from long term capital gains tax on sale of units on a stock exchange has been withdrawn where the quantum of gains exceeds Rs. 1 lac. The same will be taxable u/s 112A of the Indian Income-tax Act, 1961 at the rate of 10% (plus applicable surcharge and cess).

Further, the taxability regarding the long-term capital gains in the hands of unit holders for cases other than covered under section 112A of the Indian Income-tax Act, 1961 shall be taxable in accordance with section 112

of the Indian Income-tax Act, 1961 and are encapsulated in the below table for reference

Case	Non-resident	Resident*
Listed Securities (other than those covered in Section 112A) or Zero-Coupon bond	10% after giving effect to first proviso (currency conversion)	Lower of: • 20% or 10% without giving the benefit of indexation.
Unlisted securities	Taxable at the rate of 10% without giving the benefit of indexation (second proviso to section 48) and foreign currency conversion. (first proviso to section 48)	20%
Other assets	Taxable at the rate 10% after the effect of first proviso (currency conversion)	Taxable at the rate of 20% after the effect of second proviso (indexation).

** In case of individuals, where the total income is below minimum exemption limit, the capital gain shall be reduced to the extent of such difference.*

In case of FPIs registered under the FPI Regulations, as per section 2(14) of the Indian Income-tax Act, 1961, shares/ securities (other than those held as stock in trade) which were invested in accordance with the regulations made under the SEBI Act, 1992 shall be deemed to be capital assets. Accordingly, any income from such transfer shall be deemed as a capital gain.

As per section 196D of the Indian Income-tax Act, 1961, no tax is to be deducted from any income, by way of capital gains arising from the transfer of units to an FPI.

As per the provisions of section 90(2) of the Indian Income-tax Act, 1961, in case of non-resident unit holders, beneficial tax regime under a Double Taxation Avoidance Agreement ("**DTAA**") entered into between India and the country in which the non-resident Investor is resident, if any, shall be available and can be explored. However, the availability of the benefit as per the provisions of section 90(2) of the Indian Income-tax Act, 1961 are subject to conditions. (obtaining and furnish a certificate of tax residency in a country outside India if the unitholder is resident of or is registered outside India etc.).

As per explanation 4 to section 115JB(2) of the Indian Income-tax Act, 1961, the provisions of section 115JB of the Indian Income-tax Act, 1961 shall not be applicable to a foreign company if the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under the legislation covering companies in India.

Transactions not regarded as transfer – 47(xvii)

Any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor shall not be regarded as transfer and accordingly not be liable to capital gains tax.

Similarly, notional gain or loss arising on transfer of share of special purpose vehicle to business trust in exchange of units allotted by that trust as referred u/s 47(xvii) or notional gain or loss arising upon change in carrying amount of the units are to be excluded in calculation of book profits for the purposes of minimum alternate tax under section 115JB of the Indian Income-tax Act, 1961. Further, actual gain or loss as referred to in section 47(xvii) are also excluded from the purview of minimum alternate tax under section 115JB of the Indian Income-tax Act, 1961.

Section 194 – Withholding obligations on dividend declared

Section 194 casts an obligation on an Indian company to deduct TDS at the rate of 10% on the dividend , before making any payment in cash or before issuing any cheque or warrant in respect of any dividend or before making

any distribution or payment to a resident of any dividend prescribed under section 2(22), when the amount of dividend exceeds INR 5,000

Vide Finance Act, 2021, any dividend paid to business trusts or persons notified shall not be subject to withholding tax with retrospective effect from 1 April 2020.

Section 194LBA - Certain Income from Units of InvIT

As per section 194LBA of the Indian Income Tax Act, 1961, where InvIT distributes any income to its unit-holders, it is liable to deduct taxes on the component of the distribution in the following manner:

Nature of income	**Rate of TDS**	
	Resident	**Non-resident**
Interest Income	10%	5%
Dividend Income only in cases where SPV opts for section 115BAA	10%	10%

Other provision for tax deduction

No income tax is deductible at source from income by way of capital gains arising to a resident unitholder under the present provisions of the Indian Income-tax Act, 1961.

In addition to above, as per the provisions of Section 195 of the Indian Income-tax Act, 1961, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the Double Tax Avoidance Agreement (DTAA), whichever is beneficial to the assessee.

Section 206AA of the Indian Income-tax Act, 1961 – No PAN Case

As per Section 206AA of the Indian Income-tax Act, 1961, where a tax payer does not possess a PAN, taxes have to be withheld on payment of income to the tax payer (where chargeable to tax) at higher of the following:

- at the rate specified in the Indian Income-tax Act, 1961; or
- at the rate or rates in force; or
- at the rate of twenty per cent

The Finance Act, 2016 amended the aforementioned provision to provide an exemption to non-residents, subject to compliance of such conditions as may be prescribed by the CBDT. In addition, the CBDT issued a notification prescribing the rules for relaxation from withholding of tax at higher rates in the absence of PAN in the case of non-resident deductee and laid down the information and alternative documents required to claim such relaxation.

Section 206AB of the Act (introduced vide the Finance Act, 2021) – Where the return of income has not been furnished by the unitholder

As per Section 206AB of the Act, where taxes are required to be deducted on any sum (other than those referred to in section 192, 192A, 194B, 194BB, 194LBC or 194N) paid/ payable/ credited to a specified person, the taxes have to be withheld at higher of the following:

- at twice the rate specified in the Act; or
- at twice the rate or rates in force; or
- at the rate of 5 percent

Wherein the specified person means a person, who –

(i) has not filed the return of income for two assessment years relevant to two previous years immediately preceding the previous year in which the tax is required to be deducted, for which time-limit of filing u/s 139(1) has expired; and

(ii) the aggregate of tax deducted at source and tax collected at source is INR 50,000 or more in each of the two previous years

The above provisions shall not be applicable in case of non-resident not having a permanent establishment in India.

Further, in cases where both Section 206AA and Section 206AB of the Act are applicable, TDS shall be deducted at higher of the rate prescribed under both these sections.

3. General tax rates and provisions

- In accordance with newly inserted section 115BAA of the Indian Income-tax Act, 1961 (option available from FY 2019-20), the domestic companies are entitled to avail the concessional tax rate of 22% (as increased by surcharge of 10% and cess of 4%) subject to certain conditions. Further, provisions of MAT under section115JB of the Indian Income-tax Act, 1961 shall not be applicable to such companies. Domestic companies which are not availing such option shall continue to be liable at the tax rate of 30% / 25% as the case may be. The rate of minimum alternate tax under section 115JB of the Indian Income-tax Act, 1961 has been reduced to 15% with effect from 1st April 2019.

- If the income of the domestic company is less than 10 million, there shall be no surcharge on the Income. However, if the income exceeds Rs. 10 million but is less than Rs. 100 million there shall be a surcharge at the rate of 7%. In furtherance to this, if the income of the domestic company exceeds Rs. 100 million the applicable rate of surcharge shall be at the rate of 12%

- In case of a company other than domestic company, where the income is less than INR 10 million, there shall be no surcharge on the Income. However, if the income exceeds INR 10 million but is less than INR 100 million there shall be a surcharge at the rate of 2%. In furtherance to this, if the income of the domestic company exceeds INR 100 million the applicable rate of surcharge shall be at the rate of 5%.

- In case of individuals, the applicable surcharge would be as follows:

Total Income	Surcharge
Upto 50L	Not applicable
>50L<=1Cr	10%
>1Cr<=2Cr	15%
>2Cr<=5Cr	25%*
>5Cr	37%*

* *Surcharge on income chargeable under sections 111A and 112A of the Indian Income-tax Act, 1961* and dividend income *shall be restricted to 15%.*

- In case of taxpayers other than those as mentioned above, there shall be a surcharge at the rate of 12% where the income exceeds INR 10 million.

- Further, as per the Finance Act, 2018 the rate of education cess being 3% has been repealed and a health and education cess of 4% has been applied.

Notes:

1. These special tax benefits are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Trust or its unitholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Trust or its unitholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the Trust and its unitholders and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences aid the changing tax laws, each unitholder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The statement is prepared on the basis of information available with the Trust and there is no assurance that:
    i. the Trust or its unitholders will continue to obtain these benefits in future;
    ii. the conditions prescribed for availing the benefits have been/ would be met with; and
    iii. the revenue authorities/courts will concur with the view expressed herein.

The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

LEGAL MATTERS

Cyril Amarchand Mangaldas, does not make, or purport to make, any statement in this Draft Placement Memorandum and is not aware of any statement in this Draft Placement Memorandum which purports to be based on a statement made by each of them, and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Draft Placement Memorandum.

INDEPENDENT ACCOUNTANTS

The Special Purpose Combined Financial Statements have been prepared in accordance with the requirements of the InvIT Regulations, the accounting principles generally accepted in India, including Ind AS. The Special Purpose Combined Financial Statements included in this Draft Placement Memorandum have been audited by Walker Chandiok & Co LLP, Chartered Accountants, the statutory auditors of the Highways Trust, as stated in their audit report dated March 22, 2022 included in this Draft Placement Memorandum.

SPECIAL PURPOSE COMBINED FINANCIAL STATEMENTS

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Independent Auditor's Report on Special Purpose Combined Financial Statements of the Project SPVs to be transferred to Highways Infrastructure Trust

To

The Board of Directors of Virescent Infrastructure Investment Manager Private Limited (the 'Investment Manager') in its capacity as Investment Manager of Highways Infrastructure Trust

Report on the Audit of the Special Purpose Combined Financial Statements

Opinion

1. We have audited the accompanying special purpose combined financial statements consisting of the following six companies:

   a) Ulundurpet Expressways Private Limited
   b) Nirmal BOT Limited
   c) Godhra Expressways Private Limited
   d) Jodhpur Pali Expressway Private Limited
   e) Shillong Expressway Private Limited
   f) Dewas Bhopal Corridor Private Limited

   (together referred as 'Project SPVs' or 'Project SPV Group' and individually 'Project SPV') which are proposed to be transferred from Galaxy Investments II Pte Ltd (herein referred to as 'Sponsor') and other shareholders of Project SPVs to Highways Infrastructure Trust (the 'Trust') pursuant to the proposed private placement of Units of the Trust ('Private Placement'), and which comprises the:

   a. Combined Balance Sheets as at 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019;
   b. Combined Statements of Profit and Loss (including Other comprehensive income) for the nine-months period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019;
   c. Combined Statements of Cash Flows for the nine-months period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019;
   d. Combined Statements of Changes in Equity for the nine-months period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019;
   e. Combined Statements of Net Assets at Fair Value as at 31 December 2021;
   f. Combined Statements of Total Returns at Fair Value for the nine-months period ended 31 December 2021 and for the financial year ended 31 March 2021; and
   g. a summary of significant accounting policies and other explanatory information.
   (together referred to as 'special purpose combined financial statements').

These special purpose combined financial statements have been prepared in accordance with Basis of preparation as specified in note 2.1 to the special purpose combined financial statements.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose combined financial statements gives a true and fair view of the state of affairs (financial position) of the Project SPVs as at 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019 and its losses (including other comprehensive income), its cash flows and the changes in equity for the period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019, the combined net assets at fair value as at 31 December 2021 and the combined total returns at fair value for the nine-months period ended 31 December 2021 and for the financial year ended 31 March 2021 in accordance with the basis of preparation as described in note 2.1 to these special purpose combined financial statements.

Emphasis of matters - Basis of Preparation and Restriction on Distribution or Use

3. Without modifying our opinion, we draw attention to Note 2.1 to the accompanying special purpose combined financial statements, which describes the basis of its preparation. The special purpose combined financial statements have been prepared solely to comply with the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended including any guidelines and circulars issued thereunder (the "InvIT Regulations"). Consequently, these Special purpose combined financial statements may not necessarily be indicative of financial performance, financial position and cash flows of the Project SPV Group that would have occurred if it had operated as a single group of entities during the periods presented.

4. This report is addressed to and is provided to the Investment Manager solely for inclusion in the draft placement memorandum, placement memorandum and final placement memorandum (collectively, 'the placement documents') in connection with the proposed private placement and may not be suitable for any other purpose. Our report is issued solely for the aforementioned purpose, and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose for which or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Responsibilities of Management for the Special Purpose Combined Financial Statements

5. The accompanying special purpose combined financial statements have been approved by the board of directors of Investment Manager of the Trust. The Investment Manager of the Trust is responsible for preparation of these special purpose combined financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows, the combined statement of net assets at fair value and the combined statement of total returns at fair value of the Trust of the Trust in accordance with the basis of preparation described in note 2.1 to the Special Purpose Combined Financial Statements. The respective Board of Directors of the Project SPVs as included in the Project SPV Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding of the assets of the Project SPV Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view, in accordance with the basis of preparation specified in aforementioned note 2.1, that are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the special purpose combined financial statements by the Directors of the Investment Manager of the Trust, as aforesaid.

6. In preparing the special purpose combined financial statements, the respective board of directors of the Investment Manager of the Trust and the Project SPVs is responsible for assessing the Project SPVs ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of directors either intends to liquidate the Project SPV's or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report on Special Purpose Combined Financial Statements of the Project SPVs to be transferred to Highways Infrastructure Trust (Cont'd)

Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the special purpose combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose combined financial statements.

8. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for or opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Project SPVs have in place adequate internal financial controls with reference to financial Statements f and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Investment Manager;

   - Conclude on the appropriateness of Investment Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project SPVs ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project SPVs to cease to continue as a going concern;

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Special Purpose Combined Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation; and

   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the Special Purpose Combined Financial Statements to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Other Matter

10. The financial statements of each of the Project SPV for the nine-months period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 are prepared as per Indian Accounting Standards ('Ind AS') and have been audited by the respective auditors of the Project SPVs, which have been used for the purpose of preparation of the Special Purpose Combined Financial Statements by the Investment Manager of the Trust and have been relied upon by us for our audit of these combined financial statements.

The Projects SPVs and the periods which were audited by other auditors are as follows:

S. No	Project SPV	Period	Revenue (in ₹ millions)	Total assets (in ₹ millions)	Cash inflows / (outflows) (in ₹ millions)
1	Jodhpur Pali Expressway Private Limited	Nine-months ended 31 December 2021	422.18	4,333.76	(9.13)
		Financial year ended 31 March 2021	536.70	4,446.48	(4.14)
		Financial year ended 31 March 2020	586.29	4,399.72	10.04
		Financial year ended 31 March 2019	529.22	4,456.84	4.16
2	Ulundurpet Expressways Private Limited	Nine-months ended 31 December 2021	1,085.59	5,963.06	60.57
		Financial year ended 31 March 2021	1,165.00	6,432.66	2.75
		Financial year ended 31 March 2020	1,307.58	6,670.32	(9.00)
		Financial year ended 31 March 2019	1,242,58	7,382.84	(3.51)
3	Shillong Expressway Private Limited	Nine-months ended 31 December 2021	166.58	1,430.81	(32.25)
		Financial year ended 31 March 2021	274.37	1,657.88	28.84
		Financial year ended 31 March 2020	289.91	1,795.53	(120.21)
		Financial year ended 31 March 2019	354.29	2,014.45	123.86

Our opinion is not modified in respect of aforesaid matter.

Report on Other Legal and Regulatory Requirements

11. As required by circular number CIR/IMD/DF/114/2016 dated 20 October 2016 issued by Securities and Exchange Board of India; we report that:

    i. we have sought and obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

    ii. the special purpose combined financial statements are in agreement with the books of account of the respective Project SPV; and

Independent Auditor's Report on Special Purpose Combined Financial Statements of the Project SPVs to be transferred to Highways Infrastructure Trust (Cont'd)

iii. In our opinion, the special purpose combined financial statements comply with the basis of preparation as specified in note 2.1 to these special purpose combined financial statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 22507000AFISAW7818

Place: New Delhi
Date: 22 March 2022

Highways Infrastructure Trust
Combined Balance Sheet
(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
ASSETS					
Non-current assets					
Property, plant and equipment	3	70.50	66.93	62.05	55.48
Capital work-in-progress	4	15.38	9.40	-	6.58
Intangible assets	5	20,525.08	21,249.03	22,159.81	23,166.83
Financial assets					
Other financial assets	6	1,146.42	1,626.38	1,861.32	1,955.65
Non-current tax assets (net)	8	109.55	74.29	77.52	78.46
Other non-current assets	9	-	0.45	0.45	0.03
Total non-current assets		**21,866.93**	**23,026.48**	**24,161.15**	**25,263.03**
Current assets					
Financial assets					
Investments	11	2,696.72	2,156.37	2,465.11	2,027.72
Trade receivables	12	77.12	68.92	87.48	62.08
Cash and cash equivalents	13	104.93	79.81	174.91	187.52
Bank balances other than cash and cash equivalents above	14	1,959.28	1,622.21	859.13	843.50
Other financial assets	7	948.92	949.80	939.68	933.55
Other current assets	10	80.92	122.14	109.84	33.53
Total current assets		**5,867.89**	**4,999.25**	**4,636.15**	**4,087.90**
Total assets		**27,734.82**	**28,025.73**	**28,797.30**	**29,350.93**
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	15	3,200.95	3,200.95	3,200.95	3,200.95
Other equity	16	(2,834.69)	(2,467.13)	(1,619.74)	(1,102.88)
Total equity		**366.26**	**733.82**	**1,581.21**	**2,098.07**
LIABILITIES					
Non-current liabilities					
Financial liabilities					
Borrowings	17A	21,506.50	22,252.15	22,464.09	22,733.36
Other financial liabilities	18A	1,274.40	1,265.55	1,243.06	1,223.67
Provisions	19A	252.07	571.96	587.46	520.56
Deferred tax liabilities (net)	20	813.57	334.57	490.12	492.53
Total non-current liabilities		**23,846.54**	**24,424.23**	**24,784.73**	**24,970.12**
Current liabilities					
Financial liabilities					
Borrowings	17B	1,977.99	1,742.21	1,661.56	1,483.47
Trade payables					
(a) Total outstanding dues of micro enterprises and small enterprises	21	0.08	0.08	14.94	9.80
(b) Total outstanding dues of creditiors other than micro enterprises and small enterprises	21	312.45	211.24	198.33	251.74
Other financial liabilities	18B	309.03	303.19	260.50	240.76
Other current liabilities	22	31.15	15.82	30.95	30.73
Provisions	19B	874.07	580.08	262.63	266.24
Current tax liabilities (net)	23	17.25	15.06	2.45	-
Total current liabilities		**3,522.02**	**2,867.68**	**2,431.36**	**2,282.74**
Total liabilities		**27,368.56**	**27,291.91**	**27,216.09**	**27,252.86**
Total equity and liabilities		**27,734.82**	**28,025.73**	**28,797.30**	**29,350.93**

Significant accounting policies 2

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Sanjay Grewal
Whole Time Director
DIN: 01971866

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: New Delhi
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Place: Mumbai
Date: 22 March 2022

Highways Infrastructure Trust
Combined Statement of Profit and Loss
(All amounts in ₹ millions unless otherwise stated)

	Note	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
Income					
Revenue from operations	24	4,452.42	5,085.04	5,008.80	4,526.43
Other income	25	225.12	241.09	231.43	261.25
Total income		**4,677.54**	**5,326.13**	**5,240.23**	**4,787.68**
Expenses					
Operating expenses	26	1,171.41	1,377.29	1,388.02	1,016.73
Employee benefits expense	27	96.88	117.56	116.19	102.95
Finance costs	28	2,074.33	2,740.51	2,774.77	2,898.98
Depreciation and amortisation expense	29	733.62	919.81	1,038.67	936.21
Other expenses	30	363.14	393.69	349.50	395.94
Total expenses		**4,439.38**	**5,548.86**	**5,667.15**	**5,350.81**
Profit/ (loss) before tax		**238.16**	**(222.73)**	**(426.92)**	**(563.13)**
Tax expense					
Current tax (including earlier period / years)	32	127.18	127.00	91.10	121.11
Deferred tax	32	479.00	(155.54)	(2.41)	(90.82)
Total tax expense		**606.18**	**(28.54)**	**88.69**	**30.29**
Net loss for the period/year		**(368.02)**	**(194.19)**	**(515.61)**	**(593.42)**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss					
Re-measurement gains /(losses) on defined benefit obligations		0.46	0.57	(1.25)	(0.06)
Income tax relating to these items		-	-	-	-
Total other comprehensive income / (loss) for the period/year		**0.46**	**0.57**	**(1.25)**	**(0.06)**
Total comprehensive loss for the period/year		**(367.56)**	**(193.62)**	**(516.86)**	**(593.48)**

Earning per unit- Refer note 42

Significant accounting policies 2

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: New Delhi
Date: 22 March 2022

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: Mumbai
Date: 22 March 2022

Highways Infrastructure Trust
Combined Cash Flow Statement
(All amounts in ₹ millions unless otherwise stated)

	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
A. Cash flows from operating activities				
Profit/ (loss) before tax	**238.16**	**(222.73)**	**(426.92)**	**(563.13)**
Adjustments for:				
Depreciation and amortisation expense	733.62	919.81	1,038.67	936.21
Gain on sale of property, plant and equipment (net)	(0.03)	-	-	(0.24)
Gain on sale of investments (net)	(47.69)	(81.51)	(120.96)	(162.21)
(Gain) / loss on investments carried at fair value through profit or loss (net)	(8.37)	5.59	(1.26)	(10.00)
Modification (gain) / loss on annuity	(42.22)	(143.66)	(91.10)	64.50
Excess provisions written back	(0.40)	(2.26)	(0.99)	(0.03)
Interest income	(74.61)	(62.27)	(63.73)	(44.87)
Re-measurement gains /(losses) on defined benefit obligations	0.46	0.57	(1.25)	(0.06)
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	111.50	145.97	143.44	140.25
Unwinding of discount on provisions and financial liabilities carried at amortised cost	34.69	41.74	38.65	52.18
Unwinding of discount on major maintenance provision	44.77	59.97	68.75	52.41
Finance cost	1,883.37	2,492.83	2,523.93	2,640.11
Major maintenance provision	181.13	451.45	834.11	405.10
(Gain) / loss on modification of financial liability	(26.53)	(64.09)	(13.34)	14.03
Operating profit before working capital changes and other adjustments	**3,027.85**	**3,541.41**	**3,928.01**	**3,524.24**
Working capital changes and other adjustments:				
Trade receivables	(8.20)	18.56	(25.41)	1.42
Other current and non-current financial assets	741.27	(179.52)	4.00	325.96
Other current and non-current assets	42.71	0.54	(119.31)	(202.29)
Trade payables	28.80	70.18	150.53	220.32
Provisions	(244.35)	(288.31)	(902.96)	(339.30)
Other current and non-current financial liabilities	(66.30)	(176.05)	(286.68)	(288.01)
Other current and non-current liabilities	15.36	(15.15)	(0.29)	17.07
Cash flow from operating activities post working capital changes	**3,537.14**	**2,971.67**	**2,747.89**	**3,259.40**
Income tax paid (net)	(160.23)	(126.34)	(88.57)	(181.19)
Net cash generated from operating activities (A)	**3,376.91**	**2,845.33**	**2,659.32**	**3,078.21**
B. Cash flows from investing activities				
Acquisition of property, plant and equipment and capital work-in-progress and intangible assets	(26.69)	(14.19)	(26.24)	(23.16)
Proceeds from disposal of property, plant and equipment	1.42	1.17	-	1.87
Movement in bank deposits (net)	(503.33)	(163.96)	195.41	(142.98)
Purchase of current investments	(647.15)	(94.80)	(561.27)	(362.27)
Proceeds from sale of current investments	196.07	479.44	266.80	980.33
Interest received on bank deposits and others	74.61	62.27	63.75	44.87
Net cash (used in) / flow from investing activities (B)	**(905.07)**	**269.93**	**(61.55)**	**498.66**
C Cash flows from financing activities				
Proceeds from current borrowings	-	111.68	858.69	-
Repayment of optionally-convertible debentures	(7,640.41)	(258.30)	-	-
Repayment of preference shares	-	-	-	(685.10)
Repayment of non-current borrowings (including current maturities)	(1,666.46)	(845.01)	(1,800.01)	(1,043.88)
Proceeds from issue of compulsory convertible debentures	7,978.14	-	-	-
Dividend paid on equity shares	-	(653.77)	-	-
Interest paid on borrowings	(536.06)	(756.32)	(784.81)	(840.26)
Finance costs paid	(581.93)	(808.64)	(884.25)	(941.41)
Net cash used in financing activities (C)	**(2,446.72)**	**(3,210.36)**	**(2,610.38)**	**(3,510.65)**
D Net increase / (decrease) in cash and cash equivalents (A+B+C)	**25.12**	**(95.10)**	**(12.61)**	**66.22**
E Cash and cash equivalents at the beginning of the period/year	79.81	174.91	187.52	121.30
Cash and cash equivalents at the end of the period/year (D+E) {refer note 13}	**104.93**	**79.81**	**174.91**	**187.52**

Note:
The above Combined Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: New Delhi
Date: 22 March 2022

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: Mumbai
Date: 22 March 2022

Highways Infrastructure Trust
Combined Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

A Equity share capital*

Particulars	Number of shares	Amount
Balance as at 01 April 2018	**320,094,845**	**3,200.95**
Changes in equity share capital	-	-
Balance as at 31 March 2019	**320,094,845**	**3,200.95**
Changes in equity share capital	-	-
Balance as at 31 March 2020	**320,094,845**	**3,200.95**
Changes in equity share capital	-	-
Balance as at 31 March 2021	**320,094,845**	**3,200.95**
Changes in equity share capital	-	-
Balance as at 31 December 2021	**320,094,845**	**3,200.95**

B Other equity**

Particulars	Equity component of loan to related parties	Reserves and surplus				Total
		Securities premium	Debenture redemption reserve	Capital redemption reserve	Retained earnings	
Balance as at 01 April 2018	**384.95**	**3,270.87**	**294.03**	**-**	**(4,446.05)**	**(496.20)**
Net loss for the year	-	-	-	-	(593.42)	**(593.42)**
Other comprehensive income for the year						
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(0.06)	**(0.06)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(593.48)**	**(593.48)**
Transfer of securities premium to retained earning		(395.99)			395.99	**-**
Transfer to debenture redemption reserve	-	-	124.94	-	(124.94)	**-**
Transfer to capital redemption reserve	-	-	-	2.83	(2.83)	**-**
Transaction cost relating to buyback	-	-	-	-	(13.20)	**(13.20)**
Balance as at 31 March 2019	**384.95**	**2,874.88**	**418.97**	**2.83**	**(4,784.51)**	**(1,102.88)**

Particulars	Equity component of loan to related parties	Reserves and surplus				Total
		Securities premium	Debenture redemption reserve	Capital redemption reserve	Retained earnings	
Balance as at 31 March 2019	**384.95**	**2,874.88**	**418.97**	**2.83**	**(4,784.51)**	**(1,102.88)**
Net loss for the year	-	-	-	-	(515.61)	**(515.61)**
Other comprehensive income for the year						
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	(1.25)	**(1.25)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(516.86)**	**(516.86)**
Transfer from debenture redemption reserve	-	-	(4.25)	-	4.25	**-**
Balance as at 31 March 2020	**384.95**	**2,874.88**	**414.72**	**2.83**	**(5,297.12)**	**(1,619.74)**

Particulars	Equity component of loan to related parties	Reserves and surplus				Total
		Securities premium	Debenture redemption reserve	Capital redemption reserve	Retained earnings	
Balance as at 31 March 2020	**384.95**	**2,874.88**	**414.72**	**2.83**	**(5,297.12)**	**(1,619.74)**
Net loss for the year	-	-	-	-	(194.19)	**(194.19)**
Other comprehensive income for the year						
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	0.57	**0.57**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(193.62)**	**(193.62)**
Transfer from debenture redemption reserve	-	-	(250.53)	-	250.53	**-**
Dividend distribution	-	-	-	-	(653.77)	**(653.77)**
Balance as at 31 March 2021	**384.95**	**2,874.88**	**164.19**	**2.83**	**(5,893.98)**	**(2,467.13)**

Particulars	Equity component of loan to related parties	Reserves and surplus				Total
		Securities premium	Debenture redemption reserve	Capital redemption reserve	Retained earnings	
Balance as at 31 March 2021	**384.95**	**2,874.88**	**164.19**	**2.83**	**(5,893.98)**	**(2,467.13)**
Net loss for the period	-	-	-	-	(368.02)	**(368.02)**
Other comprehensive income for the year						
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	0.46	**0.46**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(367.56)**	**(367.56)**
Transfer from debenture redemption reserve			(1.28)		1.28	**-**
Balance as at 31 December 2021	**384.95**	**2,874.88**	**162.91**	**2.83**	**(6,260.26)**	**(2,834.69)**

* For details, refer note 15

** The description of the purposes of each reserve within equity has been disclosed in note 16.

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highway Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: New Delhi
Date: 22 March 2022

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: Mumbai
Date: 22 March 2022

Statement of net assets at fair value as at 31 December 2021: #

Particulars	Book value	Fair value #
A. Assets	27,734.82	54,424.05
B. Liabilities (at book value)	27,368.56	27,368.56
C. Net assets (A-B)	**366.26**	**27,055.49**

Note: The number of units that Highways Infrastructure Trust will issue to investors in connection with the proposed private placement of units of the Trust in exchange of the shareholdings in the SPV Group is not presently ascertainable. Accordingly, disclosure in respect of Net Asset Value (NAV) per unit have not been given.

Fair values of total assets relating to the SPV Group as at 31 December 2021 as disclosed above are based on the fair valuation report of the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Project wise break up of fair value of assets as at 31 December 2021:

Particulars	Fair value* As at 31 December 2021	Fair value* As at 31 March 2021	Fair value* As at 31 March 2020
Jodhpur Pali Expressway Private limited	7,767.12	7,300.70	5,938.30
Ulunderpret Expressways Private Limited	7,097.74	7,173.08	6,682.53
Godhra Expressways Private Limited	19,776.51	17,679.12	15,237.19
Dewas Bhopal Corridor Private Limited	16,169.64	15,253.99	13,551.05
Nirmal Bot Limited	1,999.55	2,193.89	2,292.28
Shillong Expressways Private Limited	1,613.49	1,806.27	1,942.92
	54,424.05	**51,407.05**	**45,644.27**

*Fair values of assets as disclosed above are the fair values of the total assets of the SPV Group which are included in the Special Purpose Combined Financial Statements.

Statement of total return at fair value:

Particulars	For the nine months ended 31 December 2021	For the financial year ended 31 March 2021
Total comprehensive income for the period / year (As per the Combined Statement of Profit and Loss)	(367.56)	(193.62)
Add: Other changes in fair value for the period / year *	3,017.00	5,762.78
Total return	**2,649.44**	**5,569.16**

*In the above statement, other changes in fair value for the nine months ended 31 December 2021 has been computed based on the difference in fair values of total assets as at 31 December 2021 and as at 31 March 2021 and that for financial year ended 31 March 2021 has been computed based on the difference in fair values of total assets as at 31 March 2021 and as at 31 March 2020 which is based on the valuation report of the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.

The accompanying notes form an integral part of the Special Purpose Combined Financial Statements.

This is the Combined Statement of Net Assets at Fair Value and Combined Statement of Total Return at Fair Value referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highway Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: New Delhi
Date: 22 March 2022

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: Mumbai
Date: 22 March 2022

Highways Infrastructure Trust
Summary of significant accounting policies and other explanatory information

1. Corporate Information

The Special Purpose Combined Financial Statements comprise financial statements of Ulundurpet Expressways Private Limited ("UEPL"), Shillong Expressway Private Limited ("SEPL"), Jodhpur Pali Expressway Private Limited ("JPEPL"), Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL") and Nirmal Bot Limited ("NBL") (individually referred to as "Project SPV" and together referred to as "Project SPV Group" or "Project SPV's") (hereinafter referred as Special Purpose Combined Financial Statements). The Project SPV's are companies domiciled in India.

UEPL has its registered office situated at Mumbai, Maharashtra. Its principal place of business is at 316-317, 'C' Wing, Kanakia Zillion, L.B.S Road, BKC Annex, Kurla (W), Mumbai -400 070.

SEPL was incorporated in New Delhi, India on 09 June 2010 as a private limited company under the Companies Act, 2013 (the 'Act') as 'Shillong Expressway Private Limited'. The Company was converted into a public limited company and the name was changed to 'Shillong Expressway Limited' with effect from 15 December 2010 and again got converted into private limited company with name changed to 'Shillong Expressway Private Limited' w.e.f. 04 August 2017.

JPEPL was incorporated in New Delhi, India on 10 January 2013 as a public limited company under the Companies Act, 2013 (the 'Act'). The Company was converted to private limited company w.e.f. 28 July 2017 and name changed to 'Jodhpur Pali Expressway Private Limited'.

GEPL has its registered office situated at Mumbai, Maharashtra. Its principal place of business is as 316-317, 'C' Wing, Kanakia Zillion, L.B.S Road, BKC Annex, Kurla (W), Mumbai -400 070.

DBCPL has its registered office situated at Mumbai, Maharashtra. Its principal place of business is at 316-317, 'C' Wing, Kanakia Zillion, L.B.S Road, BKC Annex, Kurla (W), Mumbai -400 070.

NBL is subsidiary of Highways Concessions One Private Limited ("holding company") and having its registered office situated at 316-317, C Wing, Kanakia Zillion, BKC Annexe, LBS Road, Kurla West , Mumbai - 400 070.

UEPL, SEPL, JEPL, GEPL, and NBL are special purpose vehicles which have entered into concession agreements with National Highways Authority of India (NHAI) and DBCPL with Madhya Pradesh Road Development Corporation Limited (MPRDC) to design, build , finance, operate and transfer (DBFOT) or build, operate and transfer (BOT) national or state highways in various locations.

Galaxy Investments II Pte. Ltd (hereinafter referred as "Sponsor") constituted the Trust on 03 December 2021 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and registered with Securities and Exchange Board of India ("SEBI") vide Certificate of Registration dated 23 December 2021 as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014. The Trustee to Trust is Axis Trustee Services Limited (the "Trustee") and the Investment Manager for Trust is Virescent Infrastructure Investment Manager Private Limited (the "Investment Manager"). Sponsors proposed to transfer their shareholding in UEPL, SEPL, JPEPL, GEPL, DBCPL and NBL to Highways Infrastructure Trust (the "Trust"). As required by the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India, the details of various entities comprised in the Special Purpose Combined Financial Statements is as given below:

Name of Project SPV	Residual Concession Life*	Proposed Shareholding by Trust	Nature of Proposed Investment	Status	Principal Activities	Country of incorporation
Ulundurpet Expressways Private Limited ("UEPL")	5 years, 2 months	100%	Subsidiary	Operating	Construction and operation of roads and bridges including toll / annuity collection	India
Shillong Expressway Private Limited ("SEPL")	4 years, 2 months	100%	Subsidiary	Operating		India
Jodhpur Pali Expressway Private Limited ("JPEPL")	16 years, 9 months	100%	Subsidiary	Operating		India
Godhra Expressways Private Limited ("GEPL")	16 years, 2 months	100%	Subsidiary	Operating		India
Dewas Bhopal Corridor Private Limited ("DBCPL")	11 years, 5 months	100%	Subsidiary	Operating		India
Nirmal Bot Limited ("NBL")	5 years, 10 months	100%	Subsidiary	Operating		India

***** Residual useful life as on 31 December 2021

2. Significant Accounting Policies

2.1 Basis of preparation and presentation

The Special Purpose Combined Financial Statements of the Project SPV Group comprise the Combined Balance Sheets as at 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019, Combined Statements of Profit and Loss, Combined Cash Flow Statements, Combined Statements of Changes in Equity for the nine-months period ended 31 December 2021 and for the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 and Combined Statement of Net Assets at Fair Value as at 31 December 2021 and the Combined Statement of Total Returns at Fair Value for the nine-months period ended 31 December 2021 and for the financial year ended 31 March 2021, a Summary of Significant Accounting Policies and Other Explanatory Information.

The Special Purpose Combined Financial Statements were authorized for issue in accordance with resolutions passed by the Board of Directors of the Investment Manager on 22 March 2022.

The Special Purpose Combined Financial Statements have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014 and the circulars issued thereunder ("InvIT Regulations") and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India ("Guidance Note").

The Special Purpose Combined Financial Statements are special purpose financial statements and have been prepared by the Investment Manager to meet the requirements of InvIT Regulations and for inclusion in the draft placement memorandum, placement memorandum and final placement memorandum (collectively, 'the placement documents') prepared by the Investment Manager in connection with the proposed private placement of units of the Highways Infrastructure Trust (hereinafter referred to as the "Trust"). As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose. As permitted by paragraph 41 of the Guidance Note, comparative figures for the nine-months period ended 31 December 2021 have not been given. Further, the Special Purpose Combined Financial Statements are not fully prepared in accordance with the requirements of Schedule III notified under the Companies Act, 2013.

In accordance with the requirements of the InvIT Regulations, since the Trust is set up on 03 December 2021 and has been in existence for a period lesser than three completed financial years and the historical financial statements of

Trust are not available for the entire portion of the reporting period of three years, the Special Purpose Combined Financial Statements have been disclosed for the periods when such historical financial statements were not available. Further, as required by the InvIT regulations, the Special Purpose Combined Financial Statements are prepared, based on an assumption that all Project SPV were part of Trust for such period when Trust was not in existence. However, the Special Purpose Combined Financial Statements may not be representative of the position which may prevail after the Project SPV Group is transferred to Trust.

The Special Purpose Combined Financial Statements are presented in India Rupees which is also the functional currency of the Project SPV Group. All values are rounded to the nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00.

These Special Purpose Combined Financial Statements correspond to the classification provisions contained in Ind AS 1 'Presentation of Financial Statements'. For clarity purposes, various items are aggregated in the Combined Statement of Profit and Loss and Combined Balance Sheet. These items are disaggregated separately in the notes to the Special Purpose Combined Financial Statements, where applicable or required.

These Special Purpose Combined Financial Statements have been prepared on a historical cost convention and on an accrual basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

a) Basis of Combination

The Special Purpose Combined Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all the Project SPV used for the purpose of combination are drawn up to the same reporting date i.e. financial year ended on 31 March each year/nine-months ended 31 December. The financial statements of the Project SPV have been prepared in accordance with the accounting standards notified under the Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The procedure for preparing Special Purpose Combined Financial Statements of the Project SPV Group are stated below –

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Project SPV; and
- Eliminate, if any, in full intragroup assets and liabilities, equity, income, expenses and cash flows (as applicable) relating to transactions between entities of the Project SPV Group (profits or losses resulting from intragroup transactions that are recognized in assets are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

b) Date of commencement of commercial operations

The details of incorporation and commencement of operations of UEPL, SEPL, JEPL, GEPL, DBCPL and NBL are as given below:

Name of the entity	Date of incorporation	Commencement of operation
Ulundurpet Expressways Private Limited ("UEPL")	20 March 2006	23 July 2009
Shillong Expressway Private Limited ("SEPL")	09 June 2010	28 February 2013
Jodhpur Pali Expressway Private Limited ("JPEPL")	10 January 2013	31 October 2014
Godhra Expressways Private Limited ("GEPL")	21 January 2010	31 October 2013
Dewas Bhopal Corridor Private Limited ("DBCPL")	14 May 2007	10 February 2009
Nirmal Bot Limited ("NBL")	19 September 2006	22 July 2009

c) Use of estimates and judgements

The preparation of Special Purpose Combined Financial Statements requires management to make certain estimates and assumptions that affect the amounts reported in the Special Purpose Combined Financial Statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the Special Purpose Combined Financial Statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

The Project SPV Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

i. Revenue Recognition - Applicability of service concession agreement accounting

Appendix C of Ind AS 115 "Service concession arrangements" applies to "public to private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to main public facilities for a specified period of time in return of managing the infrastructure used to deliver those public services.

More specifically, it applies to public to private service concession arrangement if the grantor:

- Controls or regulates what services the operators must provide with the infrastructure, to whom it must provide them, and at what price; and

- Controls through ownership or otherwise –any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Project SPV – Shillong Expressway Private Limited ("SEPL") and Nirmal Bot Limited ("NBL") have the right to receive fixed annuity payments from NHAI during the concession period and have adopted 'Financial Asset Model'.

Accounting under "Financial Asset Model" involves extensive use of estimates. The management of Project SPV has allocated the contract revenues into distinct individual performance obligations i.e. Construction, operation and maintenance based on their relative stand-alone selling prices, which are derived in line with the amounts estimated by the Management of Project SPV basis the actual/estimated cost to be incurred. Accordingly, annuity payment receivable has been classified as a "Financial asset" at the inception of concession period at fair value. The future annuity payments have been bifurcated towards construction services and unearned finance income based on the effective interest rate model.

ii. Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

iii. Provision for major maintenance obligation

The operating and maintenance cost includes routine, periodic/major maintenance, manpower costs and operational expenses, including, but not limited to, road and site work expenses, employee benefit expenses and other operating and maintenance costs. The provision for potential periodic / major maintenance cost is created based on the estimates provided by the management and the same is adjusted for actual expenditures in the year of occurrence.

iv. Fair valuation of interest free loans taken/given at inception
Interest free loan taken/given from related parties have been valued at fair value on inception at the applicable market rate of interest. The same is subsequently measured at amortized cost. The identification of applicable market rate of interest requires the application of judgement.

v. Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Project SPV Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of assets are disclosed in the notes to Special Purpose Combined Financial Statements.

vi. Impairment of annuity and intangible assets
Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the annuity and intangible assets are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from forecasts over the life of the projects of Project SPV.

vii. Useful lives of depreciable/amortisable assets
Management of each Project SPV reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

viii. Defined benefit obligations (DBO)
Management of Project SPV estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

ix. Evaluation of indicators for impairment of assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

x. Recognition of deferred tax assets
The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

xi. Recoverability of advances / receivables
At each balance sheet date, based on historical default rates observed over expected life, the management of each Project SPV assesses the expected credit losses on outstanding receivables and advances.

xii. Contingent liabilities
The Project SPV Group is subject to legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Project SPV Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management of each Project SPV consults with legal counsel and certain other experts on matters related to litigation and taxes. The Project SPV Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

xiii. Income taxes
Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The extent to which deferred tax assets/minimum alternate tax credit can be recognized is based on management's assessment of the probability of the future taxable income against which the deferred tax assets/minimum alternate tax credit can be utilized.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Project SPV Group in preparing its Special Purpose Combined Financial Statements:

a) Basis of classification as current and non-current

The Project SPV Group presents assets and liabilities in the combined balance sheet based on current/non-current classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets have been classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Project SPV Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Project SPV Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Project SPV Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

b) Fair value measurement

The Project SPV Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Project SPV Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Refer Note 37 for fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the Special Purpose Combined Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable.

For assets and liabilities that are recognized in the Special Purpose Combined Financial Statements on a recurring basis, the Project SPV Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as annuity receivable and intangible assets, where required. Involvement of external valuers is decided by each Project SPV management on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management of each Project SPV decides after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management of each Project SPV analysis the movement of assets and liabilities which are required to be re-measured or reassessed as per the Project SPV accounting policies. For this analysis, the management of each Project SPV verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with each Project SPV external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Project SPV Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:
- Disclosures of Statement of Net Assets at fair value and Statement of total returns at fair value
- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Investment in quoted mutual fund (note 11)
- Financial instruments (including those carried at amortized cost) (note 38).

c) Revenue Recognition

Effective 01 April 2018, the Project SPV Group adopted Ind AS 115 "Revenue from Contracts with customers" using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before 31 March 2018.

