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 7506333447; **Compliance Officer**: Kunjal Shah
E-mail: Compliance.highwaysinvit@highwayconcessions.com; **Website**: www.highwaystrust.com

FOR CIRCULATION TO THE ELIGIBLE UNITHOLDERS OF HIGHWAYS INFRASTRUCTURE TRUST ONLY

TRUSTEE	INVESTMENT MANAGER	Sponsor
Axis Trustee Services Limited	Highway Concessions One Private Limited	Galaxy Investments II Pte. Ltd.

ISSUE OF UP TO [●] UNITS OF HIGHWAYS INFRASTRUCTURE TRUST ("HIGHWAYS TRUST") FOR CASH AT A PRICE OF ₹[●] PER UNIT (THE "ISSUE PRICE"), AGGREGATING UP TO ₹ 5,150 MILLION TO THE ELIGIBLE UNITHOLDERS (AS DEFINED HEREINAFTER) ON A RIGHTS BASIS IN THE RATIO OF [●] LOT FOR EVERY [●] LOTS HELD BY THEM ON THE RECORD DATE, BEING [●] (THE "ISSUE") IN ACCORDANCE WITH THE INVIT REGULATIONS AND THE SEBI RIGHTS ISSUE GUIDELINES. THE RECORD DATE IS [●], 2023. FOR FURTHER DETAILS, PLEASE SEE THE SECTION ENTITLED *"THE ISSUE"* ON PAGE 15.

GENERAL RISKS

Investments in Units involve a high degree of risk and Bidders should not invest in the Issue unless they are prepared to take the risk of losing all or part of their investment. Bidders are advised to carefully read the section entitled "*Risk Factors*" on page 53 and other disclosures included in this Draft Letter of Offer before making an investment decision relating to the Issue. Each Bidder is advised to consult its own advisors about the consequences of an investment in the Rights Entitlements and the Units issued pursuant to the Draft Letter of Offer. The Rights Entitlements and the Units being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Admission of the Units to be issued pursuant to this 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 the Draft Letter of Offer will be filed with SEBI and the Stock Exchange where the Units of the Highways Trust are listed, and will be made available to the public through the website of SEBI, the Stock Exchange, the Highways Trust and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing of the Draft Letter of Offer. A copy of the Letter of Offer will be filed with SEBI and the Stock Exchange.

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 LETTER OF OFFER 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 LETTER OF OFFER 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 LETTER OF OFFER TO ANY OTHER PERSON; OR (2) REPRODUCE THIS DRAFT LETTER OF OFFER IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DRAFT LETTER OF OFFER, 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.

INVESTMENT MANAGERS' ABSOLUTE RESPONSIBILITY

The Investment Manager, having made all reasonable inquiries confirms that this Draft Letter of Offer 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 Letter of Offer 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 Letter of offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect

RIGHTS ENTITLEMENTS

The Units of the Highways Trust shall be tradable only in dematerialized form. As the lot size comprises of [●] Units in accordance with InvIT Regulations for the Highways Trust, the Rights Entitlements will be credited in the demat account of the Eligible Unitholders in multiples of [●] Units and the participation by unitholders in the Rights Issue will also be in multiples of [●] Units. Fractional Entitlements will not be credited to the Unitholders' accounts and the trading of fractional entitlements of Rights Entitlements will also not be allowed by the Stock Exchange. For further details, please see the section entitled "*Issue Information*" on page 265.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.

LISTING

The existing Units of the Highways Trust are listed on National Stock Exchange of India Limited ("**NSE**") (the "**Stock Exchange**"). The Highways Trust has received in-principle approval from NSE for listing of the Units to be allotted pursuant to the Issue through its letter dated [●], respectively. The Investment Manager (on behalf of the Highways Trust) will also make applications to the Stock Exchange to obtain trading approval for the Rights Entitlements. For the purposes of the Issue, the Designated Stock Exchange is NSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
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.invitrights@axiscap.in **Website:** www.axiscapital.co.in **Investor grievance e-mail:** complaints@axiscap.in **Contact Person:** Akash Aggarwal/Harish Patel **SEBI Registration No:** INM000012029	**Link Intime India Private Limited** C-101, 1st Floor 247 Park, 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

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR RENUNCIATION	ISSUE CLOSES ON
[●]	[●]	[●]

* *The Investment Manager (acting on behalf of the Trust) will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 Working Days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer and the Letter of Offer and the issue of the Rights Entitlement and the Units on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer or the Letter of Offer, Abridged Letter of Offer or the CAF may come, are required to inform themselves about and observe such restrictions, neither the Investment Manager nor the Sponsor shall bear any responsibility or liability in this regard. This Issue is being made on a rights basis to the Eligible Unitholders alone and shall not be construed as an offer or advertisement to offer Units to persons or entities other than the Eligible Unitholders. The Investment Manager will dispatch the Letter of Offer, Abridged Letter of Offer and CAF only to Eligible Unitholders who have provided an Indian address to the Investment Manager. Overseas Unitholders who do not update the records with their Indian address or the address of their duly authorised representative in India, prior to the date on which the Investment Manager (on behalf of Highways Trust) proposes to dispatch the Letter of Offer, Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer, Abridged Letter of Offer and CAFs.

No action has been or will be taken by the Highways Trust (through its Investment Manager), the Investment Manager, the Sponsor or the Lead Manager to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer that has been filed with the Stock Exchange, where the Units of the Highways Trust are listed, and shall be made available to the public through the website of the Stock Exchange, the Highways Trust and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer, and the Draft Letter of Offer and Letter of Offer is being filed with SEBI and Stock Exchange. Accordingly, the issue of the Rights Entitlement and the Units may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and the Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF must be treated as sent for information only and should not be acted upon for subscription to the Rights Entitlements or the Units and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF should not, in connection with the issue of the Rights Entitlements or the Units, distribute or send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Units or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF.

Neither the delivery of this Draft Letter of Offer or the Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Highways Trust from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer and the Letter of Offer should not be construed as legal, tax or investment advice. Bidders may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Units or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Units or Rights Entitlements. In addition, none of the Highways Trust, the Investment Manager, the Sponsor or the Lead Manager are making any representation to any offeree or purchaser of the Units regarding the legality of an investment in the Units by such offeree or purchaser under any applicable laws or regulations.

Representations by the Investors

Each person by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Units and accepting delivery of any Rights Entitlements or any Units, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Units as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Units are, entitled to subscribe for the Units, and the sale of the Units to it will not require any filing or registration by, or qualification of, the Highways Trust with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

2. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Units imposed by the jurisdiction of its residence, (ii) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence, and (iii) the purchaser shall make all necessary filings and reporting, and obtain all approvals, as may be required, in relation to the Issue and your investment in the Rights Entitlement and the Units, with and from appropriate governmental, statutory or regulatory authorities, as may be required.

3. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units, and, if the purchaser is exercising the Rights Entitlements and acquiring the Units as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units on behalf of each owner of such account.

4. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Units involves a considerable degree of risk and that the Rights Entitlements and the Units are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

5. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Units in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchange); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Units which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

6. The purchaser (or any account for which it is acting) is an Eligible Unitholder and has received an invitation from the Highways Trust, addressed to it and inviting it to participate in this Issue.

7. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Highways Trust to facilitate the sale or resale of the Rights Entitlements or the Units pursuant to the Issue.

8. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Units, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to the Highways Trust and the Rights Entitlements and the Units which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Highways Trust concerning the financial condition and results of operations of the Highways Trust and the purchase of the Rights Entitlements or the Units, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Units; (v) will have conducted its own due diligence on the Highways Trust and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of the Highways Trust, the Lead Manager or its affiliates (including any research reports) (other than, with respect to the Highways Trust and any information contained in this Draft Letter of Offer or the Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Units is suitable and appropriate, both in the nature and number of Units being subscribed.

9. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Units are listed on the National Stock Exchange of India Limited and the Highways Trust is therefore required to publish certain business, financial and other information in accordance with the rules and practices of the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of the Highways Trust's business and the Highways Trust's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) the Highways Trust does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither the Highways Trust nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to the Highways Trust, the Rights Entitlements or the Units or the accuracy, completeness or adequacy of the Exchange Information.

10. 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;

11. The purchaser understands that the Exchange Information and this Draft Letter of Offer and the Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States and/or any other jurisdiction outside India. In particular, the purchaser understands that (i) the Highways Trust's financial information contained in the Exchange Information and this Draft Letter of Offer and the Letter of Offer have been prepared in accordance with the Ind AS and the InvIT Regulations and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered in the United States of America or elsewhere, and (ii) this Draft Letter of Offer and the Letter of Offer does not include all of the information that would be required if the Highways Trust were registering the Issue of the Rights Entitlements and the Units with the SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

12. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Units, including this Draft Letter of Offer, the Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by the Highways Trust; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

13. The purchaser will not hold the Highways Trust, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by the Highways Trust to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Units has been or will be provided by the Lead Manager or its affiliates to it.

14. The purchaser is an Eligible Unitholder or Renouncee and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Units. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Units, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Units, and is able to sustain a complete loss in connection therewith and it will not look to the Highways Trust, or to the Lead Manager, for all or part of any such loss or losses it may suffer.

15. The purchaser understands and acknowledges that the Lead Manager is assisting the Highways Trust in respect of this Issue and that the Lead Manager is acting solely for the Highways Trust and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Units nor providing advice to it in relation to the Highways Trust, this Issue or the Rights Entitlements or the Units. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with the Highways Trust and in connection with this Issue.

16. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Units will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in the Letter of Offer and the Application Form. The purchaser understands that neither the Highways Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under applicable securities laws.

17. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. The purchaser acknowledges that the Highways Trust and the Lead Manager, their affiliates and others (including legal counsels to each of the Highways Trust, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Units, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Units is no longer accurate, it shall promptly notify the Highways Trust in writing.

18. 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.

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 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 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 LETTER OF OFFER 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 LETTER OF OFFER 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 LETTER OF OFFER 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 LETTER OF OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE U.S.

Notice to Investors in certain other jurisdictions

The distribution of the Draft Letter of Offer and Letter of Offer, and the issue of the Units in certain jurisdictions may be restricted by law. As such, neither the Draft Letter of Offer nor the Letter of Offer shall constitute, or 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 the Draft Letter of Offer nor Letter of Offer 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.

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer 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 Letter of Offer, 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', 'Audited Financial Statements', and 'Legal and Other Information' on pages 53, 285, 134, 147, 244, 299 and 254, respectively, shall have the meanings ascribed to such terms in those respective sections.

In this Draft Letter of Offer, 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
ANHPL Valuation Report	The valuation report in relation to the Target SPV dated July 1, 2023 issued by the Valuer
Associate	Associate shall have the meaning under Regulation 2(1)(b) of the InvIT Regulations
Audited Combined Financial Statements	The special purpose combined financial statements of the Highways SPVs which comprise the combined balance sheets as on March 31, 2022 and March 31, 2021, the combined statements of profit and loss combined cash flow statements, combined statements of changes in equity for the financial years ended March 31, 2022 and March 31, 2021 and combined statements of net assets at fair value as at March 31, 2022 and the combined statements of total returns at fair value for the financial year ended March 31, 2022 and a summary of significant accounting policies and other explanatory information, prepared in accordance with the requirements of the Ind AS read with the InvIT Regulations on which the Auditors have issued an audit report dated July 6, 2023.
Audited Consolidated Financial Statements	The consolidated financial statements of the Highways Trust which comprise the consolidated balance sheets as at March 31, 2023, the consolidated statements of profit and loss (including other comprehensive income), the consolidated cash flow statements, and the consolidated statements of changes in Unitholders' equity for the year then ended, consolidated statements of net assets at fair value as at March 31, 2023, the consolidated statements of total returns at fair value and the consolidated financial statements, including summary of the significant accounting policies and other explanatory information, prepared in accordance with the requirements of the Ind AS read with the InvIT Regulations on which the Auditors have issued an audit report dated May 19, 2023
Audited Financial Statements	The Audited Consolidated Financial Statements and the Audited Combined Financial Statements, respectively.
Audited Standalone Financial Statements of the Target SPV	The audited Ind AS financial statements of the Target SPV which comprise the balance sheet as at March 31, 2023, statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date along with the audit report dated May 8, 2023.
Auditor/ Statutory Auditor	Walker Chandiok & Co LLP
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 166
DBCPL	Dewas Bhopal Corridor Private Limited
Erstwhile Investment Management Agreement	The investment management agreement dated December 6, 2021 entered into between Trustee (on behalf of Highways Trust) and the Erstwhile Investment Manager.
Erstwhile Investment Manager	Virescent Infrastructure Investment Manager Private Limited
Erstwhile Project Management Agreement	The project management agreement dated August 8, 2022 entered into amongst the Trustee, the Erstwhile Project Manager, the Erstwhile Investment Manager and the Project SPVs
Erstwhile Project Manager	Virescent Renewable Energy Project Manager Private Limited
Future SPVs	H.G. Rewari Ateli Highway Private Limited, Gurgaon Sohna Highway Private Limited and H.G. Rewari Bypass Private Limited

Term	Description
GEPL	Godhra Expressways Private Limited
Global Atlantic	The Global Atlantic Financial Group LLC
Global Atlantic Financial Group	The Global Atlantic and its subsidiaries
H.G. Infra	H.G. Infra Engineering Limited
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, Target SPV SPA, 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, the Draft Placement Memorandum, the Placement Memorandum, the Final Placement Memorandum , this Draft Letter of Offer, the Letter of Offer or any offer document, and such other documents in connection therewith, as originally executed and amended, modified, supplemented or restated from time to time.
Highways Trust/Trust	Highways Infrastructure Trust
Highways 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
Investment Management Agreement	The investment management agreement dated October 20, 2022 entered into between Trustee (on behalf of Highways Trust) and the Investment Manager.
Investment Manager or HC1	Highway Concessions One Private Limited
Investment Objects	The investment objectives of the Trust, as provided in the section entitled "*Overview of the Highways Trust*" on page 17
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 162
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 dated October 20, 2022 entered into amongst the Trustee, the Project Manager, the Erstwhile Investment Manager and the Project SPVs
Project Manager	HC One 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, Shillong Expressway Private Limited and H.G. Ateli Narnaul Highway Private Limited
Projects	Shall mean (i) 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, (ii) 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, (iii) 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, (iv) 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, (v) 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, (vi) 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 Letter of Offer 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.*

Term	Description
Related Parties	Related parties of the Highways Trust, as defined under Regulation 2(1)(zv) of the InvIT Regulations
RPT Policy	Related Party Transactions Policy adopted by the board of directors of the Investment Manager
Securities Purchase Agreement	The securities purchase agreement dated August 8, 2022 executed between the Highways Trust (acting through the Trustee), the Investment Manager, the Sponsor, and the Highways SPVs, in relation to the transfer of securities of the Highways SPVs read with the novation agreement dated June 23, 2023.
SEPL	Shillong Expressway Private Limited
Sponsor	Galaxy Investments II Pte. Ltd.
Sponsor BETPL SPA	Share subscription cum purchase agreement dated September 28, 2022 by and between, the Sponsor, IL&FS Engineering and Construction Company Limited, Maytas Investment Trust and Bangalore Elevated Tollway Private Limited.
SPV	SPV as defined under Regulation 2(1)(zy) of the InvIT Regulations
Target SPV or ANHPL	H.G. Ateli Narnaul Highway Private Limited
Target SPV Project	Narnaul Bypass (design length 24.0 km) and Ateli Mandi to Narnaul section of NH-11 form km 43.445 to km 56.900 (design length 14.0 km)
Target SPV SPA	Share purchase agreement dated May 3, 2023 entered into between Highways Trust (represented by its Trustee), H.G. Infra Engineering Limited, the Target SPV, the Future SPVs and the Investment Manager
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 allotted Units together represent the entire beneficial interest in the Highways Trust
Valuation Report	The valuation report of the Highways SPVs of the Highways Trust as available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf
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
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units, pursuant to the Issue
Allotment Date	Date on which Allotment is made
Allottees	Bidders to whom Units are issued and Allotted pursuant to the Issue
Applicants	Eligible Unitholder(s) and/or Renouncee(s) who makes an application for the Units pursuant to the Issue in terms of the Letter of Offer
Application Form/Application	Application form (including any rectifications of errors therein) including a plain paper application form pursuant to which an Eligible Unitholder shall submit a Bid for the Units in the Issue
Application Money	Aggregate amount payable in respect of the Units applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF or the plain paper Application by the Applicant for blocking the amount mentioned in the CAF or the plain paper Application
ASBA Applicant/ ASBA Investor	Eligible Unitholders proposing to subscribe to the Issue through ASBA process and who (i) are holding the Units of the Trust in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Units in dematerialized form; and (ii) are applying through blocking of funds in a bank account maintained with the SCSBs. All Eligible Unitholders shall participate in the Issue only through the ASBA process.
Bid(s)	Indication of interest of the Eligible Unitholder, as provided in the Application Form, to subscribe for the Units at the Issue Price, in terms of the Letter of Offer 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 Letter of Offer
Bid/Issue Closing Date	[●]
Bid/Issue Opening Date	[●]
Bid/Issue Period	Period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Eligible Unitholders can submit their Bids
Bidder	Any Eligible Unitholder who has made a Bid pursuant to the terms of the Letter of Offer and the Application Form
Bid Lot	[●]

Term	Description
Body Corporate / Bodies Corporate	Body Corporate / Bodies corporate as defined in Regulation 2(1)(d) of the InvIT Regulations, whether Indian or foreign
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 [●]
Composite Application Form/ CAF	Form used by an Investor to make an application for the Allotment of Units in the Issue
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 Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	National Stock Exchange of India Limited (NSE)
Draft Letter of Offer/ DLOF	Draft Letter of Offer dated July 7, 2023 which shall be filed with the Stock Exchange and SEBI, where the Units of the Highways Trust are listed, and shall be made available to the public through the website of the Stock Exchange, Highways Trust and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer
Eligible Unitholders	Unitholder(s) of Highways Trust as on Record Date
Institutional Investors	Institutional investor as defined in Regulation 2(1)(ya) of the InvIT Regulations
Issue	Issue of up to [●]* Units of Highways Infrastructure Trust ("**Highways Trust**") at a price of ₹[●] per Unit (the "**Issue Price**"), aggregating up to ₹5,150 million to the Eligible Unitholders (as defined hereinafter) on a rights basis in the ratio of [●] lot for every [●] lots held by them on the Record Date, being [●] * *The size of the Issue is the amount approved by the board of directors of the Investment Manager on [●] and is subject to the final decision of the board of directors of the Investment Manager.*
Issue Price	₹ [●] per Unit
Issue Proceeds	The proceeds of the Issue of up to ₹5,150 million. For further details about the use of the Issue Proceeds, please see the section entitled "*Use of Proceeds*" on page 192
Issue Size	The issue of up to [●] Units aggregating up to ₹5,150 million* * *The size of the Issue is the amount approved by the board of directors of the Investment Manager on [●] and is subject to the final decision of the board of directors of the Investment Manager.*
Letter of Offer	Letter of offer dated [●] to be filed with the Stock Exchange and SEBI
Lead Manager	Axis Capital Limited
Record Date	[●]
Refund Bank	[●]
Registrar to the Issue	Link Intime India Private Limited
Renouncee(s)	Person(s) who have acquired Rights Entitlements from the Eligible Unitholders
Rights Entitlement	The number of Units that an Eligible Unitholder is entitled to in proportion to the number of Units held by the Eligible Unitholder on the Record Date, in this case being [●] for every [●] Bid Lots held by an Eligible Unitholder
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Stock Exchange	Stock exchange where the Units are presently listed, being NSE
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 Market Intelligence and Analytics
CRISIL Report	A report entitled "*An assessment of the roads sector in India released in Mumbai in June 2023*", prepared by CRISIL Market Intelligence and Analytics
DBFOT	Design, Build, Finance, Operate and Transfer
Independent Engineer	An independent engineer appointed by NHAI or other concessioning authorities for reviewing activities associated with design, construction, quality assurance, operation and maintenance and quality control of the relevant projects which are assigned to the Project SPVs
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	Resotech Consultancy Services Pvt. Ltd. for ANHPL.
Technical Reports	Collectively, the technical report by the Technical Consultant for ANHPL attached as Annexure II and the technical reports for the Highways SPVs as available at https://highwaystrust.com/technical-reports/.
Traffic Study Report	The traffic reports prepared by the Traffic Study Consultant for each of the relevant Highways SPVs dated April 2023 for UEPL, JPEL, GEPL and DBCPL and available at https://highwaystrust.com/traffic-reports/.
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 ANHPL Valuation Report and the Valuation Report. For details, please see the '*ANHPL Valuation Report*', attached as Annexure I and the Valuation Report available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf.
Board/Board of Directors	The board of directors of the Investment Manager
BSE	BSE Limited
CAGR	Compounded annual growth rate
CCDs	Compulsorily convertible debentures
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

Term	Description
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
IRDAI	Insurance Regulatory and Development Authority of India
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
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 as amended and circulars issued by SEBI from time to time
SEBI Rights Issue Guidelines	Circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/10 issued by the Securities and Exchange Board of India dated January 17, 2020 entitled Guidelines for Rights Issue of Units by a listed Infrastructure Investment Trusts (InvITs), read with the circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/36 issued by the Securities and Exchange Board of India dated March 13, 2020 entitled the Amendments to guidelines for rights issue, preferential issue and institutional placement of units by a listed InvIT
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	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 herein 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

All references in this Draft Letter of Offer to "India" are to the Republic of India.

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

Financial Data

Unless stated otherwise, the financial information in this Draft Letter of Offer in relation to the Trust and the Project SPVS is derived from the Audited Combined Financial Statements and Audited Consolidated Financial Statements, as the case may be.

The Audited Combined Financial Statements have been prepared in accordance with Ind AS, read with the InvIT Regulations and the guidance note on 'combined and carve-out financial statements' issued by the ICAI and the Audited Consolidated Financial Statement have been prepared in accordance with the Ind AS and the InvIT Regulations.

For further details, please see the section entitled "*Audited Financial Statements*" on page 299.

The financial information and other information in relation to the Target SPV in this Draft Letter of Offer has only be included as of March 31, 2023.

Further, this Draft Letter of Offer includes summary financial statements of the (i) Sponsor, as of and for the financial years ended December 31, 2022 and December 31, 2021, prepared in accordance with IFRS; and (ii) Investment Manager, for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with Ind AS and other accounting principles. For further details, please see the sections entitled "*Summary Financial Information of the Sponsor*" and "*Summary Financial Information of the Investment Manager*" on pages 31 and 36, respectively.

The financial year for the Highways Trust, the Investment Manager, the Project SPVs and the Target SPV, commences on April 1 and ends on March 31 of the next year, and accordingly, all references to a particular financial year or fiscal year, for each of the Highways Trust, the Investment Manager, the Project SPVs and the Target SPV, unless stated otherwise, are to the 12-month period ended on March 31 of that year. The financial year for the Sponsor, commences on January 1 and ends on December 31 of the same year, and accordingly, all references to a particular financial year or fiscal year, for the Sponsor, unless stated otherwise, are to the 12-month period ended on December 31 of that year.

The degree to which the financial information included in this Draft Letter of Offer 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, IFRS and the InvIT Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

In this Draft Letter of Offer, 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 Letter of Offer 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 Letter of Offer 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 Letter of Offer, have been calculated on the basis of the Audited Financial Statements .

Exchange Rates

This Draft Letter of Offer 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 March 31, 2023	Exchange Rate as on March 31, 2022	Exchange Rate as on March 31, 2021
1 US$	82.22	75.81	73.50

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

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer 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 MI&A, 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 Highway Concessions One Private Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A 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 MI&A 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 53. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Letter of Offer 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 Letter of Offer are not statements of historical fact but constitute 'forward-looking statements'. Bidders 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. However, these are not the exclusive means of identifying 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 Letter of Offer that are not historical facts.

These forward-looking statements contained in this Draft Letter of Offer (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 Highways 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.

The ANHPL Valuation Report included in this Draft Letter of Offer and the Valuation Report are based on certain projections and accordingly, should be read together with assumptions and notes thereto. For further details, please see the '*ANHPL Valuation Report*' attached as Annexure I and Valuation Report available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf.

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 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*", "*Our Business*" and "*Discussion and Analysis by the Directors of the Investment Manager of the Financial Condition, Results of Operations and Cash Flows of the Highways SPVs of the Highways Trust*", on pages 53, 134, 147 and 201, 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 and financial information include, but are not limited to, the following:

1. The Highways Trust is a newly settled trust with a limited operating history and limited historical financial information and, as a result, investors may not be able to assess its prospects on the basis of past records;

2. We 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 Erstwhile Project Manager, the Project Manager and/ or other contractors providing operations and maintenance services to the Projects;

3. We intend to acquire 100% of the issued, subscribed and paid-up share capital of the Target SPV with the proceeds of this Issue and any failure to acquire such percentage of the Target SPV could have a material adverse effect on the growth of our business, financial condition and results of operations;

4. The acquisition by the Highways Trust of the Target SPV from H.G. Infra may result in damages and losses. We may not be able to recover losses arising from the acquisition of the Target SPV under relevant contractual arrangements; and

5. The ANHPL Valuation Report included in this Draft Letter of Offer and the Valuation Report of the Highways SPVs of the Highways Trust as available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf are 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 Allotment, and the valuation of the Target SPV contained in such valuation report may not be indicative of the true value of the Target SPV.

The forward-looking statements, the ANHPL Valuation Report, the Valuation Report, the Technical Reports, the Traffic Reports 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.

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 Letter of Offer. 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 Letter of Offer:

Issue	Issue of up to [●]* Units of Highways Trust aggregating up to ₹ 5,150 million
Issue Price per unit	₹ [●]
Issue Opening Date	[●]
Issue Closing Date	[●]
Rights Entitlements	[●] Lot for every [●] Lots held on the Record Date
Sponsor	Galaxy Investments II Pte. Ltd.
Trustee	Axis Trustee Services Limited
Investment Manager	Highway Concessions One Private Limited
Project Manager	HC One Project Manager Private Limited
Authority for this Issue	This Issue was authorised and approved by the board of directors of the Investment Manager on July 6, 2023.
Tenure of the Highways 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 92.
Units issued and outstanding as of the date of this Draft Letter of Offer	41,55,00,000 Units
Units issued and outstanding immediately after this Issue	[●]
Sponsor Units as on the date of this Draft Letter of Offer	37,39,00,000 Units
Distribution	Please see the section entitled "*Distributions*" on page 198
Indian Taxation	Please see the section entitled "*Statement of Tax Benefits"* on page 285
Use of Proceeds	Please see the section entitled "*Use of Proceeds*" on page 192
Listing	In-principle approvals for listing of the Units have been received from NSE on [●], 2023. The Investment Manager shall apply to the Stock Exchange for the final listing and trading approvals, after the Allotment.
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 262
Lock-in and Rights of Unitholders	For details, please see the sections entitled "*Information Concerning the Units*" and "*Rights of Unitholders*" on pages 190 and 262, respectively
Risk Factors	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled *"Risk Factors"* on page 53
ISIN	INE0KXY23015
ISIN for Rights Entitlements	[●]

The size of the Issue is the amount approved by the board of directors of the Investment Manager on July 6, 2023 and is subject to the final decision of the board of directors of the Investment Manager.