To determine whether to recognize revenue, the Project SPV Group follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price is allocated amongst the various performance obligations based on their relative standalone selling price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Project SPV Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognised either at a point in time or over time, when (or as) the Project SPV Group satisfies performance obligations by transferring the promised goods or services to its customers.

While this represents significant new guidance, the implementation of this new guidance had no impact on the timing or amount of revenue recognised by the Project SPV Group in any year.

Toll Collections
The income from Toll Contracts on BOT basis are recognised on actual collection of toll revenue (net of revenue share payable to NHAI) as per Concession Agreement. Revenue from electronic toll collection is recognised on accrual basis.

Claims with ('NHAI')/ ('MPRDC')
Claims with National Highways Authority of India ('NHAI') and other Government Authorities are accounted as revenue as and when it becomes probable that such claims will be received and which can be measured reliably.

In cases where the SPV Group has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the SPV Group, such claims are recognized as other operating income when the right for the compensation is established based on the facts and circumstances.

Contract revenue (Construction contracts)
Contract revenue associated with the construction of roads is recognized at cost of work performed on the contract plus proportionate margin, where required, using the percentage of completion method.

Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the statement of profit or loss in the period in which the change is made and in subsequent periods.

Contract cost include costs that relate directly to the specific contract and allocated cost that are attributable to the Construction of the road.

Rendering of services
Revenue from major maintenance obligation and regular operation and maintenance is recognized over the period of contract as and when the services are rendered.

Interest income
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Project SPV Group and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the Project SPV Group's right to receive is established.

Other operating income/other income
All other operating income/income is recognized on accrual basis when no significant uncertainty exists on their receipt.

d) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Project SPV Group and the same taxation authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Project SPV Group will pay normal income tax during the specified period. Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

e) Property, plant and equipment (PPE)

On transition to Ind AS, the Project SPV Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2015 for all Project SPV other than DBCPL and 01 April 2018 for DBCPL measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment on the date of transition i.e. 01 April 2015 and 01 April 2018 respectively.

Freehold land is carried as historical cost. All other items of property, plant and equipment and capital work in progress are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Project SPV Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Depreciation on property, plant and equipment held by Ulundurpet Expressways Private Limited ("UEPL"), Shillong Expressway Private Limited ("SEPL"), Jodhpur Pali Expressway Private Limited ("JPEPL"), Godhra Expressways Private Limited ("GEPL") and Nirmal Bot Limited ("NBL") is calculated on a straight-line basis over the estimated useful lives of respective assets as estimated by the management and is charged to the Statement of profit and loss as per the requirement of Part C of Schedule II of the Act.

Depreciation on property, plant and equipment held by Dewas Bhopal Corridor Private Limited ("DBCPL") is provided on written down value method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule Il of the Act.

Depreciation on additions / (disposals) during the year is provided on a pro-rata basis i.e., from the date on which asset is ready for use and up to the date on which the asset is disposed of/fully depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Machinery spares which are specific to a particular item of PPE and whose use is expected to be irregular are capitalized as PPE. Spare parts are capitalized when they meet the definition of PPE, i.e., when the Project SPV Group intends to use these during more than a period of 12 months.

Freehold land held by Project SPV Group as per the requirement of NHAI/various Government Authorities and the amount of land is nominal hence it is not treated as investment property as per Ind AS 40.

f) Intangible assets

On transition to Ind AS, the Project SPV Group exercised first time adoption under Ind AS 101 "First-time Adoption of Indian Accounting Standards" and has elected to continue with the carrying value of its "Toll Collection Rights" (Intangible Assets), as recognised in the Special Purpose Combined Financial Statements as at the date of transition (i.e. 01 April 2015 for all SPVs other than DBCPL and 01 April 2018 for DBCPL) measured as per the previous GAAP and uses that as its deemed cost as at date of transition.

Accounting of intangible assets under Service Concession agreement

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") and design, build, finance, operate and transfer (DBFOT) project undertaken by the Project SPV. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to "NHAI"/"MPRDC", if any. Till the completion of the project, the same is recognized under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development. Extension of concession period by the authority in compensation for claims made by the Project SPV are capitalized as part of Toll Collection Rights when it is probable that such claims will be received and can be measured reliably.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Grant received if any are considered as a part of total outlay of the construction project. The same shall be recognized when the entity complies with the conditions attaching to the collection of grant considered as a financial asset and it shall be simultaneously reduced from the cost of acquisition of the intangible asset and are recognized.

Intangible assets that are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development.

Other intangible assets

Other intangible assets comprise of cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Project SPV Group and the cost of the item can be measured reliably, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are derecognized when no future economic benefits are expected from use or disposal.

Amortisation of intangible assets under Service Concession agreement

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortization method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortization is provided based on proportion of actual revenue to reflect the pattern in which the assets economic benefits will be consumed. At each balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortisation of toll collection rights is changed prospectively to reflect any changes in the estimates.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

Amortization of other intangible assets

Other Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Specialized software held by the Project SPV Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The above periods also represent the management estimated economic useful life of the respective intangible assets.

g) Accounting of financial asset under Service Concession Agreement

The management has determined that the "Financial Asset" model under Appendix C of Ind AS 115 "Service Concession Agreements" is applicable to the concession of SEPL and NBL. In particular, they note that grantor (NHAI/State authorities) has the primary responsibility to pay to the operator ("SPV").

Under the arrangement, the SPV recognizes a financial asset arising from service concession agreement as it has an unconditional right to receive cash from grantor (NHAI/State authorities) for the construction service, major maintenance obligations and regular operation and maintenance services over the concession period. Such financial asset is measured at fair value on initial recognition and classified under the head "Trade Receivable". Subsequent to initial recognition, the financial asset is measured at amortized cost. Under this model, the financial asset will be reduced as and when grant is received from Grantor (NHAI/State authorities).

As per the salient feature of the arrangement, the operator ("SPV") has a two-fold activity based on which revenue is recognized in the Special Purpose Combined Financial Statements in line with the requirement of Appendix C of Ind AS 115. The activities are given below:

a. a construction activity in respect of its obligation to design, build, finance an asset that it makes available to the Grantor (NHAI/State authorities)
b. Revenue from major maintenance obligation and operation and maintenance activity in respect of the assets during the concession period in accordance with Ind AS 115.

h) Lease

Where the SPV Group is the lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. To assess whether a contract conveys the right to control the use of an identified asset, the Project SPV Group assesses whether: (i) the contract involves the use of an identified asset

(ii) the Project SPV Group obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Project SPV Group has the right to direct the use of the asset.

Recognition and initial measurement

At lease commencement date, the Project SPV Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Project SPV Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Project SPV Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Project SPV Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate.

Subsequent measurement

The Project SPV Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Project SPV Group also assesses the right-of-use asset for impairment when such indicators exist.

The liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Project SPV Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit and loss on a straight-line basis over the lease term.

Where the Project SPV Group is the lessor

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Project SPV Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Contingent rents are recognized as revenue in the period in which they are earned.

Leases in which the Project SPV Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term. Rental income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease.

i) Impairment of non-financial assets

At each reporting date, the Project SPV Group assesses whether there is any indication based on internal/external factors, that an asset (tangible and intangible) may be impaired. If any such indication exists, estimate the recoverable amount of the asset / cash generating unit. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

j) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Project SPV Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Project SPV Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A contingent liability is disclosed when there is a possible obligation that arises from events and whose existence is only confirmed by one or more doubtful future events or when there is an obligation that is not recognized as a liability or provision because it is not likely that on outflow of resources will be required.

A contingent asset is not recognized but disclosed in the Special Purpose Combined Financial Statements, where economic inflow is probable.

k) Financial Instruments

Financial assets

Initial recognition and measurement

Financial instruments are recognised when the Project SPV Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

i. **Financial assets at amortised cost-** A financial instrument is measured at amortised cost if both the following conditions are met:
   - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
   - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

   After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

ii. **Financial assets at fair value**
   Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets
A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Project SPV Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted

Subsequent measurement
After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Project SPV group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Project SPV Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Project SPV Group in accordance with the contract and all the cash flows that the Project SPV Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Project SPV Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

- **Trade receivables:**

  In respect of trade receivables, the Project SPV Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

- **Other financial assets:**

  In respect of its other financial assets, the Project SPV Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Project SPV Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

  When making this assessment, the Project SPV Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Project SPV Group compares the risk of a default

occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Project SPV Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

m) Segment reporting

The Project SPV Group is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Project SPV Group's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

n) Employee benefits

The Project SPV Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans
A defined contribution plan is a plan under which the Project SPV Group pays fixed contributions into an independent fund administered by the government. The Project SPV Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans
The defined benefit plans sponsored by the Project SPV Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Project SPV Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the Special Purpose Combined Financial Statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits
Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

Short-term employee benefits
Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

o) Borrowing costs

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the Project SPV Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period

during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

a. transactions of a non-cash nature;
b. any deferrals or accruals of past or future operating cash receipts or payments; and
c. all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Project SPV Group are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

r) Prior period error

As per Ind AS -8, Accounting Policies, Change in Accounting Estimates & prior period Item an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

s) Recent Pronouncements/Standards issued but not yet effective

As at 31 December 2021, there are no recent pronouncements/standards issued but not yet effective.

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Highways Infrastructure Trust
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

3. Property, plant and equipment	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment	70.50	66.93	62.05	55.48
	70.50	**66.93**	**62.05**	**55.48**

The changes in the carrying value of property, plant and equipment for period / year ended 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019

Description	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross block								
Balance as at 01 April 2018	**4.37**	**1.14**	**40.69**	**4.08**	**17.85**	**12.52**	**6.41**	**87.06**
Additions for the year	-	-	4.67	2.50	5.51	2.88	0.59	16.15
Disposals/adjustments for the year	-	-	-	-	(1.87)	-	-	(1.87)
Balance as at 31 March 2019	**4.37**	**1.14**	**45.36**	**6.58**	**21.49**	**15.40**	**7.00**	**101.34**
Additions for the year	-	-	2.30	0.96	2.63	1.99	1.29	9.17
Transfer from capital work in progress during the year	-	11.98	-	-	-	-	-	11.98
Balance as at 31 March 2020	**4.37**	**13.12**	**47.66**	**7.54**	**24.12**	**17.39**	**8.29**	**122.49**
Additions for the year	-	-	8.05	0.48	1.71	6.04	4.18	20.46
Disposals/adjustments for the year	-	-	-	(0.20)	-	(0.24)	(0.73)	(1.17)
Balance as at 31 March 2021	**4.37**	**13.12**	**55.71**	**7.82**	**25.83**	**23.19**	**11.74**	**141.78**
Additions for the period	-	0.90	2.69	0.17	6.53	6.22	0.69	17.20
Disposals/adjustments for the period	-	-	(0.53)	-	(0.89)	-	-	(1.42)
Balance as at 31 December 2021	**4.37**	**14.02**	**57.87**	**7.99**	**31.47**	**29.41**	**12.43**	**157.56**
Accumulated depreciation								
Balance as at 01 April 2018	**-**	**0.61**	**12.67**	**2.44**	**7.57**	**5.17**	**4.25**	**32.71**
Charge for the year	-	0.03	7.77	0.27	2.45	2.56	1.50	14.58
Disposals/adjustments for the year	-	-	-	-	(1.43)	-	-	(1.43)
Balance as at 31 March 2019	**-**	**0.64**	**20.44**	**2.71**	**8.59**	**7.73**	**5.75**	**45.86**
Charge for the year	-	0.21	7.39	0.25	2.94	2.82	0.97	14.58
Disposals/adjustments for the year	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	**-**	**0.85**	**27.83**	**2.96**	**11.53**	**10.55**	**6.72**	**60.44**
Charge for the year	-	0.67	6.96	0.31	3.13	3.08	1.16	15.31
Disposals/adjustments for the year	-	-	-	(0.19)	-	(0.03)	(0.68)	(0.90)
Balance as at 31 March 2021	**-**	**1.52**	**34.79**	**3.08**	**14.66**	**13.60**	**7.20**	**74.85**
Charge for the period	-	0.53	4.71	0.33	2.55	3.41	1.65	13.18
Disposals/adjustments for the period	-	-	(0.31)	-	(0.67)	-	-	(0.97)
Balance as at 31 December 2021	**-**	**2.05**	**39.19**	**3.41**	**16.55**	**17.01**	**8.85**	**87.06**
Net block as at 31 March 2019	**4.37**	**0.50**	**24.92**	**3.87**	**12.90**	**7.67**	**1.25**	**55.48**
Net block as at 31 March 2020	**4.37**	**12.27**	**19.83**	**4.58**	**12.59**	**6.84**	**1.57**	**62.05**
Net block as at 31 March 2021	**4.37**	**11.60**	**20.92**	**4.74**	**11.17**	**9.59**	**4.54**	**66.93**
Net block as at 31 December 2021	**4.37**	**11.97**	**18.68**	**4.58**	**14.92**	**12.40**	**3.58**	**70.50**

Notes:

(i) Contractual obligations :

Refer note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) For assets pledged as security, refer note 31 and 17(a)

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
4. Capital work-in-progress				
Plant and equipment	15.38	9.40	-	6.58
	15.38	**9.40**	**-**	**6.58**

The changes in the carrying value of capital work-in-progress for period / year ended 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019

Particulars	Amount
Capital work-in-progress as at 01 April 2018	**-**
Add: additions during the year	6.58
Capital work-in-progress as at 31 March 2019	**6.58**
Add: additions during the year	5.40
Less: transfer to property, plant and equipment during the year	(11.98)
Capital work-in-progress as at 31 March 2020	**-**
Add: additions during the year	9.40
Capital work-in-progress as at 31 March 2021	**9.40**
Add: additions during the period	5.98
Capital work-in-progress as at 31 December 2021	**15.38**

Note:

(i.) Contractual obligations :

Refer note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii.) For assets pledged as security, refer note 31 and 17(a)

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	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
5. Intangible assets				
Intangible assets	20,525.08	21,249.03	22,159.81	23,166.83
	20,525.08	**21,249.03**	**22,159.81**	**23,166.83**

The changes in the carrying value of intangible assets for period / year ended 31 December 2021, 31 March 2021, 31 March 2020 and 31 March 2019

Description	Toll collection rights	Software	Total intangible assets
Gross block			
Balance as at 01 April 2018	**28,705.60**	**12.46**	**28,718.06**
Additions for the year	-	0.44	0.44
Balance as at 31 March 2019	**28,705.60**	**12.90**	**28,718.50**
Additions for the year	16.81	0.26	17.07
Balance as at 31 March 2020	**28,722.41**	**13.16**	**28,735.57**
Additions for the year	0.57	0.52	1.09
Disposals/adjustments for the year	(7.36)	-	(7.36)
Balance as at 31 March 2021	**28,715.62**	**13.68**	**28,729.30**
Additions for the period	1.19	-	1.19
Disposals/adjustments for the period	(4.71)	-	(4.71)
Balance as at 31 December 2021	**28,712.10**	**13.68**	**28,725.78**
Accumulated amortisation			
Balance as at 01 April 2018	**4,629.52**	**0.52**	**4,630.04**
Charge for the year	920.33	1.30	921.63
Balance as at 31 March 2019	**5,549.85**	**1.82**	**5,551.67**
Charge for the year	1,022.70	1.39	1,024.09
Balance as at 31 March 2020	**6,572.55**	**3.21**	**6,575.76**
Charge for the year	903.07	1.43	904.50
Balance as at 31 March 2021	**7,475.62**	**4.64**	**7,480.26**
Charge for the period	719.31	1.13	720.44
Balance as at 31 December 2021	**8,194.93**	**5.77**	**8,200.70**
Net block as at 31 March 2019	**23,155.75**	**11.08**	**23,166.83**
Net block as at 31 March 2020	**22,149.86**	**9.95**	**22,159.81**
Net block as at 31 March 2021	**21,240.00**	**9.03**	**21,249.03**
Net block as at 31 December 2021	**20,517.17**	**7.91**	**20,525.08**

Notes:

(i) Contractual obligations

Refer note 35 for disclosure of capital and other commitments for the acquisition of intangible assets.

(ii) For assets pledged as security, refer note 31 and 17(a)

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	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
6 Others financial assets				
Non-current				
Unsecured, considered good				
Receivables under service concession arrangements (refer note (i) below)	1,146.42	1,492.53	1,861.32	1,955.65
Bank deposits with more than 12 months maturity*	-	133.85	-	-
	1,146.42	**1,626.38**	**1,861.32**	**1,955.65**

*****_includes interest accrued but not due_

7 Others financial assets				
Current				
Unsecured, Considered good				
Receivables under service concession arrangements (refer note (i) below)	916.26	919.20	919.14	923.44
Other receivables	28.13	25.88	15.59	5.11
Security deposits	4.53	4.72	4.95	5.00
	948.92	**949.80**	**939.68**	**933.55**

Notes:

(i) **Movement in receivables under service concession arrangements during the financial period/year :**

Opening balance	2,411.73	2,780.46	2879.09	3,373.01
Add: Interest income on annuity receivable from National Highway Authority of India ('NHAI') (refer note 24)	197.56	300.73	338.18	387.29
Add: Revenue from operations and maintenance of road (refer note 24)	-	25.30	308.70	5.30
Add: Revenue from periodic maintenance of road (refer note 24)	135.87	134.97	136.78	151.39
Add: Modification gain / (loss) on annuity	42.22	143.66	91.10	(64.50)
Less: Annuity received from NHAI	(724.70)	(973.39)	(973.39)	(973.40)
Closing balance	**2,062.68**	**2,411.73**	**2,780.46**	**2,879.09**

(ii) **Movement in receivables under service concession arrangements during the financial period/year :**

- Non-current	1,146.42	1,492.53	1,861.32	1,955.65
- Current (refer note 7)	916.26	919.20	919.14	923.44
	2,062.68	**2,411.73**	**2,780.46**	**2,879.09**

(iii) Refer note 37 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 38 - Financial risk management for assessment of expected credit losses.

(iv) For assets pledged as security, refer note 31 and 17(a)

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	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
8 Non-current tax assets (net)				
Advance income tax (net)	109.55	74.29	77.52	78.46
	109.55	**74.29**	**77.52**	**78.46**
9 Other non-current assets				
(Unsecured, considered good)				
Capital advances	-	0.45	0.45	0.03
	-	**0.45**	**0.45**	**0.03**
10 Other current assets				
(Unsecured, considered good)				
Supplier advances	26.92	43.18	10.88	3.18
Balances with statutory authorities	20.99	17.66	20.71	7.70
Prepaid expenses	32.88	61.29	78.23	21.25
Other receivables	0.13	0.01	0.02	1.40
	80.92	**122.14**	**109.84**	**33.53**
11 Investments				
Current				
Investment in mutual funds- quoted (fully paid)^	2,696.72	2,156.37	2,465.11	2,027.72
	2,696.72	**2,156.37**	**2,465.11**	**2,027.72**
Notes:				
Aggregate amount of quoted investments- at market value	2,696.72	2,156.37	2,465.11	2,027.72
Aggregate amount of quoted investments- at cost	2,649.90	2,112.45	2,379.23	1,942.28

For assets pledged as security, refer note 31 and 17(a)
^ These are measured at fair value through profit and loss ('FVTPL')

(a) Details of investment in mutual funds- quoted (fully paid)				
IDFC Corporate bond fund direct plan - growth- Nil units as at 31 December 2021 (Nil units as at 31 March 2021; Nil units as at 31 March 2020; 31 March 2019: 38,186,602 units) (refer note 1)	-	-	-	491.09
IDFC Cash Fund Growth - Nil units as at 31 December 2021 (Nil units as at 31 March 2021; Nil units as at 31 March 2020;31 March 2019: 69,826 units)	-	-	-	158.27
IDFC Ultra Short Term Fund- Nil units as at 31 December 2021 (Nil units as at 31 March 2021; 31 March 2020: Nil units; 31 March 2019: 32,675,666 Units)	-	-	-	872.84
IDFC Cash Fund - NIL units as at 31 December 2021 (Nil units as at 31 March 2021; 31 March 2020: Nil units; 31 March 2019: 95,160 units)	-	-	-	215.68
IDFC Overnight Fund Direct Plan - Growth- 2,398,535 units as at 31 December 2021 (31 March 2021: 1,964,117 units; 31 March 2020: 2,301,276 units; 31 March 2019: 10,836,570 units) (refer note 1, 2 and 3)	2,696.72	2,156.37	2,465.11	289.84

Notes

1 Includes Rs 55.40 million (51,980.868 units) invested in mutual fund on 31 March 2020, however the units were received subsequently .
2 Includes Rs 9.50 million (8,649.485 units) invested in mutual fund on 31 March 2021, however the units were received subsequently .
3 Includes Rs 3.99 million (3,556 units) invested in mutual fund on 31 December 2021, however the units were received subsequently .

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	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
12 Trade receivables				
Unsecured, considered good	77.12	68.92	87.48	62.08
	77.12	**68.92**	**87.48**	**62.08**

Notes:

(i) For assets pledged as security, refer note 31 and 17(a)

(ii) The SPV Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

(ii) Refer note 38 - Financial risk management for assessment of expected credit losses.

13 Cash and cash equivalents				
Balances with banks:				
- in current accounts	92.18	69.83	120.18	31.11
- deposits with original maturity less than three months*	8.22	-	50.23	128.42
Cash on hand	4.53	9.98	4.50	27.99
	104.93	**79.81**	**174.91**	**187.52**

** Includes interest accrued but not due*

Notes:

(i) Refer note 31 and 17(a) for cash and cash equivalents which are under restriction or pledged.

(ii) Other than as disclosed, there are no repatriation restrictions with respect to cash and cash equivalents as at the end of the respective reporting periods.

14 Bank balances other than cash and cash equivalents above				
Fixed deposit with bank				
Deposits with original maturity more than three months but less than twelve months*	1,959.28	1,622.21	859.13	843.50
	1,959.28	**1,622.21**	**859.13**	**843.50**

** Includes interest accrued but not due*

Notes:

(i) Refer note 31 and 17(a) for other bank balances which are under restriction/ pledged.

(ii) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the respective reporting periods.

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15 Equity share capital

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Authorised share capital				
414,750,000 (31 March 2021 : 414,750,000 ; 31 March 2020 : 414,750,000 ; 31 March 2019 : 414,750,000) equity shares of ₹10 each	4,147.50	4,147.50	4,147.50	4,147.50
75,900,000 (31 March 2021 : 75,900,000 ; 31 March 2020 : 75,900,000 ; 31 March 2019 : 75,900,000) preference shares of ₹10 each	759.00	759.00	759.00	759.00
	4,906.50	**4,906.50**	**4,906.50**	**4,906.50**
Issued share capital				
320,094,845 (31 March 2021: 320,094,845 ; 31 March 2020 : 320,094,845 ; 31 March 2019: 320,094,845) equity shares of ₹10 each	3,200.95	3,200.95	3,200.95	3,200.95
	3,200.95	**3,200.95**	**3,200.95**	**3,200.95**

(i) Terms/rights attached to equity share capital :

The SPV Group has only one class of equity shares having a par value of ₹10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the SPV Group, holders of equity shares will be entitled to receive the remaining assets of the SPV, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the period/year :

	31 December 2021		31 March 2021		31 March 2020		31 March 2019	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up								
Balance at the beginning of the period/year	320,094,845	3,200.95	320,094,845	3,200.95	320,094,845	3,200.95	320,094,845	3,200.95
Add: Shares issued during the period/year	-	-	-	-	-	-		
Balance at the end of the period/year	**320,094,845**	**3,200.95**	**320,094,845**	**3,200.95**	**320,094,845**	**3,200.95**	**320,094,845**	**3,200.95**

(iii) Shareholders holding more than 5% of shares of the SPV Group as at balance sheet date

	As on 31 December 2021		As on 31 March 2021		As on 31 March 2020		As on 31 March 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
India Infrastructure Fund and its nominees	-	-	264,552,365	82.65%	264,652,365	82.65%	264,652,365	82.65%
India Infrastructure fund II and its nominees	500,000	0.16%	24,042,280	7.51%	24,042,280	7.51%	24,042,280	7.51%
Highway Concessions One Private Limited and its nominees.	-	-	31,500,000	9.84%	31,500,000	9.84%	31,500,000	9.84%
Galaxy Investments II Pte. Ltd. and its nominees	319,594,845	99.84%	-	-	-	-	-	-

(iv) No shares have been issued by the SPV Group for consideration other than cash, during the period of five years immediately preceding the reporting periods.

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16 Other equity

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Equity component of loan to related parties	384.95	384.95	384.95	384.95
Securities premium	2,874.88	2,874.88	2,874.88	2,874.88
Debenture redemption reserve	162.91	164.19	414.72	418.97
Capital redemption reserve	2.83	2.83	2.83	2.83
Retained earnings	(6,260.26)	(5,893.98)	(5,297.12)	(4,784.51)
	(2,834.69)	**(2,467.13)**	**(1,619.74)**	**(1,102.88)**

Description of nature and purpose of each reserve:

Securities premium reserve
Securities premium reserve represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Debenture redemption reserve
Debenture redemption reserve is created out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Capital redemption reserve
Capital redemption reserve has been created as a result of transfer of the nominal value of shares upon buyback of shares, in accordance with Section 69 of the Act.

Equity component of loan
This includes the equity component of the long term loan taken from GMR Highway Limited and India Infrastructure Fund. The equity component represents the interest-free feature of the loan. The liability component is reflected in non-current borrowings. (refer note 17)

Retained earnings
Retained earnings are created from the profit / loss of the SPV Group, as adjusted for distributions to owners, transfers to other reserves, etc.

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	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
17 Borrowings*				
A Non current				
Secured				
Term loan from banks	1,735.03	2,043.30	2,250.78	2,509.67
Term loan from financial institutions	2,858.32	3,223.74	3,232.18	3,962.51
Non-convertible debentures	8,475.09	9,367.25	9,967.02	10,042.67
Unsecured				
Loan from				
- related parties	-	325.91	324.92	324.02
- others	459.92	427.83	388.94	353.49
Optionally convertible debentures (OCD's)	-	6,864.12	6,300.25	5,541.00
Compulsory convertible debentures (CCD's)	7,978.14	-	-	-
Total Non-current borrowings (A)	**21,506.50**	**22,252.15**	**22,464.09**	**22,733.36**
B Current				
Liability component of compound financial instruments	531.98	519.08	531.84	495.42
Current maturities of long-term borrowings				
- Term loans from banks	328.93	293.65	261.25	246.45
- Term loans from financial institutions	332.03	59.64	43.40	50.20
- Non-convertible debentures	785.05	869.84	825.07	691.40
Total current borrowings (B)	**1,977.99**	**1,742.21**	**1,661.56**	**1,483.47**
Total borrowings (A+B)	**23,484.49**	**23,994.36**	**24,125.65**	**24,216.83**

*refer note 17(a) for repayment terms and security details of the outstanding non-current borrowings (including current maturities)

(i) Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:

Particulars	Non-current and current borrowings
Balance as at 01 April 2018	**25,097.39**
Cash flows:	
Repayment/Redemption	(1,728.98)
Non-cash:	
Interest on optionally convertible debentures ('OCD') and processing charges	848.42
Balance as at 31 March 2019	**24,216.83**
Cash flows:	
Proceeds	858.69
Repayment/Redemption	(1,800.01)
Non-cash:	
Interest on optionally convertible debentures ('OCD') and processing charges	850.14
Balance as at 31 March 2020	**24,125.65**
Cash flows:	
Proceeds	111.68
Repayment/Redemption	(1,103.30)
Non-cash:	
Interest on optionally convertible debentures ('OCD') and processing charges	860.33
Balance as at 31 March 2021	**23,994.36**
Cash flows:	
Proceeds	7,978.14
Repayment/Redemption	(9,306.88)
Non-cash:	
Interest on optionally convertible debentures ('OCD') and processing charges	818.87
Balance as at 31 December 2021	**23,484.49**

17(a)-Notes:

For repayment terms and security details of the outstanding non-current borrowings (including current maturities) refer the table below:

Sl. No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
1	Indian rupee term loans from financial institutions	Dewas Bhopal Corridor Private Limited	1,234.05	1,264.55	1,305.20	1,345.82	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 December 2021 of ₹ 1,234.05 millions (31 March 2021:₹ 1,264.55 millions; 31 March 2020 - ₹ 1,305.20 millions, 31 March 2019 - ₹. 1,345.82 millions) which carries rate of interest rate of 8.50%. p.a (31 March 2021: 8.50% p.a for both RTL-1 and RTL-II, 31 March 2020: 9.35% p.a for RTL-I and 9.65% for RTL-II and 31 March 2019: 8.90 % p.a for RTL-1 and 9.20% for RTL-II). The interest rate is linked to 6-month MCLR of SBI plus spread of respective facility with MCLR reset on semi-annual basis and spread reset on annual basis. Both the term loans are repayable in 53 unequal quarterly installments starting from 31 March 2018 and ending on 31 March 2031. **The loan is secured by first charge on :-** (a) all movable assets present and future except the project assets; (b) all revenues which may be received by the Borrower under the Project Documents or otherwise; (c) all bank accounts of the Borrower; (d) all intangibles including goodwill, undertaking of the Borrower, uncalled capital, trademarks, patents, present and future; (e) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, all as amended, varied or supplemented from time to time; (f) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contactor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; (g) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower under the insurance Contracts; and (h)by way of pledge of Shares of 51% of the Equity of the SPV and charge on 51% of Loans and Other Securities, subject to the terms of the financing agreements, the Concession Agreement and Escrow Agreement.
2	Indian rupee term loans from Financial Institution	Godhra Expressways Private Limited	-	-	-	854.98	Rate of Interest and Repayment Terms Indian rupee term loans from Financial Institution as at 31 December 2021 of ₹ Nil (31 March 2021: ₹. NIL, 31 March 2020 - ₹. NIL, 31 March 2019 - ₹. 854.98 millions) which carries average interest rate of Nil (31 March 2021 - Nil, 31 March 2020 - Nil, 31 March 2019 - 10.50%). The loan is to be repaid in 76 unequal quarterly instalments starting from 30 June 2017 and ending on 28 February 2036. Such loan was refinanced to L&T Infra Finance Co. Ltd in the year 2019-2020. The term loan is secured by the way of : a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets and intangible assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; and c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables. The details of the pledged securities are as under: A charge over 51% of equity share capital of the SPV. Assignment of Sponsor's rights in favour of the Debenture Trustee in relation to 51% of the Sponsor Contributions (other than Sponsor Debentures) and first charge by way of pledge over 51% of the Sponsor Debentures.

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Sl. No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
3	Indian rupee term loans from Financial Institution	Godhra Expressways Private Limited	156.65	156.73	158.40	-	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 December 2021 of ₹ 156.65 millions (31 March 2021: ₹ 156.73 millions; 31 March 2020 - ₹. 158.40 millions, 31 March 2019 - ₹. NIL) which carries average interest rate of 10.50% (31 March 2021 - 10.50%, 31 March 2020 - 10.50%, 31 March 2019 - Nil). The loan is to be repaid in 67 unequal quarterly instalments starting from 30 September 2019 and ending on 28 February 2036. **The term loan is secured by the way of :** a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; and c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables. d) First charge by way of pledge of Shares held by the Sponsor representing 51% of Equity Share Capital till the Final Settlement Date. A Non-Disposal Undertaking by the Sponsor, undertaking non-disposal of 49% of Shares till March 31, 2023. Assignment of the Sponsor's rights in relation to 51% of Sponsor Contributions and 51% of Sponsor Debentures in favour of Project Security Trustee.
4	Indian rupee term loans from banks	Jodhpur Pali Expressway Private Limited	1,362.41	1,408.21	1,373.60	1,407.02	**Rate of Interest and Repayment Terms** Indian rupee term loans from banks as at 31 December 2021 of ₹ 1,362.40 (31 March 2021:₹ 1,408.21 millions; 31 March 2020 - ₹. 1,373.60 millions, 31 March 2019 - ₹. 1,407.02) which carries average interest rate of 9.50% (31 March 2021 - 9.50%, 31 March 2020 - 10.20%, 31 March 2019 - 9.70%). The loan is to be repaid in 67 unequal quarterly installments starting from 15 October 2017 and ending on 15 July 2034. **The term loan is secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by by way of first pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 51% of equity share capital and 51% of the preference share capital of the Borrower held by the Sponsor.
5	Indian rupee term loans from banks	Shillong Expressway Private Limited	-	-	893.13	1,058.42	**Rate of Interest and Repayment Terms** Indian rupee term loans from Bank as at 31 December 2021 of ₹ Nil (31 March 2021: ₹ Nil; 31 March 2020 - ₹. 893.13 millions, 31 March 2019 - ₹. 1,058.42 millions) which carries average interest rate of Nil (31 March 2020: Nil; 31 March 2021 - 8%, 31 March 2020 - 8%, 31 March 2019 - 8%). Loan is repayable in percentage of facility at semi annually instalments. **The term loan is secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by way of first pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 30% of equity share capital of the Borrower and 30% of the preference share capital of the Borrower held by the Sponsor. Non-disposal undertaking in relation to 21% of equity and preference share capital and 21% of the Sponsor Infusions (including OCDs issued by the Borrower).

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Sl. No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
6	Indian rupee term loans from banks	Shillong Expressway Private Limited	-	-	245.29	290.68	**Rate of Interest and Repayment Terms** Indian rupee term loans from Bank as at 31 December 2021 of ₹ Nil (31 March 2021: ₹ Nil; 31 March 2020 - ₹. 245.29 millions, 31 March 2019 - ₹. 290.68 millions) which carries average interest rate of Nil (31 March 2021 - Nil, 31 March 2020 - 8%, 31 March 2019 - 8%). Loan is repayable in percentage of facility at semi annually instalments. **The term loan is secured by the way of :** Pari passu second charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by way of second pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 30% of equity share capital of the Borrower and 30% of the preference share capital of the Borrower held by the Sponsor. Non-disposal undertaking in relation to 21% of equity and preference share capital and 21% of the Sponsor Infusions (including OCDs issued by the Borrower)
7	Indian rupee term loans from financial institution	Ulundurpet Expressways Private Limited	1,799.65	1,812.27	1,811.98	1,811.90	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 December 2021 of ₹ 1,799.65 millions (31 March 2021: ₹ 1,812.27 millions; 31 March 2020 - ₹. 1,811.98 millions, 31 March 2019 - ₹. 1,811.90 millions) which carries average interest rate of 10.23% (31 March 2021 - 9.50%, 31 March 2020 - 9.50%, 31 March 2019 - 10.10%). The loan is to be repaid in 34 unequal quarterly instalments starting from 30 June 2017 and ending on 30 September 2025. **The term loan is secured by the way of :** The Rupee Loan are secured by way of pari passu first charge over SPV's movable properties, both present and future, including plant and machinery and Intangible Asset excluding Project assets. Further secured by the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. A charge by way of pledge of Shares of 51% of the Equity of the Borrower.
8	Indian rupee term loans from banks	Shillong Expressway Private Limited	701.55	928.74	-	-	**Rate of Interest and Repayment Terms** Indian rupee term loans from Bank as at 31 December 2021 of ₹ 701.55 millions (31 March 2021: ₹ 928.74 millions; 31 March 2020 - ₹. NIL, 31 March 2019 - ₹. NIL) which carries average interest rate of 7.6% (31 March 2021 - 7.6%, 31 March 2020 - Nil, 31 March 2019 - Nil). Loan is repayable in percentage of facility at semi annually instalments. **The Rupee Loan is secured by way of :** Pari passu first charge by way of hypothecation of entire movable assets of the SPV, both present and future, including movable plant & machinery, machinery spares, tools and accessories, furniture ,fixture, vehicles and all other movable assets, both present and future except project asset(as defined under concession agreement). First charge over all accounts of SPV including ESCROW account and Sub-Accounts but not limited to Major Maintenance reserve, Debt Service Reserve account and any other reserve and other bank accounts of the SPV wherever maintained that may be opened in accordance with the financing documents and all funds from time to time deposited therein. First Charge on all intangibles assets including but not limited to goodwill, rights, undertaking and uncalled capital present and future excluding the project assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account and that the charges on the same shall be subject to the extent permissible as per the priority specified in the concession agreement and relevant clauses of the Escrow Agreement.) Further, a charge on uncalled capital, as set in above, shall be subject however to the provision of the concession agreement. A first charge on assignment by way of Security in : (i) all the right, title, interest, benefits, claims, and demands whatsoever of the SPV in the project documents ; (ii) the right, title and interest of the SPV in, to and under all the government approvals; (iii) all the right, title, interest, benefits, claims and demands whatsoever of the SPV in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the project documents; (iv) all the right, title, interest, benefits, claims, and demands whatsoever of the SPV under all insurance contracts; First pari-passu charge on Pledge of 30% each of equity shares and preference shares and Non Disposal Undertaking of 21% each of equity shares and preference shares of the SPV and 21% of the Sponsor Infusions (including OCDs issued by the Borrower) held by the sponsor in dematerialized from aggregating to 51% each of the total paid up equity share capital and preferences shares of the SPV. Provided that any enforcement of pledge over the shares shall be subject to the applicable provisions of the concession agreement and the prior written approval of NHAI as provided therein. The shares to be pledged shall be free from any restrictive covenants / lien or other encumbrance under any contract/ arrangement including shareholder agreement/ joint

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Sl. No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
9	Non-convertible debentures	Dewas Bhopal Corridor Private Limited	1,617.23	1,628.17	1,642.75	1,657.30	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution of ₹.1,617.23 millions (31 March 2021: ₹. 1,628.17 millions; 31 March 2020 - ₹. 1,642.75 millions, 31 March 2019 - ₹. 1,657.30 millions) which carries average interest rate of 8.28% (31 March 2021- 8.28%, 31 March 2020 - 8.28%, 31 March 2019 - 8.28%). The NCDs are redeemable in 57 unequal quarterly instalments starting from 31 March 2016 and ending on 31 March 2030. **The Non-Convertible Debentures are secured by the way of :** (a) SPV's movable properties, both present and future, except project assets; (b) All accounts, both present and future including escrow account, major maintenance reserve, DSRA and other reserves and bank accounts of borrower; (c) Intangibles assets including goodwill, rights, undetaking and uncalled capital, excluding project assets; (d))by way of pledge of Shares of 51% of the Equity of the SPV , subject to the terms of the financing agreements, the Concession Agreement and Escrow Agreement; and (e) all the rights, title interest, benefits, claims and demands of borrower in project agreements, goverment approvals, letter of credit, guarantees. (f) a first charge by way of mortgage over identified immovable properties, save and except Project Assets (g) a negative lien on 26% of the Equity of the Issuer by the Other Shareholders until Final Settlement Date or receipt of approval of MPRDC for divestment of such shareholding. Provided that the aforesaid mortgage, hypothecation charges, assignments and the pledge of Shares and negative lien on Shares shall rank pari passu inter se amongst -The Debenture Holders without any preference or priority to one over the other or others; and -The Debenture Holders and the Rupee Lenders (for Facility-I and Facility-II) without any preference or priority to one over the other or others, subject to and in accordance with the Concession Agreement and the IDF Tripartite Agreement (as approved by MPRDC);
10	Non-convertible debentures	Godhra Expressways Private Limited	3,952.76	4,043.81	4,128.41	3,461.20	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 December 2021 of ₹ 3,952.76 millions (31 March 2021: ₹. 4,043.81 millions; 31 March 2020 - ₹. 4,128.41 millions, 31 March 2019 - ₹. 3,461.20) which carries average interest rate of 9.73% (31 March 2021 - 9.73%, 31 March 2020 - 9.73%, 31 March 2019 - 9.73%). The NCDs are redeemable in 76 unequal quarterly instalments starting from 30 June 2017 and ending on 28 February 2036. **The Non-Convertible Debentures are secured by the way of :** a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables; and d) The Secured Debt is secured on a pari passu basis by a first ranking charge in relation to the Rupee Facility/ NCDs on Mortgaged Properties, all tangible movable assets, all intangible assets excluding Project Assets, all accounts of the SPV and by way of pledge of Shares of 51% of the Equity of the SPV/ Sponsor's Debentures and by way of assignment of 51% of other Sponsor Contributions, subject to the terms of the Concession Agreement and Escrow Agreement. The Debt is further secured by non-disposal undertaking for the balance 49% of the shares of the SPV until 31 March 2023.

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Sl. No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
11	Non Convertible debentures	Jodhpur Pali Expressway Private Limited	1,272.16	1,350.95	1,375.04	1,407.74	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 December 2021 of ₹. 1,272.16 millions (31 March 2021: ₹. 1,350.95 millions; 31 March 2020 - ₹. 1,375.04 millions, 31 March 2019 - ₹. 1,407.74 millions) which carries average interest rate of 9.35% (31 March 2021 - 9.35%, 31 March 2020 - 9.35%, 31 March 2019 - 9.35%). NIIF NCD is redeemable in unequal quarterly instalments starting from 15 January 2018 and ending on 15 January 2034. **The Non-Convertible Debentures are secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by way of first pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 51% of equity share capital and 51% of preference share capital of the Borrower held by the Sponsor.
12	Non-convertible debentures	Nirmal BOT Limited	1,249.10	1,420.10	1,563.80	1,702.60	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 December 2021 of ₹. 1,249.10 millions (31 March 2021: ₹. 1,420.10 millions; 31 March 2020 - ₹. 1,563.80 millions, 31 March 2019 - ₹. 1,702.60 millions) which carries average interest rate of 9.38% (31 March 2021 - 9.38%, 31 March 2020 - 9.38%, 31 March 2019 - 9.38%). Debentures are redeemable semi annually (unevenly) starting from 18th November 2010 and ending on 18th May 2026. **The Non-Convertible Debentures are secured by the way of :** a) The land is under lien by way of mortgage to Axis Trustee Services Limited acting as Debenture Trustee, by way of charge dated 16 December 2010; and b) Debenture's are secured by way of first and exclusive charge on all assets both present and future and annuity receivables, excluding the project assets as defined in the Concession Agreement. Undertakings from the Sponsor to deposit the amount of difference between the actual O&M costs and the O&M costs as per the Trust and Retention Account and difference between the actual annuity received and annuity as per annuity schedule.
13	Non-convertible debentures	Ulundurpet Expressways Private Limited	1,168.89	1,794.05	2,032.08	2,455.23	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 December 2021 of ₹ 1,168.89 millions (31 March 2021: ₹. 1,794.05 millions; 31 March 2020 - ₹. 2,032.08 millions, 31 March 2019 - ₹. 2,455.23 millions) which carries average interest rate of 9.90% (31 March 2021 - 9.90%, 31 March 2020 - 9.90%, 31 March 2019 - 9.90%). These are redeemable in 40 unequal quarterly instalments starting from 30 April 2015 and ending on 15 January 2025. **The Non-Convertible Debentures are secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery and Intangible Asset excluding project assets. Further secured by the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. A first charge by way of pledge of Shares of 51% of Equity of the Issuer.
14	Non Convertible debentures FITL	Jodhpur Pali Expressway Private Limited	-	49.83	-	-	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution of ₹ NIL (31 March 2021: ₹. 49.83 millions; 31 March 2020 - ₹. NIL, 31 March 2019 - ₹. NIL) which carries average interest rate of Nil (31 March 2021 - 9.35%, 31 March 2020 - Nil, 31 March 2019 - Nil). NIIF NCD is redeemable in unequal quarterly instalments starting from 15 January 2021 and ending on 15 January 2034. The Non-Convertible Debentures are secured by the way of : Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by way of first pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 51% of equity share capital and 51% of preference share capital of the Borrower held by the Sponsor.
15	Loan from Other	Ulundurpet Expressways Private Limited	459.92	427.83	388.94	353.49	**Rate of Interest and Repayment Terms** Interest free loans from GMR Highway Limited of ₹ 459.92 millions (31 March 2021: ₹ 427.83 millions; 31 March 2020 - ₹. 388.94 millions, 31 March 2019 - ₹. 353.49 millions) repayable on or before 22 January 2027, however repayment can be made only after repayment of term loan, however in case surplus cash available as per the terms of financing document, the same can also be prepaid.

S.No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
16	Galaxy Investments II Pte. Ltd.: CCD	Ulundurpet Expressways Private Limited	219.05	-	-	-	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2022 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into equity shares of INR 10 based on fair market value of such equity shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the equity shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into equity shares each with voting and economic rights at par with all other outstanding equity shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of equity shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair market value of the equity shares as on date of conversion of the CCD on a fully diluted basis]
17	Galaxy Investments II Pte. Ltd.: CCD	Jodhpur Pali Expressway Private Limited	2,333.83	-	-	-	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2022 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into equity shares of INR 10 based on fair market value of such equity shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the equity shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into equity shares each with voting and economic rights at par with all other outstanding equity shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of equity shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair market value of the equity shares as on date of conversion of the CCD on a fully diluted basis]
18	Non-convertible debentures	Dewas Bhopal Corridor Private Limited	-	-	50.00	50.00	The SPV has outstanding 100, 12% unsecured non-convertible debentures of INR 500,000 each carrying an interest rate of 12% p.a with quarterly compounded and payable within 90 days from closure of financial year and these instruments have a 10 years tenure , however, the NCDs can be repaid at the earlier date as per the option of the SPV. The said NCD's were repaid on 25 September 2020.
19	Galaxy Investments II Pte. Ltd.: CCD	Godhra Expressways Private Limited	5,094.14	-	-	-	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2022 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into Equity Shares of INR 10 based on fair market value of such Equity Shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the Equity Shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into Equity Shares each with voting and economic rights at par with all other outstanding Equity Shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of Equity Shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair Market Value of the Equity Shares as on date of conversion of the CCD on a fully diluted basis]

S.No.	Nature of borrowing	Name of SPV	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Repayment terms and security disclosure
20	Galaxy Investments II Pte. Ltd.: CCD	Nirmal BOT Limited	331.12	-	-	-	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2022 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into Equity Shares of INR 10 based on fair market value of such Equity Shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the Equity Shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into Equity Shares each with voting and economic rights at par with all other outstanding Equity Shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of Equity Shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair Market Value of the Equity Shares as on date of conversion of the CCD on a fully diluted basis]
21	Liability portion of compound instruments-Preference Shares	Shillong Expressway Private Limited	531.98	519.08	531.84	495.42	The SPV has only one class of 2,100,000, Non cumulative Redeemable preference shares at par value of ₹ 10 per share . The SPV has classified Non cumulative redeemable preference shares as compound financial instrument and bifurcated equity and liability component with retrospective effect from its origination date.During the year 2018-19, the SPV has redeemed the 283,000 no. of 6% Non-Cumulative Redeemable Preference Shares (Preference shares) out of 2.100,000 preference shares at price of ₹ 300 each.. As per shareholders meeting held on 30 June 2020, the terms of preference shares are changed and the same are now redeemabale at any time on or before 31 March 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited.. As per Board meeting held on 31 March 2021, the terms of preference shares are changed again and the same are now redeemable at any time on or before 31 May 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited. As per Board meeting held on 13 May 2021, the terms of preference shares are changed again and the same are now redeemable at any time on or before 30 September 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited. As per Board meeting held on 24 September, 2021, the terms of preference shares are changed again and the same are now redeemable at any time on or before 31 December 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited. These terms were subsequently revised and the redemption date extented to 31 March 2022.
22	Loan from related parties	Nirmal BOT Limited	-	315.00	315.00	315.00	Subordinate debt facility carrying fixed interest rate of 12% per annum will be repaid after redemption of debentures. The principal amounts of the Facility shall be repaid by the Borrower to the Lender, subject to the terms of the Debenture Trust Deed dated 16 December 2010 executed between the Borrower and Axis Trustee Services Limited along with the amendment to the Debenture Trust Deed made on 11 February 2011 and shall be subject to the mutual agreement of the terms of parties hereto.
23	Loan from related parties	Ulundurpet Expressways Private Limited	-	10.91	9.92	9.02	Unsecured interest free loan from related party, India Infrastructure Fund (Being under common control/Ultimate holding) is repayable after repayment of term loans from banks and financial institutions, however in case surplus cash available as per the terms of such financing document, the same can also be prepaid. Loan from related parties is repayable after repayment of term loan, however in case surplus cash available as per the terms of financing document, the same can also be prepaid.

S.No	Name of SPV	Related parties	31 December 2021	31 March 2021	31 March 2020	31 March 2019	Terms
24	Godhra Expressways Private Limited	India Infrastructure Fund - II	-	3,769.63	3,565.57	3,128.27	The SPV issued Optionally Convertible Debentures ('OCD') of 38,298,808 face value of ₹ 75 each ("series A" consisting Tranche I - 16,164,365 OCDs & Tranche II 14,901,110 OCDs), ("series B" consisting Tranche I - 4,373,360 OCDs & Thanch II 2,193,306 OCDs) and ("series C" consisting Tranche I - 666,667 OCDs). OCDs can be converted into equity share with face value of INR 10 anytime during 21 (Twenty one) years ('Term') from the date of issue, unless converted or redeemed earlier as per the terms of issue. The OCD can be redeemed at face value plus a redemption premium on or before maturity at the in at the discretion of the holder. The OCD's are redeemable at such amount which provides the OCD holder an IRR of 14% considering the payments made on the OCDs till the maturity, subject to the terms and conditions stipulated in the financing documents of the senior lenders of the SPV. In case the OCDs are converted then redemption premium will not be payable.The said OCD's were repaid on 20 December 2021.
25	Jodhpur Pali Expressway Private Limited	India Infrastructure Fund II -- Optionally Convertible Debentures	-	2,092.17	1,846.33	1,630.68	12,646 Optionally Convertible Debentures ('OCD') of face value of ₹ 100,000 each. The subscription of OCDs shall have a term of 21 years from the date of issue, unless converted , redeemed earlier as per the term of the agreement. The outstanding subscription of OCDs shall accrued and earn interest (unpaid interest shall be accumulated which is payable at the end of the year) at the following rates or such other rate as decided by SPV and the investor, till the subscription of OCD are converted into equity shares of the SPV or redeemed; FY 19 till FY 26 : 1% FY 27 onwards : 8% The subscription of OCDs shall be redeemed at the discretion of holder at the premium (redemption premium) such that price payable by the SPV on redemption of OCDs shall be that holder received an all-in IRR of 14%. The said OCD's were repaid on 20 December 2021.
26	Godhra Expressways Private Limited	India Infrastructure Fund - II	-	828.88	734.84	644.73	The Optionally Convertible Debentures ('OCD') of ₹ 828.88 millions (31 March 2020 - ₹ 734.84 millions, 31 March 2019 - ₹ 644.73 millions) can be redeemed at face value plus redemption premium on or before maturity at the discretion of the holder. The Optionally Convertible Debentures are redeemable at such amount which provides the debentureholder an IRR of 14% considering the payments made on the Optionally Convertible Debentures till the maturity, subject to the terms and conditions stipulated in the financing documents of the senior lenders of the SPV. A charge over 51% of debentures issued by the SPV, (i.e. 19,532,393 optionally convertible debentures comprising of Series A - OCDs of 12,965,727 and Series B – OCDs of 6,566,666). The said OCD's were repaid on 20 December 2021.
27	Ulundurpet Expressways Private Limited	India Infrastructure Fund -- Optionally Convertible Debentures	-	173.44	153.51	137.32	The SPV has issued Optionally Convertible Debentures ('OCD') having a term of 10 years from the date of issue, unless converted or redeemed earlier. The outstanding OCD shall earn interest at the following rates or such other rate as decided by the SPV and the OCD holders, till the OCD are converted into Equity Shares or redeemed: FY 19 and FY 20 2% FY 21 3% FY 22 onwards 5% Each OCD shall be convertible into Equity Share on or before the term of OCD upon the option of OCD holder. The redemption of the OCD shall be at the sole discretion of the OCD holder. The price payable by the SPV on redemption of the OCD shall be such that the holder receives an all-in IRR of 15% p.a. on its subscription value of OCD or such other IRR as determined in writing between the SPV and the OCD holder. The said OCD's were repaid on 20 December 2021.
Total			**23,484.49**	**23,994.36**	**24,125.65**	**24,216.83**	

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
18 Other financial liabilities				
A Non current				
Deferred payment liabilities-payable to NHAI for toll collection rights	1,274.40	1,265.55	1,243.06	1,223.67
	1,274.40	**1,265.55**	**1,243.06**	**1,223.67**
B Current				
Deferred payment liabilities-payable to NHAI for toll collection rights	138.13	123.85	117.44	112.13
Retention money	24.75	27.91	27.78	37.18
Interest accrued but not due borrowings	67.34	120.22	107.84	80.88
Employees payable	4.52	6.73	3.89	7.46
Other payables	74.29	24.48	3.55	3.11
	309.03	**303.19**	**260.50**	**240.76**

Refer note 37 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 38 - Financial risk management for assessment of expected credit losses.

19 Provisions				
A Non-current				
Provision for employee benefits				
Gratuity (refer note 33)	8.01	7.43	6.79	3.88
Compensated absences	4.66	4.47	4.22	2.83
Other provisions				
Major maintenance obligation (refer note (i)(a) and (ii) below)	239.40	560.06	576.45	513.85
	252.07	**571.96**	**587.46**	**520.56**
B Current				
Provision for employee benefits				
Gratuity (refer note 33)	0.28	0.20	0.13	0.20
Compensated absences	0.41	0.38	0.40	0.28
Other provisions				
Major maintenance obligation (refer note (i)(a) and (ii) below)	873.38	579.50	262.10	265.76
	874.07	**580.08**	**262.63**	**266.24**

Notes:

(i) Information about individual provisions and significant estimates

(a) Provision for major maintenance obligation

Each SPV of the SPV Group is required to operate and maintain the project highway during the entire concession period and hand over the project back to NHAI/ State Government authorities as per the maintenance standards prescribed in respective concession arrangements. For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repair of structures and other equipments and maintenance of service roads. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually. Considering that the expense to be incurred depends on various factors including the usage, wear and tear of the highway, bituminous overlay, etc, is not possible to estimate the exact timing and the quantum of the cash flow. The management does not expect any re-imbursement towards the expenses to be incurred.

(b) For disclosures required related to provision for employee benefits, refer note 33 - Employee benefit obligations.

(ii) Movement in major maintenance obligation during the financial period/year :

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
- Non-current	239.40	560.06	576.45	513.85
- Current	873.38	579.50	262.10	265.76
Total provision	**1,112.78**	**1,139.56**	**838.55**	**779.61**

Balance as at 01 April 2018	**614.26**
Additions during the year	399.45
Utilised during the year	(286.51)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	52.41
Balance as at 31 March 2019	**779.61**
Additions during the year	323.51
Utilised during the year	(333.34)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	68.78
Balance as at 31 March 2020	**838.55**
Additions during the year	428.45
Utilised during the year	(187.41)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	59.97
Balance as at 31 March 2021	**1,139.56**
Additions during the period	181.14
Utilised during the period	(252.70)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	44.78
Balance as at 31 December 2021	**1,112.78**

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
20 Deferred tax liabilities (net)*				
Deferred tax liability arising on account of :				
Timing difference on amortisation of intangible assets and depreciation of property plant and equipment	1,607.95	1,513.92	1,446.42	1,310.66
Adjustment on account of interest free loan and upfront fees on borrowings	3.99	3.44	4.18	5.07
Fair valuation of investments	2.75	1.19	3.30	1.32
Deferred tax asset arising on account of :				
Adjustment on account of interest on Other Convertible Debentures ('OCD's)	-	297.54	240.46	151.49
Provision for major maintenance obligation	133.08	168.74	140.56	98.62
Amount payable to NHAI as per service concession agreement	285.15	280.30	267.30	260.03
Unused business loss	-	146.86	99.77	137.24
Tax credit (minimum alternative tax)	382.91	290.54	215.70	177.14
Deferred tax liabilities (net)	**813.57**	**334.57**	**490.12**	**492.53**

* refer note 32 for details with respect to deferred tax not recognized on unused tax losses and credits

Movement in deferred tax liabilities (net)

Particulars	01 April 2018	Recognised in Statement of Profit and Loss	31 March 2019
Liabilities			
Temporary difference on amortisation of intangible assets and depreciation of property plant and equipment	1,142.96	167.70	1,310.66
Adjustment on account of interest free loan and upfront fees on borrowings	1.50	3.57	5.07
Fair valuation of investments	7.84	(6.52)	1.32
Assets			
Adjustment on account of interest on Other Convertible Debentures ('OCD's)	86.85	64.64	151.49
Provision for major maintenance obligation	50.88	47.74	98.62
Amount payable to NHAI as per service concession agreement	264.74	(4.70)	260.03
Unused business loss	81.23	56.01	137.24
Tax credit (minimum alternative tax)	85.28	91.86	177.14
	583.33	**(90.82)**	**492.53**

Particulars	01 April 2019	Recognised in Statement of Profit and Loss	31 March 2020
Liabilities			
Temporary difference on amortisation of intangible assets and depreciation of property plant and equipment	1,310.66	135.76	1,446.42
Adjustment on account of interest free loan and upfront fees on borrowings	5.07	(0.89)	4.18
Fair valuation of investments	1.32	1.98	3.30
Assets			
Adjustment on account of interest on Other Convertible Debentures ('OCD's)	151.49	88.96	240.46
Provision for major maintenance obligation	98.62	41.94	140.56
Amount payable to NHAI as per service concession agreement	260.03	7.26	267.30
Unused business loss	137.24	(37.47)	99.77
Tax credit (minimum alternative tax)	177.14	38.57	215.70
	492.53	**(2.41)**	**490.12**

Particulars	01 April 2020	Recognised in Statement of Profit and Loss	31 March 2021
Liabilities			
Temporary difference on amortisation of intangible assets and depreciation of property plant and equipment	1,446.42	67.50	1,513.92
Adjustment on account of interest free loan and upfront fees on borrowings	4.18	(0.74)	3.44
Fair valuation of investments	3.30	(2.11)	1.19
Assets			
Adjustment on account of interest on Other Convertible Debentures ('OCD's)	240.46	57.08	297.54
Provision for major maintenance obligation	140.56	28.18	168.74
Amount payable to NHAI as per service concession agreement	267.30	13.00	280.30
Unused business loss	99.77	47.08	146.86
Tax credit (minimum alternative tax)	215.70	74.84	290.54
	490.12	**(155.54)**	**334.57**

Particulars	01 April 2021	Recognised in Statement of Profit and Loss	31 December 2021
Liabilities			
Temporary difference on amortisation of intangible assets and depreciation of property plant and equipment	1,513.92	94.04	1,607.95
Adjustment on account of interest free loan and upfront fees on borrowings	3.44	0.56	3.99
Fair valuation of investments	1.19	1.56	2.75
Assets			
Adjustment on account of interest on Other Convertible Debentures ('OCD's)	297.54	(297.54)	-
Provision for major maintenance obligation	168.74	(35.67)	133.08
Amount payable to NHAI as per service concession agreement	280.30	4.85	285.15
Unused business loss	146.86	(146.86)	-
Tax credit (minimum alternative tax)	290.54	92.37	382.91
	334.57	**479.00**	**813.57**

	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
21 Trade payables				
Total outstanding dues of micro and small enterprises [refer note (i) below]	0.08	0.08	14.94	9.80
Total outstanding dues to others	312.45	211.24	198.33	251.74
	312.53	**211.32**	**213.27**	**261.54**

Note:

(i) **Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006**

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the SPV Group, the following are the details:

a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	0.08	0.08	14.94	9.80
b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-	-
c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-	-
d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-

22 Other current liabilities				
Mobilisation advance from concession authority	-	-	2.98	6.02
Payable to statutory authorities	30.15	14.82	23.24	21.52
Other payables	1.00	1.00	4.73	3.19
	31.15	**15.82**	**30.95**	**30.73**
23 Current tax liabilities (net)				
Provision for income tax (net)	17.25	15.06	2.45	-
	17.25	**15.06**	**2.45**	**-**

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	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
24 Revenue from operations*				
Operating revenue				
Income arising out of toll collection	3,290.10	3,919.12	3,922.85	3,781.56
Interest income on annuity receivable from NHAI	197.56	300.73	338.18	387.30
Revenue from operations and maintenance of road	135.87	134.97	136.78	151.39
Revenue from periodic maintenance of road	-	25.30	308.70	5.30
Other operating revenues				
Claim from NHAI	601.80	378.72	-	-
Change of scope and utility shifting expenses	184.87	182.54	211.19	200.88
Gain on modification of annuity	42.22	143.66	91.10	-
	4,452.42	**5,085.04**	**5,008.80**	**4,526.43**

*refer note 44

25 Other income				
Interest income				
- Bank deposits	74.49	59.98	63.21	44.71
- Income tax refund	0.11	2.28	0.34	0.15
- Others	0.01	0.01	0.18	0.01
Insurance claims	58.08	4.01	3.65	2.61
Gain on investments carried at fair value through profit or loss (net)	16.13	6.61	24.31	49.47
Gain on sale of property, plant and equipment (net)	0.03	-	-	0.24
Excess provisions written back	0.40	2.26	0.99	0.03
Gain on sale of investments (net)	47.69	81.51	120.96	162.21
Gain on modification of financial liability	26.53	64.09	13.34	-
Miscellaneous income	1.65	20.34	4.45	1.82
	225.12	**241.09**	**231.43**	**261.25**

26 Operating expenses				
Expenses related to claim from NHAI	553.00	378.72	-	-
Toll operation and maintenance expense	261.47	386.50	362.33	409.39
Major maintenance provision	181.13	451.45	834.11	405.10
Change of scope and utility shifting expenses	175.81	160.62	191.58	202.24
	1,171.41	**1,377.29**	**1,388.02**	**1,016.73**

27 Employee benefits expense				
Salary, wages and bonus	77.95	93.10	94.82	83.42
Contribution to provident and other funds	7.28	10.76	10.99	8.72
Staff welfare expenses	11.65	13.70	10.38	10.81
	96.88	**117.56**	**116.19**	**102.95**

For disclosures related to provision for employee benefits, refer note 33 - Employee benefit obligations

28 Finance costs				
Interest expense				
- term loans and debentures	1,060.22	1,527.93	1,638.30	1,703.62
- preference shares	39.43	51.32	49.76	129.77
- optionally convertible debentures	705.27	865.14	773.99	685.14
- late payment of statutory dues	1.70	0.10	0.88	0.57
- compulsory convertible debentures	36.72	-	-	-
- others	27.35	38.65	38.99	37.80
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	111.50	145.97	143.44	140.25
Unwinding of discount on major maintenance provision	44.77	59.97	68.75	52.41
Unwinding of discount on provisions and financial liabilities carried at amortised cost	34.69	41.74	38.65	52.18
Loss on modification of annuity	-	-	-	64.50
Loss on modification of financial liability	-	-	-	14.03
Finance and bank charges	12.68	9.69	22.01	18.71
	2,074.33	**2,740.51**	**2,774.77**	**2,898.98**

	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
29 Depreciation and amortisation expense				
Depreciation of property, plant and equipment (refer note 3)	13.18	15.31	14.58	14.58
Amortisation of intangible assets (refer note 5)	720.44	904.50	1,024.09	921.63
	733.62	**919.81**	**1,038.67**	**936.21**
30 Other expenses				
Power, fuel and water charge	24.28	32.19	32.41	31.73
Legal and professional expenses	34.99	59.47	51.51	39.21
Insurance	59.14	92.92	31.44	26.37
Management support services fee	140.89	111.39	144.90	136.40
Communication	2.39	2.81	2.20	2.55
Loss on investments carried at fair value through profit or loss (net)	7.76	12.20	23.05	39.47
Rates and taxes	0.01	0.80	0.97	0.61
Travelling and conveyance	5.71	3.69	7.71	6.89
Independent consultancy and project monitoring fees	40.26	50.65	18.70	18.67
Director sitting fees	0.92	1.19	0.85	0.92
Rent (refer note 34)	1.77	2.32	1.96	1.83
Bad debts written off	26.40	-	-	-
Payments to NHAI	-	-	-	44.38
Printing and stationery	0.25	0.93	1.06	1.28
Miscellaneous expenses	18.37	23.13	32.74	45.63
	363.14	**393.69**	**349.50**	**395.94**

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31 Assets pledged as security

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Current				
Investments (refer note 11)	2,696.72	2,156.37	2,465.11	2,027.72
Trade receivables (refer note 12)	77.12	68.92	87.48	62.08
Cash and cash equivalents and other bank balances (refer note 13 and 14)	2,064.21	1,702.01	1,034.04	1,031.02
Other current financial assets (refer note 7)	948.92	949.80	939.68	933.55
Total current assets pledged as security	**5,786.97**	**4,877.10**	**4,526.31**	**4,054.37**
Non-current				
Property, plant and equipment (refer note 3)	70.50	66.93	62.05	55.48
Intangible assets (refer note 5)	20,525.08	21,249.03	22,159.81	23,166.83
Capital work-in-progress (refer note 4)	15.38	9.40	-	6.58
Other non-current financial assets (refer note 6)	1,146.42	1,626.38	1,861.32	1,955.65
Total non-currents assets pledged as security	**21,757.38**	**22,951.73**	**24,083.18**	**25,184.55**
Total assets pledged as security	**27,544.36**	**27,828.83**	**28,609.49**	**29,238.91**

32 Tax expense

	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
(i) Income tax expense recognised in Special Purpose Combined Statement of Profit and Loss				
Current tax (including earlier periods / years)	127.18	127.00	91.10	121.11
Deferred tax	479.00	(155.54)	(2.41)	(90.82)
	606.18	**(28.54)**	**88.69**	**30.29**

The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows :

Profit before tax	238.16	(222.73)	(426.92)	(563.13)
Income tax using the SPV Group's domestic tax rate *	29.12%	29.12%	29.12%	29.12%
Expected tax expense [A]	**69.35**	**(64.86)**	**(124.32)**	**(163.98)**
Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense:				
Tax impact of exempt income pursuant to tax holiday	(105.50)	(74.92)	(62.85)	-
Deferred tax asset not recognised due to absence of certainty of realisibility	691.47	136.83	273.57	269
Minimum Alternate Tax (MAT) credit recognized	(92.37)	(74.84)	(38.57)	(91.86)
Impact of MAT Credit not being availed due to uncertainity of realizability	36.66	50.10	41.94	5.34
Others	6.57	(0.85)	(1.08)	11.81
Total adjustments [B]	**536.83**	**36.32**	**213.01**	**194.28**
Actual tax expense [C=A+B]	**606.18**	**(28.54)**	**88.69**	**30.29**

***** Domestic tax rate applicable to the SPV Group has been computed as follows:

Base tax rate	25.00%	25.00%	25.00%	25.00%
Surcharge (% of tax)	12.00%	12.00%	12.00%	12.00%
Cess (% of tax)	4.00%	4.00%	4.00%	4.00%
Applicable rate	29.12%	29.12%	29.12%	29.12%

Unused tax losses and credits:

- Unused tax losses and depreciation:

The SPV Group has the following unused tax losses and unabsorbed depreciation which arose on incurrence of business losses under the Income-tax Act, 1961, for which no deferred tax asset has been recognised in the books of accounts considering the SPV Group believes that there is no probability which demonstrates realisation of such assets in the near future:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Unused tax losses and unabsorbed depreciation for which no deferred tax asset has been recognised(Refer (a) and (b) below)	7,907.80	4,800.71	5,425.82	5,471.96
Potential tax benefit @ 29.12% (31 March 2021 : 29.12% ; 31 March 2020 : 29.12% ; 31 March 2019 : 29.12%)	2,302.75	1,397.97	1,580.00	1,593.44

a) Unrecognised business loss can be carried forward based on the year of origination as follows:

Assessment year/period of origination	Financial year of expiry	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
AY 2017-18	AY 25-26	138.71	138.71	588.61	588.93
AY 2018-19	AY 26-27	142.66	142.66	142.66	511.71
AY 2019-20	AY 27-28	122.04	122.04	122.04	136.77
AY 2020-21	AY 28-29	98.38	98.38	244.31	-
AY 2021-22	AY 29-30	53.33	53.33	-	-
AY 2022-23	AY 30-31	3,148.71	-	-	-
		3,703.83	**555.12**	**1,097.62**	**1,237.41**

b) Unabsorbed depreciation can be carried forward based on the year of origination as follows:

Assessment year/period of origination	Financial year of expiry	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
AY 2010-11	Indefinitely	747.90	747.90	747.90	817.66
AY 2011-12	Indefinitely	833.84	833.84	833.84	833.84
AY 2012-13	Indefinitely	736.96	736.96	736.96	736.96
AY 2013-14	Indefinitely	558.61	558.61	638.12	638.12
AY 2014-15	Indefinitely	398.69	402.72	405.82	405.82
AY 2015-16	Indefinitely	214.02	251.61	251.61	251.61
AY 2016-17	Indefinitely	329.34	329.34	329.34	329.34
AY 2017-18	Indefinitely	203.65	203.65	203.65	203.65
AY 2018-19	Indefinitely	2.83	2.83	2.83	2.83
AY 2019-20	Indefinitely	14.72	14.72	14.72	14.72
AY 2020-21	Indefinitely	163.41	163.41	163.41	-
		4,203.97	**4,245.59**	**4,328.20**	**4,234.55**

- Unused tax credits

There are unused minimum alternate tax credits as mentioned below which have not been recognized as an asset in the books of accounts in the absence of convincing evidence of utilization during the specified allowable period against the future taxable profits to be computed as per the normal provisions of the Income Tax Act, 1961:

Assessment year/period of origination	Financial year of expiry	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
AY 2014-15	AY 2029-30	2.34	2.34	2.34	2.34
AY 2015-16	AY 2030-31	10.05	10.05	10.05	10.05
AY 2016-17	AY 2031-32	6.68	6.68	6.68	6.68
AY 2017-18	AY 2032-33	23.11	23.11	23.11	23.11
AY 2018-19	AY 2032-34	20.69	20.69	20.69	20.69
AY 2019-20	AY 2032-35	5.34	5.34	5.34	5.34
AY 2020-21	AY 2032-36	41.94	41.94	41.94	-
AY 2021-22	AY 2036-37	50.10	50.10	-	-
		160.25	**160.25**	**110.15**	**68.21**

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33 Disclosure relating to employee benefits pursuant to Ind AS 19 - Employee Benefits

Particulars	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Provisions:								
Gratuity	0.28	8.01	0.20	7.43	0.13	6.79	0.20	3.88
Compensated absences	0.41	4.66	0.38	4.47	0.40	4.22	0.28	2.83
Total	**0.69**	**12.67**	**0.58**	**11.90**	**0.53**	**11.01**	**0.48**	**6.71**

A Disclosure of gratuity

Gratuity (Funded)

The SPV Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs on completion of 5 continuous years of service as per Payment of Gratuity Act, 1972. However, no vesting condition applies in case of death.

Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such, the SPV Group is exposed to various risks as follows:

(a) Salary increases - Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

(b) Investment risk - If plan is funded then assets/liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

(c) Discount rate - Reduction in discount rate in subsequent valuations can increase the plan's liability.

(d) Mortality and disability - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

(e) Withdrawals - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

(i) **Amount recognised in the Combined Statement of Profit and Loss is as under:**

Description	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
Current service cost	1.71	2.24	1.76	1.53
Interest cost	0.35	0.48	0.29	0.21
Net impact on profit (before tax)	**2.06**	**2.72**	**2.05**	**1.75**
Actuarial (gain)/loss recognised during the period/year	(0.46)	(0.57)	1.25	0.06
Amount recognised in total comprehensive income	**1.60**	**2.15**	**3.30**	**1.81**

(ii) **Change in the present value of obligation:**

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Present value of defined benefit obligation as at the beginning of the period/year	10.38	9.08	5.79	4.31
Current service cost	1.71	2.24	1.76	1.53
Interest cost	0.50	0.48	0.29	0.21
Benefits paid	(0.81)	(0.85)	(0.02)	(0.32)
Actuarial (gain) / loss	(0.46)	(0.57)	1.25	0.06
Present value of defined benefit obligation as at the end of the period/year	**11.32**	**10.38**	**9.08**	**5.79**

(iii) **Movement in the plan assets recognised in the Combined Balance Sheet is as under:**

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Fair value of plan assets at the beginning of the period/year	2.75	2.16	1.71	1.30
Actual return on plan assets	0.15	0.16	0.14	0.10
Contributions	0.13	0.45	0.34	0.34
Actuarial gain	-	(0.01)	(0.02)	(0.03)
Fair value of plan assets at the end of the period/year	**3.03**	**2.75**	**2.16**	**1.71**

(iv) **Reconciliation of present value of defined benefit obligation and the fair value of assets:**

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation as at the end of the period/year	11.32	10.38	9.08	5.79
Fair value of plan assets as at the end of the period funded status	3.03	2.75	2.16	1.71
Unfunded/funded net liability recognized in Combined Balance Sheet	**8.29**	**7.63**	**6.92**	**4.08**

(v) **Breakup of actuarial (gain)/loss:**

Description	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
Actuarial gain from change in demographic assumption	-	(0.00)	(0.00)	-
Actuarial (gain)/loss from change in financial assumption	(0.09)	0.22	0.68	0.02
Actuarial (gain)/loss from experience adjustment	(0.37)	(0.80)	0.55	0.01
Return on plan assets (excluding amounts included in net interest expense)	-	0.01	0.02	0.03
Total actuarial (gain)/loss	**(0.46)**	**(0.57)**	**1.25**	**0.06**

(vi) **Actuarial assumptions:**

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Discount rate range	6.35% to 7.75%	6.35% to 7.75%	6.35% to 7.75%	6.35% to 7.75%
Rate of increase in compensation levels range	6% to 8%	6% to 8%	6% to 8%	6% to 8%
Retirement age	58 years	58 years	58 years	58 years

Notes:

1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.

2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factor

(vii) **Sensitivity analysis for gratuity liability:**

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Impact of change in discount rate				
Present value of obligation at the end of the period/year	11.32	10.38	9.08	5.79
- Impact due to increase of 0.50% - 1 %	(0.60)	(0.53)	(0.47)	(0.30)
- Impact due to decrease of 0.50% - 1 %	0.62	0.57	0.48	0.31
Impact of change in salary increase				
Present value of obligation at the end of the period/year	11.31	10.35	9.08	5.78
- Impact due to increase of 0.50% - 1 %	0.52	0.43	0.38	0.24
- Impact due to decrease of 0.50% - 1 %	(0.47)	(0.41)	(0.35)	(0.23)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

(viii) **Maturity profile of defined benefit obligation:**

Description	As at	As at	As at	As at
Within next 12 months	0.28	0.20	0.13	0.20
Between 1-5 years	2.96	3.00	2.76	1.87
Beyond 5 years	4.65	4.01	3.71	1.98
Total	**7.89**	**7.21**	**6.60**	**4.05**

B Compensated absence

Amount recognised in the Combined Statement of Profit and Loss is as under:

Description	For the period ended	For the financial year ended	For the financial year ended	For the financial year ended
Current service cost	0.92	1.12	1.09	0.96
Interest cost	0.23	0.30	0.22	0.18
Actuarial (gain)/loss recognised during the period/year	(0.07)	0.18	0.36	(0.04)
Amount recognised in the Combined Statement of Profit and Loss	**1.08**	**1.60**	**1.67**	**1.10**

34 Information on Lease transactions pursuant to Ind AS 116-Leases

The SPV Group is a lessee under various short term leases. Rental expense on short term or low value leasees for the nine months ended 31 December 2021 and for financial year ended 31 March 2021 31 March 2020 and 31 March 2019 are ₹ 1.77 million ₹ 2.32 million, ₹ 1.96 million, ₹ 1.83 millions respectively.

35 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided as at 31 December 2021 : ₹ 31.62 million 31 March 2021:₹ 42.05 million , 31 March 2020: ₹ 27.44 million, 31 March 2019 : ₹ 31.40 million.

36 Contingent liabilities and claims

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Sales tax and income tax cases in respect of which SPV Group is in appeals	0.13	3.76	26.29	26.80
Claims raised against the SPV Group for Stamp Duty dues under the Indian Stamp Act, 1899 under appeals	221.19	221.19	221.19	221.19
Labour welfare dues in respect of which SPV Group is in appeals	47.78	47.78	47.78	47.78
Total	**269.10**	**272.73**	**295.26**	**295.77**

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37 Fair value disclosures

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the Combined Balance Sheet are divided into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets measured at fair value - recurring fair value measurements:

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,027.72	-	-	**2,027.72**

As at 31 March 2020	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,465.11	-	-	**2,465.11**

As at 31 March 2021	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,156.37	-	-	**2,156.37**

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,696.72	-	-	**2,696.72**

Valuation process and technique used to determine fair value

The fair value of investments in mutual fund units are based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at each reported balance sheet dates. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investor

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(ii) Fair value of instruments measured at amortised cost:

Fair value of long term instruments of financial assets and liabilities measured at amortised cost for which fair value is disclosed as follows using Level 3 inputs:

Particulars	As at 31 December 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Other current and non current financial assets	2,095.35	2,214.69	2,576.17	2,749.32	2,801.00	3,051.57	2,889.20	2,958.29
Trade receivables	77.12	77.12	68.92	68.92	87.48	87.48	62.08	62.08
Cash and cash equivalents	104.93	104.93	79.81	79.81	174.91	174.91	187.52	187.52
Bank balances other than cash and cash equivalents above	1,959.28	1,959.28	1,622.21	1,622.21	859.13	859.13	843.50	843.50
Total financial assets	**4,236.68**	**4,356.01**	**4,347.11**	**4,520.26**	**3,922.52**	**4,173.09**	**3,982.30**	**4,051.39**
Financial liabilities								
Borrowings	23,484.49	23,484.49	23,994.36	23,994.36	24,125.65	24,125.65	24,216.83	24,216.83
Trade payable	312.53	312.53	211.32	211.32	213.28	213.28	261.54	261.54
Other financial liabilities	1,583.42	1,583.42	1,568.74	1,568.74	1,503.55	1,503.55	1,464.43	1,464.43
Total financial liabilities	**25,380.44**	**25,380.44**	**25,774.42**	**25,774.42**	**25,842.48**	**25,842.48**	**25,942.80**	**25,942.80**

The carrying amount of financial assets and financial liabilities measured at amortised cost in these special purpose combined financial statements are a reasonable approximation of their fair values since the SPV Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed rate receivables are evaluated by the SPV Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the SPV Group's loans and receivables from/to related parties and others are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at the reporting period end was assessed to be insignificant.

(iii) All the other long term borrowing facilities availed by the SPV Group are variable rate facilities which are subject to changes in underlying interest rate indices. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the SPV Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

38 Financial risk management

i) Financial instruments by category

Particulars	As at 31 December 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets												
Investments	2,696.72	-	-	2,156.37	-	-	2,465.11	-	-	2,027.72	-	-
Other current and non current financial assets	-	-	2,095.35	-	-	2,576.17	-	-	2,801.00	-	-	2,889.20
Trade receivables	-	-	77.12	-	-	68.92	-	-	87.48	-	-	62.08
Cash and cash equivalents	-	-	104.93	-	-	79.81	-	-	174.91	-	-	187.52
Other bank balances	-	-	1,959.28	-	-	1,622.21	-	-	859.13	-	-	843.50
Total	**2,696.72**	**-**	**4,236.68**	**2,156.37**	**-**	**4,347.11**	**2,465.11**	**-**	**3,922.52**	**2,027.72**	**-**	**3,982.30**
Financial liabilities												
Borrowings	-	-	23,484.49	-	-	23,994.36	-	-	24,125.65	-	-	24,216.83
Trade payables	-	-	312.53	-	-	211.32	-	-	213.28	-	-	261.54
Other financial liabilities	-	-	1,583.42	-	-	1,568.74	-	-	1,503.55	-	-	1,464.43
Total	**-**	**-**	**25,380.44**	**-**	**-**	**25,774.42**	**-**	**-**	**25,842.48**	**-**	**-**	**25,942.80**

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ii) Risk Management

The SPV Group's activities expose it to market risk, liquidity risk and credit risk. The SPV Group's Board of Directors has overall responsibility for the establishment and oversight of the SPV Group's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the Combined Financial Statements :

Risk	Exposure arising from	Measurement	Management of SPV Group manages risks by
Credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents above, trade receivables, financial assets measured at amortised cost	Ageing analysis	Investing in bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk : interest rate risk	Borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors.
Market risk : price risk	Investments at fair value through profit or loss	Sensitivity analysis	Diversification of its portfolio of assets.

The SPV Group's risk management is carried out by a project finance team and treasury team under policies approved by Board of Directors of respective SPVs. The management of the SPV Group provides principles for overall risk managment, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the SPV Group. The SPV Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The SPV Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets:
- cash and cash equivalents,
- trade receivables,
- loans and receivables carried at amortised cost, and
- deposits with banks.

a) Credit risk management

The SPV Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the SPV Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The SPV Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Medium credit risk
(iii) High credit risk

Assets under credit risk :

Credit rating	Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A: Low	Other current and non-current financial assets	2,095.35	2,576.17	2,801.00	2,889.20
	Cash and cash equivalents	104.93	79.81	174.91	187.52
	Bank balances other than cash and cash equivalents above	1,959.28	1,622.21	859.13	843.50
A: Medium	Trade receivables	77.12	68.92	87.48	62.08

Cash and cash equivalents and bank balances other than cash and cash equivalents

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade receivables

The SPV Group has trade receivables primarily from various government authorities. Credit risk related to these receivables is expected to be low, except in the case where individual receivables are known to be uncollectable. Such receivables are managed by monitoring the recoverability of amounts continuously.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes security deposits, annuity receivable, receivable from related parties and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

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b) Expected credit losses

Trade receivables

The SPV Group is engaged in infrastructure development business under Build-Operate-Transfer ("BOT") and design, build, finance, operate and transfer (DBFOT) project. It currently derives its revenue primarily from toll collection / annuity business. Other than collection in cash or by way of smart cards which are considered as low credit risk assets, since the annuity receivables are from NHAI and various Government authorities. The credit risk with respect to such receivables from government institutions is expected to be very low and hence, no provision for expected credit loss is deemed necessary except in the case where individual receivables are known to be uncollectable.

Financial assets (other than trade receivables)

The SPV Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and bank balances other than cash and cash equivalents - Since the SPV Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans and other financial assets - Credit risk is evaluated based on the SPV Group's knowledge of the credit worthiness of those parties and loss allowance is measured. Since, this category includes loans and receivables of varied natures and purpose, there is no trend that the the SPV Group can draw to apply consistently to entire population.

B) Liquidity risk

Liquidity risk is the risk that the SPV Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The SPV Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The SPV Group requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The SPV Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

a) Financing arrangements

The SPV Group does not have access to any undrawn borrowing facilities as at 31 December 2021, 31 March 2021, 31 March 2020 or 31 March 2019 respectively.

b) Maturities of financial liabilities

The tables below analyse the SPV Group's financial liabilities into relevant maturity categories based on their contractual maturities for all non-derivative financial liabilities: "The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings including interest	3,070.69	7,785.78	6,278.27	31,580.61	**48,715.35**
Trade payable	312.53	-	-	-	**312.53**
Other financial liabilities	103.56	-	-	-	**103.56**
Deferred payment liabilities-payable to NHAI for toll collection	135.80	292.31	342.41	2,558.93	**3,329.44**
Total	**3,622.58**	**8,078.09**	**6,620.68**	**34,139.54**	**52,460.89**
As at 31 March 2021	**Less than 1 year**	**1-3 year**	**3-5 year**	**More than 5 years**	**Total**
Borrowings including interest	6,199.77	5,460.65	5,241.05	20,559.63	**37,461.10**
Trade payable	211.32	-	-	-	**211.32**
Other financial liabilities	59.12	-	-	-	**59.12**
Deferred payment liabilities-payable to NHAI for toll collection rights	130.89	281.74	310.62	2,704.35	**3,427.61**
Total	**6,601.10**	**5,742.39**	**5,551.67**	**23,263.99**	**41,159.15**
As at 31 March 2020	**Less than 1 year**	**1-3 year**	**3-5 year**	**More than 5 years**	**Total**
Borrowings including interest	6,201.08	5,531.00	5,667.59	22,447.61	**39,847.27**
Trade payable	213.28	-	-	-	**213.28**
Other financial liabilities	35.22	-	-	-	**35.22**
Deferred payment liabilities-payable to NHAI for toll collection rights	124.66	268.33	295.83	2,814.50	**3,503.32**
Total	**6,574.23**	**5,799.32**	**5,963.42**	**25,262.11**	**43,599.09**
As at 31 March 2019	**Less than 1 year**	**1-3 year**	**3-5 year**	**More than 5 years**	**Total**
Borrowings including interest	5,762.89	5,313.34	5,758.44	24,639.01	**41,473.69**
Trade payable	261.54	-	-	-	**261.54**
Other financial	118.72	255.55	281.74	2,966.03	**3,622.04**
Deferred payment liabilities-payable to NHAI for toll collection rights	47.75	-	-	-	**47.75**
Total	**6,190.91**	**5,568.89**	**6,040.18**	**27,605.04**	**45,405.02**

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C) Market risk

a) Interest rate risk

i) Liabilities

The SPV Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting periods end, the SPV Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The SPV Group's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the SPV Group to interest rate risk:

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Variable rate borrowing	6,169.99	6,302.72	6,274.93	7,060.03
Fixed rate borrowing	17,314.50	17,691.64	17,850.72	17,156.80
Amount disclosed under borrowings	**23,484.49**	**23,994.36**	**24,125.65**	**24,216.83**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Interest sensitivity*				
Interest rates – increase by 100 bps*	61.70	63.03	62.75	70.60
Interest rates – increase by 100 bps*	(61.70)	(63.03)	(62.75)	(70.60)

** Holding all other variables constant*

ii) Assets

The SPV Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107 'Financial Instruments Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

b) Price risk

i) Exposure

The SPV Group's exposure to price risk arises from investments held and classified in the Combined Balance Sheet at fair value through profit or loss. To manage the price risk arising from investments, the SPV Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increase/decrease of the index on the SPV Group's profit for the period :

Impact on profit before tax

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Mutual Funds				
Net assets value – increase by 100 bps	26.97	21.56	24.65	20.28
Net assets value –	(26.97)	(21.56)	(24.65)	(20.28)

39 Capital management

For the purpose of the SPV Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the SPV Group. The primary objective of the SPV Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The SPV Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the SPV Group may return capital to shareholders or issue new shares. The SPV Group monitors capital using a gearing ratio, which is net debt divided by total equity. The SPV Group's policy is to keep the gearing ratio optimum.