Upon Allotment and Listing 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. No person connected with the Issue, including any person connected with the distribution of this Draft Letter of Offer, 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 Information*" on page 265.

Use of Proceeds

Subject to compliance with applicable law, the Net Proceeds will be utilised, at the discretion of the Investment Manager and the Trustee, towards the following objects:

(i) Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the Target SPV;

(ii) Repayment of the outstanding debt of the Target SPV; and

(iii) General purposes.

For further details, please see the section entitled *"Use of Proceeds"* on page 192.

Intention and extent of participation by the Sponsor and its Associates

In order to facilitate the achievement of minimum public unitholding by the Highways Trust in compliance with the requirements specified under the InvIT Regulations and pursuant to the circular issued by SEBI on June 27, 2023, bearing reference number SEBI/HO/DDHS/PoD2/P/CIR/2023/107 ("**SEBI Circular**"), the Sponsor, its Associates and its Related Parties, shall not subscribe to their respective Rights Entitlement in the Issue.

However, in the event of undersubscription to the Issue, the Sponsor may subscribe to such unsubscribed portion of the units in the Issue solely to the extent to ensure that at least 90% of the Issue Size through the Letter of Offer, shall be subscribed to, and such subscription shall be in compliance with the Regulation 14(1A) of the InvIT Regulations read with the SEBI Circular.

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 Letter of Offer. 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 Highways Trust to differ materially from those forecasted or projected in this Draft Letter of Offer. 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. Investment in Units involves risks. Bidders are advised not to rely solely on this overview and should read this Draft Letter of Offer in its entirety and, in particular, the section entitled "Risk Factors" on page 53.

Structure and description the Highways Trust

The Highways Trust has been settled by the Erstwhile 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 Erstwhile 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 Erstwhile Investment Manager.

For details of the principal place of business and contact person of the Sponsor, please see the section entitled "*General Information*" on page 89. 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 190.

Additionally, Virescent Infrastructure Investment Manager Private Limited had been appointed as the investment manager to the Highways Trust, and Virescent Renewable Energy Project Manager Private Limited had been appointed as the project manager to the Highways Trust. However, the Erstwhile Investment Manager and the Erstwhile Project Manager resigned from their positions as the investment manager and the project manager of the Highways Trust on October 18, 2022. Upon receipt of the resignation, the Trustee appointed Highway Concessions One Private Limited as the Investment Manager pursuant to Investment Management Agreement dated October 20, 2022. Such appointment was effective from November 23, 2022 upon receipt of approval from the Unitholders on November 14, 2022 and SEBI on November 22, 2022. Accordingly, Highway Concessions One Private Limited is the current Investment Manager of the Highways Trust. Simultaneously, the Trustee appointed HC One Project Manager Private Limited as the project manager of the Highways Trust pursuant to Project Management Agreement dated October 20, 2022. Such appointment was effective from receipt of approval from the Unitholders on November 14, 2022. Accordingly, HC One Project Manager Private Limited is the current Project Manager. For further details, please see the sections entitled '*General Information*' and '*Parties to the Highways Trust*' on pages 89 and 92, respectively.

The units of the Highways Trust were listed on NSE in August 2022 by way of an initial offer of units consisting of a private placement. A sum of ₹ 26.88 million from the proceeds of the initial offer was unutilised as on March 31, 2023 on account of reduction in actual issue expenses incurred and accordingly such amount is proposed to be utilised for interest payment/principle repayment (including creation of debt service reserve) for non-convertible debt securities issued or to be issued by the Highways Trust or loans raised by the Highways Trust and in each case, top-up thereof. Such utilisation of funds has been approved by the unitholders of the Highways Trust on July 3, 2023 as per the scrutinizer's report received on July 4, 2023.

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 reinvestments 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 "*Our Business*" on page 147. 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 198.

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	₹ 20,00,000
Fee payable to the Valuer	₹ 25,00,000
Fee payable to the Auditor	₹ 17,380,000
Fee payable to the Investment Manager	Please see Note 1
Fee payable to the Project Manager	Please see Note 2
Fee payable to the Registrar	₹ 1,20,000
Fee payable to the Stock Exchange and Depositories	₹ 10,00,000
Fee payable to the credit rating agencies	₹ 90,00,000

* *Excluding applicable taxes and any increases on account of acquisition of any new SPVs.*

Note 1: Fee to the Investment Manager

The Investment Manager is entitled to a fee aggregating to 110% of the costs incurred by the Investment Manager in providing its services in terms of the Investment Management Agreement or such other percentage as may be mutually agreed in writing subject to relevant benchmarking reports. The Investment Management fees shall be exclusive of all or any Taxes, duties and other statutory levies, if any, payable thereon. The fee paid to the Investment Manager for Fiscal 2023 amounted to ₹ 111.61 million.

Note 2: Fee to the Project Manager

The Project Manager is entitled to a fee aggregating to 110% of the costs incurred by the Project Manager in providing its services in terms of the Project Management Agreement or such other percentage as may be mutually agreed in writing subject to relevant benchmarking reports (or pay such fee directly to any subcontractors at the request of the Project Manager, without any markup to the costs incurred by such sub-contractor). The Project Management fees shall be exclusive of all or any Taxes, duties and other statutory levies, if any, payable thereon. The fee paid to the Project Manager for Fiscal 2023 amounted to ₹ 53.55 million.

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 192.

Details of credit ratings

The Highways Trust has been given a rating of (i) 'CRISIL AAA/Stable (Reaffirmed)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 8,000 million and, (ii) a rating of 'CRISIL AAA/Stable'(Reaffirmed) for non-convertible debentures aggregating to ₹ 6,500 million, by way of its letters dated April 12, 2023 and May 15, 2023, the rationale for which is available at their website https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/HighwaysInfrastructureTrust_May%2012,%202023_RR_319327.html

Additionally, the Highways Trust has been reaffirmed a rating of 'IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 7,889 million (reduced from ₹ 8,000 million), non-convertible debentures aggregating to ₹ 6,468 million (reduced from ₹ 6,500 million) and bank guarantee limit of ₹ 750 million, by way of its letter dated May 2, 2023, the rationale for which is available at their website https://www.indiaratings.co.in/pressrelease/61803.

The credit rating letters/ rationale as received by the Highways Trust are available on its website at https://highwaystrust.com/credit-rating/.

DESCRIPTION OF THE PROJECT SPVs

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 92.

The initial portfolio of assets of the Highways Trust comprises six SPVs namely, DBCPL, GEPL, JPEPL, UEPL, NBL and SEPL. The Highways Trust proposes to acquire ANHPL as the seventh SPV through the proceeds from this Issue.

Details of the Highways SPVs

The details of DBCPL, GEPL, JPEPL, UEPL, NBL and SEPL as of the date of this Draft Letter of Offer 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 166.

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	
95,263 Equity Shares of face value of ₹ 10 each	952,630

* *The National Company Law Tribunal, Mumbai ("**NCLT**"), by way of its order dated February 10, 2023 approved the capital reduction scheme of DBCPL. As per the NCLT order, DBCPL's paid-up equity share capital was reduced from ₹ 10,00,000 divided into 100,000 equity shares of ₹ 10 each to ₹ 9,52,630 divided into 95,263 equity shares of ₹ 10 each.*

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.	Highways Trust	95,262	100
2.	G V M Kiran Babu*	1	Negligible

* *As a nominee of Highways Trust.*

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 (km 215.900), 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 166.

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	
20,155,033 Equity Shares of face value of ₹ 10 each	201,550,330

* *NCLT, by way of its order dated June 12, 2023 approved the capital reduction scheme of GEPL. As per the NCLT order, GEPL's paid-up equity share capital was reduced from ₹ 233,808,400 divided into 23,380,840 equity shares of ₹ 10 each to ₹ 20,155,033 divided into 201,550,330 equity shares of ₹ 10 each*

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.	Highways Trust	20,155,032	100
2.	G V M Kiran Babu*	1	Negligible

* *As a nominee of Highways Trust.*

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. For further details of the JPEPL Concession Agreement, please see the section entitled "*Summary of Concession Agreements"* on page 166.

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.	Highways Trust	61,639	100
2.	G V M Kiran Babu*	1	Negligible

* *As a nominee of Highways Trust.*

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, Karnataka. Pursuant to a certificate of registration dated June 16, 2015 issued by the Registrar of Companies, Mumbai, UEPL shifted its registered office from Karnataka 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 166.

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

* *UEPL has filed a petition dated December 2, 2022 before the NCLT, Mumbai for reduction in its paid-up equity share capital to ₹ 968,559,830 divided into 96,855,983 equity shares of ₹ 10 each. This matter is currently pending.*

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.	Highways Trust	264,552, 364	100
2.	Vidyadhar S Dabholkar*	1	Negligible

* *As a nominee of Highways Trust.*

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 U45201MH2006PLC164728. 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 166.

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.	Highways Trust	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 Highways Trust.*

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 166.

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
835,500 6% Non-Cumulative Redeemable Preference Shares of ₹ 10 each	8,355,000
Total	**13,355,000**

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.	Highways Trust	499,999	100
2.	Vidyadhar S Dabholkar*	1	Negligible

* *As a nominee of Highways Trust.*

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.	Highways Trust	835,500	100

Details of the Target SPV

H. G. Ateli Narnaul Highway Private Limited ("ANHPL")

ANHPL was incorporated on April 4, 2019 as a private limited company under the name of "H.G. Ateli Narnaul Highway Private Limited" under the Companies Act, 2013 at Manesar. The registered office of ANHPL is situated at 14 Panchwati Colony, Ratanada, Jodhpur, Rajasthan 342 001. Its CIN is U45500RJ2019PTC064538. ANHPL has constructed and operates the Narnaul Bypass (design length 24.0km) and Ateli Mandi to Narnaul section of NH-11 from km 43.445 to km 56.900 (design length 14.0 km) on DBOT (hybrid annuity) basis pursuant to the HGAN Concession Agreement. For further details of the HGAN Concession Agreement, please see the section entitled "*Summary of Concession Agreements*" on page 166.

Capital Structure

The capital structure of ANHPL is as follows:

Particulars	Amount (in ₹)
Authorised capital	
96,000,000 Equity Shares of face value of ₹ 10 each	960,000,000
Issued, subscribed and paid-up capital	
95,211,000 Equity Shares of face value of ₹ 10 each	952,110,000

Shareholding Pattern

The shareholding pattern of ANHPL 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.	H.G Infra Engineering Limited	95,210,999	100
2.	Girishpal Singh*	1	Negligible

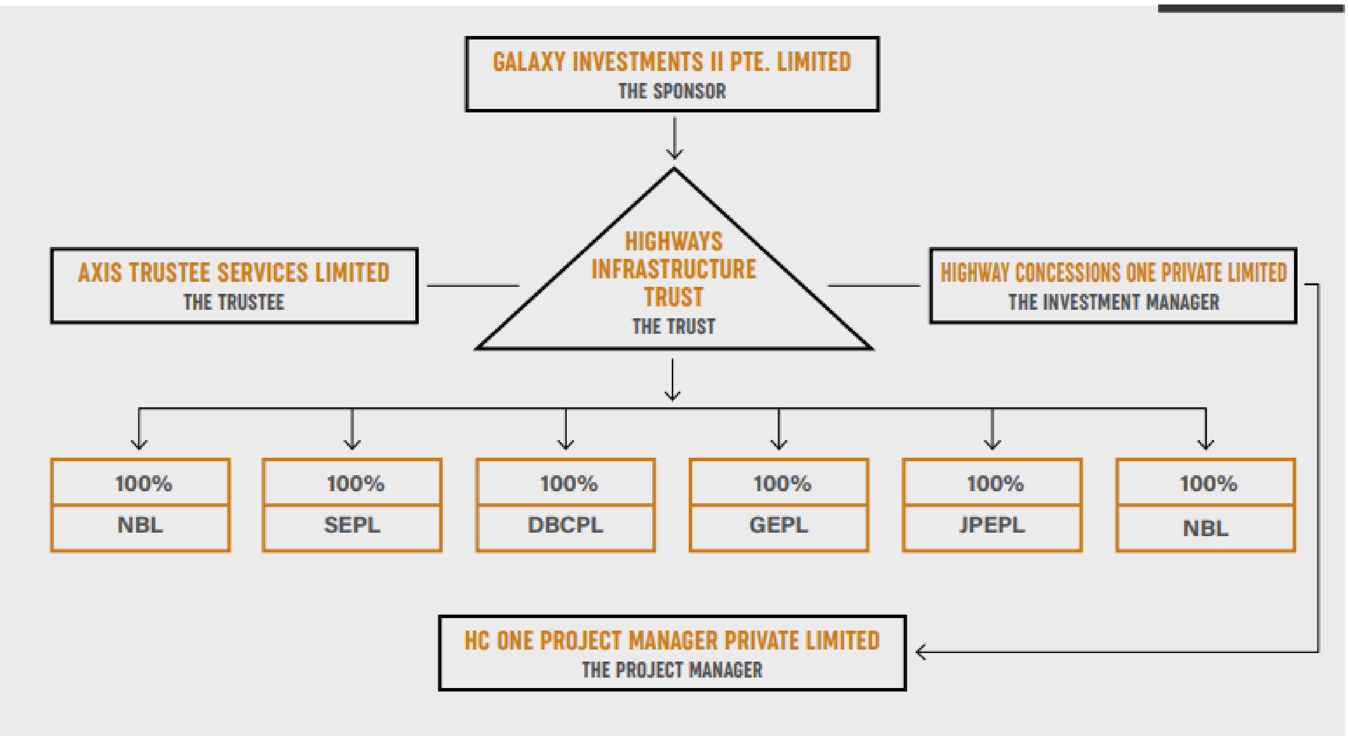
* *As a nominee of H.G. Infra.*

Utilisation of Issue Proceeds

Upon the Allotment of the Units, the Trust shall utilize the Issue Proceeds as set out in the section entitled "*Use of Proceeds*" on page 192.

Structure of the Highways InvIT

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 date of this Draft Letter of Offer:



**Note: For further details in relation to unitholding pattern of the Highways Trust, please see the section entitled "Information Concerning the Units" on page 190.*

SUMMARY AUDITED FINANCIAL INFORMATION OF THE HIGHWAYS TRUST

The following tables set forth the summary financial information derived from the Audited Financial Statements of the Highways SPVs wherein the Audited Combined Financial Statements have been prepared in accordance with Ind AS read with the InvIT Regulations and the guidance note on combined and carve-out financial statements issued by the Institute of Chartered Accountants of India and the Audited Consolidated Financial Statement have been prepared in accordance with the Ind AS and 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 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 Audited 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 Highways SPVs of the Highways Trust" on page 201 in conjunction with the section entitled "Audited Financial Statements" on page 299.

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Highways Infrastructure Trust

Consolidated Balance Sheet

(In ₹ million)

Particulars	As at March 31, 2023	As at March 31, 2022
ASSETS **Non-current assets**		
Property, plant and equipment	100.00	130.04
Capital work-in-progress	-	2.39
Intangible assets	19,353.89	20,246.56
Financial assets		
Other financial assets	541.71	1,387.67
Non-current tax assets (net)	83.57	89.40
Other non-current assets	6.26	0.28
Total non-current assets	**20,085.43**	**21,856.34**
Current assets		
Financial assets		
Investments	648.60	2,152.39
Trade receivables	0.16	37.30
Cash and cash equivalents	349.11	365.82
Bank balances other than cash and cash equivalents above	1,546.58	1,972.62
Other financial assets	631.38	936.82
Other current assets	55.23	72.90
Total current assets	**3,231.06**	**5,537.85**
Total assets	**23,316.49**	**27,394.19**
EQUITY AND LIABILITIES		
EQUITY		
Unit capital	41,550.00	-
Other equity	(37,168.34)	388.86
Total equity	**4,381.66**	**388.86**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	14,541.86	21,260.80
Other financial liabilities	1,556.83	1,276.93
Provisions	281.56	324.84
Deferred tax liabilities (net)	1,246.18	849.36
Total non-current liabilities	**17,626.43**	**23,711.93**
Current liabilities		
Financial liabilities		
Borrowings	225.00	2,007.63
Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	10.18	18.66
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	377.53	302.14
Other financial liabilities	227.12	649.37
Other current liabilities	43.11	31.16
Provisions	425.46	280.15
Current tax liabilities (net)	-	4.29
Total current liabilities	**1,308.40**	**3,293.40**
Total liabilities	**18,934.83**	**27,005.33**
Total equity and liabilities	**23,316.49**	**27,394.19**

Highways Infrastructure Trust

Consolidated Statement of Profit and Loss

(In ₹ million)

Particulars	For the financial year ended March 31, 2023	From December 03, 2021 to March 31, 2022
Income and gains		
Revenue from operations	6,152.35	1,876.03
Interest income from bank deposits	121.51	27.67
Profit on sale of assets/investments	126.04	30.35
Other income	31.17	46.04
Total income	**6,431.07**	**1,980.09**
Expenses and losses		
Valuation expenses	2.40	0.85
Audit fees (statutory auditor of Trust)	17.38	-
Audit fees (auditor of subsidiaries)	5.64	5.21
Insurance expenses	45.66	8.47
Employee benefits expense	104.03	27.76
Project Management Fees	53.55	-
Investment manager fees	111.61	-
Management support services fee	247.43	51.24
Trustee fees	4.43	0.75
Depreciation on property, plant and equipment	26.96	6.03
Amortization of intangible assets	1,139.01	282.17
Finance costs		
- Interest on term loan and non-convertible debentures	1,743.11	709.16
- Other Finance Cost	447.48	73.60
Rating fee	2.35	0.32
Operation and maintenance	433.39	139.29
Corporate social responsibility	15.16	1.74
Provision for major maintenance obligation	416.39	100.14
Operating Expenses	365.44	46.69
Independent consultancy and project monitoring fees	69.28	18.11
Legal and professional	152.55	1.76
Other expenses	63.34	17.77
Total expenses and losses	**5,466.59**	**1,491.06**
Profit before tax year/period	**964.48**	**489.03**
Tax expense		
Current tax	225.67	81.95
Deferred tax	396.82	(41.30)
Total tax expense	**622.49**	**40.65**
Net Profit for the year/period	**341.99**	**448.38**
Other comprehensive income/(loss)		
Items that will not be reclassified to profit or loss		
Re-measurement gains /(losses) on defined benefit obligations	0.90	(0.23)
Income tax relating to these items	-	-
Total other comprehensive income / (loss) for the year (net of tax)	**0.90**	**(0.23)**
Total comprehensive profit for the year / period	**342.89**	**448.15**

Highways Infrastructure Trust

Consolidated Statement of Cash Flows

(In ₹ million)

	Particulars	For the financial year ended 31 March 2023	From 03 December 2021 to 31 March 2022
A.	**Cash flows from operating activities**		
	Profit before tax	**964.48**	**489.03**
	Adjustments for:		
	Depreciation on property, plant and equipment	26.96	6.03
	Amortisation of intangible assets	1,139.01	282.17
	Gain on sale of property, plant and equipment (net)	(0.02)	(0.65)
	Gain on sale of investments (net)	(123.66)	(29.70)
	(Gain) / loss on investments carried at fair value through profit or loss (net)	(2.36)	6.26
	Excess provisions written back	(9.15)	(1.00)
	Bad debts written off	9.34	-
	Provision for major maintenance obligation	416.39	100.14
	Interest income	(121.51)	(27.67)
	Finance Cost		
	Interest on term loan and non convertible debentures	1,684.64	709.16
	Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	177.46	42.50
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	110.04	13.18
	Unwinding of discount on major maintenance provision	51.31	15.87
	Finance and bank charges	162.08	2.05
	Modification loss on financial liability	5.06	-
	Modification loss/ (gain) on annuity	298.58	(243.08)
	Modification gain on financial liability	-	(26.03)
	Operating profit before working capital changes and other adjustments	**4,788.65**	**1,338.26**
	Working capital changes and other adjustments:		
	Trade receivables	36.95	9.54
	Other financial assets	621.00	916.58
	Other assets	11.70	16.26
	Trade payables	66.91	222.87
	Provisions	(314.36)	(766.62)
	Financial liabilities	72.32	37.62
	Other liabilities	11.99	19.86
	Cash flow from operating activities post working capital changes	**5,295.16**	**1,794.36**
	Income tax paid (net of refund)	(267.30)	(96.93)
	Net cash flow from operating activities (A)	**5,027.86**	**1,697.43**
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipment	(13.34)	(55.65)
	Proceeds from disposal of property, plant and equipment	18.83	8.55
	Investment in Compulsory convertible debentures (CCD’s)	(3,060.00)	-
	Investment in bank deposit	-	(800.99)
	Investment in preference shares	(545.10)	
	Proceeds from maturity of bank deposit	784.00	-
	Purchase of current investments	-	(170.34)
	Proceeds from maturity of current investments	1,629.82	-
	Interest received on bank deposits and others	-	27.67
	Net cash used in investing activities (B)	**(1,185.79)**	**(990.76)**
C	**Cash flows from financing activities**		
	Proceeds from issuance of units	4,160.00	-
	Repayment of current borrowings	(112.50)	(7,693.51)
	Repayment of non-current borrowings	(14,300.60)	-
	Proceeds from compulsory convertible debentures	-	7,562.77
	Proceeds from current borrowings	14,469.03	-
	Formation and issue expenses	(111.58)	-
	Processing fees	(118.90)	-
	Finance cost paid	(1,814.23)	(724.39)
	Distribution made to unitholders	(6030.00)	-
	Net cash used in financing activities (C)	**(3,858.78)**	**(855.13)**
D	**Net decrease in cash and cash equivalents (A+B+C)**	**(16.71)**	**(148.46)**
E	Cash and cash equivalents acquired under business combination	-	514.28
F	Cash and cash equivalents at the beginning of the year	365.82	-
	Cash and cash equivalents at the end of the year (D+E+F)	**349.11**	**365.82**

Note: The above Consolidated Cash Flow statement has been prepared under the ‘Indirect Method’ as set out in Ind AS 7, ‘Statement of Cash Flows'.

Highways Infrastructure Trust

Combined Balance Sheet

(In ₹ million)

Particulars	As at March 31, 2022	As at March 31, 2021
ASSETS **Non-current assets**		
Property, plant and equipment	130.04	66.93
Capital work-in-progress	2.39	9.40
Intangible assets	20,246.56	21,249.03
Financial assets Other financial assets	1,387.67	1,631.10
Non-current tax assets (net)	89.40	74.29
Other non-current assets	0.28	0.45
Total non-current assets	**21,856.34**	**23,031.20**
Current assets		
Financial assets		
Investments	2,152.39	2,156.37
Trade receivables	37.30	68.92
Cash and cash equivalents	365.82	79.81
Bank balances other than cash and cash equivalents above	1,972.62	1,622.21
Other financial assets	936.82	945.08
Other current assets	72.90	122.14
Total current assets	**5,537.85**	**4,994.53**
Total assets	**27,394.19**	**28,025.73**
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	3,200.95	3,200.95
Other equity	(2,812.09)	(2,467.13)
Total equity	**388.86**	**733.82**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	21,260.80	22,252.15
Other financial liabilities	1,276.93	1,265.55
Provisions	324.84	571.96
Deferred tax liabilities (net)	849.36	334.57
Total non-current liabilities	**23,711.93**	**24,424.23**
Current liabilities		
Financial liabilities		
Borrowings Trade payables	2,007.63	1,742.21
(a) Total outstanding dues of micro enterprises and small enterprises	18.66	0.08
(b) Total outstanding dues of creditiors other than micro enterprisesand small enterprises	302.14	211.24
Other financial liabilities	649.37	303.19
Other current liabilities	31.16	15.82
Provisions	280.15	580.08
Current tax liabilities (net)	4.29	15.06
Total current liabilities	**3,293.40**	**2,867.68**
Total liabilities	**27,005.33**	**27,291.91**
Total equity and liabilities	**27,394.19**	**28,025.73**

Highways Infrastructure Trust

Combined Statement of Profit and Loss

(In ₹ million)

Particulars	For the financial year ended March 31, 2022	For the financial year ended March 31, 2021
Income and gains		
Revenue from operations	5,866.56	5,085.04
Interest income from bank deposits	100.76	59.98
Profit on sale of assets/investments	77.89	88.12
Other income	132.44	103.08
Total income and gains	**6,177.65**	**5,336.22**
Expenses and losses		
Valuation expenses	1.50	0.26
Audit fees (auditor of subsidiaries)	7.69	2.72
Insurance expenses	67.56	92.92
Operating expenses	752.19	539.34
Employee benefits expense	128.35	117.56
Management support services fee	187.87	111.39
Trustee fees	2.13	3.21
Finance costs		
Interest Expenses	2,485.65	2,483.14
Other Finance Cost	289.90	257.37
Depreciation on property, plant and equipment	18.47	15.31
Amortization of intangible assets	998.97	904.50
Rating fee	2.09	2.76
Operation and maintenance	375.21	396.59
Corporate social responsibility	11.90	9.71
Provision for major maintenance obligation	310.20	451.45
Independent consultancy and project monitoring fees	57.90	50.65
Legal and professional	35.73	50.52
Other expenses	84.78	69.55
Total expenses and losses	**5,818.09**	**5,558.95**
Profit/ (loss) before tax	**359.56**	**(222.73)**
Tax expense		
Current tax	189.97	127.00
Deferred tax	514.79	(155.54)
Total tax expense	**704.76**	**(28.54)**
Net loss for the year	**(345.20)**	**(194.19)**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement gains on defined benefit obligations	0.24	0.57
Income tax relating to these items	-	-
Total other comprehensive income for the year	**0.24**	**0.57**
Total comprehensive loss for the year	**(344.96)**	**(193.62)**

Highways Infrastructure Trust

Combined Cash Flow Statement

(In ₹ million)

	Particulars	For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
A.	**Cash flows from operating activities**		
	Profit/ (loss) before tax	**359.56**	**(222.73)**
	Adjustments for:		
	Depreciation and amortisation expense	1,017.44	919.81
	Gain on sale of property, plant and equipment (net)	(0.04)	-
	Gain on sale of investments (net)	(70.59)	(81.51)
	(Gain) / loss on investments carried at fair value through profit or loss (net)	(6.51)	5.59
	Modification gain on annuity	(51.71)	(143.66)
	Excess provisions written back	(1.40)	(2.26)
	Interest income on bank deposits and others	(103.07)	(62.27)
	Re-measurement losses / (gains) on defined benefit obligations	0.24	0.57
	Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	148.30	145.97
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	49.15	41.74
	Unwinding of discount on major maintenance provision	78.44	59.97
	Finance cost	2,499.67	2,492.83
	Major maintenance provision	310.20	451.45
	Gain on modification of financial liability	(52.55)	(64.09)
	Operating profit before working capital changes and other adjustments	**4,177.13**	**3,541.41**
	Working capital changes and other adjustments:		
	Trade receivables	31.62	18.56
	Other current and non-current financial assets	355.96	(179.52)
	Other current and non-current assets	49.41	0.54
	Trade payables	109.47	70.18
	Provisions	(934.30)	(288.31)
	Other current and non-current financial liabilities	116.42	(176.05)
	Other current and non-current liabilities	15.35	(15.15)
	Cash flow from operating activities post working capital changes	**3,921.06**	**2,971.67**
	Income tax paid (net)	(216.53)	(126.34)
	Net cash generated from operating activities (A)	**3,704.53**	**2,845.33**
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipment and capital work-in-progress and intangible assets	(76.39)	(14.19)
	Proceeds from disposal of property, plant and equipment	-	1.17
	Purchase of bank deposits (net)	(1,821.76)	(1,373.94)
	Proceeds from sale of bank deposits	1,471.34	1,209.98
	Purchase of current investments	(5,359.54)	(94.80)
	Proceeds from sale of current investments	5,441.27	479.44
	Interest received on bank deposits and others	103.07	62.27
	Net cash (used in) flow from investing activities (B)	**(241.01)**	**269.93**
C	**Cash flows from financing activities**		
	Proceeds from current borrowings	-	111.68
	Repayment of optionally-convertible debentures (including interest)	(7,621.91)	(258.30)
	Repayment of non-current borrowings (including current maturities)	(1,889.10)	(845.01)
	Proceeds from issue of compulsory convertible debentures	7,978.14	-
	Dividend paid on equity shares	-	(653.77)
	Finance costs paid	(1,643.63)	(1,564.96)
	Net cash used in financing activities (C)	**(3,176.50)**	**(3,210.36)**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**286.01**	**(95.10)**
E	Cash and cash equivalents at the beginning of the year	79.81	174.91
	Cash and cash equivalents at the end of the year (D+E)	**365.82**	**79.81**

Note: The above Combined Cash Flow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

SUMMARY FINANCIAL INFORMATION OF THE SPONSOR

The summary financial information of the Sponsor is included in this Draft Letter of Offer 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

Particulars	As on December 31, 2022	As on December 31, 2021
	US$	US$
ASSETS		
Current assets		
Cash and cash equivalents	161,795	23,106,321
Other receivable	1,908	—
Total current assets	163,703	23,106,321
Non-current asset		
Investments	459,871,688	377,156,640
Total assets	460,035,391	400,262,961
LIABILITIES AND EQUITY		
Current liability		
Other payables	140,802	2,850,635
Capital and reserves		
Share capital	205,253,833	205,253,833
Capital reserves	154,988,654	205,253,834
Retained earnings (Accumulated losses)	99,652,102	(13,095,341)
Total equity	459,894,589	397,412,326
Total liabilities and equity	460,035,391	400,262,961

Galaxy Investments II Pte. Ltd.

Statement of Profit Or Loss And Other Comprehensive Income

Particulars	For the period ended December 31, 2022	For the period from June 11, 2021 (date of incorporation) to December 31, 2021
	US$	US$
Dividend income	11,360,538	—
Interest income	6,815,436	—
Gain on disposal of investments	728,544	—
Change in fair value on financial assets at fair value through profit or loss	117,280,476	7,218,208
Transaction costs	—	(11,568,190)
Management fee	(72,000)	(3,156)
Operating expenses	(1,803,345)	(8,742,203)
Profit (Loss) before income tax	134,309,649	(13,095,341)
Income tax	(372,123)	—
Profit (loss) for the year/period, representing total comprehensive income (loss) for the year/period	133,937,526	(13,095,341)

Galaxy Investments II Pte. Ltd.

Statement of Changes In Equity

Particulars	Share capital	Capital reserves	(Accumulated losses) Retained earnings	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 share at date of incorporation	1	—	—	1
Issue of new shares	205,253,832	—	—	205,253,832
Deemed capital contribution by 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
Profit for the year, representing total comprehensive income for the period	—	—	133,937,526	133,937,526
Transactions with owners, recognized directly in equity:				
Dividends paid	—	—	(21,190,083)	(21,190,083)
Repayment of deemed capital contribution to immediate holding company	—	(50,265,180)	—	(50,265,180)
Balance at December 31, 2022	205,253,833	154,988,654	99,652,102	459,894,589

Galaxy Investments II Pte. Ltd.

Statement Of Cash Flows

Particulars	As on December 31, 2022	For the period from June 11, 2021 (date of incorporation) to December 31, 2021
	US$	US$
Operating activities		
Profit (Loss) before income tax	134,309,649	(13,095,341)
Adjustments for:		
Interest income	(6,815,436)	—
Change in fair value on financial asset at fair value through profit or loss	(117,280,476)	(7,218,208)
Dividend income	(11,360,538)	—
Gain on disposal of investments	(728,544)	—
Realised foreign exchange loss	94,872	—
Operating cash flows before movements in working capital	(1,780,473)	(20,313,549)
Other receivable	(1,908)	—
Other payables	(2,709,833)	2,850,635
Cash used in operations, representing net cash used in operating activities	(4,492,214)	(17,462,914)
Investing activities		
Acquisition of financial assets at fair value through profit or loss[(a)]	(6,958,634)	(369,938,432)
Proceeds from sale of investments[(a)]	38,211,502	—
Interest received	6,443,313	—
Proceeds from return of investments	3,946,232	—
Dividend income received	11,360,538	—
Net cash generated from (used in) investing activities	53,002,951	(369,938,432)
Financing activities		
Repayment of loan to immediate holding company	(50,265,180)	—
Proceeds from issue of shares	—	205,253,833
Deemed capital contribution from immediate holding company	—	205,253,834
Dividends paid	(21,190,083)	—
Net cash (used in) generated from financing activities	(71,455,263)	410,507,667
Net (decrease) increase in cash and cash equivalents	(22,944,526)	23,106,321
Cash and cash equivalents at beginning of the year	23,106,321	—
Cash and cash equivalents at end of the year/period	161,795	23,106,321

(a) The company has acquired equity shares amounting to US$468,296,960 in a cashless manner by transferring out equity shares and compulsory convertible debenture to the newly acquired investee of the company.

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, and any other accounting principles.

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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Highway Concessions One Private Limited

Balance Sheet

(In ₹ million)

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4.95	7.87	7.94
Right-of-use asset	99.84	4.36	15.74
Capital work in progress	0.15	-	-
Other intangible assets	0.50	0.64	1.11
Intangible asset under development	0.80	-	-
Financial assets			
Investments	1.00	-	172.35
Other financial assets	9.09	0.11	320.61
Deferred tax assets (net)	58.74	-	51.22
Non current tax asset (net)	40.45	31.21	23.00
Other non-current assets	0.76	1.34	0.76
Total non-current assets	**216.28**	**45.53**	**592.73**
Current assets			
Financial assets			
Trade receivables	185.95	-	-
Cash and cash equivalents	25.34	13.02	2.03
Bank balances other than cash and cash equivalents above	82.75	313.83	63.64
Other financial assets	3.63	28.45	-
Other current assets	1.77	5.02	4.57
Total current assets	**299.44**	**360.32**	**70.24**
TOTAL ASSETS	**515.72**	**405.85**	**662.97**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	376.47	376.47	376.47
Other equity	(48.90)	(72.09)	231.65
Total equity	**327.57**	**304.38**	**608.12**
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	86.38	0.45	7.77
Provisions	5.43	5.73	4.36
Total non-current liabilities	**91.81**	**6.18**	**12.13**
Current liabilities			
Financial liabilities			
Lease liabilities	9.48	6.39	10.54
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	0.94	0.11	0.11
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.04	29.53	20.62
Other financial liabilities	42.93	29.28	4.07
Other current liabilities	31.41	27.02	3.38
Provisions	2.54	2.96	1.63
Current tax liabilities (net)	-	-	2.37
Total current liabilities	**96.34**	**95.29**	**42.72**
Total liabilities	**188.15**	**101.47**	**54.85**
Total equity and liabilities	**515.72**	**405.85**	**662.97**

Highway Concessions One Private Limited

Statement of Profit & Loss

(In ₹ million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
Revenue from operations	319.57	166.00	100.90
Other income	9.60	128.17	69.76
Total income	**329.17**	**294.17**	**170.66**
Expenses			
Employee benefits expense	239.20	141.90	89.82
Finance cost	1.35	1.45	17.42
Depreciation and amortization expense	13.81	16.75	1.45
Other expenses	106.73	67.22	362.51
Total Expenses	**361.09**	**227.32**	**471.20**
(Loss)/ profit before exceptional items and tax for the year	**(31.92)**	**66.85**	**(300.54)**
Exceptional items	-	321.05	-
Loss before tax for the year	**(31.92)**	**(254.20)**	**(300.54)**
Tax expense:			
Current tax	1.40	(2.06)	17.25
Deferred tax	(58.16)	50.71	0.56
Total tax expense	**(56.76)**	**48.65**	**17.81**
Net profit / (loss) for the year	**24.84**	**(302.85)**	**(318.35)**
Other comprehensive income /(loss)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on defined benefit obligations	(2.23)	(0.38)	(1.25)
Income tax related to items that will not be reclassified to profit or loss	0.58	(0.51)	0.35
Total other comprehensive loss for the year	**(1.65)**	**(0.89)**	**(0.90)**
Total comprehensive profit/(loss) for the year	**23.19**	**(303.74)**	**(319.25)**

Highway Concessions One Private Limited

Statement of Changes in Equity

Equity Share Capital

(*In ₹ million*)

Particulars	Total
Balance as at April 01, 2020	**457.35**
Buyback of shares during the year	(80.88)
Balance as at March 31, 2021	**376.47**
Changes in equity share capital during the year	-
Balance as at March 31, 2022	**376.47**
Changes in equity share capital during the year	-
Balance as at March 31, 2023	**376.47**

Other Equity

Particulars	Securities Premium	Capital Redemption Reserve	Retained Earnings	Total
Balance as at April 01, 2020	**1,561.66**	**176.90**	**(1,131.04)**	**607.52**
Loss for the year	-	-	(318.35)	(318.35)
Utilised for buyback of shares	(56.62)	-	-	(56.62)
Utilised for capital reduction of shares	(80.88)	80.88	-	-
Other comprehensive loss	-	-	(0.90)	(0.90)
Balance as at March 31,2021	**1424.16**	**257.78**	**(1,450.29)**	**231.65**
Loss for the year	-	-	(302.85)	(302.85)
Other comprehensive loss	-	-	(0.89)	(0.89)
Balance as at March 31, 2022	**1,424.16**	**257.78**	**(1,754.03)**	**(72.09)**
Profit for the year			24.84	24.84
Other comprehensive loss	-	-	(1.65)	(1.65)
Balance as at the March 31, 2023	**1424.16**	**257.78**	**(1,730.84)**	**(48.90)**

Highway Concessions One Private Limited

Cash Flow Statement

(***In ₹ million***)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Net Cash used in Operating Activities	(212.81)	(294.11)	(20.11)
2	Net Cash flow from Investing Activities	235.40	316.80	168.39
3	Net Cash used in Financing Activities	(10.27)	(11.70)	(147.92)
	Net increase in Cash and Cash equivalents	**12.32**	**10.99**	**0.36**
5	Cash and Cash equivalents at beginning of year	13.02	2.03	1.67
6	**Cash and Cash equivalents at end of year**	**25.34**	**13.02**	**2.03**

SUMMARY OF INDUSTRY

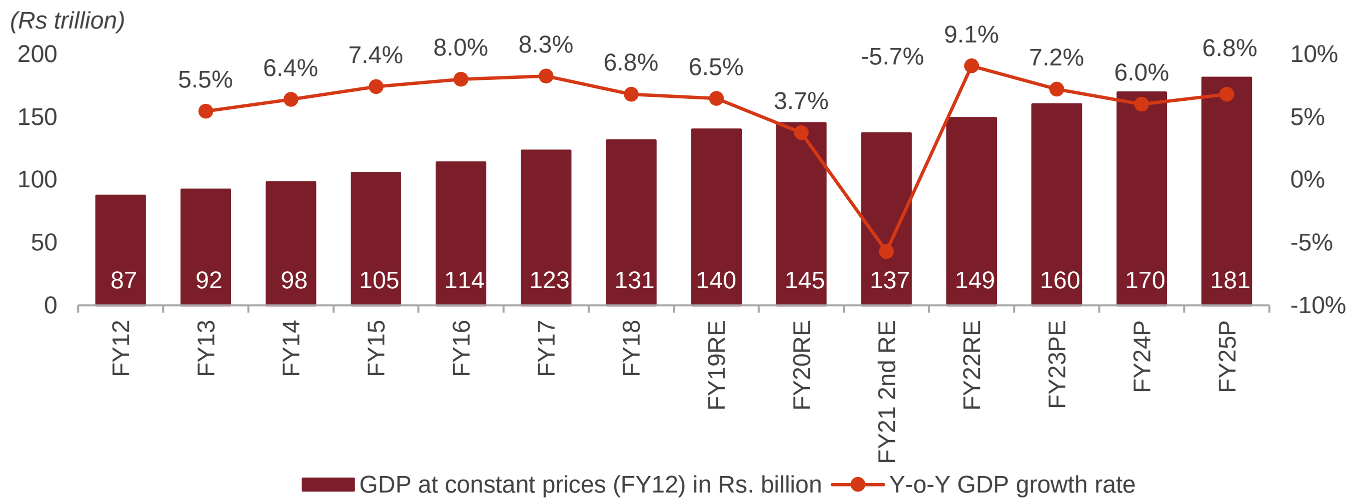
Macroeconomic Overview of India

India's GDP clocked a compound annual growth rate (CAGR) of 5.7% to Rs 160.0 trillion in fiscal 2023 from Rs 87.4 trillion in fiscal 2012.

This was despite the stress inflicted by the pandemic that saw the GDP — which was already experiencing a slowdown and had grown 3.7% in fiscal 2020 — contract 5.7% in real terms in fiscal 2021 to Rs 137 trillion.

The Indian economy bounced back as the pandemic-related shocks subsided, resulting in growth of 9.1% on-year in real GDP to Rs 149 trillion in fiscal 2022.

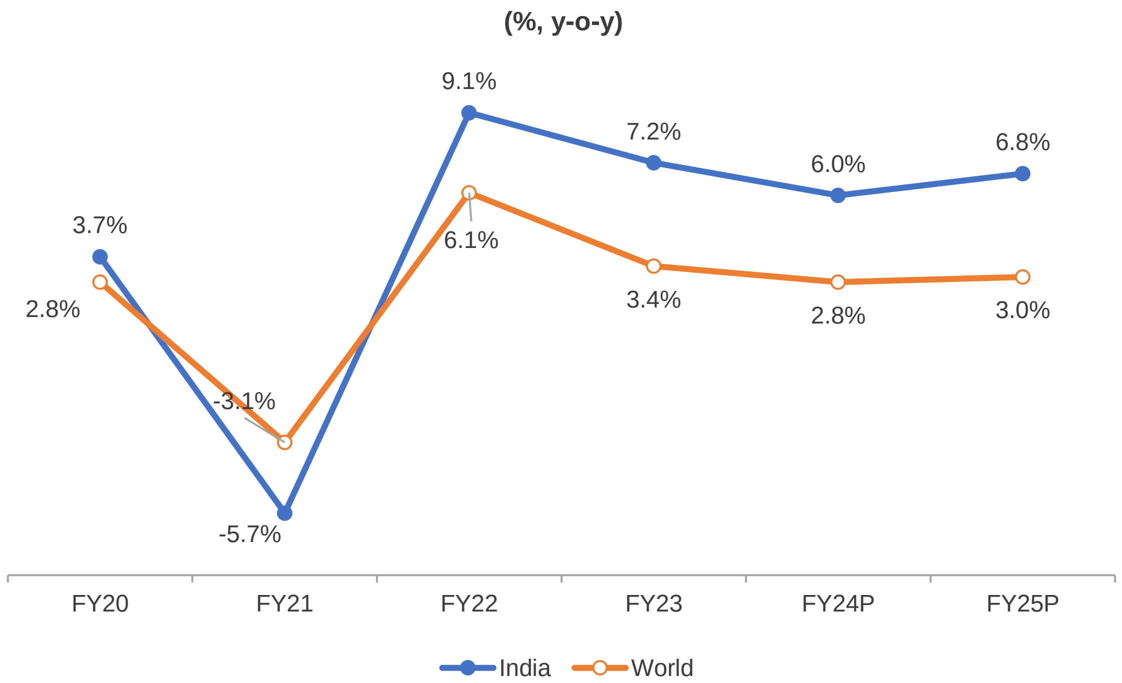
Real GDP growth in India (new GDP series)



RE: Revised estimate, PE: Provisional estimate, P: Projected
Source: Second advance estimates of national income 2020-21 and 2022-23, Central Statistics Office (CSO), MoSPI, CRISIL MI&A Consulting

The recovery mode reflected in fiscal 2022, with GDP expanding 20.1% on-year in the first quarter, 8.4% in the second, and 5.4% in the third. The slower growth in the third quarter was partly due to waning of the low-base effect of the previous fiscal, when the economy began expanding post the first pandemic wave, and due to lower government spend.

India's GDP to outpace global GDP in next three fiscals



P: Projected

Note: World forecasts are for calendar year, so FY20 corresponds to 2019 and so on; India numbers for FY20, FY21 and FY22 are based on MoSPI's latest GDP estimates, and numbers from FY23 onwards are CRISIL MI&A Consulting's forecasts. World GDP growth rates are from the International Monetary Fund's (IMF's) World Economic Outlook update as of April 2023.

Source: MoSPI, CRISIL MI&A Consulting

Crisil expects India's GDP to grow 6.0% this fiscal, faster than the world GDP, backed by broad-basing of economic activity, especially with the uptick in contact-intensive services and the forecast of a normal monsoon lending a much-needed support to growth.

Key fiscal measures announced by the Centre to deal with pandemic fallout

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

Fiscal stimulus 1.0

Through this fiscal stimulus package, 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, such as liquidity support from the Reserve Bank of India (RBI) and other measures, taking the total financial support amount to Rs 20.9 trillion. The government announced the package with the aim of reviving the economy by infusing liquidity and providing income support. The actual committed fiscal outgo was 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%. 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. This included the 100% guarantee on loans worth Rs 3 trillion and 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 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 March-end 2021. The stimulus also includes infrastructure spending of Rs 250 billion and interest-free loan to states, which stand 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, estimated at around 1.45 trillion. This is proposed to be spent over next 4-6 years, i.e. till fiscal 2028, 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 the fertilisers sector. The stimulus includes a Rs 180 billion outlay for the housing for all plan, besides having a package of Rs 100 billion to support the rural economy.

Key government measures for the infrastructure sector post Covid-19

The pandemic, subsequent lockdown and its financial fallout affected all sub-sectors, with building & construction and industrial sectors among the most impacted. The central government announced some key measures to address these challenges, such as:

Central government gives an extension of up to 6 months for completion of infrastructure projects to contractors whose operations were hit by Covid-19. There would be no additional penalty for missing out on milestones. All central agencies, such as the Railways, Ministry of Road Transport and Highways (MoRTH) and the central public works department, was to grant extensions to contractors engaged in different projects under the public-private partnership (PPP) mode

The National Highways Authority of India (NHAI) extended Covid-19 loans to build-operate-transfer (BOT) concessionaires at 2%+ bank rate. 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. The NHAI had tried to compensate the concessionaires for the loss in toll collections due to the suspension of tolling operations from March 26 to April 19, 2020 by the NHAI as well as disruption in traffic post April 19 due to lockdowns in various states

The NHAI also extended the concession period for road asset operators due to suspension in tolling activity in the above-mentioned period. Extension in concession period would be in proportion for a period where daily toll collection would be less than 90% of average daily collection. Waiver of concession fee/premium for the period was also announced. These helped mitigate the impact of lower return on assets

The Real Estate Regulatory Authority (RERA) granted 6-9 months' extension for completion of real estate projects as majority of works got stalled due to supply chain disruptions and labour shortages due to the pandemic. To safeguard the interests of consumers, many state RERA authorities extended project completion timelines by 6-9 months

Release of retention money in proportion of work done and no further deduction of retention money for 3-6 months from contractors. MoRTH directed all central agencies to release retention money in proportion to work completed by the contractor and not to deduce any retention money from the bills raised by the contractor in the period 3 to 6 months

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

Performance security on contracts reduced to 3% instead of 5-10%. The performance security deposit is the proportion of total cost of project that the contractor keeps with the client. The rate of deposits was slashed in view of the pandemic. Since these fees usually have to be paid upfront, reduction in the rate of deposit would have given stressed construction companies some respite

Earnest money deposit (EMD) for tenders to be replaced by bid security self-declaration. The government provided a relaxation on the EMD on government tenders, allowing it to be replaced bid security self-declaration

Key budgetary proposals for infrastructure sector

The Union Budget 2022-23 bets big on an investment push to lift economic growth, two years and three waves into the pandemic. The idea clearly is to push the growth multiplier rather than stoke consumption through direct budgetary support. For the next fiscal, the government's revenue expenditure is budgeted to grow less than 1% after growing 2.7% in the current fiscal. 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. Hence, the government has tightened the belt around revenue expenditure and frontloaded infrastructure spending, which would lead to faster economic growth.

Among the sectors, infrastructure continues to be in focus, with a 30% hike in budgetary support. In addition, railways, water and green energy has also received strong impetus. If there is an overarching picture, it is that this budget sets the tone for much-needed infrastructure growth for the next 3-4 years. That will help both sustain development and create jobs. But implementation, which is all-crucial, remains the elephant in the room.

Key budget announcements concerning infrastructure are:

At Rs 7.5 trillion, aggregate budgetary support (gross budgetary support or GBS) for capex in the next fiscal is up 39% over fiscal 2022RE (revised estimates). For infrastructure sectors, budgetary support is up 30% 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 the 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.

Review of roads infrastructure in India

Contribution of roads sector to India's GVA

Share of the roads sector in India's GDP stood at 3.2% in fiscal 2022. The share hovered ~3.3% from fiscals 2012 to 2022.

GVA share	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Road transport (at constant prices)	3.2%	3.3%	3.3%	3.3%	3.3%	3.2%	3.3%	3.3%	3.3%	2.5%	3.2%

Source: MoSPI, National Accounts Statistics 2023, CRISIL MI&A Consulting

Road network in India

India has the second-largest road network in the world, spanning 6.331 million km as of fiscal 2023.

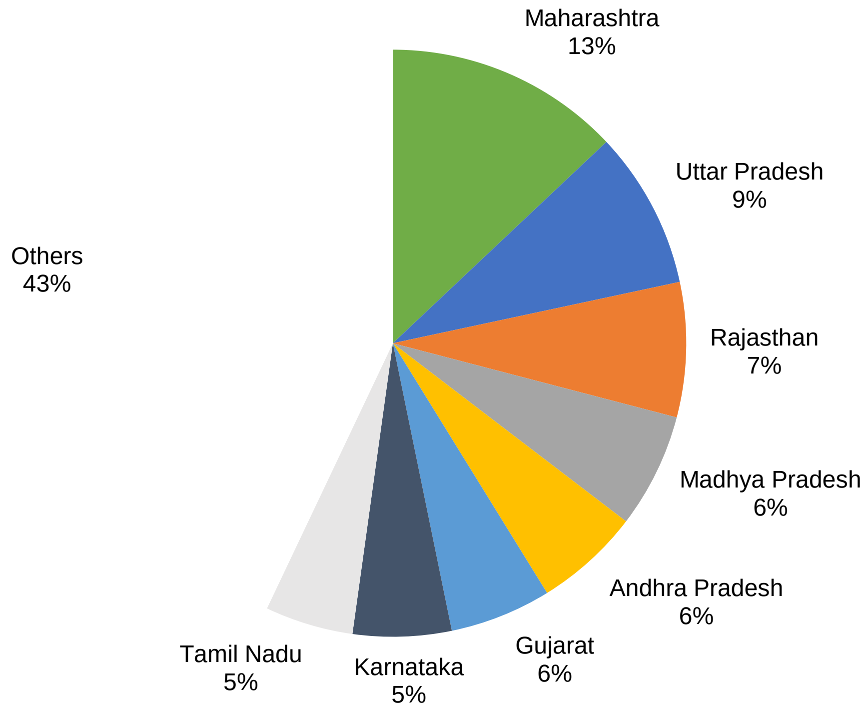
Road network in India in FY23

Road network	Length ('000 km)	Percentage of total length	Percentage of total traffic	Connectivity to
National highways	145.0	~2%	40%	Union capital, state capitals, major ports, foreign highways

Road network	Length ('000 km)	Percentage of total length	Percentage of total traffic	Connectivity to
State highways	167.1	~3%	60%	Major centres within the states, national highways
Other roads	6,019.8	~95%		Major and other district roads, rural roads - production centres, markets, highways, railway stations

Source: MoRTH Annual Report 2021-22 & 2022-23, CRISIL MI&A Consulting

State-wise length of national highways in India as on December 31, 2021



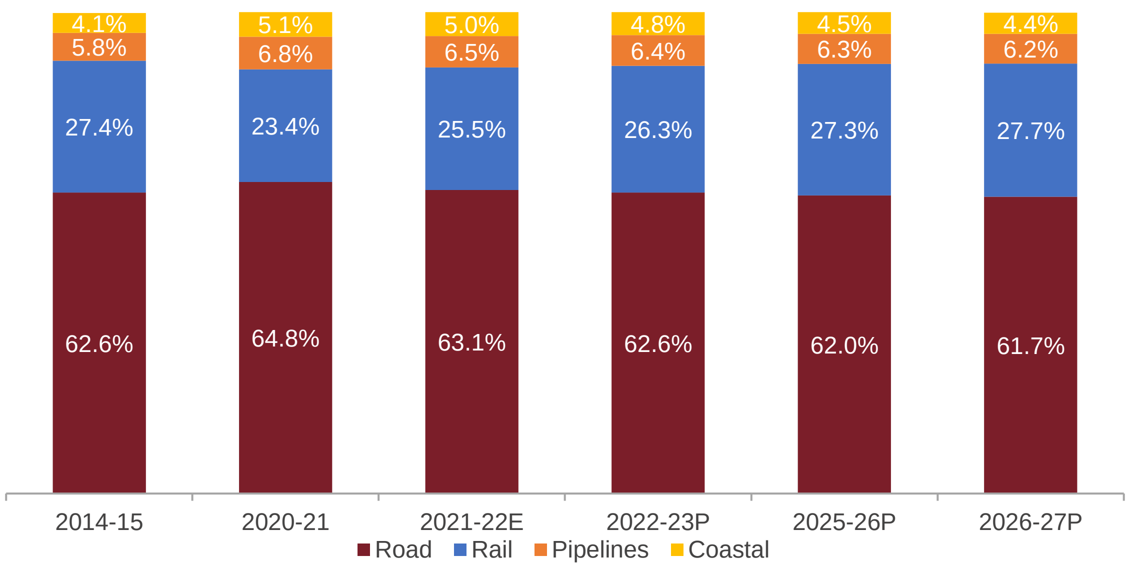
Source: MoRTH Annual Report 2021-22, CRISIL MI&A Consulting

Indian freight traffic scenario

Roads to continue to hold a dominant share in overall freight movement

Roads sector is estimated to have a share of ~63 % in overall freight movement compared with the ~23% of rail mode as of fiscal 2023. We expect road freight traffic to increase at a CAGR of 5-7% in BTKM terms between fiscals 2022 and 2027.