Debt equity ratio

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Net debts*	25,275.52	25,694.61	25,667.57	25,755.28
Total equity (refer note 16)	366.26	733.82	1,581.21	2,098.07
Net debt to equity ratio	**69.01**	**35.01**	**16.23**	**12.28**

***Net debts**

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Non current borrowings (refer note 17A)	21,506.50	22,252.15	22,464.09	22,733.36
Current borrowings (refer note 17B)	1,977.99	1,742.21	1,661.56	1,483.47
Trade payables (refer note 21)	312.53	211.32	213.27	261.54
Other financial liabilities (refer note 18A and 18B)	1,583.43	1,568.74	1,503.56	1,464.43
Less: Cash and cash equivalents (refer note 13)	104.93	79.81	174.91	187.52
Net debts	**25,275.52**	**25,694.61**	**25,667.57**	**25,755.28**

40 Related Party Disclosures

Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures and SEBI (Infrastructure Investment Trusts) Regulations, 2014 have been presented below. Following are the related parties and transactions entered with related parties for the nine months ended 31 December 2021 and financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 :

Parties to the InvIT pursuant to SEBI (Infrastructure Investment Trusts) Regulations, 2014

Galaxy Investments II Pte. Ltd. (Sponsor)	**Directors** Mr. Cecilio Velasco (Director) Mr. Tang Jin Rong (Director) **Promoters** Galaxy Investments Pte. Ltd.
Virescent Infrastructure Investment Manager Private Limited (Investment Manager)	**Directors and KMP** Mr. Akshay Jaitly, Additional Director Mr. Sanjay Grewal, Wholetime Director Mr. Vinay Kumar Pabba, Director w.e.f. 26 November 2020 till 01 February 2022 Mr. Panja Pradeep Kumar, Director Mr. Hardik Bhadrik Shah, Director Ms. Charmy Chandrakant Bhoot, Company Secretary
Virescent Renewable Energy Project Manager Private Limited (Project Manager)	**Directors** Mr. Sanjay Grewal, Director Mr. Atul Raizada, Director **Promoters** Virescent Infrastructure Investment Manager Private Limited
Axis Trustee Services Limited (Trustee)	**Directors** Mr. Rajesh Kumar Dahiya (Director) Mr. Ganesh Sankaran (Director) Ms. Deepa Rath CEO (KMP), Managing Director **Promoters** Axis Bank Limited
Enterprises having significant influence over the SPV Group during the periods presented in the Combined Financial Statements *	HCC Concessions Limited India Infrastructure Fund II India Infrastructure Fund Welspun Enterprises Private Limited (till December 2018) Highway Concessions One Private Limited Chetak Enterprises Private Limited (till December 2018) Welspun Global Brands Limited (till December 2018) Galaxy Investment II Pte Ltd (w.e.f 17 December 2021)
Key managerial personnel of the SPV Group:	
Ulundurpet Expressways Private Limited ('UEPL')	Mr. Narayanan Gopalakrishnan (Director) - w.e.f. 17 February 2014 till 17 December 2021 Mr. Ankur Rajender Srivastava (Director) - w.e.f. 17 February 2014 till 17 December 2021 Mr. Neeraj Sanghi (Director) - w.e.f. 17 October 2016 Mr. Rishi Mishra (Company Secretary) - w.e.f. 5 May 2015 Mr. P.V. Durga Rao (Chief Financial Officer) - w.e.f. 1 September 2015 till 10 March 2021 Mr. Narayanan Doraiswamy (Director) - w.e.f. 17 December 2021
Nirmal Bot Limited ('NBL')	Mr. Rajam Kalyana Raman (Independent Director) - w.e.f. 23 December 2015 till 5 July 2018 Mr. Milind Ghanshyam Agrawal (Director) - w.e.f. 23 December 2015 till 31 July 2020 Mr. Narayanan Subramaniam (Director) - w.e.f. 23 December 2015 till 30 October 2020 Mr. Pramod Laxman Bongirwar (Independent Director) - w.e.f. 23 December 2015 till 17 December 2021 Mr. Praveen Kumar - CFO w.e.f 12 March 2020 Ms. Kunjal Shah (Company Secretary) - w.e.f. 23 December 2015 Mr. Venkata Ramana Jannela (Manager) - w.e.f. 3 March 2017 till 31 October 2020 Mr. Narayanan Doraiswamy (Chief Financial Officer) - w.e.f. 12 September 2016 till 10 December 2019 Ms. Simran Sarabjit Singh (Director) - w.e.f. 31 Augut 2017 till 17 December 2021 Mr. Pranay Chander Ditavaar (Manager) w.e.f. 11 November 2020 Mr. Puneet Madan Kayastha (Independent Director) - w.e.f. 31 August 2018 Mr. Narayanan Doraiswamy (Director) - w.e.f. 11 November 2020 Mr. Neeraj Sanghi (Director) - w.e.f. 17 December 2021 Mr. Nihar Ranjan Dash (Independent Director) - w.e.f. 17 December 2021

Jodhpur Pali Expressway Private Limited ('JEPL')	Mr. Narayanan Gopalakrishnan (Director) - w.e.f. 31March 2017 till 17 December 2021 Mr. Neeraj Sanghi (Director) - w.e.f. 31 March 2017 Mr. Milind Ghanshyam Agrawal (Director) - w.e.f. 27October 2017 till 31 July 2020 Mr. Puneet Madan Kayastha (Independent Director) - w.e.f. 29 June 2017 tili 17 December 2021 Mr. Nihar Ranjan Dash (Independent Director) - w.e.f. 29 June 2017 till 17 December 2021 Dr. Zafar Khan (Director) - w.e.f. 17 December 2021
Shillong Expressway Private Limited ('SEPL')	Mr. Neeraj Sanghi (Director) - w.e.f. 31 March 2017 till 17 December 2021 Mr. Milind Ghanshyam Agrawal (Director) - w.e.f. 21 February 2018 till 31 July 2020 Mr. Abhijit Chattopadhyay (Independent Director) - w.e.f. 29 June 2017 till 17 December 2021 Mr. Nihar Ranjan Dash (Independent Director) - w.e.f. 29 June 2017 till 17 December 2021 Mr. Narayanan Gopalakrishnan - w.e.f 31 March 2017 till 13 January 2022 Mr. Ankur Srivastava (Director) - w.e.f. 17 December 2021 till 13 January 2022 Mr. Narayanan Doraiswamy (Director) - w.e.f. 13 January 2022 Mr. Neeraj Sanghi (Director) - w.e.f. 13 January 2022
Dewas Bhopal Corridor Private Limited ('DBCPL')	Mr. Sandeep Garg (Director) - w.e.f. 6 November 2012 till 14 December 2018 Mr. Hukmi Chand Jain (Director) - w.e.f. 15 May 2007 till 14 December 2018 Mr. Narayanan Gopalakrishnan (Director) - w.e.f. 22 December 2015 till 17 December 2021 Ms. Megha Kalpesh Dave (Company Secretary) - w.e.f. 22 June 2016 till 21 December 2018 Mr. Neeraj Sanghi (Director) - w.e.f. 31 January 2017 Mr. Ankur Rajender Srivastava (Director) - w.e.f. 12 May 2017 till 17 December 2021 Dr. Zafar Khan (Director) - w.e.f. 17 December 2021
Godhra Expressways Private Limited ('GEPL')	Mr. Neeraj Sanghi (Director) - w.e.f. 23 February 2017 Mr. Milind Ghanshyam Agrawal (Director) - w.e.f. 23 February 2017 till 31 July 2020 Mr. Puneet Madan Kayastha (Independent Director) - w.e.f. 22 May 2017 till 17 December 2021 Mr. Pramod Laxman Bongirwar (Independent Director) -w.e.f. 22 May 2017 till 17 December 2021 Mr. Satish Viraji Bhanushali (Company Secretary) - w.e.f. 1 April 2017 till 13 May 2021 Mr. Narayanan Gopalakrishnan (Director) 23 February 2017 till 17 December 2021 Mr. Manish Jain (Company Secretary) -w.e.f. 3 June 2021 Dr. Zafar Khan (Director) - w.e.f. 17 December 2021

* With whom the SPV Group had transactions during the reported period / years

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Highways Infrastructure Trust
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

Transactions and outstanding balances with related parties in the ordinary course of business

Particulars	Transactions with enterprises having significant influence over the SPV Group				Transactions with key managerial personnel of SPV Group / relatives of key managerial personnels of SPV Group			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019
Transactions during the period / year								
Interest on Non Convertible Debentures								
India Infrastructure Fund -II	-	3.27	6.33	14.07	-	-	-	-
Redemption of Preference Share								
India Infrastructure Fund -II	-	-	-	685.10	-	-	-	-
Interest paid on Preference Share								
India Infrastructure Fund -II	39.43	51.32	49.76	129.77	-	-	-	-
Gain/ (loss) on modification liability of preference shares								
India Infrastructure Fund -II	26.53	64.09	13.34	(14.03)	-	-	-	-
Proceeds from issue of Compulsory convertible debentures ('CCD's')								
Galaxy Investments II Pte. Ltd.	7,978.14	-	-	-	-	-	-	-
Redemption of OCD with IRR								
India Infrastructure Fund -II	7,640.41	258.30	-	-	-	-	-	-
IRR accrued on OCD								
India Infrastructure Fund -II	682.24	846.87	755.72	665.16	-	-	-	-
India Infrastructure Fund	23.03	18.27	18.27	19.98	-	-	-	-
IRR paid on OCD								
India Infrastructure Fund -II	39.38	27.97	14.37	5.74	-	-	-	-
Interest paid on unsecured debenture								
India Infrastructure Fund - II	-	-	-	12.65	-	-	-	-
Redemption of unsecured NCDs								
India Infrastructure Fund - II	-	50.00	-	427.50	-	-	-	-
Management support service fees								
Highway Concessions One Private Limited	140.89	111.39	144.90	136.41	-	-	-	-
Interest on compulsory convertible debentures ('CCD's')								
Galaxy Investments II Pte. Ltd.	36.72	-	-	-	-	-	-	-
Interest on Loan								
Highway Concessions One Private Limited	27.34	37.80	37.80	37.80	-	-	-	-
India Infrastructure Fund	97.05	3.11	2.08	2.07	-	-	-	-

Transactions and outstanding balances with related parties in the ordinary course of business

Particulars	Transactions with enterprises having significant influence over the SPV Group				Transactions with key managerial personnel of SPV Group / relatives of key managerial personnels of SPV Group			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019
Advances given back								
Highway Concessions One Private Limited	-	-	-	0.03	-	-	-	-
Transactions with key management personnel								
Director Sitting fees								
Mr. Rajam Kalyana Raman	-	-	-	-	-	-	-	0.10
Mr. Puneet Madan Kayastha	-	-	-	-	0.35	0.39	0.30	0.27
Mr. Pramod Laxman Bongirwar	-	-	-	-	0.24	0.29	0.24	0.33
Mr. Nihar Ranjan Dash	-	-	-	-	0.18	0.25	0.11	-
Mr Abhijeet Chattopadhyay					0.07	0.11	0.07	0.07
Remuneration								
Mr. Venkata Ramana Jannela	-	-	-	-	-	1.54	2.01	1.65
Mr. P.V. Durga Rao	-	-	-	-	-	2.69	2.91	2.98
Mr. Rishi Mishra	-	-	-	-	0.61	0.86	1.09	0.72
Ms. Megha Kalpesh Dave	-	-	-	-	-	-	-	0.17
Mr. Puneet Madan Kayastha	-	-	-	-	0.12	-	-	-
Mr. Satish Viraji Bhanushali	-	-	-	-	-	0.81	0.82	0.78
Mr. Pranay Chander	-	-	-	-	1.51	0.70	-	-
	-	-	-	-	-	-	-	-
Advance received								
Highway Concession One Private Limited	-	-	-	0.01	-	-	-	-
Advance given								
Mr. P.V. Durga Rao	-	-	-	-	-	-	-	0.50
Debentures Issued								
India Infrastructure Fund-II	-	-	-	477.50	-	-	-	-

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Transactions and outstanding balances with related parties in the ordinary course of business

Particulars	Transactions with enterprises having significant influence over the SPV Group				Transactions with key managerial personnel of SPV Group / relatives of key managerial personnels of SPV Group			
	31 December 2021	31 March 2021	31 March 2020	31 March 2019	31 December 2021	31 March 2021	31 March 2020	31 March 2019
Balances outstanding at the end of the period / year								
Equity Share Capital								
India Infrastructure Fund-II	5.00	240.42	240.42	240.42	-	-	-	-
Highway Concessions One Private Limited (Formerly known as Piramal Road Infra Private Limited) (HCOPL)	-	315.00	315.00	315.00	-	-	-	-
India Infrastructure Fund		2,645.52	2,645.52	2,645.52	-	-	-	-
Galaxy Investments II Pte. Ltd.	3,195.95	-	-	-	-	-	-	-
Liability portion of compound instruments-Preference Shares	531.98	519.08	531.84	495.42	-	-	-	-
India Infrastructure Fund -II								
Optionally convertible debentures								
India Infrastructure Fund-I	-	173.44	153.51	137.32	-	-	-	-
India Infrastructure Fund-II	-	6,690.68	6,146.74	5,403.68	-	-	-	-
Compulsory Convertible Debenture								
Galaxy Investments II Pte. Ltd.	7,978.14	-	-	-	-	-	-	-
Interest payable								
India Infrastructure Fund - II	-	25.29	12.65	-	-	-	-	-
Non convertible debentures								
India Infrastructure Fund - II	-	-	50.00	50.00	-	-	-	-
Interest accrued on CCD								
Galaxy Investments II Pte. Ltd.	36.72	-	-	-	-	-	-	-
Interest accrued but not due								
India Infrastructure Fund - II	-	-	9.45	3.12	-	-	-	-
India Infrastructure Fund	-	6.60	3.73	1.86	-	-	-	-
Trade and other payables								
Highway Concessions One Private Limited	-	-	8.41		-	-	-	-
Borrowings outstanding								
Highway Concessions One Private Limited	-	315.00	315.00	315.00	-	-	-	-
India Infrastructure Fund	-	10.91	9.92	9.02	-	-	-	-
Advance receivable								
Mr. P.V. Durga Rao	-	-	-	-	-	-	-	0.50

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41 Information on segment reporting pursuant to Ind AS 108 - Operating Segments

The SPV Group's primary business segment is reflected based on principal business activities carried on by the SPV Group i.e. building, operating and management of road projects and all other related activities which as per Ind AS 108 on 'Operating Segments" is considered to be the only reportable business segment. The SPV Group derives its major revenues from operation and maintenance of highways. The SPV Group is operating in India which is considered as a single geographical segment.

42 Earnings Per Unit

The number of units that Highways Infrastructure Trust will issue to investors in the proposed private placement and to Galaxy Investments II Pte. Ltd. ('Sponsor') in exchange of the shareholding in the SPV Group and against the loan from Sponsors is not presently ascertainable. Hence the disclosures in respect of Earnings per Unit have not been given.

43 Disclosures as required by SEBI Circular no. CIR/IMD/DF/114/2016 dated 20 October 2016

A Project wise operating cash flows

Project wise operating cash flows for the financial year ended 31 March 2019:

Particulars	Ulundurpet Expressways Private Limited	Shillong Expressway Private Limited	Jodhpur Pali Expressway Private Limited	Godhra Expressways Private Limited	Dewas Bhopal Corridor Private Limited	Nirmal Bot Limited
Loss/ Profit before tax	**(240.08)**	**(25.01)**	**(260.14)**	**(463.01)**	**425.45**	**(0.33)**
Adjustments for:						
Depreciation and amortisation expense	633.50	0.08	52.58	120.44	128.51	1.10
Gain on sale of property, plant and equipment (net)	-	-	-	-	(0.24)	-
Gain on sale of investments (net)	(24.01)	(31.29)	(23.26)	(9.46)	(64.89)	(9.30)
(Gain) / loss on investments carried at fair value through profit or loss (net)	(31.63)	13.18	2.88	(8.27)	23.41	(9.57)
Modification loss / (gain) on annuity	-	88.04	-	-	-	(23.54)
Excess provisions written back	(0.01)	-	-	-	-	(0.02)
Interest income	(2.00)	(12.16)	(3.16)	(0.20)	(8.72)	(18.63)
Re-measurement gains /(losses) on defined benefit obligations	(0.14)	(0.11)	(0.05)	0.27	-	(0.03)
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge users of toll road	-	-	15.99	124.26	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	52.18	-	-	-	-	-
Unwinding of discount on major maintenance provision	22.89	-	8.44	12.91	8.17	-
Finance cost	449.90	252.29	478.58	899.63	354.51	205.20
Major maintenance provision	219.20	-	51.25	39.99	89.04	5.62
Loss on modification liability	-	14.03	-	-	-	-
Operating profit before working capital changes and other adjustments	**1,079.80**	**299.03**	**323.11**	**716.56**	**955.24**	**150.50**
Working capital changes and other adjustments:						
Trade receivables	1.43	-	-	-	(0.12)	0.11
Other current and non-current financial assets	7.52	110.13	(0.00)	(5.62)	0.05	213.88
Other current and non-current assets	(14.36)	1.72	(0.66)	1.65	1.66	(192.30)
Trade payables	8.69	128.47	15.78	9.35	50.42	7.61
Provisions	(288.08)	(47.93)	0.85	0.51	0.80	(5.44)
Other current and non-current financial liabilities	(132.29)	43.81	(11.94)	(98.00)	(17.35)	(72.24)
Other current and non-current liabilities	(1.38)	9.82	6.27	2.10	0.06	0.20
Cash flow from operating activities post working capital changes	**661.31**	**545.06**	**333.41**	**626.55**	**990.76**	**102.32**
Income tax paid (net)	(0.01)	(54.61)	(1.32)	(0.83)	(112.34)	(12.08)
Net cash generated from operating activities	**661.30**	**490.45**	**332.09**	**625.72**	**878.42**	**90.24**

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Project wise operating cash flows for the financial year ended 31 March 2020:

Particulars	Ulundurpet Expressways Private Limited	Shillong Expressway Private Limited	Jodhpur Pali Expressway Private Limited	Godhra Expressways Private Limited	Dewas Bhopal Corridor Private Limited	Nirmal Bot Limited
Loss/ Profit before tax	**(144.77)**	**108.74**	**(310.61)**	**(465.58)**	**278.22**	**107.08**
Adjustments for:						
Depreciation and amortisation expense	690.16	0.12	62.63	133.34	151.37	1.05
Gain on sale of investments (net)	(19.14)	(7.34)	(13.90)	(24.44)	(22.73)	(33.41)
(Gain) / loss on investments carried at fair value through profit or loss (net)	(12.93)	(2.83)	3.41	(1.97)	(6.58)	19.63
Modification gain on annuity	-	(35.85)	-	-	-	(55.25)
Excess provisions written back	(0.93)	-	-	-	-	(0.06)
Interest income	(1.81)	(26.39)	(6.46)	(0.55)	(10.06)	(18.46)
Re-measurement gains /(losses) on defined benefit obligations	(0.18)	(0.05)	(0.50)	(0.39)	(0.16)	0.04
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge users of toll road	-	-	16.32	127.12	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	38.65	-	-	-	-	-
Unwinding of discount on major maintenance provision	19.61	-	14.14	17.61	17.39	-
Finance cost	421.97	148.38	506.51	967.56	289.24	190.28
Major maintenance provision	99.27	10.00	68.75	43.50	329.04	283.56
Gain on modification of financial liability	**-**	(13.34)	**-**	**-**	**-**	**-**
Operating profit before working capital changes and other adjustments	**1,089.90**	**181.44**	**340.29**	**796.20**	**1,025.73**	**494.46**
Working capital changes and other adjustments:						
Trade receivables	(21.31)	-	(2.42)	-	-	(1.69)
Other current and non-current financial assets	9.95	261.27	(0.09)	0.04	0.10	(267.27)
Other current and non-current assets	(35.09)	(0.27)	(19.44)	(19.96)	(12.01)	(32.53)
Trade payables	29.23	17.50	11.93	6.24	18.71	66.91
Provisions	(345.31)	(60.79)	1.83	1.30	(216.40)	(283.59)
Other current and non-current financial liabilities	(4.22)	(97.49)	(18.19)	(118.56)	(45.11)	(3.11)
Other current and non-current liabilities	3.32	(8.68)	(3.54)	2.56	2.17	3.88
Cash flow from / (used in) operating activities post working capital changes	**726.48**	**292.98**	**310.36**	**667.82**	**773.19**	**(22.94)**
Income tax paid (net)	(0.04)	(25.22)	(2.30)	2.21	(39.59)	(23.63)
Net cash generated from / (used in) operating activities	**726.44**	**267.76**	**308.06**	**670.03**	**733.60**	**(46.57)**

Project wise operating cash flows for the financial year ended 31 March 2021:

Particulars	Ulundurpet Expressways Private Limited	Shillong Expressway Private Limited	Jodhpur Pali Expressway Private Limited	Godhra Expressways Private Limited	Dewas Bhopal Corridor Private Limited	Nirmal Bot Limited
Loss/Profit before tax	**(173.64)**	**100.89**	**(378.23)**	**(364.62)**	**436.60**	**156.27**
Adjustments for:						
Depreciation and amortisation expense	574.07	0.10	75.91	149.45	119.11	1.17
Gain on sale of investments (net)	(18.30)	(10.22)	(7.05)	(11.08)	(26.20)	(8.66)
(Gain) / loss on investments carried at fair value through profit or loss (net)	(1.47)	1.80	0.79	(5.14)	7.25	2.36
Modification gain on annuity	-	(19.40)	-	-	-	(124.26)
Excess provisions written back	(1.79)	-	-	-	(0.47)	-
Interest income	(2.42)	(24.42)	(7.42)	(1.10)	(9.93)	(16.99)
Re-measurement gains /(losses) on defined benefit obligations	0.01	(0.02)	0.40	(0.31)	0.40	0.10
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge users of toll road	-	-	16.39	129.58	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	41.74	-	-		-	-
Unwinding of discount on major maintenance provision	6.95	-	22.78	-	30.24	-
Finance cost	380.08	130.47	539.67	1,004.26	262.11	176.24
Major maintenance provision	95.02	23.00	80.95	9.69	242.78	-
Gain on modification of financial liability	**-**	(64.09)	**-**	**-**	**-**	**-**
Operating profit before working capital changes and other adjustments	**900.26**	**138.10**	**344.20**	**910.73**	**1,061.89**	**186.23**
Working capital changes and other adjustments:						
Trade receivables	16.69	4.76	(3.76)	1.90	-	(1.03)
Other current and non-current financial assets	(8.02)	185.34	0.34	(4.46)	0.01	(352.72)
Other current and non-current assets	(6.19)	(3.00)	12.34	12.66	(11.26)	(4.00)
Trade payables	11.99	9.77	4.37	15.42	41.78	(13.15)
Provisions	(17.44)	(75.06)	0.08	(33.62)	(177.31)	15.03
Other current and non-current financial liabilities	15.71	(22.20)	(15.33)	(111.10)	(34.23)	(8.90)
Other current and non-current liabilities	(2.05)	0.98	(3.49)	(6.22)	(1.58)	(2.78)
Cash flow from / (used in) operating activities post working capital changes	**910.95**	**238.69**	**338.75**	**785.31**	**879.30**	**(181.32)**
Income tax paid (net)	0.06	(8.24)	1.16	0.27	(101.72)	(17.88)
Net cash generated from / (used in) operating activities	**911.01**	**230.45**	**339.91**	**785.58**	**777.58**	**(199.20)**

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Project wise operating cash flows for the period ended 31 December 2021:

Particulars	Ulundurpet Expressways Private Limited	Shillong Expressway Private Limited	Jodhpur Pali Expressway Private Limited	Godhra Expressways Private Limited	Dewas Bhopal Corridor Private Limited	Nirmal Bot Limited
Profit/ (loss) before tax	**43.05**	**74.59**	**(205.54)**	**(265.68)**	**562.85**	**28.88**
Adjustments for:						
Depreciation and amortisation expense	453.19	0.09	58.42	119.68	100.97	1.27
Gain on sale of property, plant and equipment (net)	(0.03)	-	-	-	-	-
Gain on sale of investments (net)	(20.07)	(5.42)	(2.53)	(6.80)	(10.31)	(2.56)
Loss / (gain) on investments carried at fair value through profit or loss (net)	7.17	(0.64)	0.59	(9.60)	(5.35)	(0.53)
Modification gain on annuity	-	(22.21)	-	-	-	(20.01)
Excess provisions written back	-	-	-	-	(0.40)	-
Interest income	(14.46)	(20.68)	(10.40)	(5.31)	(10.83)	(12.93)
Re-measurement gains /(losses) on defined benefit obligations	0.32	(0.05)	(0.06)	0.24	(0.09)	0.09
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge users of toll road	-	-	12.53	98.97	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	34.69	-	-	-	-	-
Unwinding of discount on major maintenance provision	7.96	-	13.41	0.70	22.70	-
Finance cost	264.19	85.23	416.97	802.77	189.18	125.04
Major maintenance provision	58.05	-	20.28	9.73	93.08	-
Gain on modification of financial liability	-	(26.53)	-	-	-	-
Operating profit before working capital changes and other adjustments	**834.05**	**84.38**	**303.68**	**744.69**	**941.79**	**119.25**
Working capital changes and other adjustments:						
Trade receivables	(11.27)	-	1.02	-	(1.54)	3.59
Other current and non-current financial assets	(0.25)	314.62	139.06	(1.02)	-	288.85
Other current and non-current assets	31.70	(1.62)	4.47	7.58	(1.06)	1.64
Trade payables	(1.81)	0.37	1.26	33.82	(2.31)	(2.53)
Provisions	9.64	0.23	(0.71)	(155.57)	(97.96)	0.02
Other current and non-current financial liabilities	14.38	(87.56)	(1.85)	28.92	(8.87)	(11.32)
Other current and non-current liabilities	15.10	(2.16)	(0.48)	3.96	0.47	(1.53)
Cash flow from operating activities post working capital changes	**891.54**	**308.27**	**446.45**	**662.38**	**830.53**	**397.97**
Income tax paid (net)	(4.41)	(7.19)	(1.08)	(21.48)	(108.43)	(17.64)
Net cash generated from operating activities	**887.13**	**301.08**	**445.37**	**640.90**	**722.10**	**380.33**

B Capitalisation statement

Particulars	Pre-issue as at 31 December 2021	As adjusted for issue*
Non-current borrowings (refer note 17)	21,506.50	
Current borrowings (refer note 17B)	1,977.99	
Total debt (A)	**23,484.49**	
Equity share capital (refer note 15)	3,200.95	
Other equity (refer note 16)	(2,834.69)	
Total equity (B)	**366.26**	
Debt equity ratio [A/(A+B)]	**0.98**	

* corresponding details post private placement are not available, hence the required disclosures in respect of the same have not been provided in the above table

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C Debt payment history as at 31 March 2019

1 Ulundurpet Expressways Private Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,817.32**	**2,584.76**	-	**448.97**
Repayments during the year	(7.35)	(124.41)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	1.93	(5.13)	-	50.86
Carrying amount of debt at the end of the year	**1,811.90**	**2,455.22**	**-**	**499.83**

2 Shillong Expressway Private Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,541.28**	**-**	**520.66**	**-**
Repayments during the year	(193.34)	-	(84.90)	-
Other adjustments/settlements during the year				
- Unwinding of interest	86.05	-	(25.24)	-
Carrying amount of debt at the end of the year	**1,433.99**	**-**	**410.52**	**-**

3 Jodhpur Pali Expressway Private Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,425.91**	**1,425.91**	-	**1,264.60**
Repayments during the year	(21.70)	(18.17)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	1.40	1.40	-	366.08
Carrying amount of debt at the end of the year	**1,405.61**	**1,409.14**	**-**	**1,630.68**

4 Godhra Expressways Private Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**855.30**	**3,462.18**	**-**	**3,315.40**
Repayments during the year	(0.86)	(3.50)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.54	2.52	-	457.61
Carrying amount of debt at the end of the year	**854.98**	**3,461.20**	**-**	**3,773.00**

5 Dewas Bhopal Corridor Private Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,389.60**	**1,671.84**	**-**	**993.74**
Repayments during the year	(44.65)	(17.00)	-	(1,027.70)
Other adjustments/settlements during the year				
- Unwinding of interest	0.88	2.46	-	83.96
Carrying amount of debt at the end of the year	**1,345.83**	**1,657.30**	**-**	**50.00**

6 Nirmal Bot Limited

Particulars	As at 31 March 2019			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	-	**1,905.00**	-	**315.00**
Repayments during the year	-	(202.40)	-	-
Carrying amount of debt at the end of the year	-	**1,702.60**	-	**315.00**

D Debt payment history as at 31 March 2020

1 Ulundurpet Expressways Private Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,811.90**	**2,455.22**	**-**	**499.83**
Repayments during the year	(1.84)	(423.52)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	1.92	0.38	-	52.55
Carrying amount of debt at the end of the year	**1,811.98**	**2,032.08**	**-**	**552.38**

2 Shillong Expressway Private Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,433.99**	-	**410.52**	-
Repayments during the year	(211.65)	-	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.98	-	36.42	-
Carrying amount of debt at the end of the year	**1,138.44**	**-**	**531.84**	**-**

3 Jodhpur Pali Expressway Private Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,405.61**	**1,409.14**	-	**1,630.68**
Repayments during the year	(34.80)	(34.08)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	1.38	1.38	-	215.65
Carrying amount of debt at the end of the year	**1,372.19**	**1,376.45**	**-**	**1,846.33**

4 Godhra Expressways Private Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**854.98**	**3,461.20**	**-**	**3,773.00**
Additional borrowings during the year	158.69	700.00	-	-
Repayments during the year	(860.68)	(36.19)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	5.42	3.39	-	527.42
Carrying amount of debt at the end of the year	**158.40**	**4,128.41**	**-**	**4,300.42**

5 Dewas Bhopal Corridor Private Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,345.83**	**1,657.30**	**-**	**50.00**
Repayments during the year	(41.46)	(17.00)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.82	2.44	-	-
Carrying amount of debt at the end of the year	**1,305.19**	**1,642.74**	**-**	**50.00**

6 Nirmal Bot Limited

Particulars	As at 31 March 2020			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**-**	**1,702.60**	**-**	**315.00**
Repayments during the year	-	(138.80)	-	-
Carrying amount of debt at the end of the year	**-**	**1,563.80**	**-**	**315.00**

E Debt payment history as at 31 March 2021

1 Ulundurpet Expressways Private Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,811.98**	**2,032.08**	**-**	**552.38**
Repayments during the year	(1.38)	(238.23)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	1.66	0.20	-	59.81
Carrying amount of debt at the end of the year	**1,812.27**	**1,794.05**	**-**	**612.18**

2 Shillong Expressway Private Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,138.44**	**-**	**531.84**	**-**
Repayments during the year	(210.50)	-	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.81	-	(12.77)	-
Carrying amount of debt at the end of the year	**928.75**	**-**	**519.07**	**-**

3 Jodhpur Pali Expressway Private Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,372.19**	**1,376.45**	-	**1,846.33**
Additional borrowings during the year	111.68	-		-
Repayments during the year	(28.51)	(25.38)	-	
Other adjustments/settlements during the year				
- Unwinding of interest	1.27	1.28		245.84
Carrying amount of debt at the end of the year	**1,456.64**	**1,352.36**	**-**	**2,092.17**

4 Godhra Expressways Private Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**158.40**	**4,128.42**	**-**	**4,300.42**
Repayments during the year	(1.69)	(87.16)	-	(258.30)
Other adjustments/settlements during the year				
- Unwinding of interest	0.02	2.55	-	556.40
Carrying amount of debt at the end of the year	**156.73**	**4,043.80**	**-**	**4,598.52**

5 Dewas Bhopal Corridor Private Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**1,305.19**	**1,642.74**	**-**	**50.00**
Repayments during the year	(41.46)	(17.00)	-	(50.00)
Other adjustments/settlements during the year	`	-	-	-
- Unwinding of interest	0.81	2.42	-	-
Carrying amount of debt at the end of the year	**1,264.54**	**1,628.16**	**-**	**-**

6 Nirmal Bot Limited

Particulars	As at 31 March 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the year	**-**	**1,563.80**	**-**	**315.00**
Repayments during the year	-	(143.70)	-	-
Other adjustments/settlements during the year	-		-	-
- Unwinding of interest	-	-	-	-
Carrying amount of debt at the end of the year	**-**	**1,420.10**	**-**	**315.00**

F Debt payment history as at 31 December 2021

1 Ulundurpet Expressways Private Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**1,812.27**	**1,794.05**	**-**	**612.18**
Additional borrowings during the period	-	-	-	219.05
Repayments during the period	(14.23)	(625.35)	-	(212.45)
Other adjustments/settlements during the period				
- Unwinding of interest	1.62	0.20	-	60.19
Carrying amount of debt at the end of the period	**1,799.65**	**1,168.89**	**-**	**678.97**

2 Shillong Expressway Private Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**928.75**	**-**	**519.07**	**-**
Repayments during the period	(227.68)	-	-	-
Other adjustments/settlements during the period				
- Unwinding of interest	0.49	-	12.91	-
Carrying amount of debt at the end of the period	**701.56**	**-**	**531.98**	**-**

3 Jodhpur Pali Expressway Private Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**1,456.64**	**1,352.36**	**-**	**2,092.17**
Additional borrowings during the period	-	-	-	2,333.83
Repayments during the period	(47.72)	(128.62)	-	(2,333.83)
Other adjustments/settlements during the period				
- Unwinding of interest	0.95	0.96	-	241.66
Carrying amount of debt at the end of the period	**1,409.87**	**1,224.70**	**-**	**2,333.83**

4 Godhra Expressways Private Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**156.73**	**4,043.80**	**-**	**4,598.52**
Additional borrowings during the period	-	-	-	5,094.14
Repayments during the period	(0.09)	(92.93)	-	(5,094.13)
Other adjustments/settlements during the period				
- Unwinding of interest	0.01	1.89	-	495.62
Carrying amount of debt at the end of the period	**156.65**	**3,952.76**		**5,094.15**

5 Dewas Bhopal Corridor Private Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**1,264.54**	**1,628.16**	**-**	**-**
Repayments during the period	(31.09)	(12.75)	-	
Other adjustments/settlements during the period				
- Unwinding of interest	0.59	1.81	-	-
Carrying amount of debt at the end of the period	**1,234.04**	**1,617.21**	**-**	**-**

6 Nirmal Bot Limited

Particulars	As at 31 December 2021			
	Term loans	Debentures (external)	Liability portion of compound instruments	Loans from related parties / OCD/Other
Carrying amount of debt at the beginning of the period	**-**	**1,420.10**	**-**	**315.00**
Additional borrowings during the period	-	-	-	331.12
Repayments during the period	-	(171.00)	-	(315.00)
Carrying amount of debt at the end of the period	**-**	**1,249.10**	**-**	**331.12**

44 Revenue from contracts with customers

1 Disaggregation of revenue

Revenue recognised mainly comprises of revenue from toll collections, claims with NHAI, contract revenue. Set out below is the disaggregation of the Group's revenue from contracts with customers:

Description	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
Revenue from operations				
(a) Engineering, procurement and construction contracts and change of scope	320.75	342.81	656.67	357.57
(b) Toll income from Expressway	3,290.10	3,919.12	3,922.85	3,781.56
(c) Interest income on annuity receivable from NHAI	239.78	444.39	429.28	387.30
(d) Claim from NHAI	601.80	378.72	-	-
Total revenue	**4,452.43**	**5,085.04**	**5,008.80**	**4,526.43**

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2020 and 31 March 2019:

S.No.	Types of Products by Nature	Types of Services by timing	For the period ended 31 December 2021	For the financial year ended 31 March 2021	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
1	Service	At the point of time	4,212.65	4,640.65	4,579.52	4,139.13
2	Service	Over the period of time	239.78	444.39	429.28	387.30
	Total Revenue		**4,452.43**	**5,085.04**	**5,008.80**	**4,526.43**

2 Assets and liabilities related to contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

Description	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Contract assets				
Trade receivables	77.12	68.92	87.48	62.08
Receivables under service concession arrangements	2,062.69	2,411.73	2,780.46	2,879.09
Total	**2,139.81**	**2,480.65**	**2,867.94**	**2,941.17**
Contract liability				
Mobilisation advance from concession authority	-	-	2.98	6.02
Total	**-**	**-**	**2.98**	**6.02**

A receivable is a right to consideration that is unconditional upon passage of time. Revenue from the contracts are recognized upon satisfaction of Performance obligation. Trade Receivables are non-interest bearing and are generally due within 180 days except retention money held by the customer as per the terms and conditions of the contract. Basis the credit risk assessment done by the SPV Group, there is no provision for expected credit losses required to be recognized on Trade Receivables. Contract liability is the SPV Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer in advance.

3 There is no adjustment made to the contract price of the contract and hence the revenue recognised in the statement of profit and loss is in agreement to the with the contracted price under the Contract.

4 For movement in service concession arrangement, refer note 7A and 7B for financial asset model. There are no significant changes in other contract assets of the group.

5 Performance obligation

Income from toll collection

The performance obligation in service of toll collection is recorded as per rates notified by NHAI and approved by management and payment is generally due at the time of providing service.

Contract revenue

The performance obligation under service concession agreements ('SCA') is due on completion of work as per terms of SCA.

6 Significant changes in the contract liabilities balances during the year

Particulars	As at 31 December 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Opening balance	-	2.98	6.02	-
Addition during the year	-	-	2.98	6.02
Revenue recognised during the year	-	(2.98)	(6.02)	-
Closing balance	**-**	**-**	**2.98**	**6.02**

7 Disclosure under Appendix - C & D to Ind AS 115 - " Service Concession Arrangements"

Name of Concessionaire	Start of Concession period under concession agreement (Appointed Date)	End of Concession period under concession agreement	Period of Concession Since the appointed date (In Years)	Construction Completion date under the concession agreement
Jodhpur Pali Expressway Private limited	16 September 2013	15 September 2038	25.00	31 October 2014
Ulunderpret Expressways Private Limited	16 October 2006	21 January 2027	20.26	23 July 2009
Godhra Expressways Private Limited	01 March 2011	28 February 2038	27.00	31 October 2013
Dewas Bhopal Corridor Private Limited	20 March 2008	02 December 2033	25.71	10 February 2009
Nirmal Bot Limited	30 October 2007	29 October 2027	20.00	22 July 2009
Shillong Expressways Private Limited	07 February 2011	06 February 2026	15.00	28 February 2013

i) The above BOT/DBFOT projects shall have following rights / obligations in accordance with the Concession Agreement entered into with the respective Government Authorities
a. Right to use the Specified Assets
b. Obligations to provide or rights to except provision of services
c. Obligations to deliver or rights to receive at the end of concession

ii) The actual concession period may vary based on terms of the respective concession agreements.