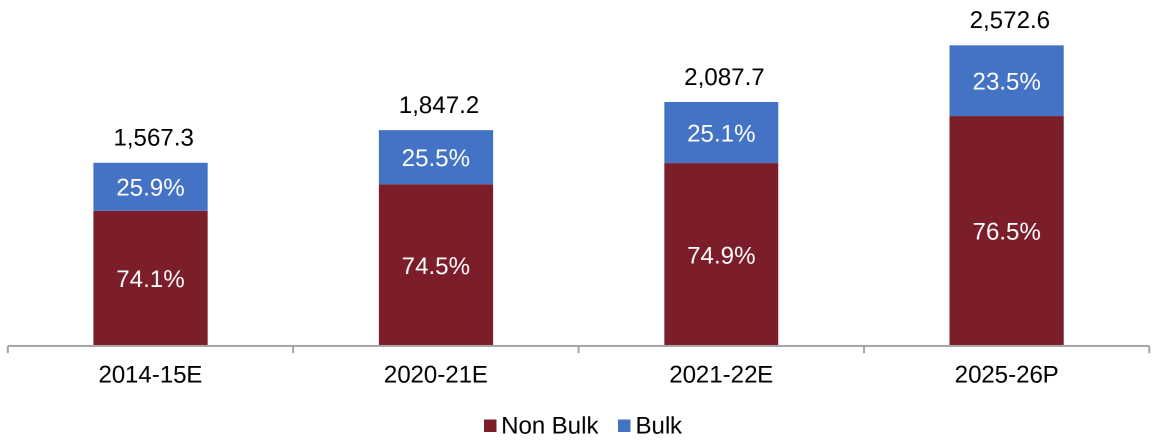
Share of roads in total freight movement (in terms of BTKM)



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

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



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

SUMMARY OF BUSINESS

Overview

Highways 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 has a portfolio consisting of six Highways 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, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 75 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. 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. KKR believes 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. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 92.

Our Projects

Our current 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:

- 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 Letter of Offer 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 maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The consolidated operating revenue of the Highways Trust for Fiscal 2023 is ₹ 6,152.35 million, and the combined operating revenue of Highways SPVs for Fiscal 2022 and 2021 was ₹ 5,866.56 million, and ₹ 5,085.04 million, respectively..

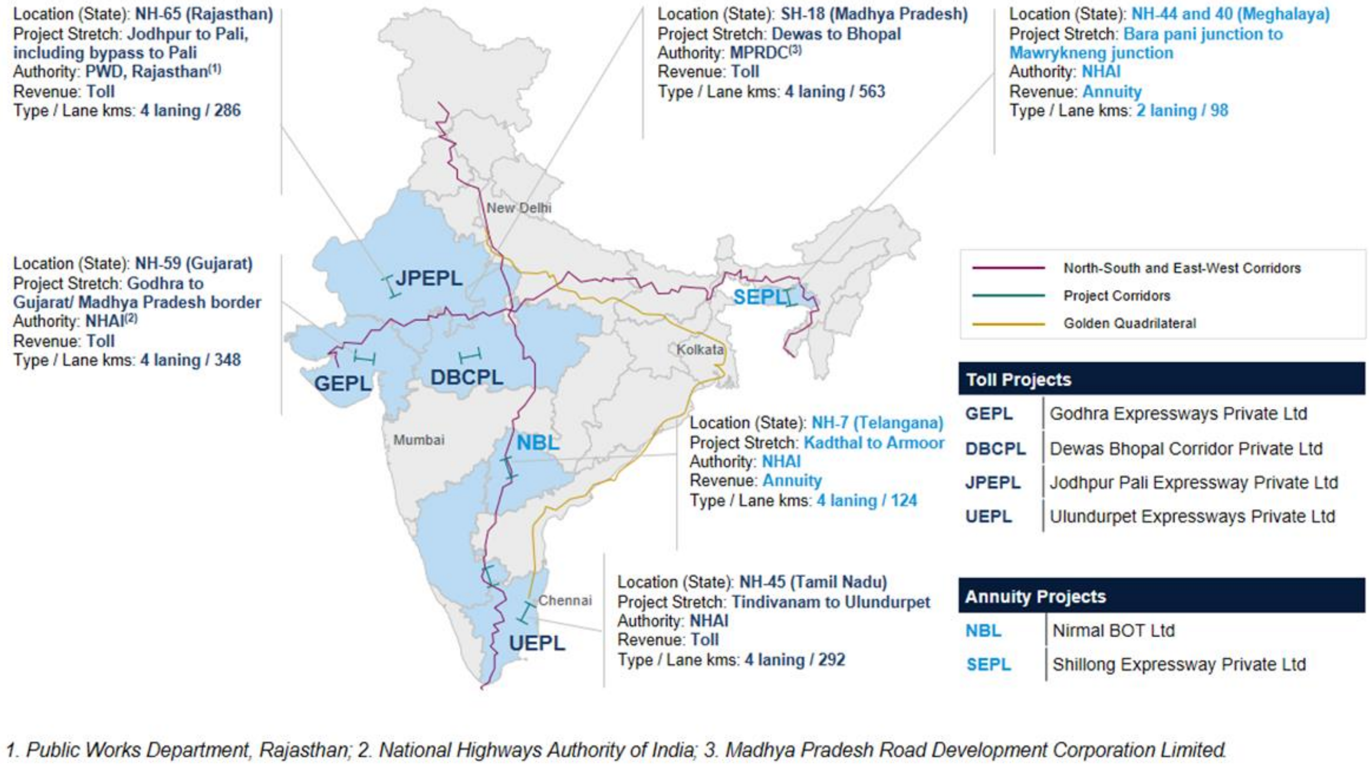
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

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 134.

The map below illustrates the locations of the Projects held by the Highways SPVs:



* *Map not drawn to scale*

The Investment Manager will also have the flexibility to acquire new projects through acquisitions from the Sponsor, if so made available to the Highways Trust, and third parties.

Highway Concessions One Private Limited is the Investment Manager for the Highways Trust. HC One was originally incorporated as 'Piramal Roads Infra Private Limited' on September 23, 2010 under the Companies Act, 1956, as a private limited company having corporate identity number U45200MH2010PTC208056. Subsequently, on May 13, 2014 the name was changed from Piramal Roads Infra Private Limited to Highway Concessions One Private Limited.

HC One Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on September 20, 2022 under the Companies Act, 2013, having CIN U74140MH2022PTC390762.

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 92.

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 has a sizeable initial portfolio consisting of the six Highways 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 8 to

14 years and each Highways 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 portfolio of assets comprises a mix of both toll and annuity road projects bringing in diversity in the earnings of the Highways 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 Highways 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 3 years and 20 years as of March 31, 2023 (including any potential extensions on account of shortfall of actual traffic against target traffic. For further details, please see the Traffic Reports). 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.

Further, we propose to acquire the Target SPV from the Issue Proceeds. The project held by the Target SPV includes the Ateli Mandi to Narnaul section of NH-11 including the Narnaul bypass and is heading towards the industrial town of Narnaul.

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 held by the Highways Trust provide us with steady cash flow during the course of the year. Approximately 14.72% of our combined revenue received in cash in the financial year ended March 31, 2023 came from annuities paid by the relevant Concessioning Authorities while approximately 85.28% of our combined total revenue received in cash in the financial year ended March 31, 2023 was generated from toll collections.

The earliest operating toll-based Highways SPV started collecting toll from 2009. The aggregate increase arising out of toll collections were ₹ 5,637.45 million in Fiscal 2023 as provided in the Audited Consolidated Financial Statements and ₹ 4,549.06 million and ₹ 3,919.12 million in Fiscal 2022 and Fiscal 2021 respectively, as provided in the Audited Combined Financial Statements. While, there was no growth in aggregate toll collections by the four toll based Highways 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 Highways 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 201.

Our two annuity based Highways SPVs, SEPL and NBL have received semi-annual annuities for the financial year ended March 31, 2023. 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.

With the inclusion of the Target SPV in the portfolio; the contribution of cash income received from annuity or hybrid annuity projects will increase in the combined portfolio revenue, thereby adding to the stability of the cash flows of the portfolio.

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 affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

KKR is a leading global investment firm, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure. Currently, KKR's Infrastructure platform has expanded to include approximately 75 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. 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. KKR believes 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.

KKR's Asia Pacific infrastructure portfolio other than Highways Trust, includes, amongst others, India Grid Trust. 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. The awarding under the Bharatmala Pariyojna has witnessed a sequential rise from 2,222 km in Fiscal 2019 to 6,306 km in Fiscal 2022. 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 134.

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 6 directors, as on the date of this Draft Letter of Offer with extensive experience in management, finance and infrastructure. Specifically, the Investment Manager 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 Letter of Offer.

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, an environmental, social and governance policy, a risk management policy and a vigil mechanism policy to manage the activities of the Highways Trust. The Investment Manager has further created a separate audit committee and a 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 128.

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 BETPL SPA for acquisition of equity interest in a certain asset held by IL&FS Engineering & Construction Company Limited for the benefit of Mytas Investment Trust. Upon completion of such acquisition 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 as may be specified including receipt of necessary regulatory and statutory approvals.

Further, the Highways Trust (represented by its Trustee) has entered into a share purchase agreement dated May 3, 2023 with H.G. Infra Engineering Limited (the "**Seller**"), H.G. Ateli Narnaul Highway Private Limited, H.G. Rewari Ateli Highway Private Limited, Gurgaon Sohna Highway Private Limited, H.G. Rewari Bypass Private Limited for the purposes of the acquisition of the Target SPV and the Future SPVs from the Seller. For details in relation to the share purchase agreement, please see the section entitled "*Use of Proceeds*" on page 192.

The table below sets forth details of the Future SPVs:

S. No.	Name of the SPV	Date of incorporation	Date of the Concession Agreement	COD
1.	H.G. Rewari Ateli Highway Private Limited	April 8, 2019	May 27, 2019	November 15, 2021
2.	Gurgaon Sohna Highway Private Limited	April 6, 2018	April 19, 2018	September 26, 2022
3.	H.G. Rewari Bypass Private Limited	May 1, 2020	June 19, 2020	Yet to achieve provisional COD

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.

Further, the Highways Trust (represented by the Trustee) ("**Buyer**") has also entered into a separate share purchase agreement (**"NUTPL SPA"**) dated March 30, 2023 with Navayuga Engineering Company Limited and Navayuga Road Projects Private Limited ("**Sellers**"), the Investment Manager and Navayuga Udupi Tollway Private Limited ("**NUTPL**") to acquire 100% of the share capital of the NUTPL. For details in relation to the NUTPL SPA, please see the section entitled "*Our Business-NUTPL SPA*" on page 163.

In addition, the Investment Manager believes that due to favourable 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. Further, the Investment Manager (on behalf of the Highways Trust) may also consider expanding the portfolio of the Highways Trust by directly submitting bids to the relevant Governmental entities for the acquisition of assets. For instance, the Highways Trust has submitted a bid pursuant to the request for proposal ("**RFP**") issued by National Highways Authority of India ("**NHAI**") for project comprising Tolling, Operation, Maintenance & Transfer of Four lane Lalitpur - Sagar – Lakhnadon section from km 99.005 to km 415.089 of NH - 26 in the state of Uttar Pradesh and Madhya Pradesh. The Investment Manager hopes to take advantage of these opportunities by actively sourcing and acquiring quality assets from such third parties and the Government 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. We have, and after 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 and the relevant lenders as provided in accordance with the 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 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 have appointed the Project Manager to undertake operations and management of the Project SPVs, in furtherance of which, the Project Manager has been added as a party to the existing 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 the signing of the O&M Agreements.

The Project Manager has engaged and will continue to 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 Letter of Offer, including the risks and uncertainties described below, before making an investment in the Units or subscribing to Rights Entitlement. 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 "Our 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 147 and 201, respectively as well as the financial statements and other financial information included elsewhere in this Draft Letter of Offer. Before investing in the Units and subscribing to the Rights Entitlements, prospective investors should obtain professional advice on investing in the Issue.

This Draft Letter of Offer 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 13.

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 a limited operating history and limited 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 has acquired 100% of the issued and paid-up equity share capital of the Highways SPVs (the "**Share Capital**"), pursuant to the Securities Purchase Agreement in August 2022. Further, the Highways Trust proposes to acquire the Target SPV from the proceeds of this Issue. For further details, please see the section entitled "*Use of Proceeds*" on page 192. Accordingly, the Highways Trust, as an infrastructure investment trust, has a limited operating history and 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 Projects to make distributions to our Unitholders.

   The Audited Financial Statements, consisting of historical financial data of the Highways SPVs and the Highways Trust, as applicable, have been included elsewhere in this Draft Letter of Offer, 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 Letter of Offer.

2. ***We 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 Erstwhile Project Manager, 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 Erstwhile Project Manager, Project Manager and/ or any O&M contractor as has been 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 254.

Further, the maximum aggregate liability of the Erstwhile Project Manager or the Project Manager for any breach of any of the terms of the Project Management Agreement or the Erstwhile Project Management Agreement, in a particular year, shall be limited to the service fee payable to the Erstwhile Project Manager and/ or the Project Manager for that year. Accordingly, claims exceeding the amount limits, which are not the liability of the Erstwhile Project Manager and/ or 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 is in the range of 10 to 12 percentage of the annual fee paid/ contract price.

Additionally, the Target SPV has received certain letters from the independent engineer wherein the Target SPV has made claims in relation to amongst others, the revised cost for change of scope and one-time payment for O&M activities. The Target SPV cannot guarantee whether it will be able to recover such costs, or be required to bear the expenses which may have an adverse effect on its cashflows.

3. ***We intend to acquire 100% of the issued, subscribed and paid-up share capital of the Target SPV with the proceeds of this Issue and any failure to acquire such percentage of the Target SPV could have a material adverse effect on the growth of our business, financial condition and results of operations.***

We intend to acquire 100% of the issued, subscribed and paid-up equity share capital of the Target SPV from H.G. Infra. For further details in relation to the Target SPV SPA, entered into for acquisition of the Target SPV, please see section entitled "*Use of Proceeds"* on page 192. If we are unable to raise the expected proceeds from this Issue, we may not be able to acquire 100% of the issued, subscribed and paid-up equity share capital of the Target SPV and may not be able to realize the anticipated benefits of the acquisition of the Target SPV. If we are unable to obtain any required approvals to complete the acquisitions of the Target SPV, including NHAI approval, we may not be able to complete such acquisition. This could have a material adverse impact on the growth of our business, financial condition and results of operations and prospects. In addition, the proposed acquisition of the Target SPV, as specified above, may result in material transaction expenses, increased interest and amortization expense, increased depreciation expense and increased operating expense and financing costs, any of which could have an adverse effect on our results of operations.

4. ***The acquisition by the Highways Trust of the Target SPV from H.G. Infra may result in damages and losses. We may not be able to recover losses arising from the acquisition of the Target SPV under relevant contractual arrangements***.

We will rely on certain information and management representations provided by the seller of the Target SPV until the date of acquisition of the Target SPV by the Highways Trust and accordingly any adverse impact pursuant to such information or representations may affect our earnings and cash flows. There is no assurance that in the event any of defects or deficiencies in the Target SPV, we will be able to raise any claim or recover any losses from the seller, in a timely manner, or at all. The details and other information in relation to the Target SPV contained in this DLOF and that will be contained in the LOF are based on the details and information made available to us by the seller and the representations extended to us in relation to the Target SPV by the seller. Therefore, we may be unable to confirm that all such details and information provided is complete, accurate and correct.

Further, the Target SPV may have defects or deficiencies that were unknown or unquantified at the time of acquisition of the Target SPV 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 our earnings and cash flows and the distributions to the Unitholders. We do not believe that it is possible to fully understand an asset before it is operated for an extended time. Accordingly, the acquisition of the Target SPV from H.G. Infra 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 Target SPV has made applications for receiving consents from the concessioning authorities in relation to, amongst others, the transfer of the Target SPV to the Highways Trust. However, there can be no assurance that such approvals will be forthcoming and whether the concessioning authorities will not impose any additional conditions in relation to such transfer.

Further, the Target SPV has availed certain borrowings from banks and other institutions and which may have certain consent requirements for purposes of transfer of the Target SPV to us, the receipt of such no-objection certificates or lender consents from the lenders are included as a conditions precedent to the Target SPV SPA. If the conditions in the consents are not fulfilled, or in the event of a dispute with the lenders in relation to existing debt facilities, we may not be able to acquire the Target SPV from H.G. Infra which could have an adverse effect on our business and results of operations. Additionally, the Target SPV may require consents from other third parties (including regulatory authorities) in relation to the transfer. If such consents are not received, we may not be able to acquire the Target SPV from H.G. Infra which could have an adverse effect on our business and results of operations. For further details in relation to the Target SPV SPA, entered into for acquisition of the Target SPV, please see section entitled "*Use of Proceeds"* on page 192. Further, in relation to Target SPV SPA, to acquisition of 100% of the Target SPV and certain

Future SPVs, the Target SPV will only be transferred subject to the satisfaction of certain conditions precedent, including the acquisition of the Future SPVs by the Highways Trust, the unfulfillment of which will lead to the Highways Trust not being able to acquire the Target SPV which could have an adverse effect on our business and results of operations.

Additionally, refinance of the external loan currently availed by the Target SPV requires, and in the event contemplated for the Future SPVs may require, approval from the NHAI and some of its respective current lenders. It cannot be assured that such approval will be received in a timely manner or received at all, and accordingly, absence of the receipt of such approval may cause adverse impact to the business of the Target SPV.

Separately, the information available for the Target SPV is as of March 31, 2023 and may not cover all areas of operation, and accordingly, it is difficult to assess with all certainty the financial position or future prospects or results of operations or cash flows of the Target SPV. There may be unknown risks associated with the Target SPV which may impact our business and returns to the unitholders in future.

5. ***The ANHPL Valuation Report included in this Draft Letter of Offer and the Valuation Report of the Highways SPVs of the Highways Trust as available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf are 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 Allotment, and the valuation of the Target SPV contained in such valuation report may not be indicative of the true value of the Target SPV.***

Mr. S. Sundararaman was appointed as the independent valuer (the "**Valuer**") to undertake independent appraisals of the Target SPV. The Valuer issued a letter and a report appended to it (together, the "**ANHPL Valuation Report**"), which sets out its opinion as to the fair enterprise value of the Target SPV as of March 31, 2023. The ANHPL Valuation Report is based on various assumptions with respect to the Target SPV, including, amongst others, their revenue, cash flows, O&M expenses, major maintenance and repairs costs, depreciation and amortization, capital expenditure and working capital. Such assumptions are based on the information provided by, and discussions with, the Investment Manager. Further, the ANHPL 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 ANHPL Valuation Report and the Valuation Report are neither an opinion on the commercial merits and structure of the Issue, nor are they an opinion, express or implied, as to the future trading price of Units or the financial condition of the Highways Trust upon Allotment. The ANHPL Valuation Report and the Valuation Report do 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 ANHPL Valuation Report and the Valuation Report do 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 Target SPV. Further, the ANHPL Valuation Report and the Valuation Report are necessarily based on financial, economic, monetary, market and other conditions as of the date of the ANHPL Valuation Report and the Valuation Report. The ANHPL Valuation Report and the Valuation Report have not been updated since the date of their issue and do not take into account any developments subsequent to the date of its issue.

There can be no assurance that the ANHPL Valuation Reports or the Valuation Report reflect the true value of the Project SPVs or the Highways Trust that other independent valuers would arrive at the same valuation. Accordingly, investors should not rely unduly on the ANHPL Valuation Report or the Valuation Reports in making an investment decision to purchase Units in the Issue. For details, please see the ANHPL Valuation Report in Annexure I and the Valuation Report available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf.

6. ***The accuracy of statistical and other information with respect to the road infrastructure sector and the Technical Report for the Project SPVs, and the Traffic Report for the Highways SPVs, commissioned by the Investment Manager for the Projects cannot be guaranteed.***

Statistical and other information in this Draft Letter of Offer 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 Project SPVs 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, 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 Report concerning the Target SPV while the Technical Reports for the other SPVs have been uploaded on the website of the Highways Trust at https://highwaystrust.com/technical-reports/ and the Traffic Consultant has prepared the Traffic Reports concerning the relevant Highways SPVs. The Technical Reports were commissioned for conducting an assessment of the Project SPVs and the Traffic Reports for the purposes of conducting an assessment of the relevant Highways 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. Specifically, the technical reports for the Highways SPVs were obtained with reference to the data as of March 31, 2022. Opinions in the Technical and Traffic Reports based on estimates, 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 or the Highways SPVs, as the case may be, could be materially different from those that are set forth in the Technical and Traffic Reports and this Draft Letter of Offer. The Technical and Traffic Reports are not a recommendation to invest or disinvest in the Project SPVs or the Highways SPVs. Prospective investors are advised not to unduly rely on the Technical Reports when making their investment decision.

7. ***The Audited Financial Statements presented in this Draft Letter of Offer may not be indicative of the future financial condition and results of operations of the Highways Trust.***

The Audited Financial Statements of the Highways Trust may not necessarily reflect or 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 Allotment, 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 Financial Statements. For details of recurring expenses, please see the section entitled *"Overview of the Highways Trust"* on page 17. In addition, the Target SPV will be valued at fair value at the time of the actual acquisition of the shares of the Target SPV 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.

8. ***The Project SPVs have entered into concession agreements which contain certain onerous provisions and any failure to comply with such provisions of the 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 can step in, in place of a Project SPV, in the event of a suspension or termination of the concession agreement. Additionally, 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.

In accordance with the concession agreements, some of 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.

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 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.

9. ***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.

10. *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.

There have been instances in India, wherein the concessioning authority has terminated concession agreements to implement capacity augmentation for projects. In such cases, the concessionaire will be entitled to compensation which typically covers the debt due (calculated as per the formula set out in the agreement) and certain returns on the equity invested in the project cost. There can be no assurance that amounts so paid will be equivalent to the cash flows which would have otherwise been generated from the project and can potentially impact the ability of the Trust negatively and affect the Trust's ability to service the outstanding amounts under financing agreements and provide returns to its Unitholders.

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 166.

11. ***The Highways Trust, and the Project SPVs' financing agreements may entail interest at variable rates, and any increases in the interest rates may adversely affect our results of operations, financial condition and cash flows. Further, the Highways Trust and the Project SPVs may be 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 rupee loan financing agreements of the Highways Trust and certain financing arrangements of the Target SPV and the Future SPVs will remain in place after the allotment of the Units pursuant to the Issue. Please see the section entitled "*Use of Proceeds*" on page 192 for details. These financing agreements entail interest at variable rates with a provision for the periodic reset of interest rates. Under the said financing agreements, the lenders may be entitled to change the applicable rate of interest on any date and accordingly, the Highways Trust, Target SPV and the Future SPVs may be 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. Separately, the proposal for discharge of financing of the Target SPV from the Issue Proceeds is subject to approval from NHAI and there is no certainty that such approval will be forthcoming.

Further, the financing agreements entered into by the Highways Trust and the Project SPVs with certain banks and financial institutions contain certain restrictive covenants and cross default provisions. The financing agreements restrict the relevant borrower 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 borrower and the borrower'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 Highways Trust and the Project SPVs will depend primarily on the cash generated by our business. Further, some of our financing arrangements also require us to create various reserves which may impact our ability to distribute cash flows to the Unitholders. Accordingly, 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.

Separately, the Highways Trust has utilized non-fund based financial or performance guarantee limits in order to provide bid or performance security, as applicable, for certain future acquisition of projects. We cannot assure that invocation of any of such financial or performance guarantees will not materially affect the business, financial condition or results of operations of the Highways Trust.

For further details in relation to the financing arrangements entered into by the Target SPV, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

12. ***The Highways SPVs acquired by the Highways Trust from the Sponsor or third party entities are subject to certain risks, which may result in damages and losses. We may not be able to recover these losses from the Sponsor or third parties under relevant contractual arrangements*.**

The Highways 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 as amended and restated thereafter ("**IIF SPAs**"). The Highways Trust has relied on certain information and management representations provided by the Original Sellers until the date of acquisition of the Highways 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 have been 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 Highways SPVs from the Original Sellers. Further, the Sponsor has not provided any representations in relation to the business of the Highways SPVs for the time period between the date of acquisition of the Highways SPVs by the Sponsor and the date of Highways Trust's acquisition of the Highways SPVs. There is no assurance that in the event any of defects or deficiencies in the Highways SPVs, we will be able to raise any claim or recover any losses from the Sponsor, in a timely manner, or at all.

Further, the Highways SPVs may have defects or deficiencies that were unknown or unquantified at the time of acquisition of the Highways SPVs 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. Accordingly, the acquisition of the Highways SPVs from the Sponsor has entailed 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.

In accordance with the IIF SPAs and the Securities Purchase Agreement, certain claims of the Highways SPVs are required to be passed through to certain third parties. In addition, the Highways 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.

13. ***The acquisition of the Target SPV, Future SPVs and other future acquisitions may expose us to risks and have an adverse impact on our operations.***

The acquisition of the Target SPV, Future SPVs and other future acquisitions 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. Our management may have to spend a considerable amount of time to ensure a smooth handover of the Target SPV, Future SPVs and other future assets and align the operating philosophy of the Target SPV, Future SPVs and other future assets with ours. 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. Further, the expected benefit, synergies or efficiencies from such acquisitions may take longer than expected to achieve or may not be achieved at all.

Further, the acquisition of the Target SPV and any other acquisitions or alliances in the future may expose us to the risk of unanticipated business uncertainties or legal liabilities including defects in title and lack of appropriate approvals/ licenses in place for which the relevant parties in relation to such future assets may or may not indemnify us.

14. ***We have, and we may enter into share purchase agreements for acquisition of the Target SPV, Future SPVs and any other future assets. We may not be able to complete such acquisitions or arrange for all amounts required in a timely manner to fund such acquisitions.***

The Trust has entered into the Target SPV SPA with respect to the Target SPV and the Future SPVs, and the NUTPL SPA with respect to NUTPL, and will enter into share purchase agreements in the future for acquisition of any future assets. We may not be able to complete such acquisitions or arrange for all amounts required for funding these acquisitions, in a timely manner. Further, in the event such acquisitions are not completed due to unavailability of funds or non-receipt of approvals, this may have an adverse effect on the Highways Trust's business and results of operations. Please see the section entitled "*Use of Proceeds*" on page 192 for details of the terms of the Target SPV SPA.

15. *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, NHAI has the right to construct competing roads after a prescribed period of time, pursuant to the terms of the concession agreements. 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.

16. *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. Further, the Projects' revenues from tolls are subject to regulatory restrictions.*

Four of our Project SPVs are exclusively toll based and two of the Project SPVs are annuity projects. Additionally, the Target SPV is annuity based. 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.

Further, in accordance with the National Highways Fee (Determination of Rates and Collection) Rules, 2008, the minimum distance between the two toll plazas on the same section of a national highway shall not be less than 60 km. Provided that where the execution authority deems necessary, it may for reasons to be recorded in writing, establish or allow the concessionaires to establish another toll plaza within distance of 60 km of another toll plaza. Such conditions may impact our ability to collect the toll fee from current established toll plazas.

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.

17. *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.

18. *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 166 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.

19. ***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.

20. ***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 "*Our Business*" on page 147. 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.