45 The Special Purpose Combined Financial Statements are prepared after considering the adjustments as required pursuant to section 3.4 of SEBI Circular no. CIR/IMD/DF/114/2016 dated 20 October 2016. Below disclosure compiles with the adjustments made to the audited financial statements of the project SPVs for the nine months ended 31 December 2021 and financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 respectively, while preparing these Special Purpose Combined Financial Statements:

Particulars	As at 31 December 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019			Note reference
	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	
ASSETS													
Non-current assets													
Property, plant and equipment	70.50	-	70.50	66.93	-	66.93	62.05	-	62.05	55.48	-	55.48	
Capital work-in-progress	15.38	-	15.38	9.40	-	9.40	-	-	-	6.58	-	6.58	
Intangible assets	20,477.43	47.65	20,525.08	21,249.03	-	21,249.03	22,159.81	-	22,159.81	23,166.83	-	23,166.83	Note 1
Financial assets													
Investments	306.40	(306.40)	-	299.20	(299.20)	-	216.74	(216.74)	-	176.13	(176.13)	-	Note 2
Loans	-	-	-	4.72	(4.72)	-	4.95	(4.95)	-	5.00	(5.00)	-	Note 3
Other financial assets	1,573.06	(426.64)	1,146.42	2,344.60	(718.22)	1,626.38	2,297.94	(436.62)	1,861.32	2,625.08	(669.43)	1,955.65	Note 3
Deferred tax assets (net)	118.31	(118.31)	-	40.41	(40.41)	-	14.91	(14.91)	-	-	-	-	Note 4
Non-current tax assets (net)	21.29	88.26	109.55	14.30	59.99	74.29	29.03	48.49	77.52	27.62	50.84	78.46	Note 5
Trade receivables	-	-	-	26.57	(26.57)	-	26.57	(26.57)	-	26.57	(26.57)	-	Note 6
Other non-current assets	0.34	(0.34)	-	0.09	0.36	0.45	12.23	(11.78)	0.45	10.55	(10.52)	0.03	Note 7
Total non-current assets	**22,582.71**	**(715.78)**	**21,866.93**	**24,055.25**	**(1,028.77)**	**23,026.48**	**24,824.23**	**(663.08)**	**24,161.15**	**26,099.84**	**(836.81)**	**25,263.03**	
Current assets													
Financial assets						-			-				
Investments	1,925.86	770.86	2,696.72	1,653.01	503.36	2,156.37	1,876.36	588.75	2,465.11	1,693.28	334.44	2,027.72	Note 2
Inventory	-	-	-	-	-	-	-	-	-	1.34	(1.34)	-	
Trade receivables	79.12	(2.00)	77.12	38.90	30.02	68.92	77.32	10.16	87.48	23.11	38.97	62.08	Note 6
Cash and cash equivalents	570.22	(465.29)	104.93	322.58	(242.77)	79.81	496.69	(321.79)	174.91	345.79	(158.27)	187.52	Note 8
Bank balances other than cash and cash equivalents above	1,529.44	429.84	1,959.28	1,026.14	596.07	1,622.21	671.36	187.77	859.13	576.71	266.79	843.50	Note 9
Others financial assets	737.74	211.18	948.92	804.36	145.44	949.80	737.44	202.24	939.68	531.08	402.47	933.55	Note 3
Current tax assets	65.08	(65.08)	-	45.92	(45.92)	-	37.28	(37.28)	-	45.50	(45.50)	-	Note 5
Other current assets	81.81	(0.89)	80.92	106.35	15.79	122.14	108.90	0.94	109.84	29.25	4.28	33.53	Note 7
Total current assets	**4,989.27**	**878.63**	**5,867.89**	**3,997.26**	**1,001.99**	**4,999.25**	**4,005.36**	**630.79**	**4,636.15**	**3,246.06**	**841.84**	**4,087.90**	
Total assets	**27,571.98**	**162.85**	**27,734.82**	**28,052.51**	**(26.78)**	**28,025.73**	**28,829.59**	**(32.29)**	**28,797.30**	**29,345.90**	**5.03**	**29,350.93**	
EQUITY AND LIABILITIES													
EQUITY													
Equity share capital	3,200.95	-	3,200.95	3,200.95	-	3,200.95	3,200.95	-	3,200.95	3,200.95	-	3,200.95	
Other equity	(3,390.65)	555.96	(2,834.69)	(2,389.93)	(77.20)	(2,467.13)	(1,387.50)	(232.25)	(1,619.74)	(853.44)	(249.44)	(1,102.88)	Note 10
Total equity	**(189.70)**	**555.96**	**366.26**	**811.02**	**(77.20)**	**733.82**	**1,813.45**	**(232.24)**	**1,581.21**	**2,347.51**	**(249.44)**	**2,098.07**	
LIABILITIES													
Non-current liabilities													
Financial liabilities													
Borrowings	21,506.50	-	21,506.50	18,482.53	3,769.62	22,252.15	18,898.52	3,565.57	22,464.09	19,605.09	3,128.27	22,733.36	Note 11
Other financial liabilities	1,274.64	(0.24)	1,274.40	1,272.39	(6.84)	1,265.55	1,243.31	(0.25)	1,243.06	1,223.67	-	1,223.67	Note 12
Provisions	302.20	(50.13)	252.07	286.29	285.67	571.96	613.40	(25.95)	587.46	520.93	(0.37)	520.56	Note 13
Deferred tax liabilities (net)	1,138.32	(324.75)	813.57	260.19	74.38	334.57	237.14	252.98	490.12	243.46	249.07	492.53	Note 4
Total non-current liabilities	**24,221.66**	**(375.12)**	**23,846.54**	**20,301.40**	**4,122.83**	**24,424.23**	**20,992.37**	**3,792.36**	**24,784.73**	**21,593.15**	**3,376.97**	**24,970.12**	
Current liabilities													
Financial liabilities													
Borrowings	-	1,977.99	1,977.99	3,769.63	(2,027.42)	1,742.21	3,565.57	(1,904.01)	1,661.56	3,128.27	(1,644.80)	1,483.47	Note 11
Trade payables	96.25	216.28	312.53	68.21	143.11	211.32	142.54	70.74	213.28	62.63	198.91	261.54	Note 14
Other financial liabilities	2,453.20	(2,144.17)	309.03	2,138.62	(1,835.43)	303.19	1,979.02	(1,718.52)	260.50	1,911.70	(1,670.94)	240.76	Note 12
Other current liabilities	31.15	-	31.15	15.82	-	15.82	59.25	(28.30)	30.95	30.74	(0.01)	30.73	Note 15
Provisions	959.42	(85.35)	874.07	932.74	(352.66)	580.08	276.42	(13.79)	262.63	271.90	(5.66)	266.24	Note 13
Current tax liabilities (net)	-	17.25	17.25	15.07	(0.01)	15.06	0.97	1.48	2.45	-	-	-	Note 16
Total current liabilities	**3,540.02**	**(18.00)**	**3,522.02**	**6,940.09**	**(4,072.41)**	**2,867.68**	**6,023.77**	**(3,592.41)**	**2,431.37**	**5,405.24**	**(3,122.50)**	**2,282.74**	
Total liabilities	**27,761.68**	**(393.12)**	**27,368.56**	**27,241.49**	**50.42**	**27,291.91**	**27,016.14**	**199.95**	**27,216.10**	**26,998.39**	**254.47**	**27,252.86**	
Total equity and liabilities	**27,571.98**	**162.84**	**27,734.82**	**28,052.51**	**(26.78)**	**28,025.73**	**28,829.59**	**(32.29)**	**28,797.30**	**29,345.90**	**5.03**	**29,350.93**	

Highways Infrastructure Trust
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

Particulars	For the period ended 31 December 2021			For the financial year ended 31 March 2021			For the financial year ended 31 March 2020			For the financial year ended 31 March 2019			Note reference
	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements	Adjustments	Special Purpose Combined Financial Statements	
Income													
Revenue from operations	4,374.00	78.41	4,452.42	4,960.79	124.25	5,085.04	4,957.88	50.92	5,008.80	4,438.39	88.04	4,526.43	Note 17
Other income	267.58	(42.46)	225.12	355.79	(114.70)	241.09	262.72	(31.29)	231.43	261.39	(0.14)	261.25	Note 18
Total income	**4,641.58**	**35.96**	**4,677.54**	**5,316.58**	**9.55**	**5,326.13**	**5,220.60**	**19.63**	**5,240.23**	**4,699.78**	**87.90**	**4,787.68**	
Expenses													
Sub-contracting expenses	175.81	995.60	1,171.41	539.34	837.95	1,377.29	191.58	1,196.44	1,388.02	202.24	814.49	1,016.73	Note 19
Employee benefits expense	96.88	-	96.88	117.56	-	117.56	116.19	-	116.19	102.95	-	102.95	-
Finance costs	2,278.18	(203.84)	2,074.33	2,740.38	0.12	2,740.51	2,764.96	9.81	2,774.77	2,829.93	69.05	2,898.98	Note 20
Depreciation and amortisation expense	781.24	(47.62)	733.62	919.82	(0.01)	919.81	1,038.67	-	1,038.67	936.21	-	936.21	Note 21
Other expenses	1,391.40	(1,028.26)	363.14	1,219.64	(825.95)	393.69	1,567.88	(1,218.38)	349.50	1,258.54	(862.60)	395.94	Note 22
Total expenses	**4,723.51**	**(284.11)**	**4,439.38**	**5,536.74**	**12.11**	**5,548.86**	**5,679.28**	**(12.13)**	**5,667.15**	**5,329.86**	**20.95**	**5,350.81**	
(Loss) / Profit before tax	**(81.92)**	**320.07**	**238.16**	**(220.16)**	**(2.57)**	**(222.73)**	**(458.68)**	**31.76**	**(426.92)**	**(630.08)**	**66.95**	**(563.13)**	
Tax expense											-		
Current tax (including earlier period / years)	119.02	8.16	127.18	127.00	-	127.00	92.55	(1.45)	91.10	121.11	-	121.11	Note 10
Deferred tax	800.24	(321.24)	479.00	2.04	(157.58)	(155.54)	(15.41)	13.00	(2.41)	42.77	(133.59)	(90.82)	Note 10
Total tax expense	**919.26**	**(313.08)**	**606.18**	**129.04**	**(157.58)**	**(28.54)**	**77.14**	**11.55**	**88.68**	**163.88**	**(133.59)**	**30.30**	
Net (loss) / profit for the period/year	**(1,001.18)**	**633.15**	**(368.02)**	**(349.20)**	**155.02**	**(194.18)**	**(535.82)**	**20.22**	**(515.61)**	**(793.96)**	**200.53**	**(593.43)**	
Other comprehensive income													
Items that will not be reclassified to profit or loss													
Re-measurement gains/ (losses) on defined benefit obligations	0.46	-	0.46	0.57	-	0.57	(1.25)	-	(1.25)	(0.06)	-	(0.06)	
Income tax relating to these items	-	-	-	-	-	-	-	-	-	-	-	-	
Total other comprehensive income / (loss) for the period/year	**0.46**	**-**	**0.46**	**0.57**	**-**	**0.57**	**(1.25)**	**-**	**(1.25)**	**(0.06)**	**-**	**(0.06)**	
Total comprehensive (loss) / income for the period/year	**(1,000.73)**	**633.15**	**(367.56)**	**(348.63)**	**155.02**	**(193.62)**	**(537.06)**	**20.22**	**(516.86)**	**(794.02)**	**200.53**	**(593.48)**	

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Highways Infrastructure Trust
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

Note 1 - Intangible Assets

Adjustments on account of incorporating the effect of revised projected revenue in line with the traffic studies conducted by the SPV Group, consequently leading to an adjustment in amortisation on intangible assets.

Note 2 - Investments (Non-Current and Current)

Adjustment is on account of following items:
a) reclassification of investment from 'non-current investment' to 'current-investment' based on nature and intention of maturity by SPV Group in accordance with suggestive framework.; and
b) reclassification of investments from 'cash and cash equivalents' to 'current investments' based on nature and intention of maturity by SPV Group in accordance with suggestive framework.

Note 3 - Loan and other financial Assets (Non-Current and Current)

Adjustments on account of :-
a) restatement to incorporate the appropriate accounting treatment relating to the service concession arrangment with NHAI in accordance with Ind AS 115-'Revenue from contract with customers', post incorporating the impact of estimates been considered in line with technical studies conducted by the management;
b) reclassification of current and non-current portion of annuity recievables under service concession arrangement from 'other non-current financial assets' to 'other current finnacial asset' and vice-versa;
c) reclassification of fixed deposits from 'other non-current financial asset' to 'bank balances other than cash and cash equivalents' in accordance with the maturity date;
d) reclassifications of change of scope receivables from 'other current financial assets' to 'current trade receivables' being operating in nature;
e) reclassification of capital advance from 'other non-current financial assets' to 'other non-current assets' in accordance with suggestive framework;
f) reclassifications of contract asset from 'other current financial asset' to 'other current assets' in accordance with suggestive framework;
g) reclassification of retention money recievable fron NHAI which are in the normal course of business from 'other non-current financial assets' to 'trade recievables' in accordance with suggestive framework; and
f) reclassification of security deposits from 'loans' to 'other current financial assets' in accordance with suggestive framework.

Note -4 Deferred tax assets and liabilities

Adjustments to recognise corresponding deferred tax / tax credit (minimum alternative tax) in accordance with Ind AS 12- 'Income Taxes' and reclassification from 'deferred tax assets' to 'deferred tax liability' after incorporating impacts of the adjustments (explained in this note), wherever applicable.

Note 5 - Tax Assets (Non-Current and Current)

Adjustments on account of the following items:
a) reclassification of advance income taxes (net) from 'current tax assets (net)' and 'other current assets' to 'non-current tax assets (net) in accordance with best suggestive framework.; and
b) reclassifications between 'current tax assets (net)', 'non-current tax assets (net)' and 'current tax liabilities' to incorporate the income tax impacts on the adjustments in accordance with suggestive framework.

Note 6 - Trade Recievables (Non-Current and Current)

Adjustments on account of the following items:
a) reclassifications of receivables from 'non-current trade receivables' to 'current trade receivables' based on the normal operating cycle of the company in accordance with suggestive framework.;
b) reclassifications of change of scope receivables from 'other current financial assets' to 'current trade receivables' being operating in nature, in accordance with suggestive framework.;
c) reclassifications of other receivables not in the nature of trade receivables to 'other current financial assets' in accordance with suggestive framework;
d) reclassification of retention money recievable fron NHAI which are in the normal course of business from 'other non-current financial assets' to 'trade recievables' in accordance with suggestive framework.; and
e) reclassification/netting off advances from concession authority from 'other current liabilities' to 'trade recievables'.

Note 7 - Current Asset (Non-Current and Current)

Adjustments on account of following:
a) reclassifications of other receivables not in the nature of trade receivables from 'other current assets' to 'other current financial asset, in accordance with suggestive framework.;
b) reclassifications of contract asset from 'other current financial asset' to 'other current assets' based on the nature of the recievables, in in accordance with suggestive framework.;
c) reclassification of capital advance from 'other non-current financial assets' to 'other non-current assets, in accordance with suggestive framework. ;
d) adjustment with respect to netting off current and non-cuurent portion of fair value of gratuity from 'other current and non-current assets' to 'current and non-current provision for gratuity, in line with suggestive framework; and
e) reclassification of retention money recievable fron NHAI which are in the normal course of business from 'other non-current assets' to 'trade recievables' in line with suggestive framework.

Note 8 - Cash and Cash Equivalents

Adjustment is on account of reclassification of investments from 'cash and cash equivalents' to 'current investments' based on nature and intention of maturity by SPV Group.

Note 9 - Bank balances other than cash and cash equivalents

Adjustments on account of reclassifications of fixed deposits coming in 'cash and cash equivalents', 'bank balances other than cash and cash equivalents' and 'other non-current financial assets' (along with interest accrued) in accordance with their maturity terms.

Note 10 - Other Equity and consequent tax impact on adjustments

Adjustments in Other equity and Combined Statement of Profit and Loss has been made consequent to the adjustments (explained in this note) along with corresponding impacts to 'tax expense', wherever applicable.

Note 11 - Borrowings (Non-Current and Current)

Adjustments on account of following:
a) reclassification of optionally convertible debentures (OCDs) from 'current borrowings' to 'non-curent borrowings' based on the nature of the instrument and expected outflow in the next year from the each reporting years; and
b) reclassification of current maturities of long term debt from 'other current financial liability' to 'current-borrowings' in accordance with suggestive framework.

Note 12- Other-current and non-current financial liabilities.

Adjustments on account of the following items:
a) Reclassification of interest accrued not due from "non current financial liability' to "current financial liability' in line with suggestive framework.; and
b) reclassification of payables on account of goods purchased and/or services received in the normal course of the business and outstanding expenses to 'trade payables' in line with with suggestive framework.

Note -13 Provisions (Non-Current and Current)

Adjustments on account of the following items:
a) Adjustment in major maintenance obligation to incorporate the effect of revised projected revenue and major maintenance expenditure in line with the traffic and technical studies respectively, conducted by the SPV Group and reclassification of major maintenance obligation into current and non current provision basis expected outflow in the next year from each reporting years;
b) Adjustment for reclassification of provision for employee benefits between current portion and non current portion of employee benefit provision, based on the actuarial certificates; and
c) reclassification of outstanding expenses from 'current provision' to 'trade payables' in accordance with suggestive framework.

Note - 14 Trade Payables

Adjustments on account of reclassification of payables on account of goods purchased and/or services received in the normal course of business to 'trade payables' earlier part of 'other current financial liabilities, in accordance with suggestive framework.

Note - 15 Other Current Liabilities

Adjustments on account reclassification/netting off advances from concession authority from 'other current liabilities' to 'trade recievables'.

Note - 16 Current Tax Liability

Adjustments been made to recognise corresponding income tax / minimum alternative tax payable impacts (along with applicable interest) on the adjustments (explained in this note), wherever applicable and reclassifications between 'current tax assets (net)' , 'non-current tax assets (net)' and 'current tax liabilities' post all income tax impacts on the adjustments (explained in this note), in accordance with suggestive framework.

Note - 17 Revenue from operations

Adjustments on account of the following items:
a) restatement to incorporate the impacts relating to change in estimates in line with the technical studies conducted by the management for annuity road assets under service concession arrangment with NHAI in accordance with Ind AS 115-'Revenue from contract with customers';
b) reclassification of modification gain on annuity to 'revenue from operations' which was earlier part of 'other income'; and
c) reclassifications of claim from NHAI to 'revenue from operations' which was earlier part of 'other income'.

Note - 18 Other Income

Adjustments on account of the following items:
a) reclassification of 'loss on fair valuation of investment' from 'other income' to 'other expenses' which was earlier netted from other income;
b) reclassification of modification gain on annuity to 'revenue from operations' which was earlier part of 'other income'; and
c) reclassifications of claim from NHAI to 'revenue from operations' which was earlier part of 'other income'.

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Note - 19 Operating Expenses

Adjustments on account of the following items:
a) Reclassification of claim expenses relating to change of scope payable under pass through arrangement from 'other expenses' to 'operating expenses' ;
b) Reclassification of Toll operation and maintenance expense, Major maintenance provision and Change of scope and utility shifting expenses from 'other expenses' to 'operating expenses'; and
c) Adjustment in major maintenance expense to incorporate the effect of revised projected revenue and major maintenance expenditure in line with the traffic and technical studies respectively, conducted by the SPV Group.

Note - 20 Finance Cost

Adjustments on account of the following items:
a) reclassification of interest on income tax from 'current tax expense' to 'finance cost';
b) Adjustment in unwinding of discount on major maintenance provision to incorporate the effect of revised projected revenue and major maintenance expenditure in line with the traffic and technical studies respectively, conducted by the SPV Group; and
c) restatement in loss on modifiaction of liability to incorporate the impacts relating to change in estimates in line with the technical studies conducted by the management for annuity road assets under service concession arrangment with NHAI in accordance with Ind AS 115-'Revenue from contract with customers.

Note - 21 Depreciation and Amortisation Expense

Adjustments to incorporate the effect of revised projected revenue in line with the traffic studies conducted by the SPV Group, consequently leading to an adjustment in amortisation on intangible assets.

Note - 22 Other Expenses

Adjustments on account of the following items:
a) reclassification of claim expenses relating to change of scope payable under pass through arrangement from 'other expenses' to 'operating expenses';
b) reclassification of Toll operation and maintenance expense, major maintenance provision and Change of scope and utility shifting expenses from 'other expenses' to 'operating expenses'; and
c) reclassification of 'loss on fair valuation of investment' from 'other income' to 'other expenses' which was earlier netted from other income.

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46. The outbreak of Covid-19 pandemic is causing significant disturbance and slowdown of economic activities globally. The nationwide lockdown ordered by the Government of India has resulted in significant reduction in economic activities and also the business operations of the SPV Group. Slowdown in traffic was witnessed from mid of March 2020 owing to outbreak of COVID-19 in India. Subsequently, vide letter no. H-25016/01/2018-Toll dated 25 March 2020 issued by Ministry of Road Transport and Highways (MoRTH) toll collections were suspended from 26 March 2020 to 19 April 2020. The traffic on the project roads increased gradually post lockdown, however, it was further impacted up to certain extents from April 2021 to June 2021 due to second wave of Covid-19 and subsequently again increased gradually. In accordance with the provisions of concession agreements with NHAI and notifications issued by MoRTH, management is claiming the extension in the concession period towards loss of revenue for the impacted period and for which management is evaluating and under process of getting the claims.

The management has considered the possible effects that may result from COVID-19 pandemic on the recoverability/carrying value of the assets. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of the assets, however the management will continue to closely monitor any material changes to future economic conditions. Given the uncertainties, the final impact on SPV Group's assets in future may differ from that estimated as at the date of approval of these special purpose combined financial statements.

47. All values are rounded to the nearest millions, unless otherwise indicated. Certain amount that are required to disclosed and do not appear due to rounding off are expressed as 0.00.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: New Delhi
Date: 22 March 2022

For and on behalf of the Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: New Delhi
Date: 22 March 2022

Hardik Bhadrik Shah
Director
DIN: 06648474

Place: Mumbai
Date: 22 March 2022

PROJECTIONS OF REVENUE FROM OPERATIONS AND CASH FLOW FROM OPERATING ACTIVITIES

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Walker Chandiok & Co LLP

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Report of auditor on Examination of Prospective Financial Information

To

The Board of Directors of Virescent Infrastructure Investment Manager Private Limited ('the Investment Manager') in its capacity as Investment Manager of Highways Infrastructure Trust

Dear Sirs,

1. We have examined the accompanying Statement of Projections of "Revenue from Operations' and 'Cash Flow from Operating Activities' ('Prospective Financial Information') and the basis and notes to these projections ('together referred to as 'Projections') along with significant assumptions underlying the Projections and other explanatory information ('Projection Assumptions') of Highways Infrastructure Trust (hereinafter referred to as "Trust") and the following subsidiaries of Galaxy Investments II Pte Ltd (herein referred to as 'Sponsors'), namely:

   a) Ulundurpet Expressways Private Limited
   b) Nirmal BOT Limited
   c) Godhra Expressways Private Limited
   d) Jodhpur Pali Expressway Private Limited
   e) Shillong Expressway Private Limited
   f) Dewas Bhopal Corridor Private Limited

   together referred to as 'Project SPVs' or 'Project SPV Group' and individually referred to as 'Project SPV" or 'SPV' which are proposed to be transferred from Galaxy Investments II Pte Ltd (herein referred to as 'Sponsors') and other shareholders of Project SPVs to the Trust pursuant to the proposed private placement of Units of the Trust ('Private Placement'), for the years ending 31 March 2023, 31 March 2024, 31 March 2025. We have carried out such examination in accordance with Standard on Assurance Engagement 3400, 'The Examination of Prospective Financial Information', issued by the Institute of Chartered Accountants of India. The preparation and presentation of the projections including the underlying assumptions as set out in note 2 and note 3 to the Prospective Financial Information is the responsibility of Investment Manager and has been approved by the Board of Directors of the Investment Manager. Our responsibility is to examine the evidence supporting the Project Assumptions (excluding the hypothetical assumptions) and other information in the Projection. Our responsibility does not include verification of Projections. Therefore, we do not vouch for the accuracy of the same.

2. These Projections have been prepared for the purpose of inclusion in the draft placement memorandum, placement memorandum and final placement memorandum ('placement documents') in connection with the proposed Private Placement in accordance with the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 (as amended) along with any circulars, guidelines and notifications issued thereunder (the 'InvIT Regulations'). These projections have been prepared by the Board of Directors of the

Investment Manager using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.

3. We have carried our examination of the prospective financial information on test basis. Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that the Projection Assumptions do not provide a reasonable basis for the Projections.

4. Further, in our opinion, the Projections are properly prepared on the basis of the assumptions as set out in note 2 and note 3 to the Projections and on a consistent basis with the accounting policies used for the preparation of the historical special purpose combined financial statements included in the placement documents. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Projections since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Projections.

5. This report is addressed to and is provided to the Investment Manager solely for the inclusion in the placement documents in connection with the proposed offering of the Trust and may not be suitable for any other purpose. Our report should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 22507000AFIZXH1983

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations of Trust Group
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Income arising out of toll collection	5,653.19	6,269.46	6,895.32
Revenue from operations and maintenance of road	196.93	207.32	221.88
Revenue from periodic maintenance of road	350.08	160.06	164.86
Interest income on annuity receivable from National Highway Authority of India ('NHAI')	211.84	173.91	115.74
	6,412.04	**6,810.75**	**7,397.80**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	6,626.59	7,242.86	7,868.72
Less:			
Actual outflow for operations and maintenance of road	837.10	881.38	932.46
Actual outflow for periodic maintenance of road	914.27	538.44	459.16
Management expenses	515.57	353.54	374.51
Corporate Social Responsibility ('CSR') expense paid	15.93	21.07	29.67
Premium paid to National Highways Authority of India ('NHAI')	137.44	144.31	151.52
Total expenses (B)	**2,420.31**	**1,938.74**	**1,947.32**
Cash generated from operations (A-B)	**4,206.28**	**5,304.12**	**5,921.40**
Less : Direct taxes paid (net of refunds)	(151.43)	(269.95)	(345.46)
Net cash flow from operating activities	**4,054.85**	**5,034.17**	**5,575.94**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV
Ulundurpet Expressways Private Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Income arising out of toll collection	1,677.70	1,820.30	1,931.10
	1,677.70	**1,820.30**	**1,931.10**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	1,677.70	1,820.30	1,931.10
Less:			
Actual outflow for operations and maintenance of road	184.60	194.69	205.33
Actual outflow for periodic maintenance of road	-	385.98	302.13
Management expenses	78.31	56.79	59.63
Corporate Social Responsibility ('CSR') expense paid	-	2.21	7.43
Total expenses (B)	**262.91**	**639.67**	**574.52**
Cash generated from operations (A-B)	**1,414.79**	**1,180.63**	**1,356.58**
Less : Direct taxes paid (net of refunds)	(25.13)	(62.48)	(103.82)
Net cash flows from operating activities	**1,389.66**	**1,118.15**	**1,252.76**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV
Nirmal BOT Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Revenue from operations and maintenance of road	96.60	100.01	107.07
Revenue from periodic maintenance of road	-	160.06	164.86
Interest income on annuity receivable from National Highway Authority of India ('NHAI')	133.88	110.62	98.46
	230.48	**370.69**	**370.39**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	476.00	476.00	476.00
Less:			
Actual outflow for operations and maintenance of road	64.47	64.82	68.32
Actual outflow for periodic maintenance of road	-	152.46	157.03
Management expenses	70.65	50.25	54.41
Corporate Social Responsibility ('CSR') expense paid	1.39	0.51	-
Total expenses (B)	**136.51**	**268.04**	**279.76**
Cash generated from operations (A-B)	339.49	207.96	196.24
Less : Direct taxes paid (net of refunds)	-	-	-
Net cash flows from operating activities	**339.49**	**207.96**	**196.24**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV
Shillong Expressway Private Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Revenue from operations and maintenance of road	100.33	107.31	114.81
Revenue from periodic maintenance of road	350.08	-	-
Interest income on annuity receivable from National Highway Authority of India ('NHAI')	77.96	63.29	17.28
	528.37	**170.60**	**132.09**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	497.40	497.40	497.40
Less:			
Actual outflow for operations and maintenance of road	65.35	68.89	72.61
Actual outflow for periodic maintenance of road	318.00	-	-
Management expenses	70.65	50.25	54.41
Corporate Social Responsibility ('CSR') expense paid	1.96	1.31	0.73
Total expenses (B)	**455.96**	**120.45**	**127.75**
Cash generated from operations (A-B)	41.44	376.95	369.65
Less : Direct taxes paid (net of refunds)	(1.71)	-	-
Net cash flows from operating activities	**39.73**	**376.95**	**369.65**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV

Jodhpur- Pali Expressway Private Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Income arising out of toll collection	726.38	803.77	887.92
	726.38	**803.77**	**887.92**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	726.38	803.77	887.92
Less:			
Actual outflow for operations and maintenance of road	149.17	157.31	165.90
Actual outflow for periodic maintenance of road	221.63	-	-
Management expenses	78.31	56.79	59.63
Premium paid to National Highways Authority of India ('NHAI')	15.97	16.77	17.60
Total expenses (B)	**465.08**	**230.87**	**243.13**
Cash generated from operations (A-B)	**261.30**	**572.90**	**644.79**
Less : Direct taxes paid (net of refunds)	-	-	-
Net cash flows from operating activities	**261.30**	**572.90**	**644.79**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV
Godhra Expressways Private Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Income arising out of toll collection	1,433.78	1,603.89	1,794.40
	1,433.78	**1,603.89**	**1,794.40**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	1,433.78	1,603.89	1,794.40
Less:			
Actual outflow for operations and maintenance of road	140.75	148.43	156.53
Actual outflow for periodic maintenance of road	10.20	-	-
Management expenses	78.31	56.79	59.63
Premium paid to National Highways Authority of India ('NHAI')	121.47	127.54	133.92
Total expenses (B)	**350.73**	**332.76**	**350.08**
Cash generated from operations (A-B)	1,083.05	1,271.13	1,444.32
Less : Direct taxes paid (net of refunds)	-	-	-
Net cash flows from operating activities	**1,083.05**	**1,271.13**	**1,444.32**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations for the Project SPV
Dewas Bhopal Corridor Private Limited
(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	01 April 2023 to 31 March 2024	01 April 2024 to 31 March 2025
Projected revenue from operations:			
Income arising out of toll collection	1,815.33	2,041.51	2,281.90
	1,815.33	**2,041.51**	**2,281.90**
Projected cash flow from operations :			
Cash inflow from revenue from operations (A)	1,815.33	2,041.51	2,281.90
Less:			
Actual outflow for operations and maintenance of road	232.75	247.24	263.77
Actual outflow for periodic maintenance of road	364.44	-	-
Management expenses	78.31	56.79	59.63
Corporate Social Responsibility ('CSR') expense paid	12.59	17.03	21.51
Total expenses (B)	**688.09**	**321.06**	**344.91**
Cash generated from operations (A-B)	**1,127.24**	**1,720.45**	**1,936.99**
Less : Direct taxes paid (net of refunds)	(124.59)	(207.47)	(241.64)
Net cash flows from operating activities	**1,002.65**	**1,512.98**	**1,695.35**

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Hardik Bhadrik Shah
Director
DIN: 06648474

Sanjay Grewal
Whole Time Director
DIN: 01971866

Place: Mumbai
Date: 22 March 2022

Place: New Delhi
Date: 22 March 2022

Projections of revenue from operations and cash flow from operations
Summary of significant assumptions and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

1. General information

Highways Infrastructure Trust (the "Trust") is a trust constituted by "Trust Deed" dated 03 December 2021, established and registered under the Registration Act, 1908 and under the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 ("InvIT Regulations"). The Trust is settled by Galaxy Investments II Pte. Ltd (referred as the "Sponsor"). The Trustee for the Trust is Axis Trustee Services Limited (the "Trustee"). The Investment Manager for the Trust is Virescent Infrastructure Investment Manager Private Limited (the "Investment Manager" or the "Management").

2. Basis of preparation of projections

The projection of revenue from operations and cash flow from operations of the Trust and the following subsidiaries of the Sponsor, namely:

a. Ulundurpet Expressways Private Limited ("UEPL");

b. Nirmal BOT Limited ("NBL");

c. Shillong Expressway Private Limited ("SEPL");

d. Jodhpur Pali Expressway Private Limited ("JPEPL");

e. Godhra Expressways Private Limited ("GEPL"); and

f. Dewas Bhopal Corridor Private Limited ("DBCPL")

(individually referred to as "Project SPV" or "SPV" and together referred to as "Project SPV Group" or 'Project SPVs'), for the financial years ended 31 March 2023, 31 March 2024 and 31 March 2025 ('FY 23, FY 24 and FY 25' respectively) (the "Projections") have been compiled solely for inclusion in the draft placement memorandum, placement memorandum and final placement memorandum (collectively, 'the placement documents') prepared by the Investment Manager in connection with the proposed private placement of units of the Trust. The Trust and Project SPVs on a combined basis have been referred to as the "Trust Group". Therefore, the use of the Projections is not appropriate and should not be used or relied upon for any purpose other than described above.

The Projections have been prepared based on the accounting policies used for preparation of the Project SPV Group's Special Purpose Combined Financial Statements as required by the InvIT Regulations, which are prepared in accordance with Indian Accounting Standards ("Ind AS") as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 prescribed under Section 133 of the Companies Act, 2013 read with InvIT Regulations and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India.

Though the aforesaid Projections are prepared under the Ind AS framework, they do not provide for all the detailed disclosures as required under Ind AS.

Projected cash flow from operations for the Project SPVs and Trust Group have been calculated using the direct method under Ind AS 7 - Statement of Cash Flows is computed by deducting the projected operating expenses and income taxes from the projected revenue from operations. Projected cash flow from operations do not include any items pertaining to financing or investing nature.

The Projections are presented in India Rupees which is also the functional currency of the Project SPV Group. All values are rounded to the nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00.

The Projections have been prepared based on the assumption that once the proposed private placement of units of the Trust is complete, the Trust will acquire equity interests in the Project SPVs on or before 31 March 2022 and that the net proceeds will be infused in the Project SPVs to replace the most or all of the existing bank debts, Sponsor's sub debts and unsecured loans and advances from group companies.

Projections of revenue from operations and cash flow from operations
Summary of significant assumptions and other explanatory information
(All amounts in ₹ millions unless otherwise stated)

The Projections includes the following information:

a. Projections of revenue from operations and cash flow from operations for the Project SPVs for the financial years ended 31 March 2023, 31 March 2024 and 31 March 2025;

b. Projections of revenue from operations and cash flow from operations of Trust Group for the financial years ended 31 March 2023, 31 March 2024 and 31 March 2025; and

c. Summary of significant assumptions and other explanatory information.

The accounting year end of the Trust is 31 March of each year. Accordingly, the Projections are prepared for the financial years ended 31 March 2023, 31 March 2024 and 31 March 2025. However, the assumed date of acquisition 31 March 2022 may be postponed and accordingly, the actual result in the first financial period of the Trust may be different from the projection period in the Projections.

The Projections contain forecasts and projections that relate to future events, which are, by their nature, subject to significant risks and uncertainties. The future events referred to involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from the Projections.

3. Significant assumptions

The Projections have been prepared based on the significant assumptions summarised below. The Investment Manager considers the assumptions to be appropriate and reasonable as at the date of the report. However, the investors should consider these assumptions as well as the Projections and make their own assessment of the future performance of the Trust.

Revenue from operations:

Revenue from operations primarily consists of Income arising out of toll collection, revenue from operations and maintenance of road, revenue from periodic maintenance of road, interest income on annuity receivable from National Highways Authority of India ('NHAI') and interest income from loans to related party. Revenue projections do not include any other income (operating or otherwise).

a.) Income arising out of toll collection

The base data for the projections is derived from the actual traffic data and tariff rates for the financial year ended 31 March 2021. Key variables for toll income growth are tollable traffic growth and the wholesale price index ('WPI') which are based on the reports obtained from Traffic consultants (the "Traffic Report") for each of the Project SPVs. Summary of estimates and details of the assumptions are as set forth below:

Project *	Financial year ended 31 March 2023		Financial year ended 31 March 2024		Financial year ended 31 March 2025	
	Average tollable traffic growth rate	WPI rate	Average tollable traffic growth rate	WPI rate	Average tollable traffic growth rate	WPI rate
UEPL	1.79%	10.50%	2.40%	3.66%	2.46%	4.40%
JPEPL	5.51%	13.56%	5.57%	3.66%	5.69%	4.40%
GEPL	7.06%	13.56%	7.08%	3.66%	7.10%	4.40%
DBCPL	5.30%	7.00%	5.34%	7.00%	5.45%	7.00%

***** No assumptions involved for SEPL and NBL SPV's since it receives fixed annuity income from National Highways Authority of India ('NHAI').

b.) Interest income on annuity receivable from National Highway Authority of India ('NHAI')

The NBL and SEPL SPV's have the right to receive fixed annuity payments from NHAI during the concession period and has adopted 'Financial Asset Model' as prescribed by Appendix C "Service concession arrangements" of Ind AS 115 -Revenue from Contracts with Customers.
Accounting under "Financial Asset Model" involves extensive use of estimates. The management of SPV has allocated the contract revenues into distinct individual performance obligations i.e. Construction, operation and maintenance based on their relative stand-alone selling prices, which are derived from independent technical consultant estimates for operation and maintenance expenditure. The future annuity payments have been bifurcated towards construction services and unearned finance income based on the effective interest rate model.

c.) Operation and maintenance revenue / cost:

The operation and maintenance cost includes routine operating maintenance cost, manpower costs and operational expenses, including, but not limited to, road and site work expenses, employee benefit expenses and other operating and maintenance costs. Those costs are projected based on the estimates of costs taken from the reports provided by the Technical consultants (the "Technical Report") for each of the Project SPVs. Revenue from operations and maintenance of road has been accordingly shown under revenue from operations in relation to NBL and SEPL SPV as explained in point b) above.

The projected operating and maintenance cost corresponds with the projected traffic and is primarily based on the currently available information on actual operating and maintenance cost associated with the operation of the Project SPVs.

Based on the concession agreements, the potential periodic / major maintenance cost is provided for in the statement of profit and loss for each financial year, and in the financial year of actual expenditure, the same is adjusted against the provision created for the same. The projections do not envisage any unanticipated expenses which may be incurred due to any unforeseen circumstances.

d.) Periodic maintenance revenue / cost:

The periodic maintenance cost includes periodic/major maintenance cost which are projected based on the estimates of costs taken from the reports provided by the Technical consultants (the "Technical Report") for each of the Project SPVs. Escalation of 3% every year is considered in periodic maintenance cost. Revenue from periodic maintenance of road has been accordingly shown under revenue from operations in relation to NBL and SEPL SPV as explained in point b) above.

e.) Management expenses

The management expenses are mainly projected based on the terms and conditions of the relevant agreements, estimates and / or based on Management's experience and judgement. The nature for the recurring management expenses are described below:

- **Investment manager expenses**
  The Investment Manager is entitled to an Investment Manager fee against services to be rendered on behalf of Trust pursuant to Investment management agreement dated 06 December 2021. The investment manager fees is calculated basis management estimates and is allocated between Project SPV Group and Trust in 80:20 ratio. Therefore, the management expenses considered in projected cash flow from operations of the Trust Group includes investment management fees of Trust as well allocated as per criteria mentioned above. The estimate taken by management is based on their internal assessment, experience and judgement. Further these expenses are escalated at 5% every year in line with WPI index.

- **Project Management expenses**

  The Project manager is entitled to project management fees for the performance of Management, Tolling and Operation and Maintenance Services. The estimate taken by management is based on their internal assessment, experience and judgement. The cost of escalation of 5% in project management fees is considered for UEPL, JEPL, DBCPL and GEPL and 10% is considered in SEPL and NBL from FY 24 onwards.

f.) Premium paid to National Highways Authority of India ('NHAI')

As per the concession agreement, JPEPL and GEPL SPV's are obligated to pay an annual amount of premium to National Highways Authority of India (NHAI). Total premium payable as per the concession agreement has been capitalized as 'Intangible Assets – Toll Collection Rights'.

g.) Corporate Social Responsibility ('CSR') expense

CSR expense has been computed @ 2% of average profits for last 3 immediately preceding financial years.

h.) Other expenses

The other expenses are included as a part of the operating and maintenance expenses of the respective Project SPV's.

i.) Changes in working capital

The collections of tolls are majorly in cash and routine expenses either in cash or a credit period is available. The unpaid payables majorly consists of outstanding dues in relation to engineering, procurement, operations and maintenance cost. The effective working capital deployed is relatively small or negative in certain instances. Further we believe the working capital is fairly stable and not expected to vary drastically over a period of time. Hence, changes in working capital are immaterial and no impact of that has been considered in the projected cash flows

j.) Direct taxes paid (net of refund)

Current income tax is measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in India where the SPV Group operates and generates taxable income.

All the Project SPVs are eligible for deduction under section 80IA of the Income Tax Act, 1961 for ten consecutive assessment years. Accordingly, the tax is calculated under Minimum Alternate Tax (MAT) provisions as defined in Section 115JB of the Income Tax Act, 1961 based on the projected book profits of the Project SPVs. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax.

k.) Other assumptions

The Investment Manager has made the following additional assumptions in preparing the Projections:

a) The initial portfolio of Project SPVs is assumed to remain unchanged throughout the Projection period. Further, the Projections have been prepared assuming the proposed Trust structure will be adopted from 31 March 2022. The actual structure would come into existence at a later date after the proposed private placement of units of the Trust;
b) Operating expenses and non-operating revenue of the Trust are not expected to be material and no impact of the same considered in the projections;

c) The average cost of escalation of 5.50% considered for operation and maintenance cost;
d) No further assets are acquired during the Projection period;
e) No further capital will be raised during the Projection period;
f) No outflows on account of contingent liabilities is expected to become due during the Projection period;
g) There will be no material change in taxation legislation or other applicable legislation;
h) The relevant tax exemptions, tax remissions, and preferential tax treatments granted remain valid and applicable and that the terms and conditions thereto are complied with;
i) The Projections have been prepared using Ind AS standards and interpretations that are effective for the Ind AS financial statements for the nine months ended 31 December 2021. The Projections do not take into account the impact of any new Ind AS standards or interpretation not effective as at 31 December 2021. Ind AS standards or interpretations issued but not effective or not issued as at 31 December 2021 which may become effective during the Projections period may have an impact on the Projections and to that extent the actual figures may vary from the Projections;
j) The Projections are based on assumptions and are subject to a number of factors. Investors should be aware that future events, including actual traffic growth rates, cannot be predicted with any certainty and there may be deviations from the figures projected in the Projections; and
k) The Projections have been prepared based on the Traffic Report's most likely scenario for traffic volume growth rates, and no analysis has been performed to demonstrate the sensitivity of the Projections to changes in traffic volume growth rates or other assumptions.

For and on behalf of Board of Directors of
Virescent Infrastructure Investment Manager Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Sanjay Grewal	**Hardik Bhadrik Shah**
Whole **Time** Director	Director
DIN: 01971866	DIN: 06648474
Place: New Delhi	**Place:** Mumbai
Date: 22 March 2022	**Date:** 22 March 2022

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts, which are or may be deemed material have been entered or are to be entered into in due course. These contracts and also the documents for inspection referred to hereunder, may be inspected by the Eligible Investors at the office of the Highways Trust at Mumbai, from 10:00 A.M. to 5:00 P.M., from the date of this Draft Placement Memorandum until the Bid/Issue Closing Date, on Working Days.

A. Material Contracts

1. The Trust Deed, between the Sponsor, Investment Manager (acting as the settlor) and the Trustee, dated December 3, 2021;

2. The Investment Management Agreement, amongst the Trustee and the Investment Manager, dated December 6, 2021;

3. The Project Management Agreement, amongst the Trustee, Investment Manager, Project Manager and the Project SPVs dated [●], 2022;

4. The securities purchase agreement dated [●], to be executed between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, and the Project SPVs, in relation to the transfer of the equity shares of the Project SPVs.

5. The Placement Agreement entered into between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, the Project Manager and the Lead Manager, dated March 23, 2022;

6. The Cash Escrow Agreement entered into between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, the Lead Manager and the Escrow Collection Bank, /dated [●], 2022;

7. Concession Agreement executed between Madhya Pradesh Road Development Corporation Limited and Dewas Bhopal Corridor Pvt. Ltd. dated June 30, 2007, together with any amendments or supplements thereto;

8. Concession Agreement executed between NHAI and BSCPL Godhra Tollways Limited dated February 25, 2010, together with any amendments or supplements thereto;

9. Concession Agreement executed between Government of Rajasthan, Public Works Department (on behalf of Road Transport & Highways Government of India) and Jodhpur Pali Expressway Limited dated February 28, 2013, together with any amendments or supplements thereto;

10. Concession Agreement executed between NHAI and Nirmal Bot Limited dated May 4, 2007, together with any amendments or supplements thereto;

11. Concession Agreement executed between NHAI and Shillong Expressway Private Limited dated July 14, 2010, together with any amendments or supplements thereto;

12. Concession Agreement executed between NHAI and GMR Ulundurpet Expressways Private Limited dated April 19, 2006, together with any amendments or supplements thereto;

13. Certified copy of the Memorandum and Articles of Association of the Investment Manager as amended from time to time; and

14. The business support services agreement to be entered into between the Project SPVs, Project Manager and HC1; and

15. The agreement to be entered into between the Investment Manager and HC1 in relation to reimbursement of costs.

B. Material Documents

1. SEBI registration certificate for the Highways Trust bearing number IN/InvIT/21-22/0019 dated December 23, 2021 as an infrastructure investment trust;

2. Board resolution of the Investment Manager dated March 22, 2022, authorising this Issue;

3. The resolutions of the Board dated March 22, 2022 and InvIT Committee dated March 24, 2022 approving this Draft Placement Memorandum;

4. Consents received from (i) the Auditor; (ii) Valuer; (iii) Technical Consultant; (iv) Traffic Study Consultant; (v) Lead Manager to the Issue; (vi) Legal adviser to the Issue, as to Indian law; (vii) Registrar; (viii) Compliance Officer; (ix) Trustee; (x) Sponsor; and (xi) Investment Manager;

5. Summary financial statements of the Sponsor for the period from June 11, 2021 (date of incorporation of the Sponsor) to December 31, 2021;

6. Summary financial statements of the Investment Manager for the period from August 22, 2020 (date of incorporation of the Investment Manager)) till March 31, 2021 and, and for the period from April 1, 2021 to December 31, 2021;

7. Special Purpose Combined Financial Statements along with the audit reports, dated March 22, 2022;

8. Projections of Revenue from Operations and Cash Flow from Operating Activities and the report thereon;

9. Statement of tax benefits dated March 24, 2022;

10. Corporate governance polices of the Investment Manager;

11. In-principle listing approval dated [●], 2022 issued by NSE;

12. Tripartite Agreement dated March 7, 2022 among the Investment Manager (on behalf of the Highways Trust), NSDL and the Registrar; and

13. Tripartite Agreement dated February 25, 2022 among the Investment Manager (on behalf of the Highways Trust), CDSL and the Registrar.