21. ***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 indicates that its concession period will extend by approximately 5.4 years and the traffic report related to the JPEPL Project indicates that its concession period may be extended by 5 years. In accordance with the Traffic Reports, in respect of the GEPL Project, the traffic volume is approximately 29% lower than the targeted traffic volume and in respect of the JPEPL Project, the traffic volume may be 31.8% 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 "*Our Business*" on pages 166 and 147 and the Traffic Reports, 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.

22. ***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.

23. ***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 166.

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.

24. ***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.

25. ***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, we have not received a consent for toll operations from the Tamil Nadu Pollution Control Board. Further, while obtaining requisite approvals for abstracting ground water is a condition precedent in the Target SPV SPA and will be acquired by the Target SPV prior to acquisition by the Highways Trust, the Target SPV as on date does not have the approval in place. 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 entered into by the Project SPVs also require certain project agreements to be submitted to the concessioning authorities, for their 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, may not have been submitted to 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.

26. *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 244. 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, or orders of injunction related 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. For example, the Target SPV received a letter dated July 14, 2020, issued by NHAI addressed to all the concessionaires operating in the area, wherein NHAI has shared an order issued by the District Magistrate of Mahendragarh under Section 144 of the Code of Criminal Procedure, 1973 in relation to illegal mining activities in the area. The Target SPV has submitted a response dated July 21, 2020 to NHAI and the independent engineer clarifying that the Target SPV was not involved in any illegal mining activities and was executing certain activities in relation to the Target SPV Project, in accordance with the Applicable Laws. The Target SPV is yet to receive a response from NHAI in relation to the same. 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.

27. *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 "*Our Business*" on page 147. 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.

28. ***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.

29. ***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 and the Future 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 and the Future 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.

30. ***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.

31. ***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 254.

Under the Project Management Agreement, the Project Manager will indemnify 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.

32. ***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 254.

33. ***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 the concession agreements, the consent of the concessioning authority is required for any selection or replacement of an operation and maintenance contractor and the Project Manager. 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. For instance, we are yet to receive a letter from NHAI to take on record the replacement of Virescent Infrastructure Project Manager Private Limited by the Project Manager.

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. 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 Highways SPVs may 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 Highways SPVs may 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 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*", "*Description of the Project SPVs*" and "*Parties to the Highways Trust*" on pages 240, 19 and 92, 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. Further, the Sponsor has informed the Highways Trust and the Investment Manager by way of letter dated July 5, 2023, that (i) the Sponsor currently holds 76% of the equity share capital of Bangalore Elevated Tollway Private Limited ("**BETPL**"), (ii) the remaining 24% equity share capital of BETPL ("**Balance Stake**") is held by IL&FS Engineering and Construction Company Limited ("**IECCL**") for and on behalf of Maytas Investment Trust ("**MIT**"), (iii) the Sponsor has entered into a Securities Subscription Cum Purchase Agreement dated September 28, 2022 with IECCL and MIT for acquisition of the Balance Stake ("**Sponsor BETPL SPA**"), (iv) the consummation of the transactions contemplated under the Sponsor BETPL SPA are subject to completion of various conditions, as set out in the Sponsor BETPL SPA, and (v) upon consummation of the Sponsor BETPL SPA, the Sponsor may make available for acquisition by the Highways Trust, the Sponsor's full equity interest in BETPL (directly or indirectly), on a fully diluted basis, subject to execution of legally binding definitive documentation in this regard. There can be no assurance that any such acquisition opportunities will materialise or be made available by the Sponsor to the Highways Trust 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 or controlled in accordance with the extant foreign exchange regulations, any future debt acquired may also be subject to additional conditions under foreign exchange regulations.

Under the Target SPV and other Future SPVs' financing agreements, the lenders may be entitled to change the applicable rate of interest on any date and accordingly, the Target SPV and other Future 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, additional leverage at the Highways Trust level is constrained by certain conditions in the existing financing agreements, including, maintaining a minimum credit rating of 'AAA', maintaining a consolidated net debt to enterprise value of up-to 49%, maintaining a consolidated net debt to EBITDA of up-to 5.75:1 among others. Non-compliance of any conditions specified in the financing agreements may limit the ability of the Highways Trust to raise further debt.

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 Letter of Offer.***

This Draft Letter of Offer contains forward-looking statements. These forward-looking statements are based on a number of assumptions, many of which are outside the control of the Highways Trust. 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 case events and circumstances, which are not currently anticipated, arise.

The Investment Manager does not intend to provide any updated or otherwise revised profit and cash flow forecast 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 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 our credit ratings re-affirmed by credit rating agencies.***

The Highways Trust has been given a rating of (i) 'CRISIL AAA/Stable (Reaffirmed)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 8,000 million; and, (ii) a rating of 'CRISIL AAA/Stable (reaffirmed)' for non-convertible debentures aggregating to ₹ 6,500 million, by way of its letters dated April 12, 2023 and May 15, 2023. Additionally, the Highways Trust has been reaffirmed a rating of 'IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 7,889 million (reduced from ₹ 8,000 million), non-convertible debentures aggregating to ₹ 6,468 million (reduced from ₹ 6,500 million) and bank guarantee limit of ₹ 750 million, by way of its letter dated May 2, 2023.

There is no assurance that CRISIL Ratings or India Ratings will continue to provide a positive credit rating to the Highways Trust or that the agencies will provide a rating without covenants. A 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 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. Further, the Project Manager provides certain services to BETPL, an entity owned 76% by the Sponsor ("**BETPL Agreement**"), and in the event of Project Manager failing to discharge its obligations under BETPL Agreement may lead to claims against the Project Manager which may impact its ability to discharge its obligations under the Project Management Agreement.

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. ***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.

50. ***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.***

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.

51. ***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 initial 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.

52. ***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.

53. ***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.

54. ***As a shareholder of the Highways SPVs and a proposed shareholder of the Target SPV and any future 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 or any future SPVs.***

In the event of liquidation of any of the Project SPVs or any future SPVs as acquired by the Highways Trust, the secured and unsecured creditors of the relevant Project SPV or any future SPVs as acquired by the Highways Trust will be entitled to payment from the liquidation proceeds in priority to us in our capacity as an equity shareholder of the Project SPV or any future SPVs as acquired by the Highways Trust. Under the Insolvency and Bankruptcy Code, 2016, in the event of winding-up of any Project SPV or any future SPVs proposed as acquired by the Highways Trust, 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 or any future SPVs as acquired by the Highways Trust will be subordinated in the manner set forth above.

55. ***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 262.

56. ***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.

57. ***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. Further, SEBI has also released a consultation paper dated February 23, 2023 in relation to the unitholding of a sponsor in an InvIT and real estate investment trusts along with a consultation paper dated May 16, 2023 in relation to the rights of unitholders and permitting a sponsor-less trust. We cannot assure you that there will not be changes to the regulatory requirements applicable to the Trust and its Unitholders due to such consultation paper or any future consultation papers released by SEBI.

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.

58. ***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 exchange 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 ("**LODR Regulations**"). Recently, SEBI through amendment dated February 14, 2023, a specific governance framework was prescribed for InvITs and REIT as under the LODR Regulations. 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.

59. ***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, as amended, 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 exchange 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.

60. ***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.

61. ***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 ISSUE AND THE UNITS

62. ***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 the initial offer 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 have been 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.

63. ***Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the InvIT Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such units to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Units pursuant to this Issue, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Units. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Units will not decline below the Issue Price. To the extent the market price for the Units declines below the Issue Price after the Issue Closing Date, the Unitholder will be required to purchase Units pursuant to this Issue at a price that will be higher than the actual market price for the Units at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Units after this Issue or cause the trading price of our Units to decline

64. ***Investors will be subject to market risks until the Units credited to their demat accounts are listed and permitted to trade.***

Investors can start trading the Right Issue Units allotted to them only after they are listed and permitted to trade. Since the Units are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Units issued pursuant to this Issue to the date when trading approval is granted for them. Further, there can be no assurance that the Units issued pursuant to this Issue allocated to an Investor will be credited to the Investor's demat account or that trading in the Units issued pursuant to this Issue will commence in a timely manner.

65. ***Investors will not have the option of getting the Allotment of Units in physical form. Further, Unitholders holding fractional entitlements will not have the option to trade such fractional entitlements.***

In accordance with InvIT Regulations, the Units issued pursuant to this Issue shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of the Units issued pursuant to this Issue in physical form. The Units issued pursuant to this Issue Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Units.

As the lot size comprises of [●] Units in accordance with InvIT Regulations for Highways Trust, the Rights Entitlements will be credited to the Unitholders in multiples of [●] Units and the participation by Unitholders in the Issue will also be in multiples of [●] Units. Investors should note that fractional entitlements will not be credited to the Unitholders' accounts and the trading of fractional entitlements of Rights Entitlements will also not be allowed by the Stock Exchange. For further details, please see the section entitled *"Issue Information"* on page 265.

66. ***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.

67. ***The reporting requirements and other obligations of infrastructure investment trusts 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 recognized stock exchange in India.***

The InvIT Regulations, along with the guidelines and circulars issued by 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 on a recognized stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving. While the InvIT Regulations were notified with effect from September 26, 2014, the norms in relation to continuous disclosures and compliances were notified by SEBI on November 29, 2016 and the SEBI Rights Issue Guidelines were notified by SEBI recently (by way of a circular dated January 17, 2020, as amended by the circular dated March 13, 2020).

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 recognized stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable under the InvIT Regulations. 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 recognized stock exchange in India, and accordingly, the protection available to our Unitholders may be more limited than those available to such shareholders.

68. ***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.

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

The Issue Price of the Units issued pursuant to this Issue will be in accordance with the SEBI Rights Issue Guidelines and may not necessarily be indicative of the market price of the Units after the completion of 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;
- 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 initial offer 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 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 Letter of Offer, 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 future outbreaks like the Novel Coronavirus ("COVID-19") or other such outbreaks 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.

If the outbreak of the COVID-19 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. 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 the Ukraine crisis resulting in 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 84 and 244, 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.***

India's sovereign rating increased from a Baa3 with a "negative" outlook in 2020 to a Baa3 with a "stable" outlook in 2021 by Moody's and from BBB- with a "negative" outlook in 2021 to BBB- with a "stable" outlook in 2022 by Fitch. 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 increasing and demonstrating volatility in the recent past, 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 Audited Financial Statements included in this Draft Letter of Offer 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 Letter of Offer 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 Audited Financial Statements included in this Draft Letter of Offer 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 Letter of Offer.

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 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 announced the Union Budget for the Fiscal Year 2024 and the Finance Act, 2023 ("**Finance Act 2023**") was notified with effect from April 1, 2023.

The Finance Act 2023 provides for tax on the unitholders for such portion of distribution received by them that is not covered under section 10(23FC) or 10(23FCA) of the IT Act and that which is not chargeable to tax under section 115UA(2) of the IT Act. Any distribution not covered under the aforementioned clauses will be taxed in the hands of the unitholders as 'income' under section 56(2)(xii) of the IT Act, provided the amount received (including similar distributions in earlier years to the same unitholder or any other unitholder) is in excess of the amount at which units were issued by the Highways Trust, as reduced by the amount which would have been charged to tax earlier under this provision. The aforementioned amounts received by a unitholder being a specified person covered under section 10(23FE) of the IT Act shall not be subject to taxes upon the fulfilment of certain conditions set out in the IT Act. Further, any such distribution received by a unitholder to the extent not chargeable to tax under section 56(2)(xii) and 115UA(2) and not covered under sections 10(23FC), or 10(23FCA) shall be reduced from the cost of units. We cannot assure you that there will be no adverse impact on the tax incidence to the unitholders pursuant to the Finance Act 2023. For details, please see section entitled *"Statement of Tax Benefits"* on page 285.

Further 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 85 and 75 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. 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. The GAAR regime is a broad set of provisions which grant powers to India tax authorities to invalidate any arrangement for tax purposes in the event, the main purpose of entering into the transaction by the taxpayer is to obtain a tax benefit. Besides the "tax benefit", the transaction should meet any one of the following specified additional tests: (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, vide Finance Act, 2022, the applicability of section 94(7) of the IT Act has been extended 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.

Vide Finance Act, 2022, the applicability of section 94(8) of the IT Act (commonly known as bonus stripping) has been extended 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 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 or on certain distributions from the Trust.***

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. For instance, while the Investment Manager intends to take measures to ensure that it is in compliance with all relevant tax laws, there is no assurance that the tax authorities will not take a position that differs from the position taken by us with regard to our tax treatment of various items. 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 258.

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 Target SPV to the Highways Trust, may be subject to taxation in the hands of the acquirer. The equity shares of the Target SPV 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. This could affect the overall tax liabilities of the Project SPV and result in additional taxes becoming payable thereby resulting in a material, adverse effect on our business, financial condition, cash flows and results of operations and consequently may have a material, adverse impact on our distributions.

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 Highways SPVs have regarded the Projects constructed on a BOT basis as capital assets and claimed depreciation on the capitalised cost of the Projects. 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 Highways SPVs 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 position of the Highways Trust.

The Highways 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 implication 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 cannot be determined at this point in time. 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 Erstwhile 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 Erstwhile 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 Erstwhile Investment Manager.

For further details, please see the sections entitled "*Description of the Project SPVs*" and "*Our Business*" on pages 19 and 147.

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

Highways Infrastructure Trust
2nd Floor, Piramal Tower
Peninsula Corporate Park
Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 7506333447
E-mail: Compliance.highwaysinvit@highwayconcessions.com
SEBI registration number: IN/InvIT/21-22/0019
Date of registration with the SEBI: December 23, 2021

Contact Person and Compliance Officer

Ms. Kunjal Shah 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. Kunjal Shah
316, 317, "C" Wing
Kanakia Zillion,
L.B.S Road, BKC Annex,
Kurla (West), Mumbai 400 070
Tel: +91 7506333447
E-mail: compliance.highwaysinvit@highwayconcessions.com

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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Email: APACFundOps@kkr.com
Contact person: Board of Directors

Project Manager

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Email: notices.highwaysinvit@highwayconcessions.com
Contact person: Mr. Neeraj Sanghi

Trustee

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Contact Person: Head of Operations
SEBI registration number: IND000000494

Trustee Correspondence Office

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Investment Manager

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Contact person: Mr. Neeraj Sanghi

Other Parties involved in the Trust

Lead Manager to the Issue

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E-mail: highways.invitrights@axiscap.in
Website: www.axiscapital.co.in
Investor grievance e-mail: complaints@axiscap.in
Contact Person: Akash Aggarwal/ Harish Patel
SEBI Registration No: INM000012029

Legal Advisor to the Issue, as to Indian law

Cyril Amarchand Mangaldas
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Auditor to the Highways Trust

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21st floor, DLF Square
Jacaranda Marg, DLF Phase II
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ICAI Firm Registration Number: 001076N/N500013
Peer Review Certificate Number: 014158

Valuer

Mr. S. Sundararaman
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E-mail: chennaissr@gmail.com
Registration number: IBBI/RV/06/2018/10238

Technical Consultant for the Target SPV

Resotech Consultancy Services Pvt. Ltd.
58, Shri Mangal Nagar
Near Elite Anmol Multi
Bicholi Hapsi Road
Indore 452 018,
Madhya Pradesh, India
Tel: +91 731- 4006024
E-mail: rajnish.mishra@resotechindia.com
Contact person: Rajnish Mishra
Website: https://resotechindia.com/

The technical reports for the Highways SPVs are available at https://highwaystrust.com/technical-reports/.

The traffic reports prepared by the Traffic Study Consultant for UEPL, JPEL, GEPL and DBCPL are available at https://highwaystrust.com/traffic-reports/.

Registrar to the Issue

Link Intime India Private Limited
C-101, 1st Floor, 247 Park
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Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6000
E-mail: 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 a rating of (i) 'CRISIL AAA/Stable (Reaffirmed)' by CRISIL Ratings, for bank loan facilities aggregating to ₹ 8,000 million and, (ii) a rating of 'CRISIL AAA/Stable'(Reaffirmed) for non-convertible debentures aggregating to ₹ 6,500 million, by way of its letters dated April 12, 2023 and May 15, 2023, the rationale for which is available at their website https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/HighwaysInfrastructureTrust_May%2012,%202023_RR_319327.html

Additionally, the Highways Trust has been reaffirmed a rating of 'IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to ₹ 7,889 million (reduced from ₹ 8,000 million), non-convertible debentures aggregating to ₹ 6,468 million (reduced from ₹ 6,500 million) and bank guarantee limit of ₹ 750 million, by way of its letter dated May 2, 2023, the rationale for which is available at their website https://www.indiaratings.co.in/pressrelease/61803.

The credit rating letters/ rationale as received by the Highways Trust are available on its website at https://highwaystrust.com/credit-rating/.

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 497.

A. The Sponsor

Galaxy Investments II Pte. Ltd.

History and Certain Corporate Matters

Galaxy Investments II Pte. Ltd. ("**Galaxy**") 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 12 Marina View, #11-01, Asia Square Tower 2, Singapore 018961. For further details, please see the section entitled "*General Information*" on page 89.

Background and Past Experience of Sponsor

<u>Principal Activities of Galaxy</u>

Galaxyis 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.

<u>Brief description of the Group</u>

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.

Founded in 1976, KKR is a leading global investment firm, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 75 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. KKR believes 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)
- Ness Digital Engineering (2022)
- Advanta Seeds (2022)
- Sriram Insurance (2022)

KKR's Infrastructure investments in India include:

- IndiGrid (2019)
- Virescent Infrastructure (2020)
- Highway Concessions One (2021)
- Hero Future Energies (2022)
- Serentica Renewables (2022)

The net worth of the Sponsor as at March 31, 2023 stood at approximately ₹ 42.48 billion. 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 Letter of Offer, 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 Unitholding of the Sponsor in the Highways Trust

For details of the Unitholding of the Sponsor, please see the section entitled *"Information concerning the Units"* on page 190.

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 89.

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.

The Trustee is not an Associate of the Sponsors or the Investment Manager or the Project Manager to the Trust. Further, neither the Trustee nor the settlors of the Trustee (i) are or have been debarred from accessing the securities market by SEBI; (ii) are or have been promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; and/or (iii) are or have been declared a wilful defaulter by any bank or a financial institution or consortium thereof in accordance with the guidelines on 'wilful defaulters' published by the RBI.

Other Confirmations

The Trustee is not an Associate of the Sponsor or the Investment Manager. Further, as of the date of this Draft Letter of Offer, 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 practicing 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 – Highway Concessions One Private Limited

History and Certain Corporate Matters

Virescent Infrastructure Investment Manager Private Limited (“**Erstwhile Investment Manager**”) was appointed as the investment manager of the Highways Trust, pursuant to the Investment Management Agreement dated December 6, 2021 (“**Erstwhile Investment Management Agreement**”). However, the Erstwhile Investment Manager resigned by way of a notice issued to the Trustee and Unitholders dated October 18, 2022. Highway Concessions One Private Limited (“**Investment Manager**” or “**HC1**”) was appointed as the Investment Manager thereafter.

HC1 was originally incorporated as ‘Piramal Roads Infra Private Limited’ on September 23, 2010 under the Companies Act, 1956, as a private limited company having corporate identity number U45200MH2010PTC208056. Subsequently, on May 13, 2014 the name was changed from Piramal Roads Infra Private Limited to Highway Concessions One Private Limited. The Investment Manager’s registered office and address for correspondence is Unit No. 316-317, 3rd Floor, C Wing, Kanakia Zillion BKC Annex, Kurla West, Mumbai 400070, Maharashtra, India. For further details, please see the section entitled ‘*General Information*’ on page 89.

Background and Past Experience of the Investment Manager

HC1 was incorporated on September 23, 2010 and has been in the business of providing advisory / management services to road assets for over 8 years. HC1 was providing the management services (including accounting, taxation, secretarial and assistance in procurement) to the Highways SPVs of the Highways Trust prior to the acquisition of the Highways SPVs by Highways Trust. As the investment manager, HC1 and its subsidiaries have employees with diverse experience in the financial management, advisory and/or infrastructure development sector. HC1 will be relying on its past experience and its employees experience to comply with the eligibility requirements under the InvIT Regulations.

The net worth of HC1 as on March 31, 2023, was ₹ 325.85 million on a standalone basis. HC1 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.	Galaxy Investments II Pte. Ltd	37,647,288	100%
2.	Vidyadhar S Dabholkar*	1	Negligible
Total		37,647,289	100%

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

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, amongst others:

(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 HC1 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 HC1:

Sr. No.	Name	Age (years)	DIN	Designation
1.	Mr. Hardik Bhadrik Shah	39	06648474	Non-Executive Director
2.	Mr. Neeraj Sanghi	60	05110400	Chief Executive Officer cum Whole-time Director
3.	Ms. Ami Vinoo Momaya	42	06836758	Non-Executive Director
4.	Mr. Janakiraman Subramanian	62	05299205	Independent Non-Executive Director
5.	Mr. Manish Agarwal	53	09730028	Independent Non-Executive Director
6.	Ms. Sudha Krishnan	62	02885630	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 39 years, is a non-executive director on the board of the Investment Manager since December 17, 2021. He holds a bachelors' 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. Neeraj Sanghi, aged 60 years, is a whole-time director on the board of the Investment Manager since December 17, 2021. He is also the chief executive officer of the Investment Manager since September 2016. He holds a bachelors' degree in electrical engineering and a masters' degree in business administration and masters in sustainable development. He has previously worked with the Essar Group and Total Projects India Private Limited. He is also a member of the Highway Operators Association of India (HOAI). He has an experience of approximately 21 years in the infrastructure sector.

Ms. Ami Vinoo Momaya aged 42 years is a non-executive director on the board of the Investment Manager since January 24, 2022. She is currently a Director with KKR India Advisors Private Limited. She holds a bachelors' degree in commerce from Mumbai University and a post graduate degree from the Narsee Monjee Institute of Management Sciences in Mumbai. She has previously worked with Morgan Stanley's investment banking division in New York.

Mr. Janakiraman Subramanian, aged 62 years, is an independent non-executive director on the board of the Investment Manager since March 4, 2022. He holds a bachelors' degree in commerce from Delhi University and is an associate member of the Institute of Cost & Management Accountants of India (ICMAI). He has previously worked with the Airports Authority of India (AAI), GOI, IDPL, a group company of L&T Ltd. And the CEO of an InvIT platform sponsored by L&T. Mr. Janakiraman Subramanian has an experience of more than 30 years in the road and airport infrastructure sectors.

Mr. Manish Agarwal, aged 53, is an independent non-executive director on the board of the Investment Manager since September 14, 2022. He has studied at BITS Pilani and IIM Calcutta, and has attended training programs at ISB, Harvard and INSEAD. He has previously worked at KPMG and PwC, and represented India on PwC's Global Capital Projects & Infrastructure network. He has taught Infrastructure Policy and Project Finance at IIM Kozhikode, Indian School of Public Policy, and Symbiosis Centre for Management & Human Resource Development. He has also developed courses at IIMC and BITSoM.

Ms. Sudha Krishnan, aged 62, is an independent non-executive director on the board of the Investment Manager since September 14, 2022. She holds a bachelors' degree (Hons) in English Literature from Delhi University a Masters' degree in Public Administration and a Masters' Degree in English Literature from George Mason University Virginia, USA . She joined the Indian Audit and Accounts Service (IAAS) in 1983. She has previously worked with the Space Commission and Atomic Energy Commission. She has also worked as Financial Adviser to the Ministry of Urban Development. She serves as an independent director on boards of SBI Funds Management Ltd, IDFC Financial Holding Company Ltd, Graphite India Ltd. and National E Governance Services Ltd. Smt. Krishnan has close to four decades of experience in public policy and finance.

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 Letter of Offer, 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.

Details of the Holding or the Proposed Holding by the Investment Manager in the Highways Trust

HC1 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. Neeraj Sanghi, 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 118, the details of the other key personnel of the Investment Manager are set forth below:

Dr. Zafar Khan is the chief operating officer of the Investment Manager and has 18 years of experience in project management and operations. He has completed his doctorate from APS University – Rewa in in Environmental Biology and Diploma in Construction Safety Management from NICMAR. He has worked as the head of operations at Peak Infrastructure. He has also worked with G4S PLC, Leighton India, Hindustan Construction Company, and Nagarjuna Construction Company.

Mr. Gaurav Chandna has 17 years of experience in infrastructure sector. He has previously worked as principal with the wholesale finance group at Piramal Capital, and associate director-II at IDFC Capital. Gaurav is a B. Tech Civil Engineer from Banaras Hindu University.

Mr. Narayanan Doraiswamy, aged 56 years, is the Chief Financial Officer of the Investment Manager since September 12, 2016. He is a Chartered Accountant, and holds a degree in chemistry at Madras Christian College, Chennai. He has previously worked with IL&FS Group and the NBFC arm of IL&FS being, ORIX Auto and Infrastructure Limited along with IL&FS Transport Networks Limited (ITNL), the roads arm of IL&FS he has also worked with GE Money and AIG Home Finance as controller at their Chennai office. He has an experience of more than 30 years in the areas of finance, accounting, taxation and compliance matters.

Ms. Kunjal Shah, is the Company Secretary and Compliance Officer of the Investment Manager since May 2, 2014. She holds a bachelors' degree in commerce from Mumbai University. She is currently working at Highway Concessions One Limited and has previously worked at Orbit Corporation Limited. She has over 15 years of expertise in handling corporate secretarial matters.

Ms. Meghana Singh, is a legal and compliance professional with 17 years of work experience. She has completed her B.A.LLB (Hons) from National Law Institute University, Bhopal. She has previously worked with an international law firm in Singapore, followed by inhouse legal positions. In the past, Meghana has held leadership roles in the infrastructure and financial services sector. Her notable positions include Group General Counsel with IL&FS during the debt resolution of the group. Prior to joining HC1, Meghana was managing the legal and compliance function of Virescent Infrastructure - an investment platform established by funds, vehicles and entities managed and/ or advised by affiliates of KKR to focus on renewable energy assets in India.

D. The Project Manager – HC One Project Manager Private Limited

History and Certain Corporate Matters

Virescent Renewable Energy Project Manager Private Limited ("**Erstwhile Project Manager**") was appointed as project manager of the Highways Trust pursuant to the project management agreement entered into amongst the Erstwhile Project Manager, the Trustee, the Erstwhile Investment Manager. ("**Erstwhile Project Management Agreement**") However, the Erstwhile Project Manager resigned by way of a letter dated October 18, 2022.

HC One Project Manager Private Limited ("**Project Manager**") was appointed as the Project Manager thereafter by way of Project Management Agreement dated October 20, 2022 and such appointment was effective from November 14, 2023 upon receipt of approval from the unitholders. HC One Project Manager Private Limited was incorporated as a private limited company in India on September 20, 2022 under the provisions of the Companies Act, 2013 with the corporate identification number U74140MH2022PTC390762. The Project Manager's registered office and address for correspondence is 316-317, 3rd Floor, C Wing, Kanakia Zillion, LBS Road, BKC Annex, Kurla (West), Mumbai 400070, Maharashtra, India. For further details, please see the section entitled '*General Information*' on page 89.

Overview 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 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.

As per the provisions of the Project Management Agreement, Project Manager is empowered to, amongst other things:

- exercise diligence and vigilance in carrying out its duties and protecting the commercial interests of the Project SPVs;
- comply 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;
- Keep the Investment Manager informed on all matters which have or may have a material bearing on the operations of the Project SPVs;
- Where required, liase with governmental agencies in respect of its obligations under this Project Management Agreement as applicable to the Project Manager;
- Take all reasonable steps to mitigate the risks which may be encountered by the Highways Trust in respect of the Project SPVs; and
- Ensure compliance with applicable laws by the Project SPVs.

Other Confirmations

As of the date of this Draft Letter of Offer, 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 has entered into a Project Management Agreement with the Trustee (acting on behalf of the Highways Trust), Investment Manager, and Project SPVs to provide project operations and maintenance services in relation to the Project SPVs. The key terms of the Project Management Agreement are provided below:

1. ***Services***: The Trustee, in consultation with the Investment Manager has appointed the Project Manager 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 SPVs;

      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 (and/or any third parties, in each case, 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. The Project Manager acknowledges that the Trustee and the Investment Manager will oversee the activities undertaken by the Project Manager in accordance with the InvIT Regulations and accordingly, the Project Manager shall extend co-ordination as required, to enable the Trustee and the Investment Manager to perform such obligations in accordance with the InvIT Regulation.

(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 and/or any third person in accordance with applicable law or the Highways Trust documents, or contracts/agreements with such third parties, 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 wilful 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, amongst others:

(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, wilful 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 Erstwhile Investment Manager, in consultation with the Trustee, pursuant to resolution passed by its board of directors on March 22, 2022, and subsequently noted by the board of directors of the Investment Manager on December 20, 2022, appointed M/s Walker Chandiok & Co LLP (Firm Registration number 001076N/N500013) as the Highways Trust's Auditor for a period of five consecutive years. The Auditor has prepared the Audited Combined Financial Statements and audited the Consolidated Financial Statements, and the reports in relation to each of such statements, dated May 19, 2023 and July 6, 2023, respectively, has been included in this Draft Letter of Offer.

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 Erstwhile Investment Manager, in consultation with the Trustee, pursuant to resolution passed by its board of directors on March 22, 2022, and subsequently noted by the board of directors of the Investment Manager on December 20, 2022, 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 Target SPV which is proposed to be acquired by the Highways Trust and this report in relation to such valuation, being the ANHPL Valuation Report dated July 1, 2023 has been included in this Draft Letter of Offer as Annexure I. The Valuation Report in relation to the Highways SPVs of the Highways Trust is available at https://highwaystrust.com/wp-content/uploads/2023/05/HITValuationReportMar23signed.pdf.

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 November 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:

a. The Valuer shall ensure that the valuation of the Trust assets is impartial, true and fair and is in accordance with the InvIT Regulations;

b. the Valuer shall ensure adequate and robust internal controls to ensure the integrity of its valuation reports;

c. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

d. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

e. 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,

f. 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;

g. 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;

h. the Valuer shall act with independence, objectivity and impartiality in performing the valuation;

i. 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;

j. 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;

k. 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;

l. 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;

m. the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

n. the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

o. the Valuer shall not accept an assignment which interferes with its ability to do fair valuation; and

p. the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation

The policy stands amended to the extent if any change in the Applicable Law, including the InvIT Regulations.

The Investment Manager on behalf of the Highways Trust undertakes that it shall comply with such disclosure and accounting norms specified by SEBI from time to time.

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

Highway Concessions One 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 - Highway Concessions One Private Limited"* on page 105.

Composition of the Board

As on date of this Draft Letter of Offer, not less than 50% of the board of directors of the Investment Manager ("**Board**") 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. Further, there is one woman independent director on the board of directors of the Investment Manager.

The Board comprises of:

Sr. No.	Name	DIN	Designation
1.	Mr. Hardik Bhadrik Shah	06648474	Non-Executive Director
2.	Mr. Neeraj Sanghi	05110400	Chief Executive Officer cum Whole- time Director
3.	Ms. Ami Vinoo Momaya	06836758	Non-Executive Director
4.	Mr. Janakiraman Subramanian	05299205	Independent Director
5.	Mr. Manish Agarwal	09730028	Independent Director
6.	Ms. Sudha Krishnan	02885630	Independent Director

InvIT Committee

The Board has constituted the InvIT Committee pursuant to pursuant to resolutions dated November 15, 2022 and December 20, 2022, for the purpose of managing, operating and supervising the functioning of the Highways Trust. The InvIT Committee consists of the following members:

1. Neeraj Sanghi (Chief Executive Officer cum Whole- time Director); and

2. Ami Momaya (Non-Executive Director).

Amongst others, the Board has delegated to the InvIT Committee the authority and responsibility of performing all activities in relation to 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 do all acts and deeds in relation to the Issue and any future issue that the Highways Trust may undertake;

(ii). To decide and finalise the issue opening and issue closing dates of the Issue and any future issues that the Highways Trust may undertake;

(iii). To decide and finalise the issue price in relation to the Issue and any future issues that the Highways Trust may undertake;

(iv). To decide on all matters in relation to allotment of units to investors; and

(v). 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 resolutions dated November 15, 2022 and December 20, 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 opportunities. The Investment Committee consists of the following members:

1. Neeraj Sanghi (Chief Executive Officer cum Whole- time Director);

2. Hardik Shah (Non-executive Director);

3. Sudha Krishnan (Independent Director); and

4. Manish Agarwal (Independent Director).

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). The Committee shall consider and require completion of all necessary due diligences, including legal and financial, before taking any decision as authorised in point (ii) above;

(iv). 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;

(v). To evaluate, review and approve all non-binding offers and approve the due diligence and transaction budget for the various mergers and amalgamations or takeover or acquisitions opportunities;

(vi). To evaluate, review and recommend to the Board the various mergers and amalgamations or takeover or acquisitions opportunities;

(vii). To review periodically the portfolio investments and monitor the assets of the Project SPVs;

(viii). To receive reports from the valuers with respect to valuation of any assets or projects of the Highways Trust;

(ix). To identify insurance agencies and enter into contract to secure the underlying assets and projects from any financial losses;

(x). To review the long-term and short-term investment plans to achieve the objectives of the Highways Trust and the Project SPVs;

(xi). To invite an expert to advise the committee on technical matters and to carry out its duties, if necessary; and

(xii). To consider any other additional matters, as may be delegated by the Board.

Audit Committee

The Board has constituted the Audit Committee pursuant to resolutions dated November 15, 2022 and December 20, 2022, 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 Committee consists of the following members:

1. Janakiraman Subramanian (Chairman and Independent Director);

2. Sudha Krishnan (Independent Director);

3. Hardik Shah (Non-executive Director).

The Audit 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 Committee are set out below:

(i). Provide recommendations regarding any proposed distributions;

(ii). Monitor the net distributable cashflows payable to the Unitholders of the Highways Trust or Project SPVs;

(iii). Overseeing Highway Trust's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

(iv). To review the interim financial statements to be submitted by the Highways Trust, the Investment Manager or the Project SPVs to any shareholders, Unitholders and regulatory or statutory authorities;

(v). Giving recommendations to the Board regarding appointment, reappointment and replacement, remuneration and terms of appointment of the statutory auditor and internal auditor of the Highways Trust and the Investment Manager and the audit fee, subject to the approval of the unitholders/shareholders;

(vi). Reviewing and monitoring the independence and performance of the statutory auditor of Highways Trust or Investment Manager and effectiveness of audit process;

(vii). Approving payments to statutory auditors of the Highways Trust or Investment Manager for any other services rendered by such statutory auditors;

(viii). Reviewing the annual financial statements and auditor's report thereon of Highways Trust, before submission to the board of directors for approval, with particular reference to changes, if any, in accounting policies and practices and reasons for such change; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and modified opinion in the draft audit report;

(ix). Reviewing, with the management, all periodic financial statements, including but not limited to quarterly/ half-yearly and annual financial statements of Highways Trust or Investment Manager before submission to the Board for approval as applicable;

(x). Reviewing, with the management, the statement of uses or application of funds raised through an issue of units by InvIT (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents or notice, and making appropriate recommendations to the Board for follow-up action;

(xi). Approval or any subsequent modifications of transactions of Highways Trust or Investment Manager with related parties including, reviewing agreements or transactions in this regard;

(xii). Scrutinizing inter-corporate loans and investments of Highways Trust;

(xiii). Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;

(xiv). To review and recommend the appointment (including terms thereof) of valuers to the 3 board to undertake valuations of the assets held by the Project SPVs and Highways Trust including appointment of registered valuer in terms of InvIT Regulations;

(xv). Evaluating financial controls and risk management systems of the Highways Trust;

(xvi). Reviewing, with the management, the performance of statutory auditors of the Highways Trust, and adequacy of the internal control systems, as necessary;

(xvii). Reviewing the adequacy of internal audit function if any of the Highways Trust, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xviii). Reviewing the findings of any internal investigations in relation to the Highways Trust, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(xix). Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to the Highways Trust and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fee or charges payable out of the Highways Trust assets;

(xx). Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;

(xxi). Reviewing and monitoring the independence and performance of the valuer of the Highways Trust;

(xxii). Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the Project SPVs to the Highways Trust and payments to any creditors of the Highways Trust or the Project SPVs, and recommending remedial measures;

(xxiii). To review management's discussion and analysis of financial condition and results of operations;

(xxiv). To review and oversee the functioning of the whistle blower/ vigil mechanism;

(xxv). Discussion with internal auditors of any significant findings and follow up there on;

(xxvi). To note report of compliance officer as per SEBI (Prohibition of Insider Trading) Regulations, 2015;

(xxvii). Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and verify that the systems for internal control are adequate and are operating effectively;

(xxviii). Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(xxix). 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 Highways Trust or Investment Manager or Project SPVs;

(xxx). To delegate to the officials such powers of the Committee as may be deemed fit by the Committee; and

(xxxi). To consider any other additional matters, as may be delegated, from time to time, by the board of the Investment Manager.

Risk Management Committee

The Board has constituted the Risk Management Committee pursuant to resolutions dated November 15, 2022 and December 20, 2022, 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 Risk Management Committee consists of the following members:

1. Neeraj Sanghi (Chief Executive Officer cum Whole- time Director);
2. Manish Agarwal (Independent Director); and
3. Narayanan Doraiswamy (Chief Financial Officer).

The 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 Risk Management Committee are set out below:

(i). To formulate a detailed risk management policy which shall include, (i) a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee; (ii) measures for risk mitigation including systems and processes for internal control of identified risks; and (iii) a business continuity plan;

(ii). To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Investment Manager;

(iii). To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(iv). To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(v). To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

(vi). To coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice);

(vii). The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee pursuant to resolutions dated November 15, 2022, December 20, 2022 and March 31, 2023 for the purpose of formulating the nomination and remuneration strategy for the Highways Trust and the Project SPVs. The Nomination and Remuneration Committee consists of the following members:

1. Manish Agarwal (Independent Director);
2. Sudha Krishnan (Independent Director);
3. Janakiraman Subramanian (Independent Director).

The Nomination and Remuneration 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 Nomination and Remuneration Committee are set out below:

(i). Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(ii). For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description;

(iii). For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.;

(iv). Formulation of criteria for evaluation of performance of independent directors and the Board;

(v). Devising a policy on diversity of Board;

(vi). Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

(vii). Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(viii). Recommend to the board, all remuneration, in whatever form, payable to senior management of the Investment Manager;

(ix). Performing such other activities as may be delegated by the board of directors of the Company and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Stakeholders Relationship Committee

The Board has constituted the Stakeholders Relationship Committee pursuant to a resolution dated November 15, 2022 and December 20, 2022 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 Stakeholders Relationship Committee consists of the following members:

1. Janakiraman Subramanian (Independent Director);

2. Neeraj Sanghi (Chief Executive Officer cum Whole- time Director); and

3. Ami Momaya (Non-Executive Director).

The Stakeholders Relationship 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 Stakeholders Relationship Committee are set out below:

(i). Considering and resolving grievances of the Unitholders, including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;

(ii). Considering and resolving grievances of the debenture holders;

(iii). Review of measures taken for effective exercise of voting rights by Unitholders;

(iv). Review of adherence to the service standards adopted by the Investment Manager in respect of various services being rendered by the registrar & share transfer agent;

(v). Reviewing of any litigation related to Unitholders’ or debenture holders’ grievances;

(vi). Undertaking all functions in relation to protection of Unitholders' or debenture holders’ interests and resolution of any conflicts, including reviewing agreements or transactions in this regard;

(vii). Updating Unitholders' or debenture holders' on acquisition / sale of assets by the Investment Manager and any change in the capital structure of the Project SPVs as required under applicable law;

(viii). Reporting specific material litigation related to Unitholders' or debenture holders' grievances to the board of directors.

Policies Adopted in Relation to the Highways Trust

The Investment Manager has adopted the following policies and codes in relation to the Highways Trust, which have previously been published or issued on the website of the Highways Trust at https://highwaystrust.com/key-policies/, and shall be incorporated in, and form part of, this Draft Letter of Offer, as on the date of this Draft Letter of Offer:

Sr. No.	Title of Document	Available at
Policies		
1.	Anti-Corruption and Compliance Policy	https://highwaystrust.com/pdf/policies/Anti%20Bribery%20and%20Corruption%20Policy_23052023.pdf
2.	Borrowing Policy	https://highwaystrust.com/pdf/policies/Borrowing%20policy.pdf
3.	Corporate Social Responsibility Policy	https://highwaystrust.com/pdf/policies/Corporate%20Social%20Responsibility%20Policy_23052023.pdf
4.	Diversity, Equity and Inclusion Policy	https://highwaystrust.com/pdf/policies/DEI%20Policy.pdf
5.	Distribution Policy	https://highwaystrust.com/pdf/policies/Distribution%20Policy.pdf
6.	Environment, Social and Governance Policy	https://highwaystrust.com/pdf/policies/ESG%20Policy.pdf
7.	Treasury Management Policy	https://highwaystrust.com/pdf/policies/Investment%20Policy.pdf
8.	Nomination and Remuneration Policy	https://highwaystrust.com/pdf/policies/NRC%20Policy.pdf
9.	Policy for Determining Materiality of Information for Periodic Disclosures	https://highwaystrust.com/pdf/policies/Policy%20for%20Determining%20Materiality%20of%20Information.pdf
10.	Policy on Appointment of Auditor and Valuer	https://highwaystrust.com/pdf/policies/Policy%20on%20Appointment%20of%20Auditor%20and%20Valuer.pdf
11.	Policy of Preservation of Documents and Document Archival Policy	https://highwaystrust.com/pdf/policies/Policy%20on%20Preservation%20of%20Documents.pdf
12.	Policy on unpublished price sensitive information and dealing in units by the parties to the Highways Trust	https://highwaystrust.com/pdf/policies/Policy%20on%20UPSI%20and%20Dealing%20in%20Units%20by%20the%20Parties.pdf
13.	Risk Management Policy	https://highwaystrust.com/pdf/policies/Risk%20Management%20Policy.pdf
14.	Related Party Transactions Policy	https://highwaystrust.com/pdf/policies/RPT%20Policy.pdf
15.	Vigil Mechanism Policy	https://highwaystrust.com/pdf/policies/Vigil%20Mechanism%20Policy_23052023.pdf
Codes		
16.	Code of Conduct for Employees	https://highwaystrust.com/pdf/policies/Code%20of%20Conduct%20for%20employees%20_23052023.pdf
17.	Coe of Conduct	https://highwaystrust.com/pdf/policies/Code%20of%20Conduct%20for%20InvIT%20Parties.pdf
18.	Third Party Code of Conduct	https://highwaystrust.com/pdf/policies/Third%20Party%20Code%20of%20Conduct_23052023.pdf

For details of the Distribution Policy in relation to the Highways Trust, see the section entitled "*Distributions – Distribution Policy*" on page 198. For further details in relation to the Appointment of Auditor and Valuer Policy, please see section entitled "*Other Parties Involved in the Highways Trust*" on page 124.

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, 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.

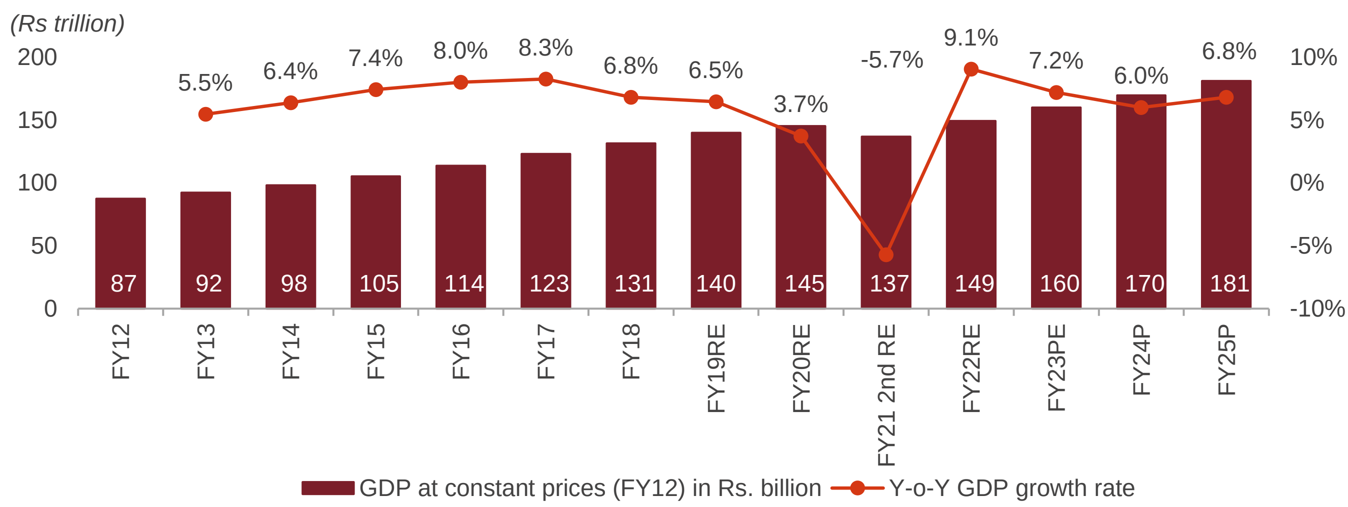
Macroeconomic Overview of India

India's GDP clocked a compound annual growth rate (CAGR) of 5.7% to Rs 160.0 trillion in fiscal 2023 from Rs 87.4 trillion in fiscal 2012.

This was despite the stress inflicted by the pandemic that saw the GDP — which was already experiencing a slowdown and had grown 3.7% in fiscal 2020 — contract 5.7% in real terms in fiscal 2021 to Rs 137 trillion.

The Indian economy bounced back as the pandemic-related shocks subsided, resulting in growth of 9.1% on-year in real GDP to Rs 149 trillion in fiscal 2022.

Real GDP growth in India (new GDP series)

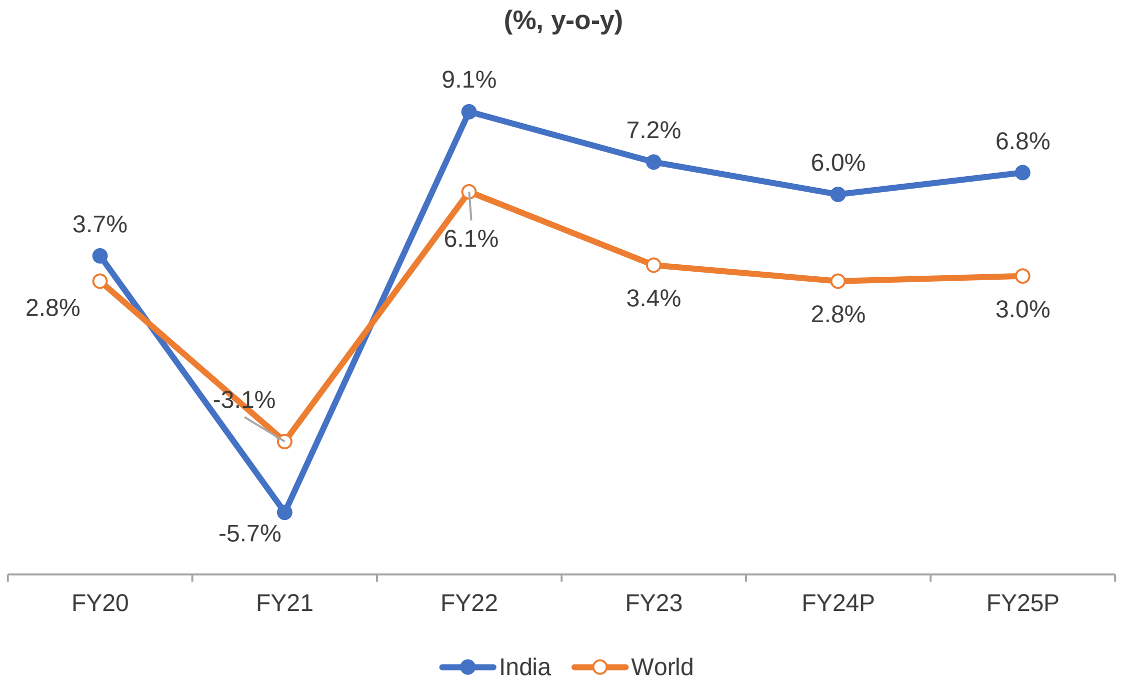


RE: Revised estimate, PE: Provisional estimate, P: Projected

Source: Second advance estimates of national income 2020-21 and 2022-23, Central Statistics Office (CSO), MoSPI, CRISIL MI&A Consulting

The recovery mode reflected in fiscal 2022, with GDP expanding 20.1% on-year in the first quarter, 8.4% in the second, and 5.4% in the third. The slower growth in the third quarter was partly due to waning of the low-base effect of the previous fiscal, when the economy began expanding post the first pandemic wave, and due to lower government spend.

India's GDP to outpace global GDP in next three fiscals



P: Projected

Note: World forecasts are for calendar year, so FY20 corresponds to 2019 and so on; India numbers for FY20, FY21 and FY22 are based on MoSPI's latest GDP estimates, and numbers from FY23 onwards are CRISIL MI&A Consulting's forecasts. World GDP growth rates are from the International Monetary Fund's (IMF's) World Economic Outlook update as of April 2023.

Source: MoSPI, CRISIL MI&A Consulting

Crisil expects India's GDP to grow 6.0% this fiscal, faster than the world GDP, backed by broad-basing of economic activity, especially with the uptick in contact-intensive services and the forecast of a normal monsoon lending a much-needed support to growth.

Key fiscal measures announced by the Centre to deal with pandemic fallout

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

Fiscal stimulus 1.0

Through this fiscal stimulus package, 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, such as liquidity support from the Reserve Bank of India (RBI) and other measures, taking the total financial support amount to Rs 20.9 trillion. The government announced the package with the aim of reviving the economy by infusing liquidity and providing income support. The actual committed fiscal outgo was 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%. 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. This included the 100% guarantee on loans worth Rs 3 trillion and 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 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 March-end 2021. The stimulus also includes infrastructure spending of Rs 250 billion and interest-free loan to states, which stand 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, estimated at around 1.45 trillion. This is proposed to be spent over next 4-6 years, i.e. till fiscal 2028, 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 the fertilisers sector. The stimulus includes a Rs 180 billion outlay for the housing for all plan, besides having a package of Rs 100 billion to support the rural economy.

Key government measures for the infrastructure sector post Covid-19

The pandemic, subsequent lockdown and its financial fallout affected all sub-sectors, with building & construction and industrial sectors among the most impacted. The central government announced some key measures to address these challenges, such as:

Central government gives an extension of up to 6 months for completion of infrastructure projects to contractors whose operations were hit by Covid-19. There would be no additional penalty for missing out on milestones. All central agencies, such as the Railways, Ministry of Road Transport and Highways (MoRTH) and the central public works department, was to grant extensions to contractors engaged in different projects under the public-private partnership (PPP) mode

The National Highways Authority of India (NHAI) extended Covid-19 loans to build-operate-transfer (BOT) concessionaires at 2%+ bank rate. 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. The NHAI had tried to compensate the concessionaires for the loss in toll collections due to the suspension of tolling operations from March 26 to April 19, 2020 by the NHAI as well as disruption in traffic post April 19 due to lockdowns in various states

The NHAI also extended the concession period for road asset operators due to suspension in tolling activity in the above-mentioned period. Extension in concession period would be in proportion for a period where daily toll collection would be less than 90% of average daily collection. Waiver of concession fee/premium for the period was also announced. These helped mitigate the impact of lower return on assets

The Real Estate Regulatory Authority (RERA) granted 6-9 months' extension for completion of real estate projects as majority of works got stalled due to supply chain disruptions and labour shortages due to the pandemic. To safeguard the interests of consumers, many state RERA authorities extended project completion timelines by 6-9 months

Release of retention money in proportion of work done and no further deduction of retention money for 3-6 months from contractors. MoRTH directed all central agencies to release retention money in proportion to work completed by the contractor and not to deduce any retention money from the bills raised by the contractor in the period 3 to 6 months

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

Performance security on contracts reduced to 3% instead of 5-10%. The performance security deposit is the proportion of total cost of project that the contractor keeps with the client. The rate of deposits was slashed in view of the pandemic. Since these fees usually have to be paid upfront, reduction in the rate of deposit would have given stressed construction companies some respite

Earnest money deposit (EMD) for tenders to be replaced by bid security self-declaration. The government provided a relaxation on the EMD on government tenders, allowing it to be replaced bid security self-declaration

Key budgetary proposals for infrastructure sector

The Union Budget 2022-23 bets big on an investment push to lift economic growth, two years and three waves into the pandemic. The idea clearly is to push the growth multiplier rather than stoke consumption through direct budgetary support. For the next fiscal, the government's revenue expenditure is budgeted to grow less than 1% after growing 2.7% in the current fiscal. 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. Hence, the government has tightened the belt around revenue expenditure and frontloaded infrastructure spending, which would lead to faster economic growth.

Among the sectors, infrastructure continues to be in focus, with a 30% hike in budgetary support. In addition, railways, water and green energy has also received strong impetus. If there is an overarching picture, it is that this budget sets the tone for much-needed infrastructure growth for the next 3-4 years. That will help both sustain development and create jobs. But implementation, which is all-crucial, remains the elephant in the room.

Key budget announcements concerning infrastructure are:

At Rs 7.5 trillion, aggregate budgetary support (gross budgetary support or GBS) for capex in the next fiscal is up 39% over fiscal 2022RE (revised estimates). For infrastructure sectors, budgetary support is up 30% 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 the 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 NHAI requirement for the next fiscal.

Review of roads infrastructure in India

Contribution of roads sector to India's GVA

Share of the roads sector in India's GDP stood at 3.2% in fiscal 2022. The share hovered ~3.3% from fiscals 2012 to 2022.