Any of the contracts or documents mentioned in this Draft Placement Memorandum may be amended or modified at any time if so required in the interest of the Highways Trust or if required by the other parties, without reference to the Unitholders, subject to compliance with applicable law.

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI ACT and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF THE INVESTMENT MANAGER

Mr. Hardik Bhadrik Shah
Director

Date: March 24, 2022
Place: Mumbai

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI ACT and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF THE INVESTMENT MANAGER

Mr. Sanjay Grewal
Whole-time Director

Date: March 24, 2022
Place: New Delhi

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF THE INVESTMENT MANAGER

Mr. Akshay Jaitly
Independent Director

Date: March 24, 2022
Place: Paris

DECLARATION

The Investment Manager hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF THE INVESTMENT MANAGER

Mr. Panja Pradeep Kumar
Independent Director

Date: March 24, 2022
Place: Bengaluru

DECLARATION

The Trustee (on behalf of the Highways Trust) hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). The Trustee (on behalf of the Highways Trust) further certifies that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE TRUSTEE (ON BEHALF OF THE HIGHWAYS TRUST)

For **AXIS TRUSTEE SERVICES LIMITED**
Date: March 24, 2022
Place: Mumbai

DECLARATION

Galaxy Investments II Pte. Ltd hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). We further certify that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF GALAXY INVESTMENTS II PTE. LTD.

Madhura Narawane
Director

Date: March 24, 2022
Place: Singapore

DECLARATION

Galaxy Investments II Pte. Ltd hereby declares and certifies that all relevant provisions of the InvIT Regulations, SEBI Act and rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Draft Placement Memorandum is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act, or rules, regulations, and guidelines issued thereunder (as the case may be). We further certify that all the statements and disclosures in this Draft Placement Memorandum are material, true, correct, not misleading and are adequate in order to enable the investors to make an informed decision.

SIGNED BY THE DIRECTOR OF GALAXY INVESTMENTS II PTE. LTD.

Tang Jin Rong
Director

Date: March 24, 2022
Place: Singapore

ANNEXURE I - VALUATION REPORT

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Strictly Private and Confidential

Prepared for:
Highways Infrastructure Trust ("the Trust")

Virescent Infrastructure Investment Manager Private Limited
("the Investment Manager")

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

Fair Enterprise Valuation

Valuation Date: 31st December 2021

Mr. S Sundararaman,
Registered Valuer,
IBBI Registration No - IBBI/RV/06/2018/10238

Strictly Private and Confidential

RV/SSR/R/2022/14

Date: 16th March 2022

Highways Infrastructure Trust
(acting through Axis Trustee Services Limited [in its capacity as "the Trustee" of the Trust])
2nd Floor, Piramal Tower,
Peninsula Corporate Park,
Lower Parel, Mumbai – 400 013.

Virescent Infrastructure Investment Manager Private Limited
(acting as the Investment Manager to Highways Infrastructure Trust)
10th Floor, Parinee Crescenzo, C- 30,
G Block, Bandra Kurla Complex,
Bandra East, Mumbai – 400 051.

Sub: Financial Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Sir(s)/ Madam(s),

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 24th February 2022 as an independent valuer, as defined as per Regulation 2(zzf) of the SEBI InvIT Regulations, by **Virescent Infrastructure Investment Manager Private Limited** ("**VIIMPL**" or "**the Investment Manager"**) acting as the investment manager for **Highways Infrastructure Trust** ("**the Trust**" or "**Highways InvIT**"), an infrastructure investment trust, registered with the **Securities Exchange Board of India** (**"SEBI"**) with effect from 23rd December 2021, bearing registration number IN/InvIT/21-22/0019 and **Axis Trustee Services Limited** ("**the Trustee**") acting on behalf of the for the purpose of the financial valuation of the special purpose vehicles (defined below and hereinafter together referred as "**the SPVs"**) of Galaxy II Investments Pte Limited ("**the Sponsor**" or "**Galaxy**") as per the requirements of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**SEBI InvIT Regulations**"). The SPVs to be valued are proposed to be transferred to the Trust set up under the SEBI InvIT Regulations, where VIIMPL is acting as the Investment Manager and Galaxy is the Sponsor as per the extant provisions of the SEBI InvIT Regulations.

I am enclosing the Report providing opinion on the fair enterprise value of the SPVs as defined hereinafter on a going concern basis as at 31st December 2021 ("**Valuation Date**").

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

I was further requested by the Investment Manager to provide the adjusted enterprise value of the SPVs as at 31st December 2021, where the adjusted enterprise value ("**Adjusted EV**") is derived as EV as defined above plus cash or cash equivalents of the SPVs as at 31st December 2021.

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

This Report has been prepared solely for the purpose of inclusion as part of the Draft Placement Memorandum ("DPM"), Placement Memorandum ("PM") and the Final Placement Memorandum ("FPM)

and such other documents as may be required in accordance with the independent valuation required as per the SEBI InvIT Regulations.

The SPVs are expected to be acquired by the Trust and are to be valued as per Regulation 21 read with Chapter V of the SEBI InvIT Regulations.

Following Special Purpose Vehicles are proposed to be transferred to the Trust:

Sr. No.	Name of the SPV	Term	Group
	NHAI Annuity Model Assets ("NHAI Annuity SPVs")		**Annuity SPVs**
1	Nirmal BOT Limited	NBL	
2	Shillong Expressway Private Limited	SEPL	
	Toll Model Assets ("Toll SPVs")		**Toll SPVs**
3	Dewas Bhopal Corridor Private Limited	DBCPL	
4	Godhra Expressways Private Limited	GEPL	
5	Jodhpur Pali Expressway Private Limited	JPEPL	
6	Ulundurpet Expressways Private Limited	UEPL	

(Hereinafter all the 6 companies mentioned above are together referred to as "**the SPVs"**)

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

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

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have an impact on the valuation of the SPVs.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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

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

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the Securities and Exchange Board of India ("**SEBI**") thereunder.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 11 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

Strictly Private and Confidential

RV draws your attention to the limitation of liability clauses in Section 11 of this Report.

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

Yours faithfully,

Swaminathan Sundararaman

Digitally signed by Swaminathan Sundararaman
Date: 2022.03.16 17:58:17 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 22028423AFAUDW8920

Contents

Section	Particulars	Page No.
1	Executive Summary	8
2	Procedures adopted for current valuation exercise	14
3	Overview of the InvIT and the SPVs	15
4	Proposed Transaction	29
5	Overview of the Industry	30
6	Valuation Methodology and Approach	38
7	Valuation of the SPVs	42
8	Valuation Conclusion	47
9	Additional procedures for compliance with InvIT Regulations	50
10	Sources of Information	53
11	Exclusions and Limitations	54
	Appendices	
12	Appendix 1 : Valuation of SPVs as on 31st December 2021	58
13	Appendix 2 : Weighted Average Cost of Capital of the SPVs	65
14	Appendix 3: Summary of Approvals and Licenses	67
15	Appendix 4: Summary of Ongoing Litigations	72

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BOT	Build, Operate and Transfer
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
Cr	Crores
CTM	Comparable Transactions Multiples
DBFOT	Design, Build, Finance, Operate and Transfer
DCF	Discounted Cash Flow
DBCPL	Dewas Bhopal Corridor Private Limited
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
ETC	Electronic Toll Collection
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FPM	Final Placement Memorandum
FY	Financial Year Ended 31st March
GEPL	Godhra Expressways Private Limited
GQ	Golden Quadrilateral
HAM	Hybrid Annuity Model
Ind AS	Indian Accounting Standards
INR	Indian Rupees
Investment Manager/VIIMPL	Virescent Infrastructure Investment Manager Private Limited
IVS	ICAI Valuation Standards 2018
JPEPL	Jodhpur Pali Expressway Private Limited
Kms	Kilometres
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
MPRDC	Madhya Pradesh Road Development Corporation Limited
Mn	Million
NAV	Net Asset Value Method
NBL	Nirmal BOT Limited
NCA	Net Current Assets Excluding Cash and Bank Balances
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NS-EW	North- South and East-West Corridors
O&M	Operation & Maintenance
PM	Placement Memorandum
PPP	Public Private Partnership

RFID	Radio Frequency Identification
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SEPL	Shillong Expressway Private Limited
SH	State Highway
Sponsor/ Galaxy	Galaxy II Investments Pte Limited
SPV	Special Purpose Vehicle
the Trustee	Axis Trustee Services Limited
UEPL	Ulundurpet Expressways Private Limited

1. Executive Summary

1.1. Background

1.1.1. Galaxy II Investments Pte Limited (“"**the Sponsor**" or “**Galaxy**”) has floated an infrastructure investment trust under the SEBI InvIT Regulations called "**Highways Infrastructure Trust**" (“**Highways InvIT”** or “**the Trust**”). Galaxy was incorporated on 11th June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the “infrastructure” sector.

1.1.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is invested in by funds, vehicles and/or entities managed and/or advised by Kohlberg Kravis Roberts & Co. LP and/ or its affiliates (collectively “**KKR**”).

1.1.3. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US$471 billion of assets under management as of 31st December 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds.

1.1.4. Axis Trustee Services limited (“**the Trustee**”) has been appointed as the Trustee of the Highways InvIT. Virescent Infrastructure Investment Manager Private Limited ("**VIIMPL**" or "**the Investment Manager**") has been appointed as the Investment Manager to the Trust by the Trustee and will be responsible to carry out the duties of such person as mentioned under the SEBI InvIT Regulations.

1.1.5. Shareholding of the Investment Manager as on the Valuation Date is as under :

Sr. No.	Particulars	No. of shares	%
1	Terra Asia Holdings II Pte. Ltd.	11,009,999	86.4%
2	Terra Asia Holdings I Pte. Ltd.*	1	-
3	PIP7 Peacock SARL	17,37,753	13.6%
	Total	**12,747,753**	**100.0%**

Source: Investment Manager

** as a nominee of Terra Asia Holdings II Pte. Ltd.*

1.1.6. I understand that Highways InvIT, acting through the Trustee, shall acquire the equity held by the Sponsor or/and other shareholders in its 6 SPVs mentioned in para 1.1.8, following which units will be issued to the Sponsor by the Trust, which are to be listed on one or more Indian stock exchanges consequent to the proposed private placement of the Trust (“**the Proposed Transaction**”).

1.1.7. In this regard, the Investment Manager intends to undertake an independent valuation of the SPVs (as defined in para 1.1.6) as per the extant provisions of the SEBI InvIT Regulations issued by Securities and Exchange Board of India (“**SEBI**”).

1.1.8. **Financial Assets to be Valued**

The financial assets under consideration are valued at Enterprise Value and Adjusted Enterprise Value of the following:

Sr. No.	Name of the SPV
	NHAI Annuity Model Assets (“NHAI Annuity SPVs”)
1	Nirmal BOT Limited (“NBL”)
2	Shillong Expressway Private Limited (“SEPL”)
	Toll Model Assets (“Toll SPVs”)
3	Dewas Bhopal Corridor Private Limited (“DBCPL”)
4	Godhra Expressways Private Limited (“GEPL”)
5	Jodhpur Pali Expressway Private Limited (“JPEPL”)
6	Ulundurpet Expressways Private Limited (“UEPL”)

(Together referred to as “the **SPVs**”)

1.1.9. In this regard, the Investment Manager has appointed me, S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake fair valuation of the SPVs at the enterprise level as per the extant provisions of the SEBI InvIT Regulations issued by SEBI. Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

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

1.1.11. I declare that:

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

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

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

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

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

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1.2. Scope of Valuation

1.2.1. Valuation Base

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

Fair Value

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

1.2.2. Valuation Date

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

The Valuation Date considered for the fair enterprise valuation of the SPVs is 31st December 2021 ("**Valuation Date**"). The attached Report is drawn up by reference to accounting and financial information as on 31st December 2021. The RV is not aware of any other events having occurred since 31st December 2021 till date of this Report which he deems to be significant for his valuation analysis.

1.2.3. Premise of Value

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

Going Concern Value

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

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1.3. Summary of Valuation

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

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business. Hence NAV method is considered only for background reference.
Income Approach	Discounted Cash Flow	Yes	**For Annuity SPVs:** The revenue of NHAI Annuity SPVs is mainly derived from the annuity fees that are typically pre-determined with NHAI (as specified in the respective concession agreement) and cannot be modified to reflect prevailing circumstances like inflation & interest rates. **For Toll SPVs:** The Toll SPVs derive almost all of their revenue from their toll-road operations. The Toll SPVs are substantially dependent on the accuracy of the traffic volume forecasts for their respective projects. Accordingly, since all the SPVs are generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me the financial projections for the balance tenor of the concessions agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPVs are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPVs, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm ("**FCFF**") has been used for the purpose of valuation of each of the SPVs. In order to arrive at the fair EV of the individual SPVs under the DCF Method, I have relied on audited financial statements as at 31st December 2021 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the respective SPVs prepared by the Investment Manager as at the Valuation Date based on their best judgement.

The discount rate considered for the respective SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("**WACC**") for each of the SPVs. As all the SPVs under considerations have executed projects under the BOT /DBFOT model, the operating rights of the underlying assets shall be transferred back to the appointing authority after the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government entity that granted the concession by the SPVs. Accordingly,

terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

Sr. No.	SPVs	Approximate Projection Period (Balance Project Period#)	WACC	Fair Value of EV* (INR Mn)	Fair Value of Adjusted EV** (INR Mn)
1	NBL	~5 years 9 months	8.5%	1,341	1,938
2	SEPL	~4 years 1 month	7.7%	835	1,586
3	DBCPL	~11 years 11 months	10.2%	14,683	15,695
4	GEPL	~21 years 6 months	10.1%	21,522	22,441
5	JPEPL	~21 years 8 months	10.1%	8,681	9,016
6	UEPL	~5 years 2 months	9.7%	5,631	6,649
Total				**52,693**	**57,324**

 # including likely extension(s) as detailed in this report

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

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

Further to above, considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular 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 variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs:

1. WACC by increasing / decreasing it by 0.5%
2. WACC by increasing / decreasing it by 1.0%
3. Revenue of Toll SPVs by increasing / decreasing it by 10%
4. Operation and Maintenance Expenses by increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	NBL	9.0%	1,321	8.5%	1,341	8.0%	1,362
2	SEPL	8.2%	829	7.7%	835	7.2%	841
3	DBCPL	10.7%	14,273	10.2%	14,683	9.7%	15,111
4	GEPL	10.6%	20,484	10.1%	21,522	9.6%	22,635
5	JPEPL	10.6%	8,245	10.1%	8,681	9.6%	9,148
6	UEPL	10.2%	5,566	9.7%	5,631	9.2%	5,697
	Total of all SPVs		**50,718**		**52,693**		**54,794**

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	NBL	9.5%	1,301	8.5%	1,341	7.5%	1,383
2	SEPL	8.7%	824	7.7%	835	6.7%	847
3	DBCPL	11.2%	13,880	10.2%	14,683	9.2%	15,556
4	GEPL	11.1%	19,514	10.1%	21,522	9.1%	23,829
5	JPEPL	11.1%	7,839	10.1%	8,681	9.1%	9,649
6	UEPL	10.7%	5,502	9.7%	5,631	8.7%	5,765
	Total of all SPVs		**48,859**		**52,693**		**57,030**

3. Fair Enterprise Valuation Range based on Revenue parameter of Toll SPVs (10%)

INR Mn

Sr. No.	SPVs	EV at Revenue - 10%	EV at Base Revenue	EV at Revenue + 10%
1	NBL	NA	NA	NA
2	SEPL	NA	NA	NA
3	DBCPL	12,883	14,683	16,484
4	GEPL	19,004	21,522	24,041
5	JPEPL	7,483	8,681	9,875
6	UEPL	4,987	5,631	6,275
	Total of all SPVs	**44,357**	**50,518**	**56,673**

4. Fair Enterprise Valuation Range based on Operation and Maintenance Expenses parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	NBL	1,261	1,341	1,422
2	SEPL	771	835	897
3	DBCPL	14,191	14,683	15,176
4	GEPL	21,090	21,522	21,955
5	JPEPL	8,262	8,681	9,099
6	UEPL	5,465	5,631	5,797
	Total of all SPVs	**51,040**	**52,693**	**54,345**

The above represents reasonable range of fair enterprise valuation of the SPVs.

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2. Procedures adopted for current valuation exercise

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

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

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

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

2.2.3. Discussions with the Investment Manager on:

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

2.2.4. Undertook industry analysis:

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

2.2.5. Analysis of other publicly available information;

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

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

2.2.8. Determination of fair value of the EV of the SPVs on a going concern basis till the end of the concession period as at the Valuation Date and determination of fair value of the Adjusted EV of the SPVs on a going concern basis till the end of the concession period as at the Valuation Date on request of the Investment Manager.

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3. Overview of Sponsor, InvIT and SPVs

3.1. Sponsor / Galaxy II Investments Pte. Limited ("Galaxy")

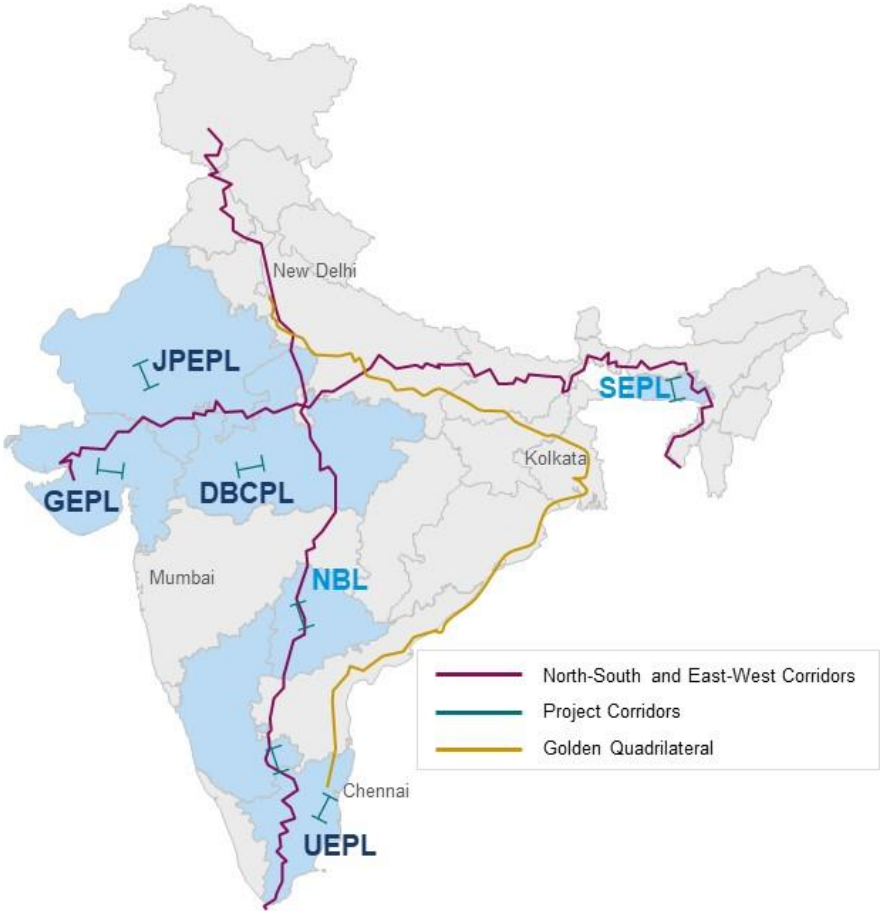
3.1.1. Galaxy Investments II Pte. Limited is the Sponsor of the Highways Trust. The Sponsor was incorporated on 11th June 2021 in Singapore. Galaxy is involved in investment activities primarily with an objective of earning long term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the "infrastructure" sector.

3.1.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is invested in by funds, vehicles and/or entities managed and/or advised by Kohlberg Kravis Roberts & Co. LP and/ or its affiliates (collectively "**KKR**").

3.1.3. Founded in 1976, KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions with approximately US$471 billion of assets under management as of 31st December 2021. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds.

3.1.4. I understand that the proposed Highways InvIT, acting through the Trustee, shall acquire the equity held by the Sponsor in the SPVs following which units will be issued to the Sponsor by the Trust, which are to be listed on one or more Indian stock exchanges consequent to the proposed private placement of the Trust.

3.2. Following is a map of India showing the area covered by the proposed SPVs of the Trust:



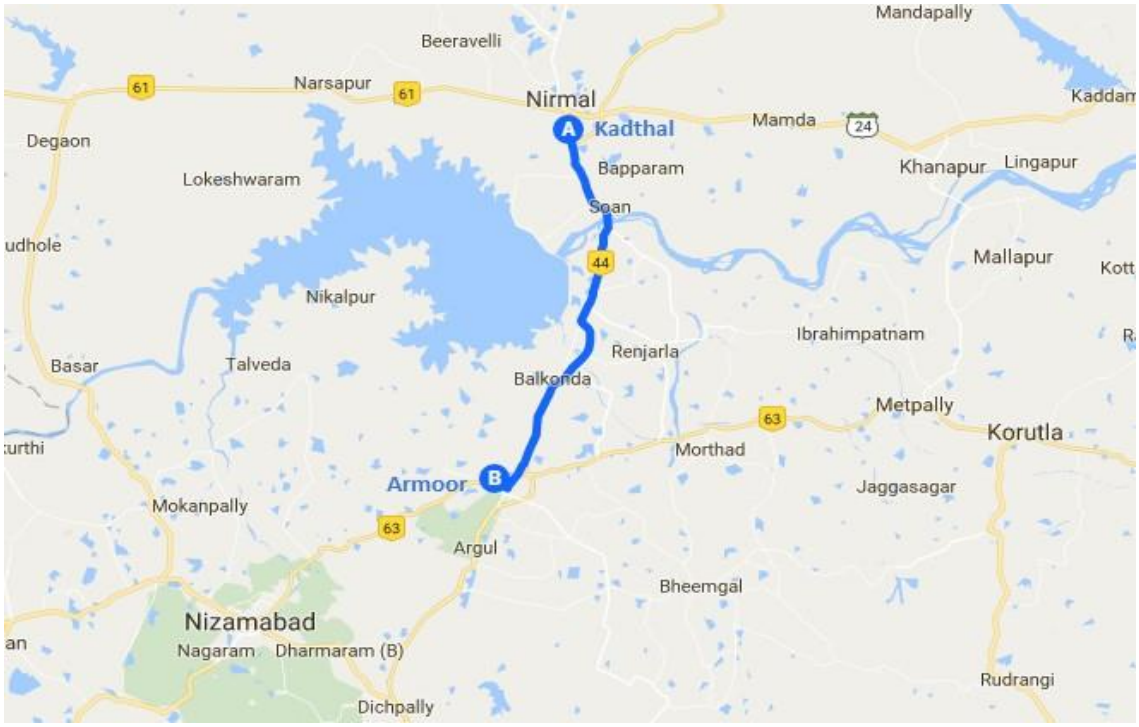
Source: Investment Manager

Background of the SPVs

3.4. Nirmal BOT Limited ("NBL")

3.4.1. The Project Road is a Section of NH-7 which starts from Kadtal in Adilabad District (New Ch. 282+617) and ends at Armur in Nizamabad District (New Ch. 313+507). The Project Road crosses the Godavari river at the major bridge Ch. 289+834 (36x20.9m) and has a length of 30.89 km. This Project for up-gradation of the existing road to four lane carriageway with paved shoulders was awarded by the National Highways Authority of India to M/s. Nirmal BOT Limited for a Concession Period of 20 years on BOT (Annuity) basis.

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



Source: Investment Manager

3.4.2. Summary of project details of NBL are as follows:

Parameters	Details
Total Length	123.56 Lane Kms
Nos. of Lanes	4
NH / SH	NH 7*
State Covered	Telangana
Area (Start and End)	Kadtal-Armur
Project Cost	INR 3,150 Mn
PPP Model	BOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	22 July 2009
Nos. of Annuities	36 (Semi-annual)
Total Annuity Amount	INR 8,568 Mn
Concession Period (CP)	20 years from Appointed Date

Source: Investment Manager

**Note: The State/ National Highway numbers and chainages mentioned in this Report are old Highway numbers and chainages as per the concession agreements. The actual SH/ NH numbers and chainage at site may differ based on subsequent changes.*

3.4.3. The corridor forms a part of existing road from Km 278 to 308 (Approx. 30.9 Kms) between Kadtal and Armur of NH-7.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total length of Service Roads	14.48 Kms
3	No of Toll Plazas	1
4	No of Bus Bays with Bus Shelters	30
5	Number of Truck Lay Bays	4
6	No of Rest Areas	0
7	No of Major Junctions	3
8	No of Minor Junctions	8
9	No of Vehicular underpasses	5
10	No of Pedestrian underpasses	12
11	No of Major Bridges	2
12	No of Minor Bridges	6
13	No of Hume Pipe Culverts	55
14	No of Box / Slab Culverts	28

Source: Investment Manager

3.4.4. The shareholding of NBL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	3,15,00,000	100.00%
	Total		**100.00%**

**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

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

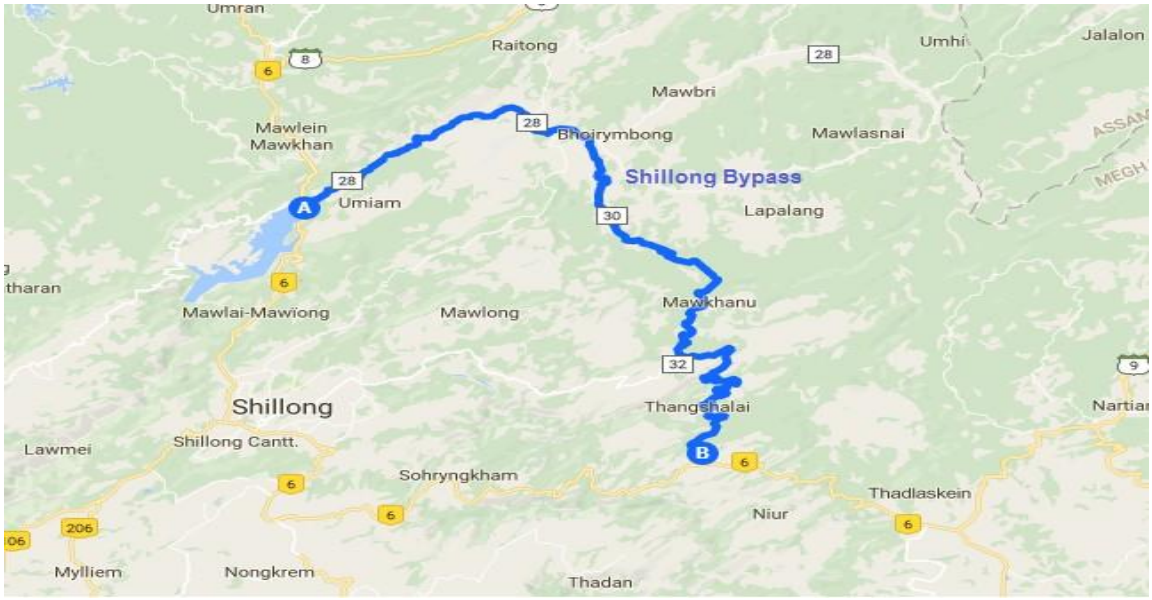
3.4.5. My team had conducted physical site visit of the road stretch of NBL on 7th March 2022. Refer below for the pictures of the road stretch:

3.5. Shillong Expressway Private Limited ("SEPL")

3.5.1. SEPL has constructed a 2 lane Shillong Bypass Connecting NH-40 and NH-44 from KM 61.80 on NH-40 near Barapani to KM 34.85 on NH-44 on the Shillong bypass section of NH-40 and NH-44 in the state of Meghalaya on Design, Build, Finance, Operate and Transfer ("DBFOT Annuity") Basis. The entire project road passes through rural & Forest area with very thin inhabitations. Bhoilymbong, the only town in the area which is bypassed.

The project corridor generally runs in rolling/hilly terrain for most of length except in few locations where it is slightly plain. The land use along the project road is mostly forest. It passes through small village settlements like Umroi, Nongtrah, Diengpasoh, Thangshalai, Mawryngkneng etc.

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



Source: Investment Manager

3.5.2. Summary of project details of SEPL are as follows:

Parameters	Details
Total Length	97.53 Lane Kms
Nos. of Lanes	2
NH / SH	NH-40/44
State Covered	Meghalaya
Area (Start and End)	Umiam to Mawryngkneng
Project Cost	INR 2,480 Mn

PPP Model	DBFOT
Project Type	Annuity
Concession Granted by	NHAI
COD Date	28 February 2013
Nos. of Annuities	24 (semi-annual)
Total Annuity Amount	INR 5,969 Mn
Concession Period (CP)	15 years from Appointed Date

Source: Investment Manager

3.5.3. The corridor forms a part of existing road from KM 61.80 of NH-40 and 34.85 of NH-44.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 2 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 2 Lane with Flexible Pavement	48.77 Kms
3	Total length of Service Roads	NA
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	13
6	Number of Truck Lay Bays	0
7	No of Rest Areas	0
8	No of Major Junctions	2
9	No of Minor Junctions	64
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	0
12	No of Major Bridges	3
13	No of Minor Bridges	8
14	No of Hume Pipe Culverts	218
15	No of Box / Slab Culverts	22

Source: Investment Manager

3.5.4. The shareholding of SEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	5,00,000	100.00%
	Total	**5,00,000**	**100.00%**

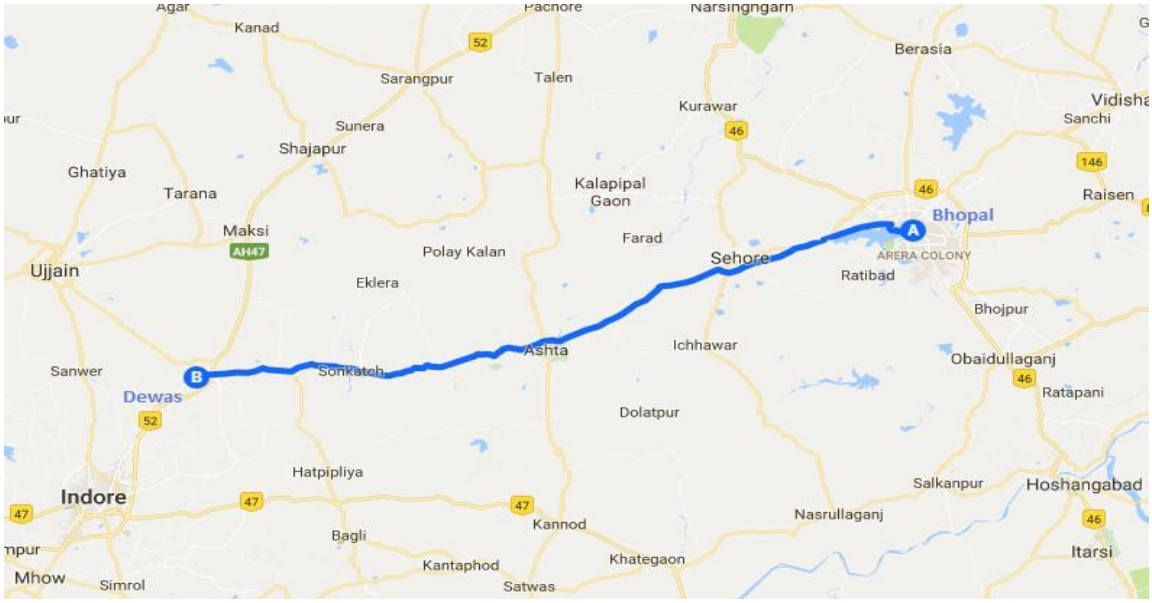
**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

3.5.5. My team had conducted physical site visit of the road stretch of SEPL on 7th March 2022. Refer below for the pictures of the road stretch:

3.6. Dewas Bhopal Corridor Private Limited ("DBCPL")

3.6.1. The MPRDC and DBCPL entered into the concession agreement dated June 30, 2007 (the "Concession Agreement"). DBCPL was awarded a project on BOT basis under the Concession Agreement for reconstruction, strengthening, widening and rehabilitation of the Bhopal-Dewas section including (including all bypasses) from KM 6.8 to KM 151.6 on SH-18 to 4-lane section in the State of Madhya Pradesh.

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



Source: Investment Manager

3.6.2. Summary of project details of DBCPL are as follows:

Parameters	Details
Total Length	563.2 Lane Kms
Nos. of Lanes	4
NH / SH	SH-18
State Covered	Madhya Pradesh
Area (Start and End)	Bhopal to Dewas
Project Cost	INR 6,020 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	MPRDC
COD Date	10 February 2009

Original Concession Period (CP)	25 years from Appointed Date
Extension (If any)	258 days
Likely End of CP (including extension)	1 December 2033

Source: Investment Manager

3.6.3. The corridor forms a part of existing road from KM 6.8 to KM 151.6 (Approx. 140.8 Kms) from Bhopal to Dewas in SH-18

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	140.79 Kms
3	Total length of Service Roads	9.09 Kms
4	No of Toll Plazas	3
5	No of Bus Bays with Bus Shelters	3
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	19
9	No of Minor Junctions	70
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	1
12	No of Major Bridges	4
13	No of Minor Bridges	17
14	No of Hume Pipe Culverts	109
15	No of Box / Slab Culverts	53

Source: Investment Manager

3.6.4. The shareholding of DBCPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	1,00,000	100.00%
	Total	**1,00,000**	**100.00%**

**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

3.6.5. Projections provided by the Investment Manager consider an extension of ~258 days from original concession end date, owing to:

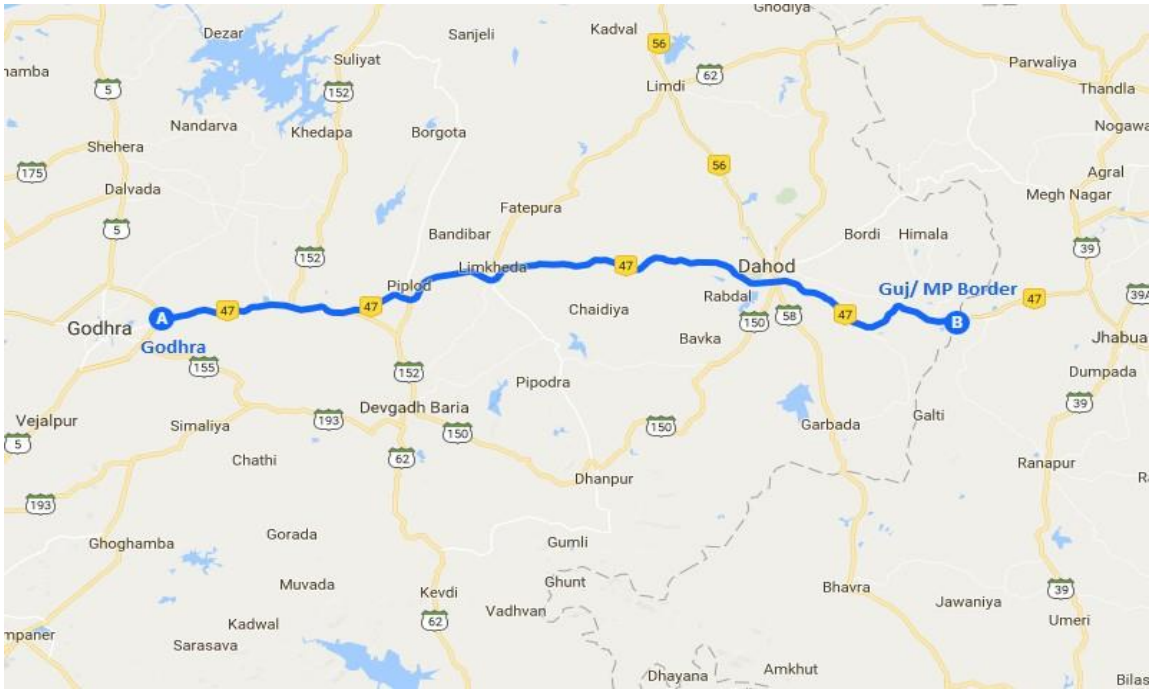
- ~23 days were extended by MPRDC on account of demonetisation vide order no.02/MPRDC/BOT/D-B/2017/4947 dated 19th June 2017.
- 195 days were extended by MPRDC on account of change in scope vide order no. 11617/Maint/Bhopal-Dewas/MPRDC/2018 dated 25th October 2013.
- 40 days were extended by MPRDC on account of force majeure event due to COVID-19.

3.6.6. My team had conducted physical site visit of the road stretch of DBCPL on 4th March 2022. Refer below for the pictures of the road stretch:

3.7. Godhra Expressway Private Limited ("GEPL")

3.7.1. The NHAI and GEPL entered into the concession agreement dated February 25, 2010 (the "GEPL Concession Agreement"). GPEL operates, on a four-lane highway from Godhra to Gujarat/ Madhya Pradesh Border Section of NH-59 (now NH-47) from KM 129.30 to KM 215.90, in the State of Gujarat, under NHDP Phase III on Design, Build, Finance, Operate and Transfer ("DBFOT") basis.

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



Source: Investment Manager

3.7.2. Summary of project details of GEPL are as follow

Parameters	Details
Total Length	348.41 Lane Kms
Nos. of Lanes	4
NH / SH	NH-59
State Covered	Gujarat
Area (Start and End)	Godhra to Gujarat/ MP Border
Project Cost	INR 7,956 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	31 October 2013
Original Concession Period (CP)	27 years from Appointed Date
Extension (If any)	1,971 days

Likely End of CP (including extension)	23 July 2043

Source: Investment Manager

3.7.3. The corridor forms a part of existing road from KM 129.3 to 215.9 (Approx. 87.10 Kms) from Godhra to Gujarat-Madhya Pradesh border in NH-59

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	83.1 Kms
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	4 kms
3	Total length of Service Roads	19.76 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	24
6	Number of Truck Lay Bays	6
7	No of Rest Areas	0
8	No of Major Junctions	4
9	No of Minor Junctions	81
10	No of Vehicular underpasses	4
11	No of Pedestrian underpasses	13
12	No of Major Bridges	6
13	No of Minor Bridges	16
14	No of Hume Pipe Culverts	98
15	No of Box / Slab Culverts	32

Souce: Investment Manager

3.7.4. The shareholding of GEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	2,33,80,840	100.00%
	Total	**2,33,80,840**	**100.00%**

**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

3.7.5. Projections provided by the Investment Manager consider an extension of 1,971 days from original concession end date, owing to the target traffic clause as per Concession Agreement, the same has been approved by IE.

3.7.6. <u>Modification in the Concession Period due to target traffic clause as per Concession Agreement</u>

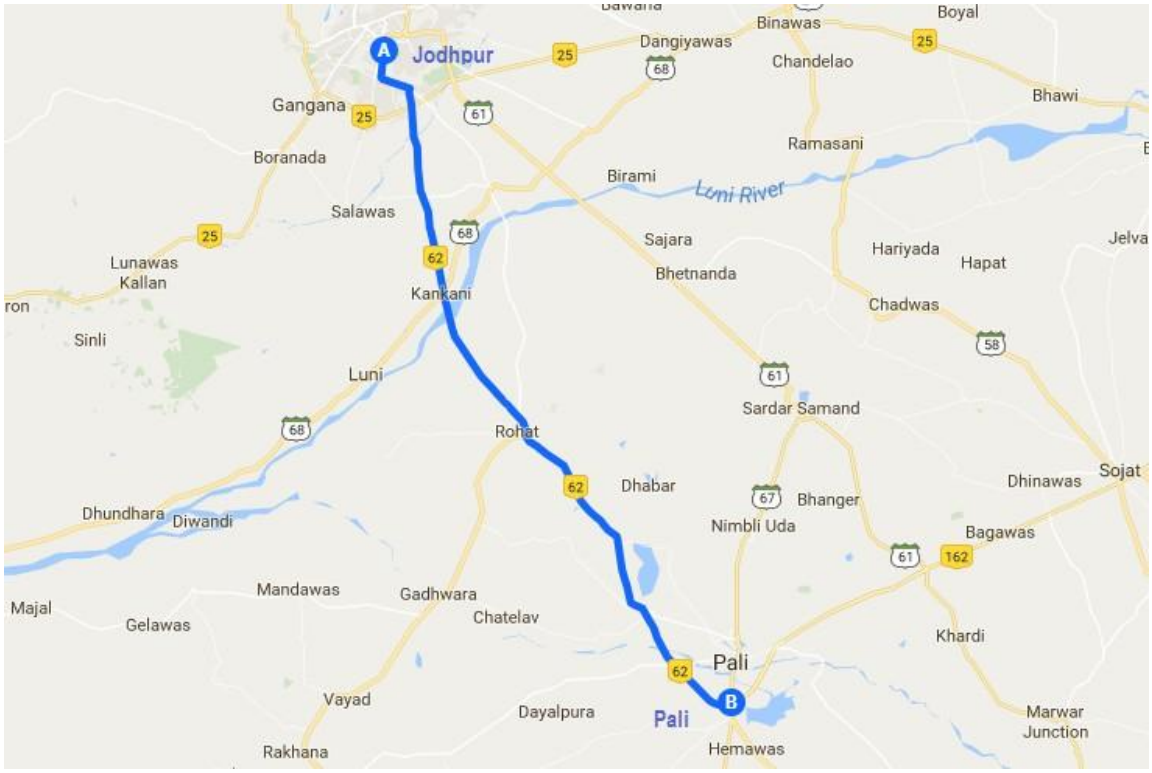
Particulars	Unit	Details
Target date as per CA	Date	1st October 2019
Target traffic as per CA	PCUs	26,839
Actual Average Traffic	PCUs	18,811
Comparison of average traffic at test date with target	%	-30%
Original concession period	years	27.0
Increase in concession period (Max. upto 20%)	%	20%
Change in concession period	days	1,971
Revised concession period	years	32.4
Appointed date	Date	1st March 2011
Original concession end date	Date	28th February 2038
Revised concession end date	Date	23rd July 2043

3.7.7. My team had conducted physical site visit of the road stretch of GEPL on 5th March 2022. Refer below for the pictures of the road stretch:

3.8. Jodhpur Pali Expressway Private Limited ("JPEPL")

3.8.1. The PWD(R) and JPEPL entered into the concession agreement dated February 28, 2013 (the "Concession Agreement"). JPEPL was engaged, on a design, build, finance, operate and transfer basis, under the Concession Agreement for the development and operation of Jodhpur-Pali section of NH 65 from KM 308.00 to KM 366.00 and including bypass to Pali starting from KM 366.00 of National Highway 65, connecting National Highway 14 at KM 114 in State of Rajasthan.