GVA share	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Road transport (at constant prices)	3.2%	3.3%	3.3%	3.3%	3.3%	3.2%	3.3%	3.3%	3.3%	2.5%	3.2%

Source: MoSPI, National Accounts Statistics 2023, CRISIL MI&A Consulting

Road network in India

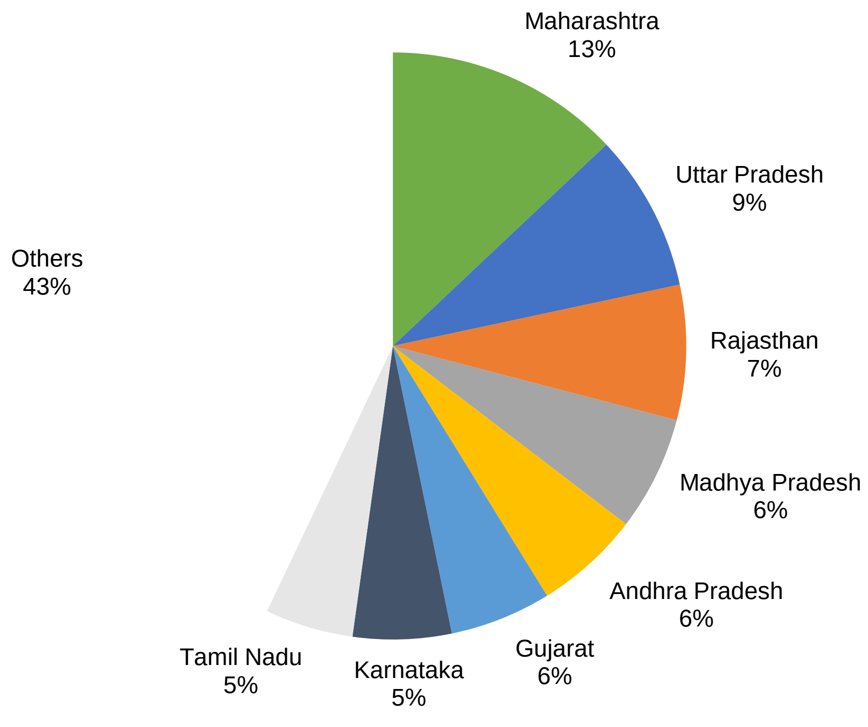
India has the second-largest road network in the world, spanning 6.331 million km as of fiscal 2023.

Road network in India in FY23

Road network	Length ('000 km)	Percentage of total length	Percentage of total traffic	Connectivity to
National highways	145.0	~2%	40%	Union capital, state capitals, major ports, foreign highways
State highways	167.1	~3%	60%	Major centres within the states, national highways
Other roads	6,019.8	~95%		Major and other district roads, rural roads - production centres, markets, highways, railway stations

Source: MoRTH Annual Report 2021-22 & 2022-23, CRISIL MI&A Consulting

State-wise length of national highways in India as on December 31, 2021



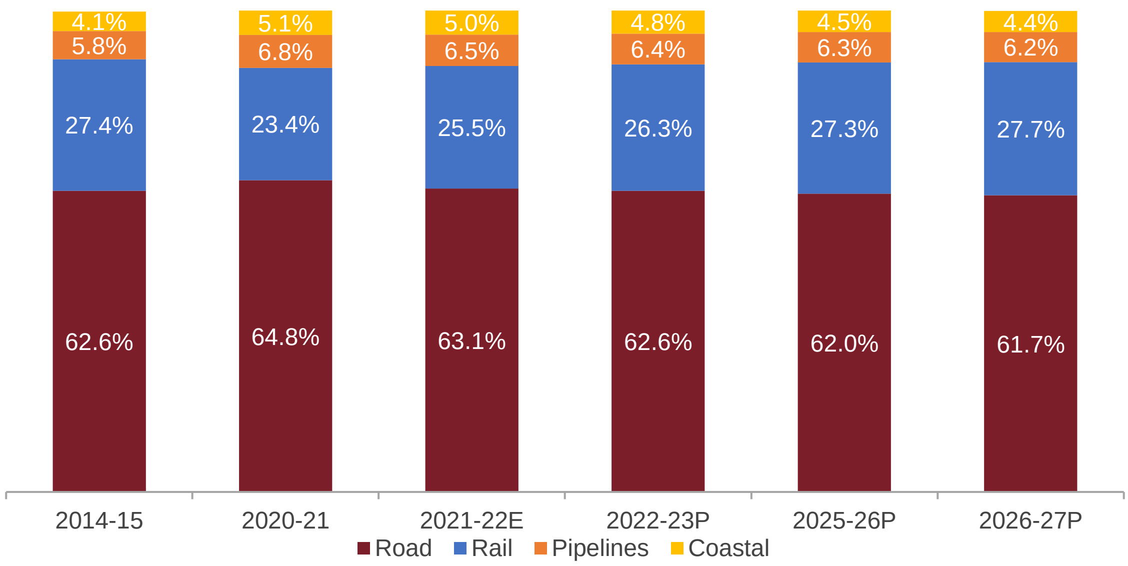
Source: MoRTH Annual Report 2021-22, CRISIL MI&A Consulting

Indian freight traffic scenario

Roads to continue to hold a dominant share in overall freight movement

Roads sector is estimated to have a share of ~63 % in overall freight movement compared with the ~23% of rail mode as of fiscal 2023. We expect road freight traffic to increase at a CAGR of 5-7% in BTKM terms between fiscals 2022 and 2027.

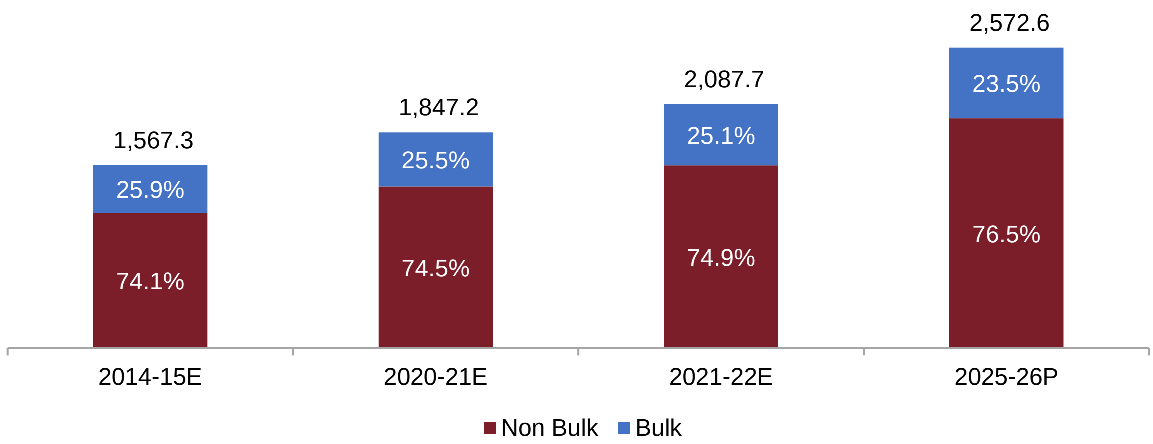
Share of roads in total freight movement (in terms of BTKM)



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

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



E: Estimated; P: Projected

Source: CRISIL MI&A Consulting

Overview of PPP framework and models in operations

Design and build contract

In this type of a 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 are decided. The developer has to undertake the detail designing and execution of these projects. EPC and BOT are 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 the road, undertakes O&M and collects toll	Concessionaire	Concessionaire	Concessionaire	Yes (in the form of grant/equity support)	Toll	20-30 years for the NHAI** and other authorities	Highest revenue sharing bid/highest premium/ lowest equity support
BOT-annuity	Private party builds the 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	15-20 years for the NHAI and other authorities	Lowest annuity
BOT-HAM	Private party builds the 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
EPC	Private party builds the 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 it during the concession period	No development by tolling contractor	Concessionaire	Concessionaire	No	Toll	One year for NHAI projects	Highest revenue-sharing bid

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
TOT	Private party pays an upfront bid concession fee (summation of NPV of free cash flow based on concessionaire estimates) 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	15, 20, 30 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 2021-22
Source: CRISIL MI&A Consulting, NHAI

Toll, Operate and Transfer (TOT)

As of June 2023, the NHAI offered 10 bundles under the TOT framework. The National Highways Authority of India (NHAI) has scrapped tenth bundle under the toll, operate and transfer (ToT) model after the highest bid of Rs 1,711 crores placed by Sekura Roads Ltd. NHAI has awarded 72-km highway stretch on NH19 in Uttar Pradesh under TOT-9 to The National Investment and Infrastructure Fund (NIIF) on its quoted price of Rs. 3144 crores. CDPQ backed Maple Highways announced acquisition of Eastern Peripheral Expressway under TOT Bundle 7 for Rs. 6,267 crores in November, 2022. RFPs of TOT 6, 7 and 8 were released in August 2021, and bids were submitted in January 2022. However, TOT 6 and 8 were cancelled in April 2022. The NHAI has so far raised Rs. 31,200 crores through the ToT mode of monetisation.

Asset Monetisation

The Union Finance Minister announced the National Monetisation Pipeline for potential brownfield infrastructure assets under the Union Budget 2021-22 to highlight the importance of monetising public infrastructure assets as a financing option for new infrastructure construction.

The NHAI had planned to raise at least ₹100.0 billion and monetise about 1,200 km of roads in calendar year 2021. Successful sales of tolling rights on highway assets will be key towards funding the NHAI's ambitious Bharatmala Pariyojana programme, which has pushed the state-run agency deep into debt.

The first asset monetisation model for calendar year 2021 is the InvIT that NHAI launched in November 2021. NHAI had filed an application for the InvIT with the Securities and Exchange Board of India (SEBI) in June 2020. This InvIT covers five roads, whose total enterprise value is nearly Rs 80.11 billion and total length is 390 km. The money raised will be re-invested into the road sector, with some part being used for operations and maintenance of roads. The roads are located in Gujarat, Karnataka, Rajasthan, and Telangana.

The first tranche was expected at 400-600 km and depending on the interest it generated among investors, more assets were to be added later. The NHAI plans to raise Rs 350 billion from 19-20 projects under the InvIT model over the next few years. The government expects the InvIT to attract long-term investments, including pension and sovereign funds, as these projects do not have any construction risk attached to them compared with greenfield highway stretches.

The second tranche in 2021 is expected to be 3-4 bundles under the toll-operate-transfer (TOT) route of about 150 km each. NHAI plans to focus on smaller bundles with lower concession period than in previous rounds to suit the investors. Unlike in the InvIT, the contractor handles operations and maintenance in the TOT model.

In the first round of the TOT model, during 2018, the joint venture of Macquarie and Ashoka Buildcon picked up projects for nine national highway stretches with an upfront fee of Rs 96.8 billion. However, the second TOT bundle was scrapped because of subdued investor response. In the third bundle, Cube Highways emerged as the winner by quoting a price just above the base price prescribed by the NHAI with a total bid of Rs 50.1 billion. The fourth TOT bundle, too, was cancelled because of subdued investor response.

The government has split the fifth TOT into two parts, 5A-1 and 5A-2. In April 2021, Adani Enterprises and DP Jain & Co Infrastructure emerged as highest bidders for bundles 5A-1 and 5A-2 with bids of Rs 10.1 billion and Rs 12.5 billion, respectively. The highest bids for both the bundles were above the 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 national highways with 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) with 4-6 axles	3.45
Oversized vehicles with 7 axles or more	4.2

Source: PIB, CRISIL MI&A Consulting

The rates, which will be revised every year, will be an aggregate of the following rules effective April 1, 2016:

Increase of 3% without compounding (on base rates of fiscal 2008)

Compared with the previous year, 40% of the increase in wholesale price index (WPI)

Overview of National Highways Development Project (NHDP)

NHDP encompasses building, upgradation, rehabilitation, and broadening of 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 to develop certain stretches. NHDP is being implemented in seven phases.

The projects are awarded to private players either on EPC (cash) or on a build-operate-transfer (BOT) basis and now on the hybrid annuity model (HAM). NHDP cash contracts are mainly financed through budgetary allocations from the Central Road Fund (CRF), negative grants/premium received, and toll revenue. Loans and grants are also received from the World Bank and Asian Development Bank.

Bharatmala Pariyojana

It is expected to supersede the National Highways Development Project (NHDP) and envisages the construction of 65,000 km of highways under the national corridor (north-south, east-west, and golden quadrilateral), economic corridor, inter-corridor roads, and feeder roads categories. As per the ministry’s announcements in 2017, Bharatmala, along with the other schemes being undertaken, was estimated to have required a total outlay of Rs 6.9 trillion.

Phase I of the scheme envisages development of 24,800 km of national highways/roads and residual 10,000 km of NHDP between fiscals 2018 and 2022 as per MoRTH Annual Report 2022-23.

Components of BMP Phase -I

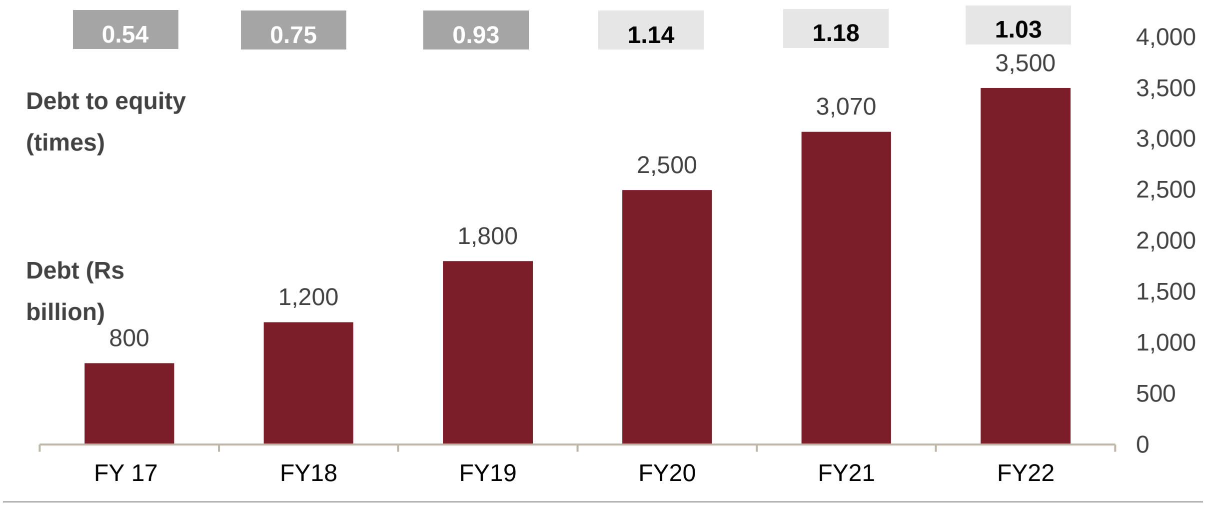
Category	Description	Total length (Km)	Upgrade proposed in Phase I (Km)
National corridor efficiency improvement	Lane expansion and de-congestion of the national corridor	13,100	5,000
Economic corridor development	Connecting economically important production and consumption centres	26,200	9,000
Inter-corridor and feeder route development	Inter-connection between economic corridors; first 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 MI&A Consulting

Asset monetisation critical

On account of the high dependence on market borrowings to fund asset creation through EPC and HAM projects, NHAI's debt to equity ratio rose to 1.2 times in FY22.

NHAI borrowings on the rise



Source: NHAI, CRISIL MI&A Consulting

To limit the rise in borrowings, NHAI's budgetary support in the form of CESS and toll plough-back was increased by 106% for fiscal 2023 (budgeted), with IEBR remaining nil.

Other modes of funding, such as TOT, have seen only limited success. Over the past four years, the NHAI has been able to successfully monetise ~14,000 km and raise ~Rs 170 billion. It also raised Rs 80 billion via InvITs.

Investments by private sector to grow 2x over the next five years

CRISIL expects private construction investments in national highways to increase 2x to Rs 2.7 trillion over fiscals 2023-2027 compared with the previous five years. This is expected to be mainly through the (HAM) mode, as the BOT toll mode may have only a few takers.

A policy push in the form of changes in model concession agreements (MCAs) 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 banks' cautious approach in lending to such projects.

Amid the Covid-19 pandemic, the NHAI and ministry took various steps under the Atmanirbhar package to ease the problems developers faced. Releasing monthly payments (instead of milestone-based payments), extension of timelines for completion of projects, etc have helped sustain private participation in the sector.

Asset monetisation, equity infusion key to support private investment in the long run

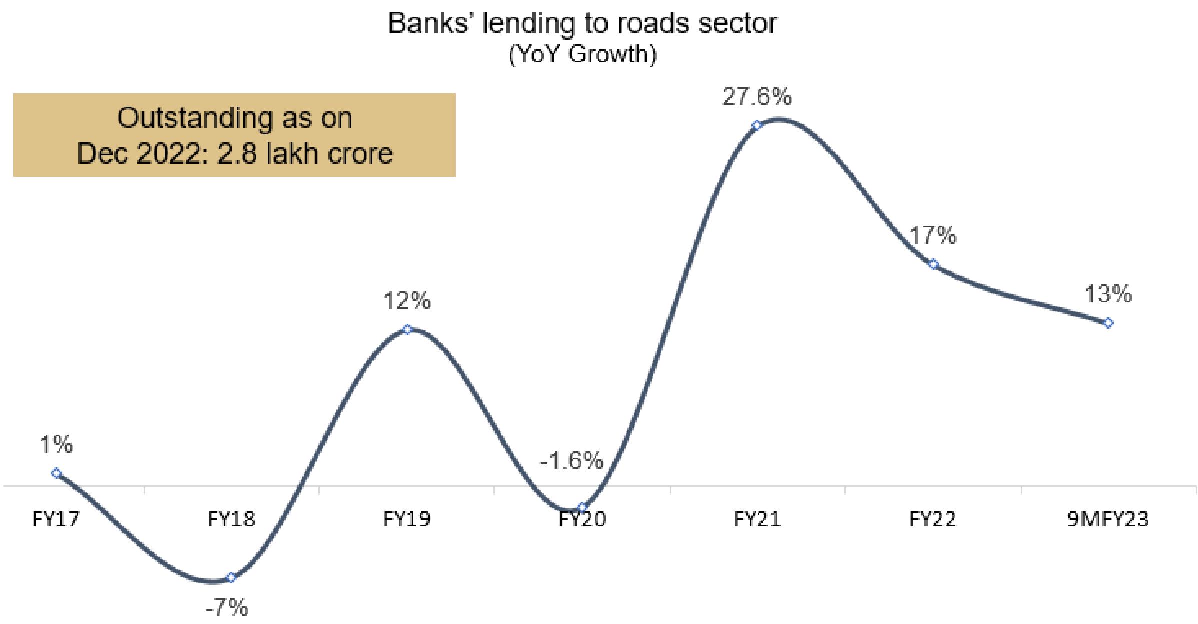
HAM players are currently selling off their HAM assets to participate in the upcoming HAM projects. Some players intend to sell off under-construction projects to financial investors and continue the execution themselves. Thus, they convert HAM projects to EPC without facing the cut-throat competition prevalent in the EPC segment. The strategy will help them retain margins.

About Rs 700-800 billion has already been invested through these models. CRISIL's analysis of BOT and HAM projects indicates a potential of ~Rs 2.0-2.5 trillion in terms of enterprise value.

Improvement in bank credit growth led by higher HAM execution

After a dip in fiscal 2020, bank lending to the roads sector staged a healthy recovery in fiscal 2021 and grew 27% y-o-y owing to higher awarding and higher construction. The traction continued in fiscal 2022 with lending to the sector witnessing a robust 17% on-year growth. In the nine months of fiscal 2023, the growth momentum moderated due to the high base with the on-year growth rate for the period standing at 13%.

Bank credit to the roads sector has been on the rise in past five years



Source: RBI, CRISIL MI&A Consulting

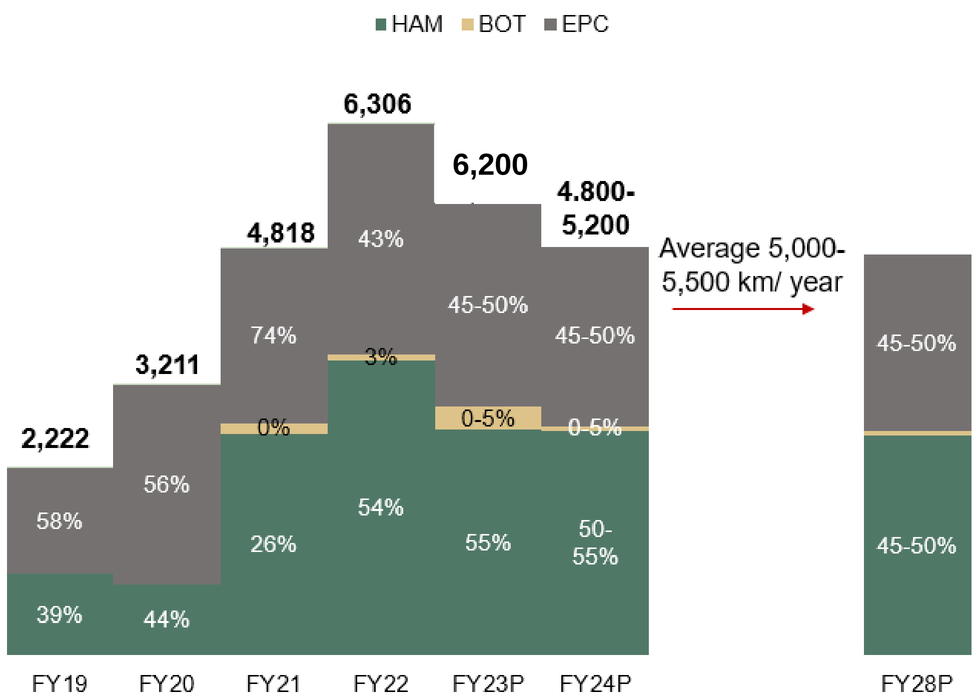
Investments in national highways: Review and outlook

NHAI awarding to moderate, Bharatmala phase 1 stretches on

The NHAI awarding has witnessed a sequential rise from merely 2,222 km in fiscal 2019 to 6,306 km in fiscal 2022. In the pandemic-hit fiscal 2021, despite the disruptions, there was a healthy growth in awarding as the government boosted its spending in its bid to support the weakening economy. The NHAI awarded 4,818 kms in the fiscal 2021, which was a three-fiscal high back then. Additionally, favourable changes in the BOT and HAM agreements, and relaxation of bidder eligibility criteria not only indicated a clear policy shift to improve private sector participation but also aided the spurt in HAM awards. In fiscal 2022, the awarding momentum continued unabated as the NHAI awarded 6,306 kms.

In fiscal 2023, as per CRISIL MI&A Consulting estimates, the NHAI awarding stood at ~6,200 Km while the shares of HAM, EPC and BOT are expected have to held steady at fiscal 2022 levels. A limited rise in budgetary support, coupled with the higher capex for 70% of high-value expressways currently under construction, could defer NHAI awards under Bharatmala phase 1 beyond fiscal 2024 — the year construction was originally scheduled to be completed. Over the medium term, it is expected that the authority would continue to award ~5,000 km per year on an average between fiscals 2024 and 2027.

HAM accounts for 55% of projects awarded in FY22; share to stay steady until fiscal 2028



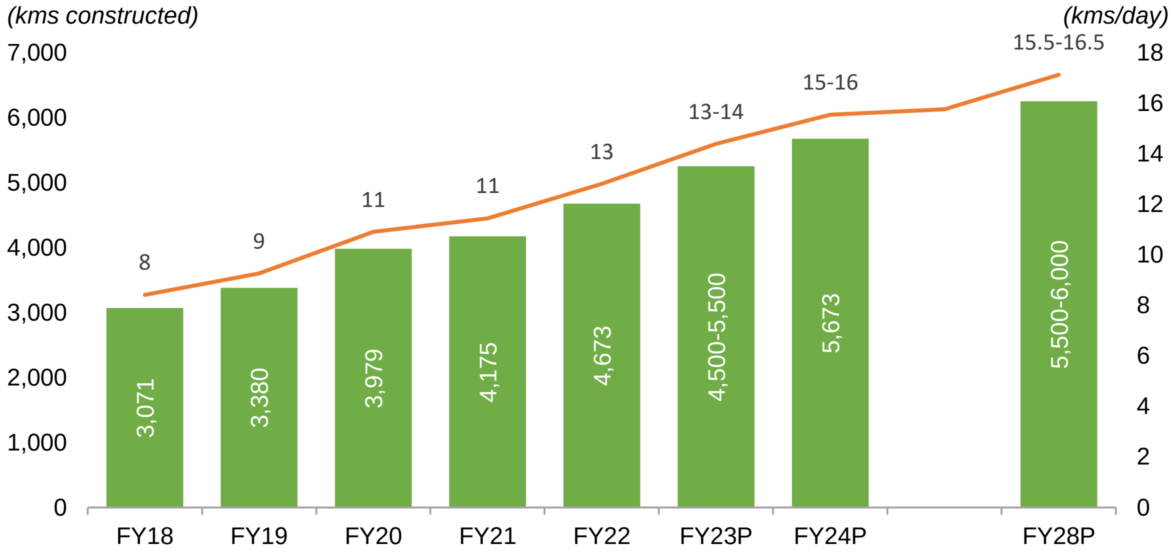
P: Projected

Sources: NHAI, CRISIL MI&A Consulting

National highway construction gains steady pace with focus on swifter execution

CRISIL expects in fiscal 2023 the NHAI's construction to have been in the 5,000-5,500 km range on the back of higher awarding witnessed in the previous fiscal. Over the medium term, the pace of construction is expected to rise steadily to reach ~16 km per day by fiscal 2027.

NHAI's pace of construction rising steadily with continued focus on swifter execution



Source: NHAI, CRISIL MI&A Consulting

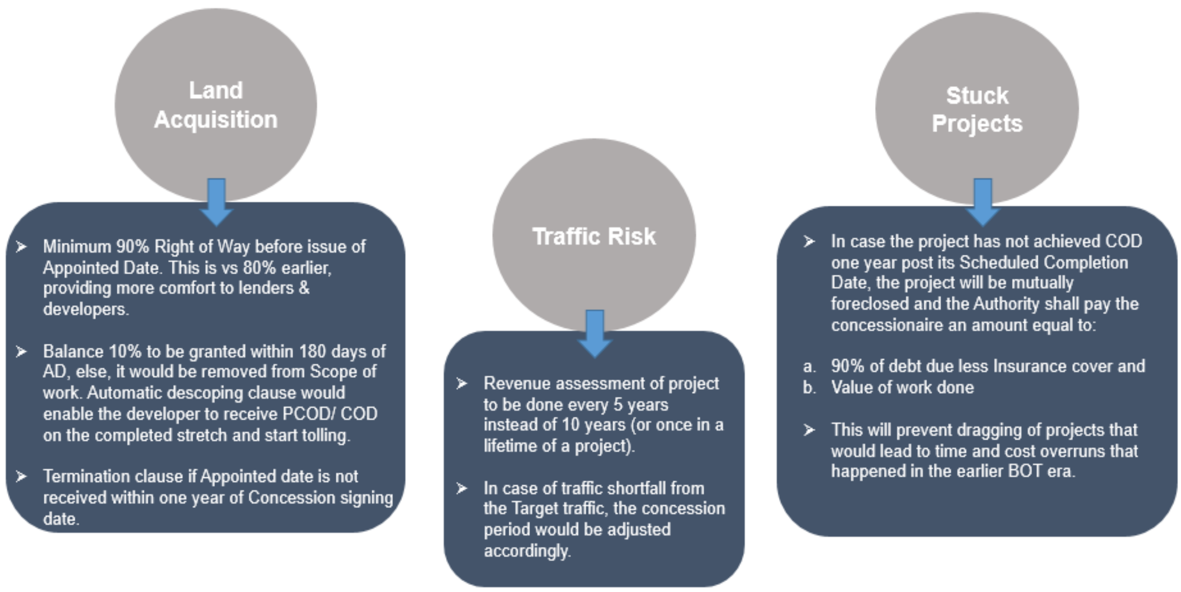
Policy push boosted HAM share in awarding

Incorporating multiple suggestions from various stakeholders, the ministry and NHAI amended certain parameters *(see below)* in the HAM MCA in October 2020. These were largely aimed at protecting developers' returns and ease their liquidity.