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



Source: Investment Manager

3.8.2. Summary of project details of JPEPL are as follows:

Parameters	Details
Total Length	286.14 Lane Kms
Nos. of Lanes	4
NH / SH	NH-65
State Covered	Rajasthan
Area (Start and End)	Jodhpur to Pali
Project Cost	INR 4,140 Mn
PPP Model	DBFOT
Project Type	Toll
Concession Granted by	Public Works Department, Government of Rajasthan
COD Date	31 October 2014
Original Concession Period (CP)	25 years from Appointed Date
Extension (If any)	1,825 days
Likely End of CP (including extension)	15 September 2043

Source: Investment Manager

3.8.3. The corridor forms a part of existing road from KM 308 to 366 & includes bypass to Pali starting from KM 366 of NH-65, connecting NH-14 at KM 114 in the state of Rajasthan.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	71.54 Kms
3	Total length of Service Roads	11.57 Kms
4	No of Toll Plazas	2
5	No of Bus Bays with Bus Shelters	12
6	Number of Truck Lay Bays	1
7	No of Rest Areas	0
8	No of Major Junctions	12
9	No of Minor Junctions	33
10	No of Vehicular underpasses	1
11	No of Pedestrian underpasses	2
12	No of Major Bridges	6
13	No of Minor Bridges	6
14	No of Hume Pipe Culverts	50
15	No of Box / Slab Culverts	14

Source: Investment Manager

3.8.4. The shareholding of JPEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	61,640	100.00%
	Total	**61,640**	**100.00%**

**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

3.8.5. Projections provided by the Investment Manager consider an extension of 1,825 days from original concession end date, owing to the target traffic clause as per Concession Agreement; the traffic count is due in FY29, FY30 and FY31.

3.8.6. Modification in the Concession Period due to target traffic clause as per Concession Agreement

As per the Clause 29 of the concession agreement between NHAI and JPEPL provided to us by the Investment Manager, if the actual traffic falls short or exceeds target traffic on a defined date, the concession period shall be revised subject to calculation specified therein. The target date and target traffic as provided in the concession agreement along with the projected traffic as on the target date are given below:

Particulars	Unit	Details
Target date as per CA	Date	1st January 2030
Target traffic as per CA	PCUs	35,938
Estimated Average Traffic on Target Date	PCUs	27,612
Comparison of average traffic at test date with target	%	-23%
Original concession period	years	25.0
Increase in concession period (Max. upto 20%)	%	20%
Change in concession period	days	1,825
Revised concession period	years	30.0
Appointed date	Date	16th September 2013
Original concession end date	Date	15th September 2038
Revised concession end date	Date	15th September 2043

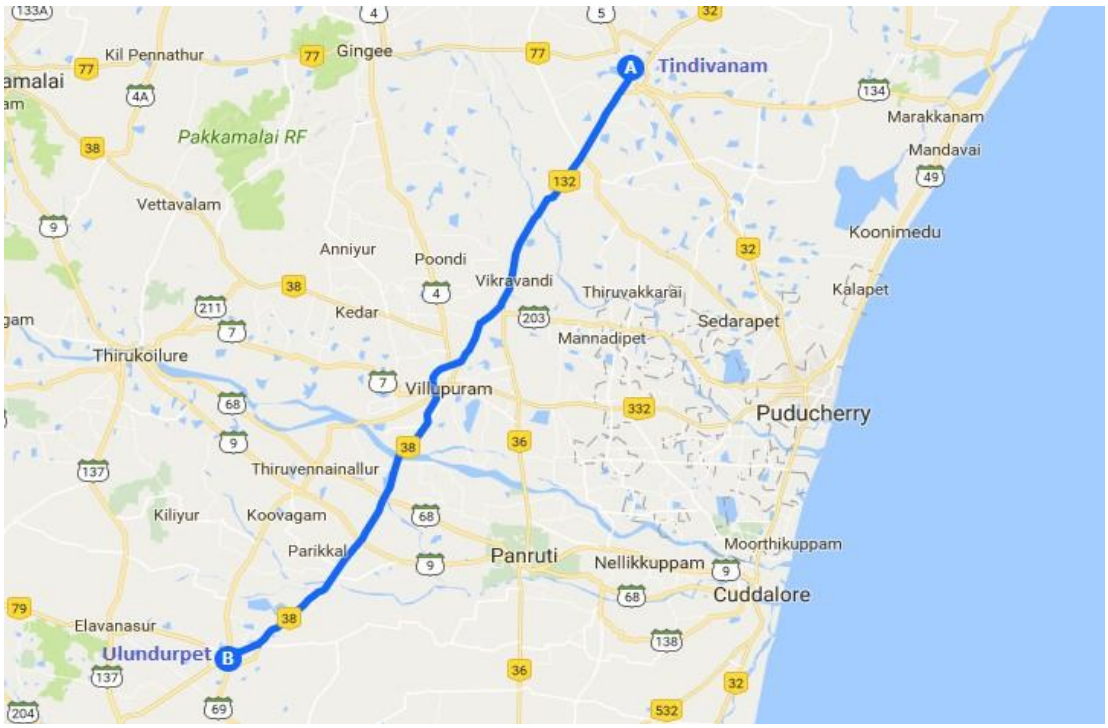
3.8.7. My team had conducted physical site visit of the road stretch of JPEPL on 24th January 2022. Refer below for the pictures of the road stretch:

3.9. Ulunderpet Expressway Private Limited ("UEPL")

3.9.1. The project road Tindivanam-Ulundurpet, is part of 472 km long National Highway No.45 (NH-45) or Great Southern Trunk Road (GST Road) which starts from Kathipara junction in Guindy area (Chennai City) and extends up to Theni (headquarters of Theni District).

It acts as one of the primary life-line corridor in the state of Tamil Nadu connecting the State Capital (Chennai city) with various industrial towns and tourist places in the southern, eastern and western parts of Tamil Nadu. The important towns which en-route the NH45 are Tambaram, Tindivanam, Viluppuram, Perambalur, Tiruchirapalli, Dindigul and Theni.

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



Source: Investment Manager

3.9.2. Summary of project details of UEPL are as follows:

Parameters	Details
Total Length	291.6 Lane Kms
Nos. of Lanes	4
NH / SH	NH-45
State Covered	Tamil Nadu
Area (Start and End)	Tindivanam to Ulundurpet
Project Cost	INR 10,151 Mn
PPP Model	BOT
Project Type	Toll
Concession Granted by	NHAI
COD Date	23 July 2009
Original Concession Period (CP)	20 years from Appointed Date
Extension (If any)	136 days
Likely End of CP (including extension)	28 February 2027

Source: Investment Manager

3.9.3. The corridor forms a part of existing road from Tindivanam (km 121.00) and ends at just north of Sengurchi (km 193.90) in NH-45.

Sr. No.	Salient Features	Units
1	Total Length of Main Carriageway 4 Lane with Rigid Pavement	0
2	Total Length of Main Carriageway 4 Lane with Flexible Pavement	72.9 Kms

3	Total length of Service Roads	36.4 Kms
4	No of Toll Plazas	1
5	No of Bus Bays with Bus Shelters	34
6	Number of Truck Lay Bays	3
7	No of Rest Areas	0
8	No of Major Junctions	4
9	No of Minor Junctions	97
10	No of Vehicular underpasses	3
11	No of Pedestrian underpasses	6
12	No of Major Bridges	6
13	No of Minor Bridges	14
14	No of Hume Pipe Culverts	56
15	No of Box / Slab Culverts	66

Source: Investment Manager

3.9.4. The shareholding of UEPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	Galaxy Investments II Pte Ltd*	26,45,52,365	100%
	Total	**26,45,52,365**	**100.00%**

**Includes Shares held by nominees of Galaxy*
Source: Investment Manager

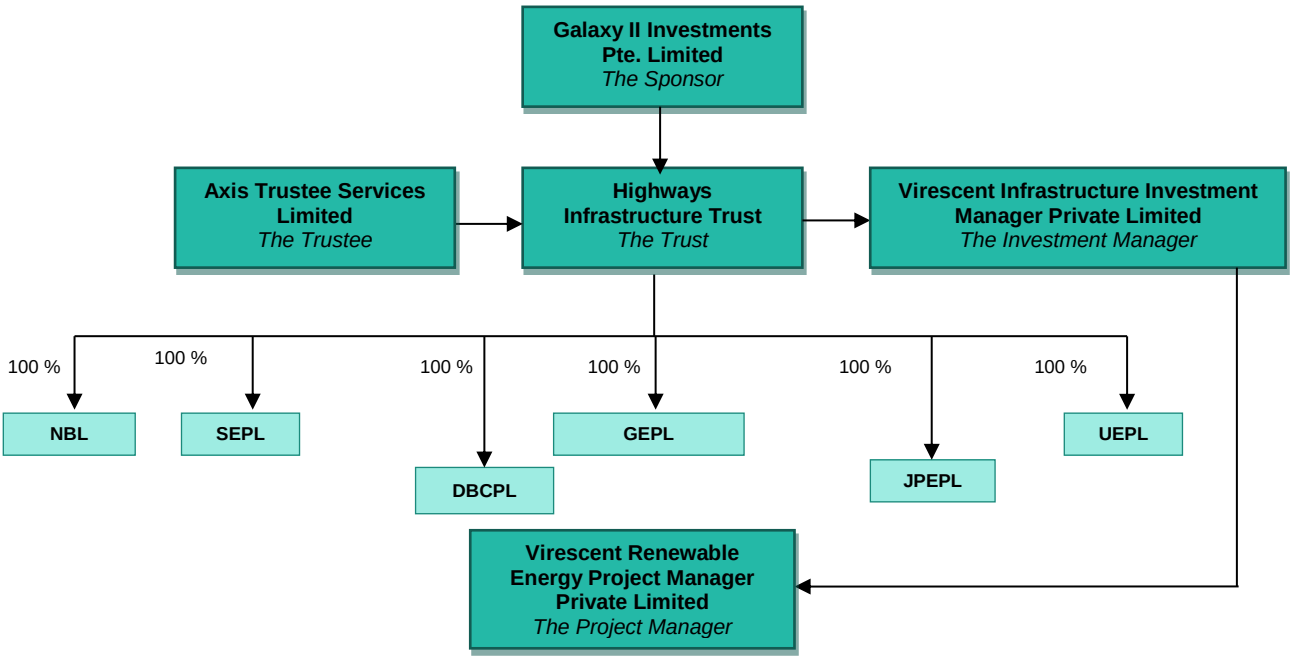
3.9.5. Projections provided by the Investment Manager consider an extension of 136 days from original concession end date, owing to:

- 98 days were extended by NHAI on account of delay in toll notification vide order no. NHAI/11015//71/RO Chennai/2009/3811 dated 27th September 2013.
- 23 days were extended on account of demonetisation.
- 15 days on account of flood.

3.9.6. My team had conducted physical site visit of the road stretch of UEPL on 7th March 2022. Refer below for the pictures of the road stretch:

4. Proposed Transaction

4.1. Following is the proposed Highways InvIT Structure after the completion of the Proposed Transaction:



Source: Investment Manager

4.2. Proposed Acquisition of stake in the SPVs by the Trust:

Sr. No.	SPV	As on Report Date	Post Proposed Transaction
		Sponsor Holding	Equity Stake proposed to be acquired by Trust prior to listing
1	NBL	100.0%	100.0%
2	SEPL	100.0%	100.0%
3	DBCPL	100.0%	100.0%
4	GEPL	100.0%	100.0%
5	JPEPL	100.0%	100.0%
6	UEPL	100.0%	100.0%

Source: Investment Manager

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5. Overview of the Industry

5.1 Introduction

5.1.1 The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.

5.1.2 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

5.1.3 Bridging of existing infrastructure gaps and creating additional facilities to cater to the increasing population are equally important. Apart from providing connectivity in terms of enabling movement of passengers and freight, roads act as force multipliers in the economy.

5.1.4 Further, roads play a significant role in times of natural calamities, wars and other such events in terms of timely evacuation of the impacted population, carriage of relief material and other associated movements. Government takes cognisance of this requirement and road infrastructure remains to be a focus area.

5.2 Road Network in India

5.2.1 India has the second largest road network in the world, spanning over 5.8 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.

Source: IBEF Roads Report, November 2020

5.2.2 Out of this, around 1.32 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 0.66 km of roads per square kilometer of land – is similar to that of the United States (0.65) and much greater than China's (0.16) or Brazil's (0.20).

5.3 Government Agencies for Road Development

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

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

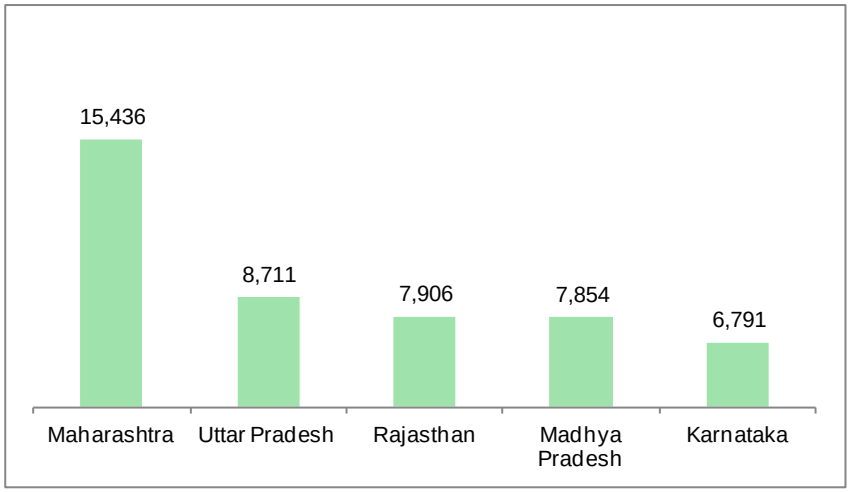
5.3.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, Bharatlmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented

through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

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

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

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



5.4 Trend of Road and Highways Construction

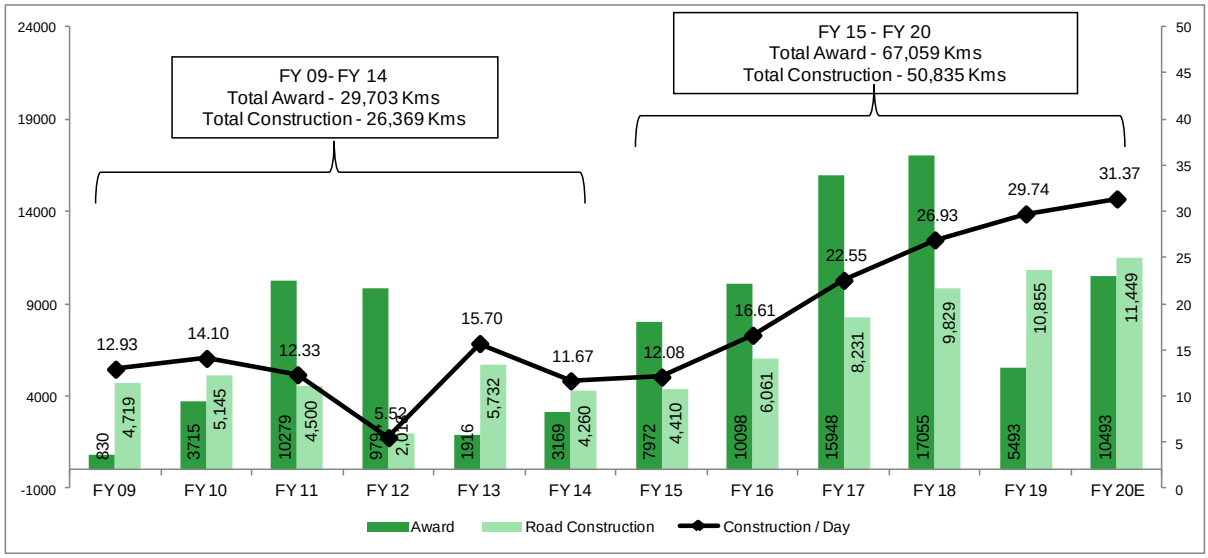
5.4.1 The length of National Highways awarded has almost doubled in the years FY 15 to FY 18 compared to FY 11 to FY 14. Length of NHs constructed has increased by 70% during the same period. This pace is expected to gain further ground, with the ambitious targets set by the ministry and the implementation of the Bharatmala Pariyojana, as MORTH is planning to construct around 65,000 km of national highways at a cost of Rs 5.35 trillion (US$ 74.15 billion) by 2022.

5.4.2 India has become the fastest highway developer in the world with 27 kms of highways built each day and the aim is to increase this target to 40 Kms a day.

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

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

Details of national highways awarded (by NHAI) and constructed in India (KMs):



5.5 Implementation of important projects and expressways

5.5.1 Bharatmala Pariyojna

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

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

A total length of 34,800 km in road projects have been proposed to be constructed with an estimated outlay of Rs 5.35 trillion (US$ 74.15 billion) under Bharatmala Pariyojana Phase-I over a five year period (2017-18 to 2021-22). Components under Bharatmala Pariyojana Phase-I are as given below:

Component	Length (Km)	Cost (INR Crore)
Economic corridors development	9,000	1,20,000
Inter-corridor & feeder roads	6,000	80,000
National Corridors Efficiency	5,000	1,00,000
Border & International connectivity	2,000	25,000
Coastal & port connectivity roads	2,000	20,000
Expressways	800	40,000
Sub Total	**24,800**	**3,85,000**
Other works - under NHDP	10,000	1,50,000
Total	**34,800**	**5,35,000**

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

More than 13,000 km length of roads, at a cost of INR ~3.3 lakh crores, has already been awarded under the Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, governments of India will be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors.

5.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

5.5.3 Eastern peripheral and western peripheral expressway

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

5.5.4 Setu Bharatam:

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

5.5.5 To further augment road infrastructure, more economic corridors are also being planned by Government of India as revealed in Budget 2021-22.

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

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

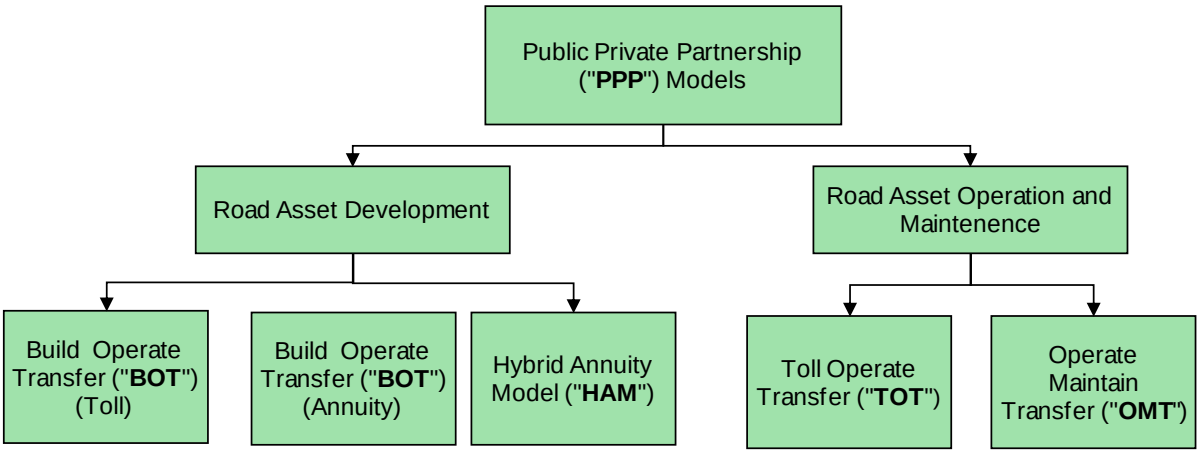
c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.

d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

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

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

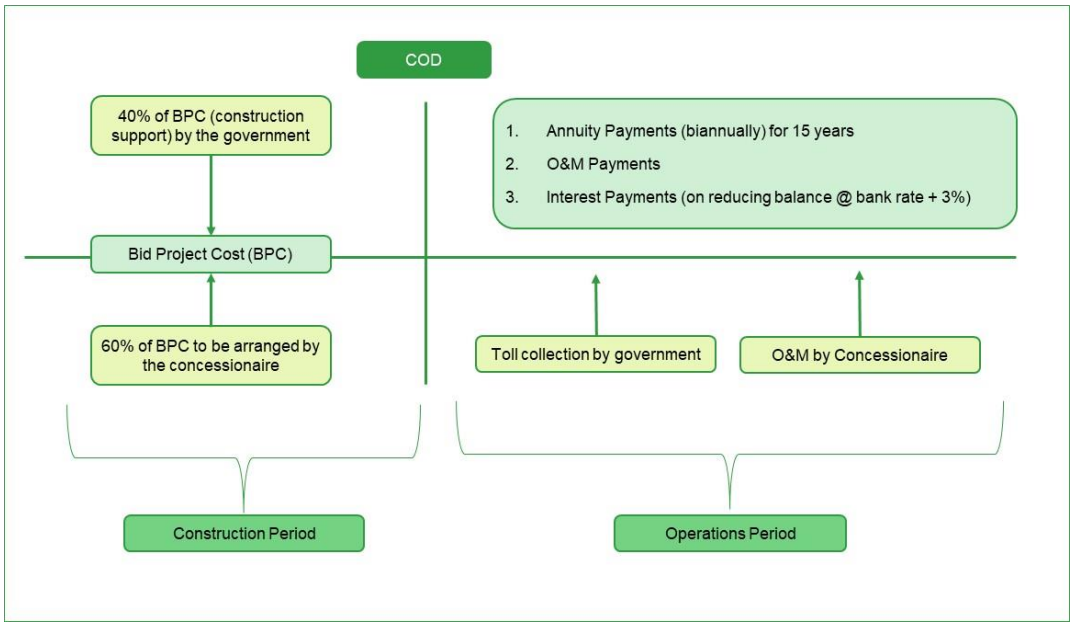
5.6.2 PPP modes have been used in India for both development and operation & maintenance of road assets.



5.6.3 Road Asset Development Models

- **BOT Toll**
  - In a BOT toll project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. The concession period is project specific but is usually for 20-25 years. In BOT Toll model, the concessionaire earns revenue primarily in the form of toll revenue which in turns depends on the traffic on the road stretch. Toll rates are regulated by the government through rules.
- **BOT Annuity**
  - Similar to a BOT Toll projects, in BOT Annuity project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the responsibility of tolling on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.
- **HAM**
  - Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the responsibility of tolling on road stretch lies with the government. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

Key Features of HAM Projects



  - The government provides construction support of 40% of the bid project cost adjusted for inflation to concessionaire during the construction period. This construction support is provided in ten equal tranches of 4% each. The remaining 60% of the bid project cost is to be arranged by the concessionaire during the construction period. The government compensates this balance cost in the form of semi annual payments. In addition to these semi annual payments, the government also pays an interest of reducing balance and operations and maintenance costs to the concessionaire.

Risk Parameters for Road Asset Development Models through PPP

Reducing risk for Concessionaire

Mode	Financing Risk	Construction Risk	Traffic Risk	O&M Risk
BOT (Toll)	Concessionaire	Concessionaire	Concessionaire	Concessionaire
BOT (Annuity)	Concessionaire	Concessionaire	Government	Concessionaire
HAM	Concessionaire (partly)	Concessionaire	Government	Concessionaire

5.6.4 **Road Asset Operation & Maintenance Models**

- **TOT**
  - In this model, long term tolling rights and O&M responsibilities are assigned to the developer / investor after construction completion. This is done after a few years of successful operation of a project when the traffic on the road stretch has stabilized.
  - An upfront fee is paid by the concessionaire to the government for acquiring the tolling rights. Currently, the concession period of a TOT project is 30 years.
- **OMT**
  - Under the OMT mode, the concessionaire operates and maintains the road asset for a shorter duration, ranging from four to nine years. The concessionaire acquires the tolling rights in exchange of premium paid to the government authority. The concessionaire is responsible for routine maintenance, periodic maintenance and traffic management.

5.7 Government Investment in the Sector

5.7.1 Under Union Budget 2021-22, the Government of India has allocated INR 1,18,101 Crore (US$ 13.14 billion) for the Ministry of Road Transport and Highways as Gross Budgetary Support.

5.7.2 During 2019-23, NHAI is expected to generate Rs. 1 trillion (US$ 14.30 billion) annually from toll and other sources.

5.7.3 NHAI is planning to raise Rs. 40,000 crore (US$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT). Five operational roads with an estimated enterprise value of INR 5,000 crores are being transferred to the NHAI InvIT.

5.8 Growth Drivers

5.8.1 Robust Demand :

Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles to 752,022 in FY20 which commands stronger road network in India. Higher individual discretionary spending has led to increased spending on two and four wheelers. Road's traffic share of the total traffic in India has grown from 13.8% to 65% in freight traffic and from 32% to 90% in passenger traffic over 1951–2019.

5.8.2 Increasing Investment :

Huge investment have been made in the sector with total investment increasing more than three times from Rs. 51,914 crore (US$ 7.43 billion) in 2014-15 to Rs. 158,839 crore (US$ 22.73 billion) in 2018- 19. Between FY16 and FY21, budget outlay for road transport and highways increased at a robust CAGR of 13.10%. In 2019-20, Rs. 36,691 crore (US$ 5.24 billion) was allocated to NHAI.

5.8.3 Policy Support :

100% FDI is allowed under automatic route subject to applicable laws and regulations, standardized process for bidding and tolling. Under Union Budget 2020-21, the Government of India has allocated Rs. 19,500 crore (US$ 2.79 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY) which is a scheme for development of rural roads in India. Government of India has set up India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects.

5.9 Challenges & Issues in the Sector

5.9.1 Land Acquisition Delays & Cost :

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

5.9.2 Regulatory Approvals & Disputes :

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

5.9.3 Operational Issues :

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

5.10 Recent Initiatives by Government

5.10.1 Bhoomi Rashi – Land Acquisition Portal

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

5.10.2 FASTag – Electronic Toll Collection

Electronic Toll Collection (ETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology. 24 banks (including Public and Private sector banks) have been engaged as issuer banks in order to issue FASTag to road users. As of January 2022, collectively, banks have issued over 4.59 Crore FASTags.

5.10.3 Revival of languishing projects

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

Sources: IBEF Roads Report, Jul'21; KPMG Report - Roads and Highway Sector, Sept'19; Ministry of Road Transport and Highways, Government of India.

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6. Valuation Methodology and Approach

6.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPVs.

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

6.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

6.4. **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, cost value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

Net Asset Value ("**NAV**") Method

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

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

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

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

6.5. **Market Approach**

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

Comparable Companies Multiples ("**CCM**") Method

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

Comparable Transactions Multiples ("**CTM**") Method

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

Market Price Method

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

6.6. **Income Approach**

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

DCF Method

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

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

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

Conclusion on Valuation Approach

6.7. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPVs. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPVs, and other factors which generally influence the valuation of companies and their assets.

6.8. The goal in selection of valuation approaches and methods for any business is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

Cost Approach

The existing book value of EV of the SPVs comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the audited financial statements as at 31st March 2021 and audited financial statements as at 31st December 2021 prepared as per Indian Accounting Standards (Ind AS) are as under :

	Book EV		Adjusted EV	
In INR Mn	**31st Dec 2021**	**31st Mar 2021**	**31st Dec 2021**	**31st Mar 2021**
NBL	1,189	1,582	1,786	2,077
SEPL	659	795	1,410	1,630

DBCPL	3,414	3,485	4,425	3,989
GEPL	6,566	6,691	7,484	7,355
JPEPL	3,077	3,399	3,412	3,646
UEPL	4,572	5,207	5,590	6,191
Total of all SPVs	**19,477**	**21,159**	**24,109**	**24,888**

In the present case, the SPVs operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement(s). During the concession period, the SPVs operate and maintain the road asset and earn revenues either through:
(a) annuity payments that are pre-determine; or
(b) charges, fees or tolls generated from the Toll SPVs.
The amount of annuity payments are pre-determined and the charges, fees or tolls that they may collect are notified by the relevant government authority, which are usually revised annually as specified in the relevant concessions and toll notifications. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, I have not considered the cost approach for the current valuation exercise.

Market Approach

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

Income Approach

Each of the SPVs operates under a BOT or DBFOT based concession agreement with the relevant regulatory authorities. Government authorities in India typically award highway infrastructure development projects under BOT concessions, which are characterized by three distinct phases:

1. Build: upon successfully securing a project concession through a competitive bid, a concessionaire secures financing for, and completes construction, of a road;
2. Operate: during the agreed concession period, the concessionaire operates, manages and maintains the road at its own expense and earns revenues by collecting tolls from vehicles using the road or annuity payments from the Concessioning Authority; and
3. Transfer: at the end of the agreed concession period, the ownership of the road (rights over the road under the concession), the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government entity that granted the concession.

A DBFOT project involves, in addition to the activities required under a BOT project, the provision of engineering and design for such project.

Currently, each of the SPVs are completed and are revenue generating. The revenue of the Toll SPVs is based on tenure, annuity payments, traffic volumes, operations, macro economic factors like GDP growth, WPI, and other factors that are unique to each of the Toll SPVs. The revenue of the Annuity SPVs is mainly derived from the annuity payments (annuity fees). The annuity payments are typically pre-determined with the relevant government authority and cannot be modified to reflect prevailing circumstances. The Toll SPVs derive almost all of their revenue from their toll-road operations (toll collections) over the operation period. Traffic plying through the toll roads is primarily dependent on sustained economic development in the regions that they operate

in and government policies relating to infrastructure development. The Toll SPVs are substantially dependent on the accuracy of their respective traffic volume forecasts. The rights in relation to the underlying assets of all the SPVs shall be transferred after the expiry of the Concession Period. Accordingly, since all the SPVs are generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me with the financial projections of the SPVs for the balance tenor of the concession agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

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7. Valuation of the SPVs

7.1. I have estimated the fair EV and Adjusted Enterprise Value of the SPVs using the DCF Method. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPVs as provided by the Investment Manager.

Valuation

7.2. The key assumptions of the projections provided to us by the Investment Manager are:

Key Assumptions:

7.2.1. **Revenue cash flows for NHAI Annuity Model SPVs (NHAI Annuity SPVs)**

Under this model**,** concessionaire is responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. Under this model, post completion of the road project, the right and responsibility of tolling is with the government. Accordingly, only one mode of revenue is earned by these SPVs that is explained below:

Annuity Payments: The concessionaire earns revenue primarily in the form of pre - determined biannual annuity payments which are made by NHAI to the concessionaire based on the respective concession agreements.

7.2.2. **Revenue cash flows for the Toll SPVs:**

Under this mode**,** the Toll SPVs are responsible for designing, building, financing, operating, maintaining and transferring the project to the authority at the end of the concession period. The right and responsibility for tolling is with the Toll SPVs. The concessionaire earns revenue primarily in the form of toll revenue.

Toll Revenue: As per the concession agreements for the respective Toll SPVs, each SPV is allowed to levy, demand, collect and appropriate the fees (called as toll fees) from vehicles and persons liable to payment of fees for using their respective road asset or any part thereof and refuse entry of any vehicle to the road asset if the due fee is not paid. Toll revenues depend on toll receipts, which in turn depend on traffic volumes and toll fees on the toll roads.

Concession Period

The Concession Period refers to the period where the Concessionaire has the responsibility to construct the road asset and post-construction is granted with the exclusive rights, license and authority to demand, collect and appropriate fee, operate, manage and maintain the project highway subject to the terms and conditions mention in their respective concession agreement. The cash flow projections are prepared by the Investment Manager for the balance concession period remaining from the Valuation Date as summarized below:

SPV	Concession Period End Date		Extension Period	
	Original	Revised	For Traffic Variance	For Other Reasons
DBCPL	19-Mar-33	01-Dec-33	Nil	258
GEPL	28-Feb-38	23-Jul-43	1,971*	Nil
JPEPL	16-Sep-38	15-Sep-43	1,825**	Nil
UEPL	16-Oct-26	28-Feb-27	Nil	136

**subject to NHAI approval*

***subject to Public Works Department, Government of Rajasthan approval*

I understand, as per the extant provisions of the Concession Agreements for the respective Toll SPVs in relation to the traffic variation, the concession period could be modified to take into the account shortfall or excess in actual average traffic vis-à-vis the target traffic ranging beyond 2.5%

and such concession extension or truncation shall be subject to a cap of 20% extension for shortfall and 10% for truncation for excess.

Accordingly, the Investment Manager has considered an extension period based on its calculation which is subject to the approval from the NHAI Authorities in case of GEPL and JPEPL. I have relied on the information provided by the Investment Manager.

Extension for Other Reasons: NHAI and other authorities vide their various orders have extended the concession period of the BOT Toll Projects for reasons including natural calamities, lockdowns on account of COVID-19, etc.

I have considered the projection period for the current valuation exercise based on the balance concession period as represented by the Investment Manager, wherein expected COVID-19 related extensions are not considered for the Toll SPVs (except DBCPL), as final approval from authorities has not been received. However, for DBCPL, MPRDC has already approved 40 days extension and thus, has been considered accordingly.

Traffic Volumes

Traffic volumes are directly or indirectly affected by a number of factors, many of which are outside of the control of the Toll SPVs, including: toll fees; fuel prices in India; the frequency of traveler use; the quality, convenience and travel efficiency of alternative routes outside the Toll SPV's network of toll roads; the convenience and extent of a toll road's connections with other parts of the local, state and national highway networks; the availability and cost of alternative means of transportation, including rail networks and air transport; the level of commercial, industrial and residential development in areas served by the Toll SPVs' projects; adverse weather conditions; and seasonal holidays.

Toll Rates

During the concession period, the Toll SPVs operate and maintain the road asset and earn revenues through charges, fees or tolls generated from the asset. The amount of charges, fees or tolls that they may collect are notified by the relevant government authorities, which are usually revised annually as specified in the relevant concessions and toll notifications.

The toll rates for the projected period have been derived in the manner stipulated in the individual concession agreements of the Toll SPVs.

In the present case, the Investment Manager has appointed M/s Ramboll India Private Limited an independent third-party research agency to forecast the traffic volumes and toll revenues for the Toll SPVs. As confirmed by the Investment Manager, the traffic volumes and toll revenues for Toll SPVs have been estimated by the traffic consultant after considering overall structure and condition of the projects including analysis of demand and supply and strategic geographical locations of the individual road projects. This was one of the most important input in projecting the toll revenues.

7.2.3. **Operating and Maintenance Expenses:**

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

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

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, consumables, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPV is generally responsible for carrying out operation and maintenance activities at its toll road during its concession period**.** Within the scope of such operation and maintenance obligations, the SPV may be required to undertake routine maintenance of project roads, maintain and comply with safety standards to ensure smooth and safe traffic movement, deploy adequate human resources for incident management, maintain

proper medical and sanitary arrangements for personnel deployed at the site, prevent any unauthorized entry to and exit from the project as may be required.

Major Maintenance and Repairs Costs ("MMR Costs")

Estimating the MMR Costs

Period maintenance expenses will be incurred on periodic basis say every 5 years or more. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its present condition. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly such costs includes considerable amounts of materials and labour.

Investment Manager has relied on the Engineering/ Technical Due Diligence report provided by the external professional agencies (M/s Resotech Consultancy Services Pvt. Ltd. for NBL and DBCPL and M/s Samarth Infraengg Technocrats Private Limited for other SPVs) for estimating major maintenance expenses and O&M Costs for the projected period.

Provisions for MMR Costs and Cash Flow Adjustments

As per the financial requirements, provision is required for appropriate major maintenance expense over a period until the actual expenditure is incurred. These are non-cash expenses. Hence, for my DCF analysis, such provisions are added back in their respective years and the actual expenditure expected to be incurred during the particular interval (of 5 years or more) is deducted in those respective years in order to arrive at net cash flows.

The Investment Manager has provided me the estimated Major Maintenance Expenses.

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

7.2.5. **Revenue Share/ Premium payment:** The revenues collected from the toll would be shared with NHAI (in case of GEPL) and Public Works Department, Government of Rajasthan (in case of JPEPL) in the form of a concession fee. The percentage of revenue that the SPV has to share with their respective appointing authority is defined in the Concession Agreement. This is applicable in case of GEPL and JPEPL only. Such Premium payment is reduced from the revenue of the respective SPV to arrive at FCFF for calculation of Enterprise Value.

7.2.6. **Capital Expenditure ("Capex"):** As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operations & Maintenance expenditure and Major maintenance expenditure for the projected period, except for SEPL and JPEPL. Capital Expenditure of INR 10 Mn for SEPL and INR 27 Mn for JPEPL is estimated to be incurred in FY 2023.

7.2.7. **Taxes and Tax Incentive**: There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20th September 2019 which was enacted to make certain amendments in the Income Tax Act, 1961 and the Finance (No. 2) Act, 2019. As per the discussions with the Investment Manager, the old provisions of Income Tax Act have been considered for the projected period of all SPVs for the current valuation exercise, which inter alia provide benefits of additional depreciation, section 115JB and section 80-IA. New provision of Income Tax Act (with base corporate tax rate of 22%) have been considered for all SPVs (except for NBL, SEPL & UEPL) after utilization/ lapse of such 80-IA/ MAT benefits for the current valuation exercise.

7.2.8. **Working Capital:**

The Investment Manager has provided projected Working Capital information for all the SPVs. We have relied on the same.

7.3. **Impact of Ongoing Material Litigation on Valuation**

As on 31st December 2021, there are ongoing litigations as shown in Appendix 4. Further, Investment Manager has informed us that majority of the cases are low to medium risk and

accordingly no material outflow is expected against the litigations, hence no impact has been factored on the valuation of the SPVs.

7.4. **Calculation of Weighted Average Cost of Capital for the SPVs**

7.4.1. **Cost of Equity:**

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

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

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

Wherein:
K(e) = cost of equity
Rf = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPVs based on the above calculation (Refer Appendix 2).

7.4.2. **Risk Free Rate:**

I have applied a risk free rate of return of 6.80% on the basis of the zero coupon yield curve as on 31st December 2021 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

7.4.3. **Equity Risk Premium ("ERP"):**

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

7.4.4. **Beta:**

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

For the valuation of the NHAI Annuity SPVs, I find it appropriate to consider the beta of MEP Infrastructure Developers Ltd. and Sadbhav Engineering Ltd for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

I have further unlevered the beta of such companies based on market debt-equity of the respective company using the following formula:
Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further I have re-levered it based on debt-equity at 70:30 based on the industry Debt: Equity ratio of annuity based road DBFOT/BOT projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

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

For the valuation of the Toll SPVs, I find it appropriate to consider the beta of Ashoka Buildcon Limited and IRB Infrastructure Developers Limited for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPVs like completion of projects, revenue

certainty, past collection trend, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

I have further unlevered the beta of such companies based on market debt-equity of the respective company using the following formula:
Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further I have re-levered it based on debt-equity at 50:50 based on the industry Debt: Equity ratio of a road toll based BOT/DBFOT projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

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

7.4.5. **Company Specific Risk Premium ("CSRP"):**

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

Sr. No.	SPVs	CSRP
1	NBL	0%
2	SEPL	0%
3	DBCPL	2%
4	GEPL	2%
5	JPEPL	2%
6	UEPL	1%

7.4.6. **Cost of Debt:**

The calculation of Cost of Debt post-tax can be defined as follows:
K(d) = K(d) pre-tax * (1 - T)

Wherein:
K(d) = Cost of debt
T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered on the basis of details and representation provided by the Investment Manager.

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

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

Formula for calculation of WACC:
WACC = [K(d) * Debt /(Debt + Equity)] + [K(e) * (1 - Debt /(Debt + Equity))]

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPVs.
(Refer Appendix 2 for detailed workings).

7.5. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road and the right to collect tolls from the vehicles using the road revert to the government authority that granted the concession. Hence, SPVs are not expected to generate cash flow after the expiry of their respective concession agreements. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, in this valuation exercise.

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8. Valuation Conclusion

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

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

8.3. Based on the above analysis, the fair EV and Adjusted Enterprise Value as on the Valuation Date of the SPVs is as mentioned below:

INR Mn

Sr. No.	SPVs	End of Projected Period	Approximate Balance Period	Enterprise Value	Adjusted Enterprise Value
1	NBL	29-Oct-27	~5 years 9 months	1,341	1,938
2	SEPL	6-Feb-26	~4 years 1 month	835	1,586
3	DBCPL	1-Dec-33	~11 years 11 months	14,683	15,695
4	GEPL	23-Jul-43	~21 years 6 months	21,522	22,441
5	JPEPL	15-Sep-43	~21 years 8 months	8,681	9,016
6	UEPL	28-Feb-27	~5 years 2 months	5,631	6,649
	Total of all SPVs			**52,693**	**57,324**

(Refer Appendix 1 for detailed workings)

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

8.5. Adjusted Enterprise Value is derived as EV as defined above plus cash or cash equivalents of the SPVs as at 31st December 2021.

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

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

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

1. WACC by increasing / decreasing it by 0.5%
2. WACC by increasing / decreasing it by 1.0%
3. Revenue of Toll SPVs by increasing / decreasing it by 10%
4. Operation and Maintenance Expenses by increasing / decreasing it by 20%

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1. **Fair Enterprise Valuation Range based on WACC parameter (0.5%)**

INR Mn

Sr. No.	SPVs	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	NBL	9.0%	1,321	8.5%	1,341	8.0%	1,362
2	SEPL	8.2%	829	7.7%	835	7.2%	841
3	DBCPL	10.7%	14,273	10.2%	14,683	9.7%	15,111
4	GEPL	10.6%	20,484	10.1%	21,522	9.6%	22,635
5	JPEPL	10.6%	8,245	10.1%	8,681	9.6%	9,148
6	UEPL	10.2%	5,566	9.7%	5,631	9.2%	5,697
	Total of all SPVs		**50,718**		**52,693**		**54,794**

2. **Fair Enterprise Valuation Range based on WACC parameter (1.0%)**

INR Mn

Sr. No.	SPVs	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	NBL	9.5%	1,301	8.5%	1,341	7.5%	1,383
2	SEPL	8.7%	824	7.7%	835	6.7%	847
3	DBCPL	11.2%	13,880	10.2%	14,683	9.2%	15,556
4	GEPL	11.1%	19,514	10.1%	21,522	9.1%	23,829
5	JPEPL	11.1%	7,839	10.1%	8,681	9.1%	9,649
6	UEPL	10.7%	5,502	9.7%	5,631	8.7%	5,765
	Total of all SPVs		**48,859**		**52,693**		**57,030**

3. **Fair Enterprise Valuation Range based on Revenue parameter of Toll SPVs (10%)**

INR Mn

Sr. No.	SPVs	EV at Revenue - 10%	EV at Base Revenue	EV at Revenue + 10%
1	NBL	NA	NA	NA
2	SEPL	NA	NA	NA
3	DBCPL	12,883	14,683	16,484
4	GEPL	19,004	21,522	24,041
5	JPEPL	7,483	8,681	9,875
6	UEPL	4,987	5,631	6,275
	Total of all SPVs	**44,357**	**50,518**	**56,673**

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4. Fair Enterprise Valuation Range based on Operation and Maintenance Expenses parameter (20%)

INR Mn

Sr. No.	SPVs	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	NBL	1,261	1,341	1,422
2	SEPL	771	835	897
3	DBCPL	14,191	14,683	15,176
4	GEPL	21,090	21,522	21,955
5	JPEPL	8,262	8,681	9,099
6	UEPL	5,465	5,631	5,797
	Total of all SPVs	**51,040**	**52,693**	**54,345**

The above represents reasonable range of fair enterprise valuation of the SPVs.

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9. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

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

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

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

Limitations

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

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

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

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

Analysis of Additional Set of Disclosures for the SPVs

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

The list of sanctions/ approvals obtained by the SPVs till the date of this Report is provided in Appendix 3.1 to Appendix 3.6. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPVs for which approval is pending as on 31st December 2021, except for an application for a no-objection certificate from the Tamil Nadu Pollution Control Board by UEPL.

B. <u>List of up to date/ overdue periodic clearances:</u>

The Investment Manager has confirmed that the SPVs are not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 31st December 2021.

C. Statement of assets included:

The details of assets of the SPVs as at 31st December 2021 are as mentioned below:

INR Mn

Sr. No.	SPVs	Net Fixed Assets	Net Intangible Asset	Non-Current Assets	Current Assets
1	NBL	10	-	1,158	674
2	SEPL	3	-	776	653
3	DBCPL	18	3,661	896	416
4	GEPL	10	8,050	307	644
5	JPEPL	17	3,921	87	292
6	UEPL	13	4,845	407	698
Total of all SPVs		**71**	**20,477**	**3,631**	**3,377**

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

I have been informed that maintenance is regularly carried out by SPVs in order to maintain the working condition of the assets.

Historical major repairs

INR Mn

SPVs	FY 18	FY 19	FY 20	FY 21
NBL	-	6	284	-
SEPL	6	-	10	23
DBCPL	123	-	217	180
GEPL	-	-	-	7
JPEPL	-	-	-	-
UEPL	-	287	333	-

Source: Investment Manager

Forecasted major repairs

INR Mn

SPVs	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
NBL	-	-	152	157	-	-	17	-	-	-	-
SEPL	-	318	-	-	16	-	-	-	-	-	-
DBCPL	310	364	-	-	-	399	439	-	-	-	-
GEPL	241	10	-	-	-	-	-	221	186	-	-
JPEPL	222	222	-	-	-	-	-	614	771	-	-
UEPL	-	-	386	302	-	20	-	-	-	-	-

SPVs	FY 33	FY 34	FY 35	FY 36	FY 37	FY 38	FY 39	FY 40	FY 41	FY 42	FY 43	FY 44
NBL	-	-	-	-	-	-	-	-	-	-	-	-
SEPL	-	-	-	-	-	-	-	-	-	-	-	-
DBCPL	646	318	-	-	-	-	-	-	-	-	-	-
GEPL	-	-	-	272	163	-	-	-	-	-	371	162
JPEPL	-	-	-	374	375	-	-	-	-	892	42	-
UEPL	-	-	-	-	-	-	-	-	-	-	-	-

Source: Investment Manager

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

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

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

As informed by the Investment Manager, the status of arbitration matters and status of tax assessments are updated in Appendix 4.

Investment Manager has informed us that majority of the cases are having low to medium risk and accordingly no material outflow is expected against the litigations.

Hence, I have relied on the Investment Manager with respect to the current status of the abovementioned cases.

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

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

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10. Sources of Information

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

10.1. Audited Financial Statements of the SPVs for Financial Year ("FY") ended 31st March 2018, 31st March 2019, 31st March 2020 and 31st March 2021;

10.2. Audited Financial Statements of the SPVs for period ended 31st December 2021;

10.3. Projected financial information for the remaining project life for each of the SPVs;

10.4. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);

10.5. Traffic Study Projection Report dated 28th February 2022 prepared by M/s Ramboll India Private Limited for the Toll SPVs;

10.6. Technical/ Engineering Due Diligence Report dated February 2022 prepared by M/s Resotech Consultancy Services Private Limited for NBL and DBCPL for projected MMR and O&M Costs;

10.7. Technical/ Engineering Due Diligence Report dated February 2022 prepared by M/s Samarth Infraengg Technocrats Private Limited for SEPL, GEPL, JPEPL and UEPL for projected MMR and O&M Costs;

10.8. Details of brought forward losses and MAT credit (as per Income Tax Act) of the SPVs as at 31st March 2021;

10.9. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31st March 2021;

10.10. Concession Agreement of each of the SPVs with the respective authority;

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

10.12. Shareholding pattern as on 31st December 2021 of the SPVs and other entities mentioned in this Report;

10.13. Management Representation Letter by the Investment Manager dated 15th March 2022;

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

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

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

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPVs.

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

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

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

11. Exclusions and Limitations

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

11.2. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 31st December 2021 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

11.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPVs till 31st December 2021. The Investment Manager has represented that the business activities of the SPVs have been carried out in normal and ordinary course between 31st December 2021 and the Report Date and that no material changes have occurred in the operations and financial position between 31st December 2021 and the Report date.

11.4. I have been informed by the Investment Manager that they have evaluated the impact of the on-going Covid-19 pandemic outbreak (if any) on the operations of the SPVs and the projections provided to me are after considering the same.

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

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

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

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

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

11.10. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the

assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

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

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

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

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

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

11.16. My conclusion assumes that the assets and liabilities of the SPVs, reflected in their respective latest balance sheets remain intact as of the Report date.

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

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

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

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

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

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

11.23. I am not an advisor with respect to legal, tax and regulatory matters for the proposed transaction. No investigation of the SPVs' claim to title of assets has been made for the purpose of this Report and the SPVs' 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.

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

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

11.26. **Limitation of Liabilities**

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

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

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

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

11.27. **Limitation on account of COVID-19 and Uncertainty in Valuation**

v. It is important to highlight that the COVID-19 pandemic has created uncertainty in valuation. The mitigation in the spread of COVID-19 and commencement of vaccination process has led to relaxation of restrictions and consequent opening up of the economy. However, the third wave and consequent partial-lockdown in many parts of the country continues to impact the economy and consequent business recovery. Accordingly, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and durations.

vi. I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date. The estimates and judgement made by the Investment Manager, could vary on future

developments, including, among other things, any new information concerning the impact created by the COVID-19 pandemic on the economy and consequent effect on the business and on the customer's ability to make the payment. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period.

vii. Accordingly, I would recommend a degree of caution to the values arrived under current circumstances. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,

Swaminathan Sundararaman

Digitally signed by Swaminathan Sundararaman
Date: 2022.03.16 17:59:52 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 22028423AFAUDW8920

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Appendix 1 – Valuation of SPVs as on 31st December 2021

Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MMR	Actual Major Maintenance and Repair Expenses to be incurred during the year
Capex	Capital Expenditure
Wcap	Incremental Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
DF	Discounting Factor
PVFCFF	Present value of Free Cash Flow to the Firm

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Appendix 1.1 – Valuation of NBL as on 31st December 2021 under the DCF Method

WACC	8.5%														INR Mn
Year	**Revenue**	**EBITDA**	**Financial income**	**O&M and MMR Income**	**Annuity Receipt from NHAI**	**Non-Cash Expense**	**Cash EBITDA**	**MMR**	**Capex**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
		A	**B**	**C**	**D**	**E**	**F=A+B+C+D+E**	**G**	**H**	**I**	**J**	**K=F-G-H-I-J**		**L**	**M=K*L**
FY22*	106	84	(53)	(26)	-	(28)	(22)	-	-	47	5	(74)	0.13	0.99	(73)
FY23	248	152	(152)	(97)	476	-	380	-	-	-	26	354	0.75	0.94	333
FY24	384	287	(125)	(258)	476	-	379	152	-	-	23	204	1.75	0.87	177
FY25	383	282	(115)	(269)	476	-	375	157	-	-	21	196	2.75	0.80	157
FY26	217	107	(104)	(113)	476	-	366	-	-	-	18	348	3.75	0.74	256
FY27	193	77	(74)	(119)	476	-	360	-	-	-	12	347	4.75	0.68	236
FY28**	132	61	(41)	(91)	476	-	405	17	-	-	7	380	5.54	0.64	242
Total of PVFCFF															**1,328**
(+) Present Value of Working Capital Release															14
Enterprise Value															**1,341**
(+) Closing cash or cash equivalents as at the Valuation Date															597
Adjusted Enterprise Value															**1,938**

**January to March 2022*

***Upto 29 October 2027*

Appendix 1.2 – Valuation of SEPL as on 31st December 2021 under the DCF Method

WACC	7.7%														INR Mn
Year	**Revenue**	**EBITDA**	**Financial income**	**O&M and MMR Income**	**Annuity Receipt from NHAI**	**Non-Cash Expense**	**Cash EBITDA**	**MMR**	**Capex**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
		A	**B**	**C**	**D**	**E**	**F=A+B+C+D+E**	**G**	**H**	**I**	**J**	**K=F-G-H-I-J**		**L**	**M=K*L**
FY22*	155	128	(37)	(44)	249	(74)	221	-	-	-	7	215	0.13	0.99	213
FY23	528	431	(78)	(450)	497	-	400	318	10	-	19	53	0.75	0.95	50
FY24	188	86	(82)	(106)	497	-	396	-	-	-	14	382	1.75	0.88	336
FY25	150	44	(39)	(111)	497	-	391	-	-	-	7	384	2.75	0.82	314
FY26	107	12	10	(118)	-	-	(95)	16	-	-	-	(111)	3.68	0.76	(85)
Total of PVFCFF															**827**
(+) Present Value of Working Capital Release															8
Enterprise Value															**835**
(+) Closing cash or cash equivalents as at the Valuation Date															751
Adjusted Enterprise Value															**1,586**

**January to March 2022*

***Upto 6 February 2026*

Appendix 1.3 – Valuation of DBCPL as on 31st December 2021 under the DCF Method

WACC	10.2%									INR Mn
Year	**Revenue**	**EBITDA**	**MMR**	**Capex**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
FY22*	418	348	214	-	0	34	100	0.13	0.99	98
FY23	1,815	1,532	364	-	7	177	984	0.75	0.93	915
FY24	2,041	1,738	-	-	8	273	1,457	1.75	0.84	1,229
FY25	2,282	1,955	-	-	8	308	1,639	2.75	0.77	1,255
FY26	2,562	2,204	-	-	9	347	1,848	3.75	0.69	1,284
FY27	2,868	2,470	399	-	10	319	1,743	4.75	0.63	1,098
FY28	3,218	2,790	439	-	10	363	1,977	5.75	0.57	1,131
FY29	3,583	3,116	-	-	11	491	2,614	6.75	0.52	1,357
FY30	4,008	3,507	-	-	12	553	2,942	7.75	0.47	1,385
FY31	4,474	3,935	-	-	13	621	3,301	8.75	0.43	1,411
FY32	5,010	4,424	-	-	14	698	3,711	9.75	0.39	1,439
FY33	5,563	4,935	646	-	15	791	3,483	10.75	0.35	1,225
FY34**	4,179	3,482	318	-	-	758	2,406	11.59	0.32	780
Total of PVFCFF										**14,606**
(+) Present Value of Working Capital Release										77
Enterprise Value										**14,683**
(+) Closing cash or cash equivalents as at the Valuation Date										1,011
Adjusted Enterprise Value										**15,695**

**January to March 2022*

***Upto 1 December 2033*

Appendix 1.4 – Valuation of GEPL as on 31st December 2021 under the DCF Method

WACC	10.1%										INR Mn
Year	**Revenue**	**EBITDA**	**MMR**	**Premium Payment to NHAI**	**Capex**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
FY22*	319	267	85	29	-	127	24	2	0.13	0.99	2
FY23	1,434	1,255	10	121	-	-	177	946	0.75	0.93	880
FY24	1,604	1,416	-	128	-	-	204	1,085	1.75	0.84	916
FY25	1,794	1,596	-	134	-	-	232	1,231	2.75	0.77	944
FY26	2,006	1,798	-	141	-	-	263	1,394	3.75	0.70	971
FY27	2,242	2,021	-	148	-	-	297	1,576	4.75	0.63	997
FY28	2,506	2,269	-	155	-	-	336	1,778	5.75	0.57	1,022
FY29	2,789	2,534	221	163	-	-	338	1,812	6.75	0.52	945
FY30	3,110	2,835	186	171	-	-	392	2,087	7.75	0.47	989
FY31	3,453	3,158	-	179	-	-	474	2,504	8.75	0.43	1,078
FY32	3,834	3,515	-	188	-	-	530	2,797	9.75	0.39	1,093
FY33	4,243	3,899	-	198	-	-	590	3,111	10.75	0.35	1,104
FY34	4,696	4,326	-	208	-	-	657	3,461	11.75	0.32	1,115
FY35	5,201	4,806	-	218	-	-	732	3,856	12.75	0.29	1,128
FY36	5,726	5,305	272	229	-	-	763	4,041	13.75	0.27	1,074
FY37	6,273	5,823	163	241	-	-	863	4,557	14.75	0.24	1,100
FY38	6,854	6,375	-	253	-	-	1,540	4,582	15.75	0.22	1,004
FY39	7,477	6,966	-	265	-	-	1,686	5,015	16.75	0.20	998
FY40	8,180	7,636	-	278	-	-	1,851	5,506	17.75	0.18	995
FY41	8,882	8,301	-	292	-	-	2,015	5,993	18.75	0.16	984
FY42	9,658	9,039	-	307	-	-	2,198	6,535	19.75	0.15	974
FY43	10,477	9,819	371	322	-	-	2,297	6,829	20.75	0.14	924
FY44**	3,623	3,287	162	113	-	-	758	2,254	21.41	0.13	286
Total of PVFCFF											**21,524**
(+) Present Value of Working Capital Release											(2)
Enterprise Value											**21,522**
(+) Closing cash or cash equivalents as at the Valuation Date											919
Adjusted Enterprise Value											**22,441**

**January to March 2022*

***Upto 23 July 2043*

Appendix 1.5 – Valuation of JPEPL as on 31st December 2021 under the DCF Method

WACC	10.1%										INR Mn
Year	**Revenue**	**EBITDA**	**MMR**	**Premium Payment to PWD**	**Capex**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
FY22*	156	114	222	4	-	-	5	-117	0.13	0.99	-115
FY23	726	540	222	16	27	-	40	235	0.75	0.93	219
FY24	804	607	-	17	-	-	89	501	1.75	0.84	423
FY25	888	681	-	18	-	-	100	562	2.75	0.77	431
FY26	986	767	-	18	-	-	114	635	3.75	0.70	442
FY27	1,084	854	-	19	-	-	127	707	4.75	0.63	447
FY28	1,203	960	-	20	-	-	144	796	5.75	0.57	457
FY29	1,332	1,076	614	21	-	-	55	386	6.75	0.52	201
FY30	1,471	1,202	771	22	-	-	47	362	7.75	0.47	171
FY31	1,631	1,347	-	24	-	-	205	1,119	8.75	0.43	481
FY32	1,802	1,503	-	25	-	-	229	1,250	9.75	0.39	487
FY33	1,987	1,672	-	26	-	-	255	1,390	10.75	0.35	493
FY34	2,186	1,845	-	27	-	-	283	1,536	11.75	0.32	494
FY35	2,397	2,034	-	29	-	-	312	1,694	12.75	0.29	495
FY36	2,636	2,249	374	30	-	-	280	1,565	13.75	0.27	415
FY37	2,882	2,469	375	32	-	-	315	1,748	14.75	0.24	421
FY38	3,136	2,698	-	33	-	-	416	2,249	15.75	0.22	491
FY39	3,418	2,952	-	35	-	-	699	2,218	16.75	0.20	440
FY40	3,706	3,212	-	37	-	-	764	2,411	17.75	0.18	434
FY41	4,022	3,497	-	38	-	-	836	2,623	18.75	0.16	429
FY42	4,362	3,806	892	40	-	-	688	2,185	19.75	0.15	325
FY43	4,717	4,127	42	42	-	-	983	3,060	20.75	0.13	413
FY44**	2,360	2,037	-	30	-	-	489	1,518	21.48	0.13	191
Total of PVFCFF											**8,684**
(+) Present Value of Working Capital Release											(3)
Enterprise Value											**8,681**
(+) Closing cash or cash equivalents as at the Valuation Date											335
Adjusted Enterprise Value											**9,016**

**January to March 2022*

***Upto 15 September 2043*

Appendix 1.6 – Valuation of UEPL as on 31st December 2021 under the DCF Method

WACC	9.7%								INR Mn
Year	**Revenue**	**EBITDA**	**MMR**	**Wcap**	**Tax**	**FCFF**	**CAF**	**DF**	**PVFCFF**
FY22*	359	311	-	-8	16	304	0.13	0.99	300
FY23	1,678	1,455	-	1	110	1,344	0.75	0.93	1,254
FY24	1,820	1,584	386	-	135	1,063	1.75	0.85	903
FY25	1,931	1,677	302	-	94	1,281	2.75	0.77	992
FY26	2,066	1,797	-	-	156	1,641	3.75	0.71	1,158
FY27**	2,028	1,788	20	-	157	1,612	4.71	0.65	1,040
Total of PVFCFF									**5,647**
(+) Present Value of Working Capital Release									(17)
Enterprise Value									**5,631**
(+) Closing cash or cash equivalents as at the Valuation Date									1,018
Adjusted Enterprise Value									**6,649**

**January to March 2022*

***Upto 28 Feb 2027*

Appendix 2.1 – Weighted Average Cost of Capital of the NHAI Annuity SPVs as on 31st December 2021

Particulars	NBL	SEPL	Remarks
Risk free return (Rf)	6.8%	6.8%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st December 2021 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.0%	7.0%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.48	0.49	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	**10.2%**	**10.2%**	**Base Ke = Rf + (β x ERP)**
Company Specific Risk Premium (CSRP)	0.0%	0.0%	Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	**10.2%**	**10.2%**	**Adjusted Ke = Rf + (β x ERP) + CSRP**
Pre-tax Cost of Debt (Kd)	9.4%	7.6%	As per the Existing Cost of Debt of the SPVs, as represented by the Investment Manager
Tax rate of SPV	17.2%	13.7%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	**7.8%**	**6.6%**	**Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)**
Debt/(Debt+Equity)	70.0%	70.0%	Debt : Equity ratio computed as [D/(D+E)]
WACC	**8.5%**	**7.7%**	**WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]**

Appendix 2.2 – Weighted Average Cost of Capital of the Toll SPVs as on 31st December 2021

Particulars	DBCPL	GEPL	JPEPL	UEPL	Remarks
Risk free return (Rf)	6.8%	6.8%	6.8%	6.8%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st December 2021 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Market Risk Premium (ERP)	7.0%	7.0%	7.0%	7.0%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (Relevered)	0.67	0.66	0.66	0.67	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Cost of Equity (Ke)	**11.5%**	**11.4%**	**11.4%**	**11.5%**	**Base Ke = Rf + (β x ERP)**
Company Specific Risk Premium (CSRP)	2.0%	2.0%	2.0%	1.0%	Based on SPV specific risk(s)
Revised Cost of Equity (Ke)	**13.5%**	**13.4%**	**13.4%**	**12.5%**	**Adjusted Ke = Rf + (β x ERP) + CSRP**
Pre-tax Cost of Debt (Kd)	8.5%	8.5%	8.5%	8.5%	As represented by the Investment Manager
Tax rate of SPV	18.2%	19.8%	19.5%	17.5%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt (Kd)	**7.0%**	**6.8%**	**6.8%**	**7.0%**	**Effective cost of debt. Kd = Pre tax Kd * (1-Effective Tax Rate)**
Debt/(Debt+Equity)	50.0%	50.0%	50.0%	50.0%	Debt : Equity ratio computed as [D/(D+E)]
WACC	**10.2%**	**10.1%**	**10.1%**	**9.7%**	**WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]**

Appendix 3.1 – NBL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Environmental Clearance No. 5-22/2007-IA-III (MH/AP to Armur, Andhra Pradesh) dated June 11,2007	Ministry of Environment & Forest (IA-III Division), NHAI	
2	Approval of Installation of DG set dated 08.09.2009	Government of Andhra Pradesh, Electrical Inspectorate	Lifetime
3	**Bore well permit**		
i	Lr No:107/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
ii	Lr No:107/T/2019	Govt of Telengana Ground Water Dept.	Lifetime
iii	316/T4/Drinking/2019-20	Govt of Telengana Ground Water Dept.	Lifetime
4	Provisional completion certificate dated July 22, 2009	Aarvee Associates	
5	Completion certificate dated October 8, 2018	MSV International Inc.	
6	Registration certificate of establishment dated December 1, 2020	Labour Department, Government of Telangana	December 31, 2021

Source: Investment Manager

Appendix 3.2 – SEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Labour License No. GH.46 (120)/2010-L dated 10.08.2010	GOI Office of the Deputy Chief Labour Commissioner(Central)	09.08.2022
2	Provisional approval for installation of a DG set dated 30.07.2021	Government of Meghalaya, Inspectorate of Electricity	29.07.2022
3	Provisional completion certificate dated July 12, 2013	URS Scott Wilson India Pvt. Ltd	
4	Completion certificate dated March 30, 2017	Feedback Infra Private Limited	

Source: Investment Manager

Appendix 3.3 – DBCPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Evnironmental Clearance No. 5-43/2006-IA-III (Sehore bypass to Dewas bypass, Madhya Pradesh)	Ministry of Environment & Forest (IA-III Division), NHAI	
3	Labour License No. 45056 dated 15.12.2021 (For Amlhala Toll Plaza)	Govt of MP Office of Licensing officer SEHORE	31.12.2022
4	Labour License No. 45061 dated 21.12.2021 (For Fanda Toll Plaza)	Govt of MP Office of Licensing officer SEHORE	31.12.2022
5	Labour License No. 42972 dated 03.12.2020 (For Bhourasa Toll Plaza)	Govt of MP Office of Licensing officer SEHORE	31.12.2022
6	**Air (Prevention & Control of Pollution) Act, 1981**		
i	Fanda Toll Plaza CTE-68241	Government of Madhya Pradesh	24.06.2024
ii	Amlaha Toll Plaza CTE-68239	Government of Madhya Pradesh	24.06.2024
7	**Applications for Issue of NOC to Abstract Ground Water (NOCAP)**		
i	21-4/915/MP/INF/2020	Government of India (Ministry of Jal Shakti)	17.02.2020
ii	21-4/911/MP/INF/2020	Government of India (Ministry of Jal Shakti)	13.02.2020
iii	21-4/914/MP/INF/2020	Government of India (Ministry of Jal Shakti)	17.02.2020
8	Provisional completion certificate dated February 10, 2009	MPRDC	
9	Completion certificate dated August 7, 2009	MPRDC	
10	Provisional completion certificate dated September 17, 2009	MPRDC	
11	Completion certificate dated February 3, 2010	MPRDC	
12	Provisional completion certificate dated April 30, 2009	MPRDC	

Source: Investment Manager

Appendix 3.4 – GEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity
1	Environmental Clearance No. 5-27/2008-IA.III (Ahemdabad, Gujarat to Madhya Pradesh/Gujarat border.	Ministry of Environment & Forest (IA Division), NHAI	
2	Labour License No. ALC/ADI/46(56)/2017 dated 28.02.2017	Office Asst Labour Commissioner(C) Ahmedabad	27.02.2023
3	DG installation certificate No/EI/Nad/Certi/2716/2018	Office of the Electrical Inspector	Lifetime
4	WIM and SWB Stamping certificate 1840241/DAH/2021/01	Govt. of Gujarat Legal Metrology Dept.	10.6.2022
5	**Groundwater extraction NOC**		
i	GWA/NOC/INF/ORIG/2020/9605	Central Ground Water Board West Central Region	24.12.2024
ii	CGWA/NOC/INF/ORIG/2020/9551	Central Ground Water Board West Central Region	21.12.2025
iii	CGWA/NOC/INF/ORIG/2021/10553	Central Ground Water Board West Central Region	28.01.2025
iv	CGWA/NOC/INF/ORIG/2021/9755	Central Ground Water Board West Central Region	02.01.2025
6	Provisional certificates dated (i) October 31, 2013 and (ii) September 25, 2015	Intercontinental Consultants and Technocrats Pvt. Ltd.	
7	Completion certificate dated June 29, 2016	MSV International Inc.	

Source: Investment Manager

Appendix 3.5 – JPEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Sanction of CRS for Launching Scheme of composite girder in Railway Portion in connection with the work of widening of existing Road over Bridge at Railway km 689/8-9 on Luni-Marwar junction section of Jhodpur division. CRS Ref no. JU/05/2015-16 dated 22.04.2015	Dy Chief Engineer/Const. North-Western Rly, Jhodpur	
2	Labour License No. AJ(L)412/2014/-ALC dated 25.11.2014	Licensing officer and Asst Labour Commissioner(C) Ajmer	24.11.2022
3	Certificate for registration of DG set (2 Set of 415kv Ref no: JPEPL/OTH/2021-22/004 dated 29.06.2021)	Government of Raj, Electrical Inspector, Jhodpur	
4	BOCW BOCW/ ALCAjmer/ 2019/R-24	Assistant Labour commissioner	Lifetime
5	WIM & SWB stamping 018632, 018633, 018634 & 018690, 018691, 018692	Weights and Measures Department	28.12.2021 & 29.12.2021
6	For Energization of DG Installation EI/JDR/PP/2021-22/310	Electrical Inspectorate , Rajasthan	Lifetime
7	Registration certificate dated December 20, 2019		

Source: Investment Manager

Appendix 3.6 –UEPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity/ Current status
1	Evnironmental Clearance No. 18-18/2004-IA-III (Tindivandam to Trichy bypass, Tamilnadu)	Ministry of Environment & Forest (IA Division), NHAI	
2	Certificate for registration of captive generating unit (Reg ID: CUD 59/2016-17/HT dated 22.09.2020	Government of Tamil Nadu, Electrical Inspector, Cuddalore	
3	Fire Service License (K.Dis.No : 6655/A2/2021 dated 27.09.2021)	Tamil Nadu Fire and Rescue Service Department	26.09.2022
4	Certificate of registration dated December 10, 2019	Ministry of Labour and Employment	31.12.2027
5	Consent to establish for Air dated October 30, 2018	Tamil Nadu Pollution Control Board	31.03.2023
6	Consent to establish for Water dated October 30, 2018	Tamil Nadu Pollution Control Board	31.03.2023
7	Certificate of verification	Legal Metrology Officer	30.12.2022
i	201/2020	Chief Engineer, (SG & SWRDC) PWD, Tharamani, Chennai-114 (State Ground & Surface Water Resources Data Centre)	23.07.2023
ii	202/2020	Chief Engineer, (SG & SWRDC) PWD, Tharamani, Chennai-114 (State Ground & Surface Water Resources Data Centre)	23.07.2023
iii	203/2020	Chief Engineer, (SG & SWRDC) PWD, Tharamani, Chennai-114 (State Ground & Surface Water Resources Data Centre)	23.07.2023
iv	204/2020	Chief Engineer, (SG & SWRDC) PWD, Tharamani, Chennai-114 (State Ground & Surface Water Resources Data Centre)	23.07.2023
v	205/2020	Chief Engineer, (SG & SWRDC) PWD, Tharamani, Chennai-114 (State Ground & Surface Water Resources Data Centre)	23.07.2023
8	Provisional completion certificate dated July 22, 2009	Intercontinental Consultants and Technocrats Pvt. Ltd.	
9	Completion certificate dated August 4, 2016	CDM Smith India Private Limited	

Source: Investment Manager

Appendix 4.1 – NBL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	High Court of Judicature, Andhra Pradesh	**Background of the case**: NBL has filed a writ petition before the High Court of Judicature, Andhra Pradesh at Hyderabad ("Court"), against The District Registrar and the Inspector General of Stamps and Registration in relation to payment of certain stamp duty on the NBL Concession Agreement. The District Registrar had called upon the Petitioner to pay an alleged deficit stamp duty amount of approximately ₹ 135.80 million in relation to the NBL Concession Agreement. The Petitioner prayed that the demand for such stamp duty be set aside by the Court as the same is not required to be paid on concession agreements. The Respondents have filed their response to the Petition. Simultaneously, the Petitioner has also filed an interim application praying for a stay in respect of all further proceedings in relation to recovery of the alleged deficit stamp duty and other amounts until the disposal of the Petition. Subsequently, the Court by way of its order dated June 9, 2011 granted a stay in respect of all further proceedings and in relation to recovery of a token amount of ₹ 0.5 million from the Petitioner. The matter is currently pending. **Current Status:** The matter is currently pending.	135.8

Source: Investment Manager

Appendix 4.2 – SEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	Delhi High Court	**Background of the case**: SEPL raised certain claims before the Arbitral Tribunal ("Tribunal"), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land ("Defaults"). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEL along with advancing the annuity dates as prayed by SEPL ("Award"). Subsequently, SEPL filed an execution petition dated October 26, 2018 ("Execution Petition") before the High Court of Delhi ("Court") for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by of its order dated November 2, 2018 ("Court Order"). Thereafter, NHAI filed an appeal dated January 7, 2019 ("NHAI Appeal") challenging the Court Order before the Commercial Appellate Divisional bench of the Court ("Appellate Bench"). **The Appellate Bench by way of an interim order dated January 22, 2019 directed NHAI to deposit the amount towards additional bonus annuity i.e. ₹ 106.30 million with an additional interest amount of ₹ 37.20 million with the Court within a period of four weeks. Further the Court upheld the rest of the Award. The direction was complied with by NHAI.** **Current Status:** The matter is currently pending in respect to the Execution Petition and the NHAI Appeal.	143.5
2	Taxation Proceedings	1	CIT(Appeal)	**Background of the case**: Refund as per ITR filed was Rs. 122,90,600 against which Company received refund of Rs.20,58,450/- on July 5, 2020 Demand for Financial Year 2016-17 of Rs. 158,779/- adjusted against refund for Financial Year 2017-18. Scrutiny assessment proceeding have been completed by the AO after disallowance as per the 143(1)(a) adjustment proposed by CPC - for finance charges on preference shares - cash payment u/s40A(3) - double addition of transition amount in MAT computation - tax calculated @ 30% instead of 25% under normal provisions of the Act. The Company has filed as appeal with CIT (Appeal) for all above disallowances on March 16, 2021 vide acknowledgement number 292147381160321 **Current Status:** The matter is currently pending.	10.1

Source: Investment Manager

Appendix 4.3 – DBCPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil	1	MP High Court	**Background of the case**: DBCPL has filed writ petition (no. 10812 of 2011) in MP High Court against imposition of labor cess amounting INR 4.68 Cr. under Building and other construction workers Welfare Cess Act, 1996. **Current Status:** The matter is currently pending.	46.8
2	Civil	1	Supreme Court	**Background of the case:** DBCPL has filed special leave petition (civil) (no. 14693 of 2010 - converted into Civil Appeal No. 8987 of 2013) in Supreme Court against final order passed by MP High Court on 11 Feb. 2010 in regards to applicability of 2% stamp duty (on TPC) on execution of Concession Agreement. **Current Status:** The matter is currently pending.	89
3	Civil	0	MP Arbitral Tribunal	**Background of the case**: Claim under Change in Law provisions of the Concession Agreement for actual toll revenue loss due to suspension of toll collection by MPRDC from 09 Nov. 2016 to 02 Dec. 2016 due to demonetization of specified bank notes by Govt. of India. **Current Status: The matter has been disposed of by AT.**	60.9
4	Civil Suit	1	Labour Court Bhopal	**Background of the case:** Mukesh Chandravanshi and Manohar Singh Rajput ("Complainants"), erstwhile employees of DBCPL have filed two separate complaints before the Labour Court, Bhopal, in relation to wrongful termination of their employment by DBCPL. DBCPL claimed that the termination of Complainants was due to (i) the Complainants stopping toll collection at DBCPL's toll plazas and allowing vehicles to cross without payment of toll on December 30, 2015, and (ii) misbehaviour of Complainants with other senior employees of DBCPL. **Current Status:** The matter is currently pending.	Not quantifiable
5	Criminal Suit	1	L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas)	**Background of the case:** DBCPL has filed a criminal complaint before the court of L.D. Judicial Magistrate, First Class, Sonkutch (Dist. Dewas) against its erstwhile accountant, Sameer Kumar Jha under section s 408 and 420 of the Indian Penal Code, 1860, read with section 200 of the Code of Criminal Procedure, 1973, in relation to unauthorised absence from service and misappropriation of an amount of approximately ₹0.09 million. **Current status:** The matter is currently pending.	0.1
6	Taxation Proceedings	1	CIT (Appeal)	**Background of the case**: 1. Major Maintenance Expenses of INR 359.4 mn claimed as deduction was treated as capital expenditure and disallowed; it was all owed to be amortized over a period of 25 years, i.e. INR 14.38 mn was allowed for FY17. Hence, net disallowance of INR 345 mn. 2. Disallowance under section 14A of the ITA (Expenses incurred to earned exempt income) of INR 0.82 mn. 3. Demand of Rs. 10,30,84,559 as per Demand Order dated December 23, 2019. **Current status**: The matter is currently pending.	345.8

Source: Investment Manager

Appendix 4.4 – GEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Taxation Proceedings	2	CIT(Appeal)	**Background of the case**: 1. Completed Assessment under section 143(3) ; the AO added INR 666.11 Mn being excess depreciation claim at the rate of 25% on intangible asset over amortization of the same over the life of the project. Subsequently, an appeal has been filled with CIT(A) 2. Completed Assessment under section 143(3) ; the AO added INR 417.55 Mn being excess depreciation claim at the rate of 25% on intangible asset over amortization of the same over the life of the project. Subsequently, an appeal has been filled with CIT(A) **Current Status:** The matter is currently pending.	1,083.66

Appendix 4.5 – JPEPL: Summary of Ongoing Litigations

No Material Ongoing Litigations

Appendix 4.6 – UEPL: Summary of Ongoing Litigations

Sr. No	Matter	No. of Suits	Pending Before	Particulars	Amount Involved (INR Million)
1	Civil Suit	1	High Court of Judicature at Madras	**Background of the case**: 1. UEPL ("Petitioner") has filed a writ petition before the High Court of Judicature at Madras ("High Court"), against The Secretary (Transport), Government of Tamil Nadu ("Respondent") in relation to certain pending toll fees from the Respondent. UEPL alleged that the Respondent was involved in plying buses enrolled under the monthly passes issued by the Petitioner more frequently than permitted and also plying different busses other than those enrolled with the monthly passes. The amount involved in this matter is approximately ₹ 128 million, along with an interest amount of 18% p.a. for the period between July 2009 until December 2011, which allegedly remains unpaid in relation to three depots of the Petitioner. **The Respondent claims to have remitted a sum of ₹62.20 million towards the payment of the pending toll fee,** however, the High Court has, vide order dated November 18, 2021, directed the Respondent to file the statement of accounts with regard to such payment. The Respondent is yet to file the same. **Current Status:** The matter is currently pending.	128.0
2	Civil Suit	0	Arbitral Tribunal	Background of the case: 1. Claim under Concession Agreement provisions for Material Default by NHAI for actual toll revenue loss due to suspension of toll collection by NHAI from 03 December 2015 to 18 December 2015 due to flood situation in State of Tamil Nadu. 2. Claim under Change in Law provisions of the CA for actual toll revenue loss due to suspension of toll collection by NHAI from 09 November 2016 to 02 December 2016 due to demonetization of specified bank notes by Govt. of India. Current Status: **The matter has been settled.**	123.9
3	Taxation Proceedings	1	CIT (Appeal)	**Background of the case**: The following items have been disallowed: (a) Rs. 17,869,492 under Section 14A of the IT Act (b) Mark to market gain on mutual fund of Rs. 709,554 (c) Interest expense of Rs. 172,20,000 under Section 36(1)(iii) of the IT Act **Current Status:** The matter is currently pending	35.8

Source: Investment Manager

<< End of Report >>

ANNEXURE II - TECHNICAL REPORT

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RESOTECH
CONSULTANCY SERVICES PVT. LTD.
CIN - U74140MP2008PTC020576

RESOTECH CONSULTANCY SERVICES PVT. LTD.
58, Shri Mangal Nagar, Near Elite Anmol Multi, Bicholi Hapsi Road,
Indore 452 018 (M.P.) Telefax : 0731-4006024. e-mail : contact@resotechindia.com
Website: www.resotechindia.com GSTIN:23AADCR9601G1ZL

RCSPL/VIIMPL/TDD/D-B/21-22/438 Date: 28.02.2022

To,
M/s Virescent Infrastructure Investment Manager Private Limited
10th Floor, Parinee Crescenzo
C-30, 'G' Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Tel:-+91 99716 22660

Sub:-Consultancy Services for Technical Due Diligence for Dewas – Bhopal Road section of SH-18 in the State of Madhya Pradesh.

Ref.: Work order No. HC1/Tech/2021-22/016 dated 18.01.2022

Dear Sir,

This is with reference to work order cited above vide which we have been awarded the work mentioned in subject above. The Final Report pertaining to Technical Due Diligence is enclosed herewith for your needful.

Thanking you,

Yours truly,

For RESOTECH CONSULTANCY SERVICES PVT. LTD.

RAJNISH MISHRA
DIRECTOR

DEWAS BHOPAL CORRIDOR PVT. LTD.

4-LANE BHOPAL TO DEWAS ROAD SECTION OF SH-18 IN THE STATE OF MADHYA PRADESH

TECHNICAL DUE DILIGENCE REPORT

For Virescent Infrastructure Investment Manager Private Limited
(For the purpose of Highways Infrastructure Trust)

FEBRUARY 2022

Resotech Consultancy Services Pvt. Ltd.
58, Shri Mangal Nagar, Near Elite Anmol Society, Bicholi Hapsi Road, Indore (M.P.) -452018,Phone: 0731-4006024
Email:contact@resotechindia.com
Website: -www.resotechindia.com

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

E 01: THE PROJECT ROAD

The Project Road is a Section of MP SH-18 which starts from Km 6/8 (from Lalghati Square at Bhopal) to Km 151/6 at junction with NH-3 in Dewas town. The Project Road bypasses the major towns of Sehore, Ashta, Mehatwada and Sonkatchh and has a length of **140.79km**. This Project for strengthening, up-gradation and 4 laning of Bhopal Dewas Section was awarded to ***M/s Dewas Bhopal Corridor Pvt Ltd*** for a Concession Period of 25 years on BOT basis. The Concessionaire had appointed ***M/s MSK Projects (India) Ltd*** & ***M/s Chetak Enterprises Pvt Ltd*** as their EPC Contractors for execution of work under EPC mode. The Concession Agreement was signed on 30th June 2007 and the Project construction commenced on 20th March 2008 and Commercial Operation was started in three different dates for three different sections (Section 1 on 10.02.2009, Section 2 on 17.09.2009 and Section 3 on 30.04.2010). On 22nd December 2015, ***M/s India Infrastructure Fund 2 (IIF-2)*** acquired control of 74% stakes of ***M/s Dewas Bhopal Corridor Pvt Lt*** and balance 26% was acquired on 14th December 2018.Further, on 17thDecember 2021, ***Galaxy Investments II Pte. Ltd*** has acquired control of 100% stakes of ***M/s Dewas Bhopal Corridor Pvt. Ltd.*** from ***M/s IIF-2***.

E02: BROAD SCOPE OF TECHNICAL DUE DILIGENCE

M/s Resotech Consultancy Services Pvt Ltd has been engaged as Technical/Engineering Due Diligence Advisor for Highways Infrastructure Trust purpose. The broad scope of Technical Due Diligence is as under:

i) Review of all Project Documents
ii) Assessment of road assets in conformance with specifications, standards and codes stipulated in Concession Agreement and O&M manual, etc
iii) Evaluation of overall condition of the pavement, structures and other road assets by visual observation and analysis of the available investigation reports
iv) Assessment of maintenance needs of the Project Road and development of a detailed O&M and Major Maintenance Cost.

E 03: SALIENT DETAILS OF THE PROJECT ROAD

Table E.01: Salient Details of the Project Road

S. No	Parameter	Description
1	Roadway	4 laned divided Carriageway with raised median/depressed median – 7.0m carriageway plus 2.5m hard shoulder on outer side and 1.0m earthen shoulder on median side in case of depressed medians
2	ROW	Varying from 30m to 60m
3	Pavement Type	Flexible, Rigid (in Toll Plaza area)
4	Bypasses	Sehore (16.35km), Sonda (1.37km), Ashta (4.3km), Dodi (0.9km), Mehatwada (1.6km), Semli (0.6km), Sonkatchh (3.5km), Arniya (0.8km)
5	Service Road/Slip Road (4/5/5.5m)	Total length of 9.090 km
6	Toll Plaza	Fanda (Km 25+000), Amlaha (Km 61+550), Bhourasa (Km 134+600) (4+4 Lanes)

S. No	Parameter	Description
7	Major Junctions	19
8	Minor Junctions	70
9	Bus Bays	3 / 35
10	Truck Laybyes	01 (92+000)
11	VUP	01 (94+330 at Dodi)
12	PUP	01 (67+250 at Kothri)
13	Major Bridges	04 (53+300, 77+850, 121+120, 128+510)
14	Minor Bridges	17
15	Culverts	162 (109 HPC, 53 SC)

E04: MAJOR FINDINGS AND CONCLUSIONS

i) The Project Road has been constructed in accordance with the requirements of the Concession Agreement with MPRDC and it conforms to the requirements of the Technical Specifications. There are no pending items of works from the Scope of Work as per the Concession Agreement

ii) From review of the records of the Maintenance works it is seen that the Concessionaire has been carrying out its O&M liabilities in accordance with the requirements of the Concession Agreement.

iii) The Conditions of various assets of the Project Road are in good condition. The Major Maintenance work on the road is presently been carried out and the pavement condition is good. All the structures are in good condition. The road signs, markings, furniture items and other project facilities are also seen to be maintained in good condition.

iv) On review of the asset condition and the requirements of the Concession Agreement there does not appear to be any requirement of any Major Maintenance on the Project Road apart from the routine Operations and Maintenance and Periodic Renewal of the wearing course of the carriageway required as per Concession Agreement.

v) O & M Cost Projection

Table E.02: Operation& Maintenance Cost Projections

S.No	Year	Periodic Maintenance Costs (in Cr.)	Routine Operations and Maintenance Cost (in Cr.)
1	2022-23		17.87
2	2023-24		17.87
3	2024-25		17.87
4	2025-26		17.87
5	2026-27	35.41	17.53
6	2027-28	37.88	17.53
7	2028-29		17.87
8	2029-30		17.87

S.No	Year	Periodic Maintenance Costs (in Cr.)	Routine Operations and Maintenance Cost (in Cr.)
9	2030-31		17.87
10	2031-32		17.87
11	2032-33	48.06	17.53
12	2033-34	22.97	11.68
		144.31	**225.08**

Note: Rates of MPPWD 2017 SOR have been adopted and the costs are based on 2022-23 base rates.

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