Changes in BOT MCA introduced

In an effort to improve private participation via the BOT-toll mode, the NHAI and the ministry introduced changes to the BOT MCA, aimed at addressing key issues, such as land acquisition, revenue assessment in case of traffic shortfall and stuck projects.

BOT MCA revamped to revive interest in the model



Source: MoRTH, NHAI, CRISIL MI&A Consulting

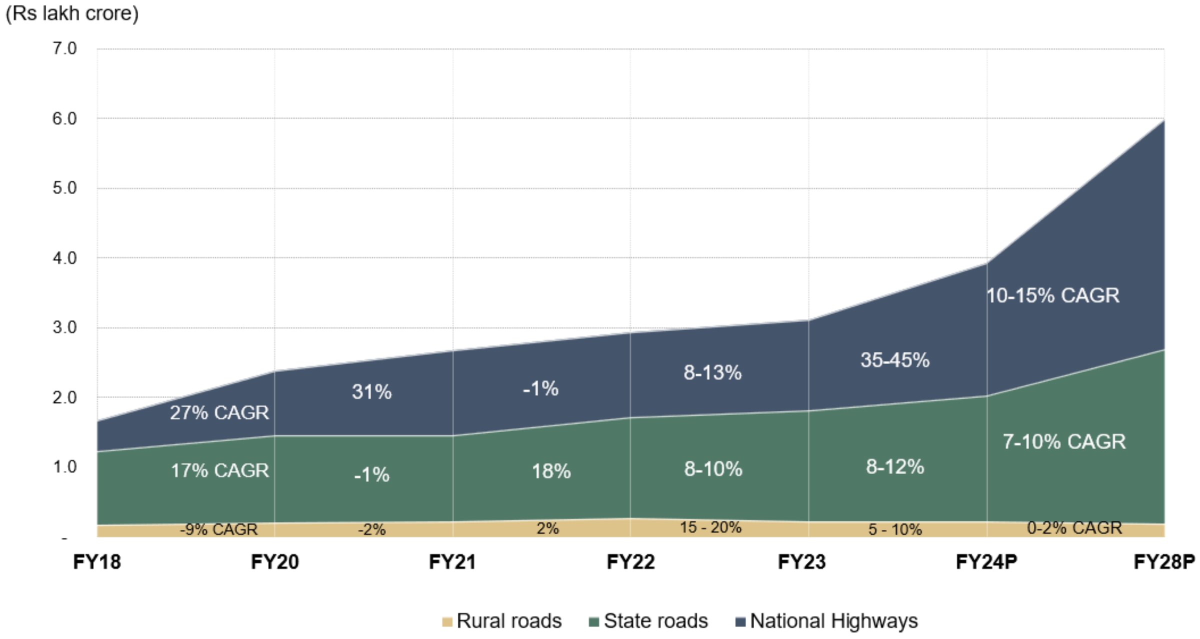
Amendments to EPC contracts effective November 2018

Key implications	Progress
To enable quicker execution by increasing the obligation of the authority	Deadline for approval/ clearance for forest area or a sanctuary lowered to 180 days from 240 days
	If appointed date is not received within 90 days of signing the agreement, the contract can be terminated. Here, the authority will pay contractor damages to the tune of 1% of the contract price to the contractor
Ensure effective competition and focus on timely project completion	If the project is not completed within 90 days of Specification Control Drawing (SCD), the contractor will be ineligible to bid for projects till it is completed
Increase in working capital requirement for contractors	The interest on mobilisation advance paid to the authority was increased. Earlier recovery of mobilisation advance. Also, release of retention money against bank guarantees has been discontinued
Increased maintenance obligation of the contractor	Compensation has been lowered and tenure for maintenance by the contractor increased – defect liability period raised to 10 years from 4 years

National highway capex to grow sharply in fiscal 2024

Despite challenges in the first half of fiscal 2021, where state spends were constrained following outbreak of Covid -19, and fiscal 2022, where an extended monsoon hampered national highway construction, the sector's medium-term growth remains intact. We derive comfort from Bharatmala and NIP of DPR ready projects, higher awarding in fiscal 2022, and revival in state capex.

Investments towards national highways were resilient during peak of the pandemic



E: Estimated, P: Projected

Note: Investment excludes land acquisition cost
Source: NHAI, MoRTH, state budget documents, Pradhan Mantri Gramsadak Yojana, CRISIL MI&A Consulting

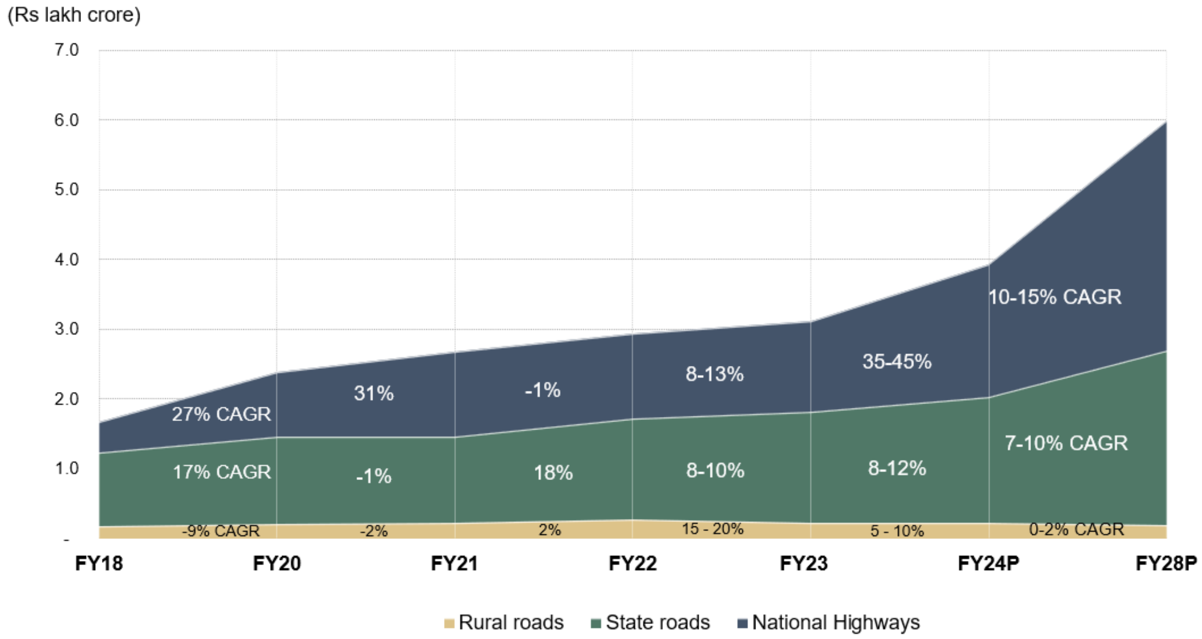
State highways

State road capex reviving post constrained spending following outbreak of Covid-19

State capex in the sector was relatively flat in fiscal 2021 because of constrained state funds. On this low base, it grew 18% on-year in fiscal 2022, with growth estimated to have moderated in fiscal 2023, rising 8-12% on-year, with the print projected to sustain in fiscal 2024.

State road capex to grow at moderate pace in fiscal 2024 on high base of last fiscal

(Rs trillion)



P: Projected

Source: State budget documents, CRISIL MI&A Consulting

Outlook on toll collection and remittance on national highways

Toll collection is expected to log 9.5-10.5% CAGR between fiscals 2022 and 2027 on a like-to-like basis and grow at 18-19% considering new road additions and subsequent tolling on them. CRISIL estimates total toll collection to have reached Rs 430 billion in fiscal 2022, owing to improvement in economic activity, efficiency gains due to removal of check posts post implementation of GST, growth in vehicle population in both PV and CV segments, strong execution pipeline, better compliance, and blocking of leakages due to implementation of ETC.

OUR 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", "Audited 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 Highways SPVs of the Highways Trust" on pages 53, 166, 299 and 201, respectively, and the Technical Reports and Traffic Reports, respectively as well as all other information contained in this Draft Letter of Offer.

References to "we", "us" and "our" are to the Highways Trust and its subsidiaries i.e. the Highways SPVs, on a consolidated basis.

Overview

Highways 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 has a portfolio consisting of six Highways 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, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 75 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. 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. KKR believes 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. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 92.

Our Projects

Our current 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:

- 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 Letter of Offer 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 maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The consolidated operating revenue of the Highways Trust for Fiscal 2023 is ₹ 6,152.35 million and the combined operating revenue of Highways SPVs for Fiscal 2022 and 2021 was ₹ 5,866.56 million, and ₹ 5,085.04 million, respectively.

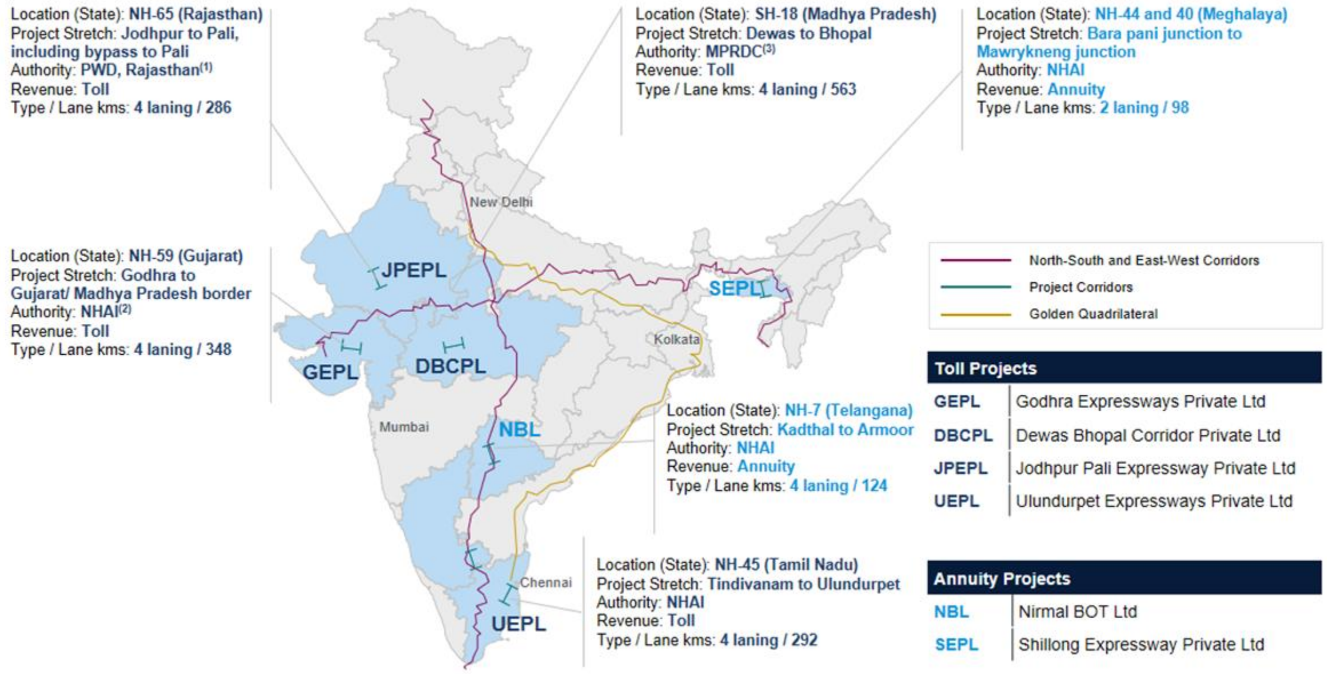
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

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 134.

The map below illustrates the locations of the Projects held by the Highways SPVs:



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, if so made available to the Highways Trust, and third parties.

Highway Concessions One Private Limited is the Investment Manager for the Highways Trust. HC One was originally incorporated as 'Piramal Roads Infra Private Limited' on September 23, 2010 under the Companies Act, 1956, as a private limited company having corporate identity number U45200MH2010PTC208056. Subsequently, on May 13, 2014 the name was changed from Piramal Roads Infra Private Limited to Highway Concessions One Private Limited.

HC One Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on September 20, 2022 under the Companies Act, 2013, having CIN U74140MH2022PTC390762.

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 92.

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 has a sizeable initial portfolio consisting of the six Highways 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 8 to 14 years and each Highways 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 portfolio of assets comprises a mix of both toll and annuity road projects bringing in diversity in the earnings of the Highways 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 Highways 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 3 years and 20 years as of March 31, 2023 (including any potential extensions on account of shortfall of actual traffic against target traffic. For further details, please see the Traffic Reports). 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.

Further, we propose to acquire the Target SPV from the Issue Proceeds. The project held by the Target SPV includes the Ateli Mandi to Narnaul section of NH-11 including the Narnaul bypass and is heading towards the industrial town of Narnaul.

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 held by the Highways Trust provide us with steady cash flow during the course of the year. Approximately 14.72% of our combined revenue received in cash in the financial year ended March 31, 2023 came from annuities paid by the relevant Concessioning Authorities while approximately 85.28% of our combined total revenue received in cash in the financial year ended March 31, 2023 was generated from toll collections.

The earliest operating toll-based Highways SPV started collecting toll from 2009. The aggregate increase arising out of toll collections were ₹ 5,637.45 million in Fiscal 2023 as provided in the Audited Consolidated Financial Statements and ₹ 4,549.06

million and ₹ 3,919.12 million in Fiscal 2022 and Fiscal 2021 respectively, as provided in the Audited Combined Financial Statements. While, there was no growth in aggregate toll collections by the four toll based Highways 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 Highways 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 201.

Our two annuity based Highways SPVs, SEPL and NBL have received semi-annual annuities for the financial year ended March 31, 2023. 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.

With the inclusion of the Target SPV in the portfolio; the contribution of cash income received from annuity or hybrid annuity projects will increase in the combined portfolio revenue, thereby adding to the stability of the cash flows of the portfolio.

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 affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

KKR is a leading global investment firm, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure. Currently, KKR's Infrastructure platform has expanded to include approximately 75 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. 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. KKR believes 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.

KKR's Asia Pacific infrastructure portfolio other than Highways Trust, includes, amongst others, India Grid Trust. 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. The awarding under the Bharatmala Pariyojna has witnessed a sequential rise from 2,222 km in Fiscal 2019 to 6,306 km in Fiscal 2022. 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 134.

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 6 directors, as on the date of this Draft Letter of Offer with extensive experience in management, finance and infrastructure. Specifically, the Investment Manager 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 Letter of Offer.

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, an environmental, social and governance policy, a risk management policy and a vigil mechanism policy to manage the activities of the Highways Trust. The Investment Manager has further created a separate audit committee and a 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 128.

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 BETPL SPA for acquisition of equity interest in a certain asset held by IL&FS Engineering & Construction Company Limited for the benefit of Mytas Investment Trust. Upon completion of such acquisition 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 as may be specified including receipt of necessary regulatory and statutory approvals. Further, for risks associated with future acquisitions, please see the section entitled *"Risk Factors"* on page 53.

Further, the Highways Trust (represented by its Trustee) has entered into a share purchase agreement dated May 3, 2023 with H.G. Infra Engineering Limited (the "**Seller**"), H.G. Ateli Narnaul Highway Private Limited, H.G. Rewari Ateli Highway Private Limited, Gurgaon Sohna Highway Private Limited, H.G. Rewari Bypass Private Limited for the purposes of the acquisition of the Target SPV and the Future SPVs from the Seller. For details in relation to the share purchase agreement, please see the section entitled "*Use of Proceeds*" on page 192.

The table below sets forth details of the Future SPVs:

S. No.	Name of the SPV	Date of incorporation	Date of the Concession Agreement	COD
1.	H.G. Rewari Ateli Highway Private Limited	April 8, 2019	May 27, 2019	November 15, 2021
2.	Gurgaon Sohna Highway Private Limited	April 6, 2018	April 19, 2018	September 26, 2022
3.	H.G. Rewari Bypass Private Limited	May 1, 2020	June 19, 2020	Yet to achieve provisional COD

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.

Further, the Highways Trust (represented by the Trustee) ("**Buyer**") has also entered into a separate share purchase agreement (**"NUTPL SPA"**) dated March 30, 2023 with Navayuga Engineering Company Limited and Navayuga Road Projects Private Limited ("**Sellers**"), the Investment Manager and Navayuga Udupi Tollway Private Limited ("**NUTPL**") to acquire 100% of the share capital of the NUTPL. For details in relation to the NUTPL SPA, please see the section entitled "*Our Business-NUTPL SPA*" on page 163.

In addition, the Investment Manager believes that due to favourable 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. Further, the Investment Manager (on behalf of the Highways Trust) may also consider expanding the portfolio of the Highways Trust by directly submitting bids to the relevant Governmental entities for the acquisition of assets. For instance, the Highways Trust has submitted a bid pursuant to the request for proposal ("**RFP**") issued by National Highways Authority of India ("**NHAI**") for project comprising Tolling, Operation, Maintenance & Transfer of Four lane Lalitpur - Sagar – Lakhnadon section from km 99.005 to km 415.089 of NH - 26 in the state of Uttar Pradesh and Madhya Pradesh. The Investment Manager hopes to take advantage of these opportunities by actively sourcing and acquiring quality assets from such third parties and the Government on a case-by-case basis, subject to its investment criteria as provided below:

In addition, the Investment Manager believes that due to favourable 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. Further, the Investment Manager (on behalf of the Highways Trust) may also consider expanding the portfolio of the Highways Trust by directly submitting bids to the relevant Governmental entities for the acquisition of assets. The Investment Manager hopes to take advantage of these opportunities by actively sourcing and acquiring quality assets from such third parties and the Government 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. We have, and after 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 and the relevant lenders as provided in accordance with the 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 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 have appointed the Project Manager to undertake operations and management of the Project SPVs, in furtherance of which, the Project Manager has been added as a party to the existing 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 the signing of the O&M Agreements.

The Project Manager has engaged and will continue to 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 has acquired the Highways SPVs consisting of the Projects. The Highways Trust will, subject to receiving the requisite approvals, acquire the Target SPV through the acquisition of 100.0% of the issued and paid-up equity share capital of the Target SPV. Please see the section entitled "*Description of the Project SPVs*" on page 19, for a graphical representation of the structure of the Highways Trust

Brief description of the Projects

The current portfolio of the Highways Trust comprises six Projects that are operated and maintained by the Highways SPVs. The Highways 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 Highways SPVs:

S. No.	Highways **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 March 31, 2023 (in years)**	**Revenue for Fiscal 2023 (in ` million)**
1.	Dewas Bhopal Corridor Private Limited	Toll	140.79	4	Madhya Pradesh	MPRDC	February 10, 2009	December 1, 2033	10.70	1,892.08
2.	Godhra Expressways Private Limited	Toll	87.10	4	Gujarat	NHAI	October 31, 2013	July 23, 2043*	20.30*	1,435.01
3.	Jodhpur Pali Expressway Private Limited	Toll	71.54	4	Rajasthan	PWD, Government of Rajasthan	October 31, 2014	September 15, 2043**	20.50**	677.35

S. No.	Highways 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 March 31, 2023 (in years)	Revenue for Fiscal 2023 (in ` million)
4.	Nirmal BOT Limited	Annuity	30.89	4	Telangana	NHAI	July 22, 2009	October 29, 2027	4.60	264.63
5.	Shillong Expressway Private Limited	Annuity	48.77	2	Meghalaya	NHAI	February 28, 2013	February 6, 2026	2.90	199.73
6.	Ulundurpet Expressways Private Limited	Toll	72.90	4	Tamil Nadu	NHAI	July 23, 2009	February 28, 2027	3.90	1,683.58

* *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 63 and the Traffic Reports.*

** *In accordance with the JPEPL Concession Agreement, the concession period will end on September 15, 2038. However, the concession period may get extended 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 63 and the Traffic Reports.*

The Projects

Dewas Bhopal Corridor Private Limited ("DBCPL")

Concession agreement

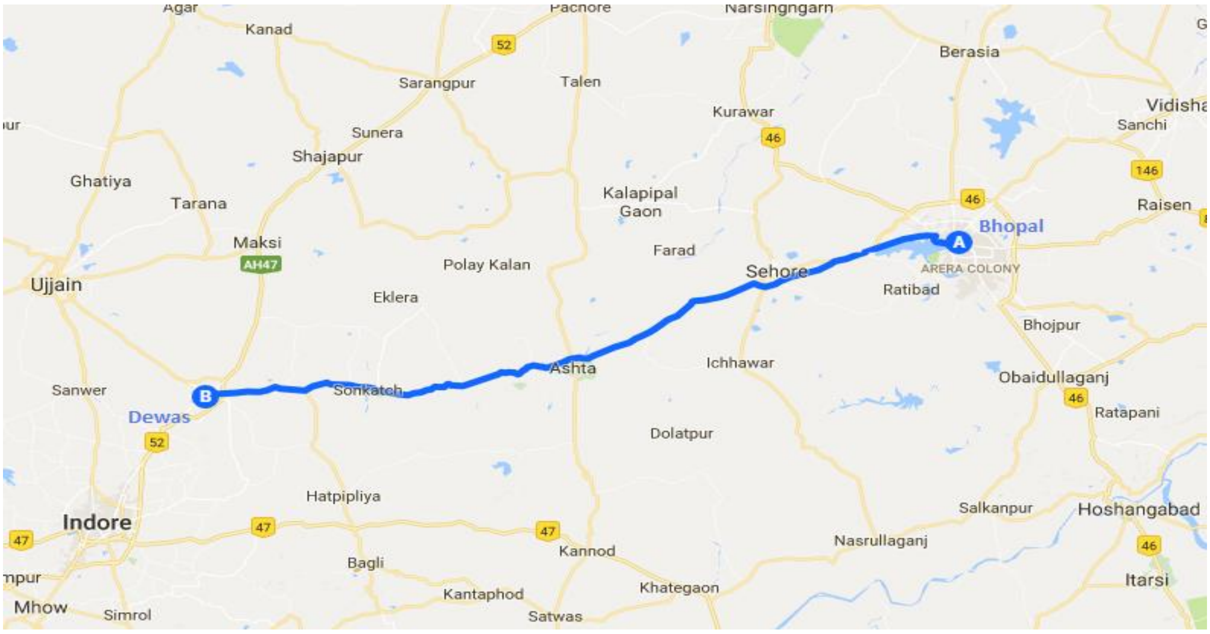
The MPRDC and DBCPL entered into the concession agreement dated June 30, 2007 (the "**DBCPL Concession Agreement**"). DBCPL was engaged, on a build, operate and transfer basis, under the DBCPL Concession Agreement for the reconstruction, strengthening, widening and rehabilitation of the Bhopal-Dewas 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 166.

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 2023, 2022 and 2021:

	Fiscal		
	2023	**2022**	**2021***
Car	9,442	7,536	7,425
LCV/ Minibus	1,531	1,578	1,596
Bus	448	447	363
Trucks	854	759	896
MAV of more than 2 axles	1,632	1,346	1,411
AADT	13,906	11,666	11,691

Note: For details, see Traffic Reports

* *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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity was ₹ 672.40 million and debt outstanding to lenders, was ₹ 3300.08 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

* *Note: The State Highway numbers and chainages mentioned in this Draft Letter of Offer 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.

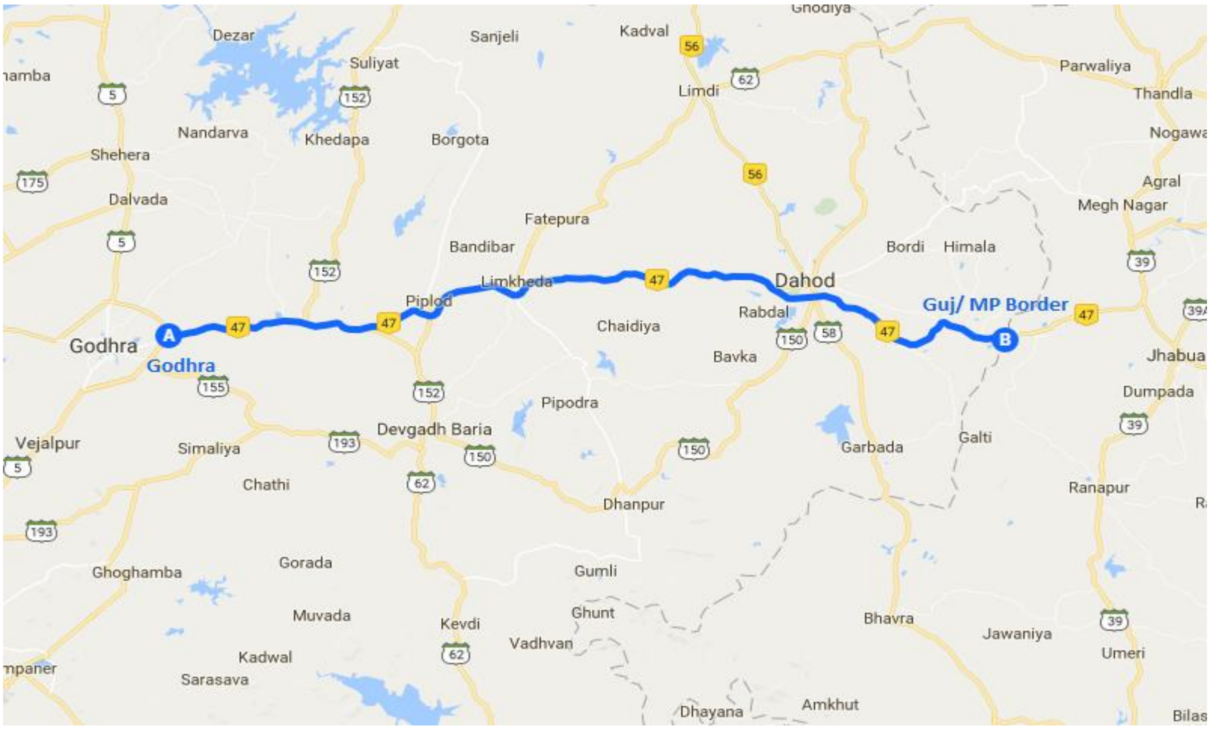
The GEPL Concession Agreement provides that, if the actual traffic volume differs from the target traffic volume, the concession period may be deemed to be extended or reduced, as the case may be. The Traffic Report for GEPL provides that the actual traffic volume on the target date was approximately 29% 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 166.

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 for GEPL, 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 2023, 2022 and 2021:

	Fiscal		
	2023	2022	2021*
Car	6,174	5,543	5,083
LCV	579	540	584
Bus / Truck	1,931	1,777	1,578
MAV	2,759	2,488	2,454
AADT	11,442	10,348	9,699

Note: For details, see Traffic Reports

* *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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity was ₹ (2,995.25) million and debt outstanding to lenders, was ₹ 8,586.78 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

**Note: The National Highway numbers and chainages mentioned in this Draft Letter of Offer 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.

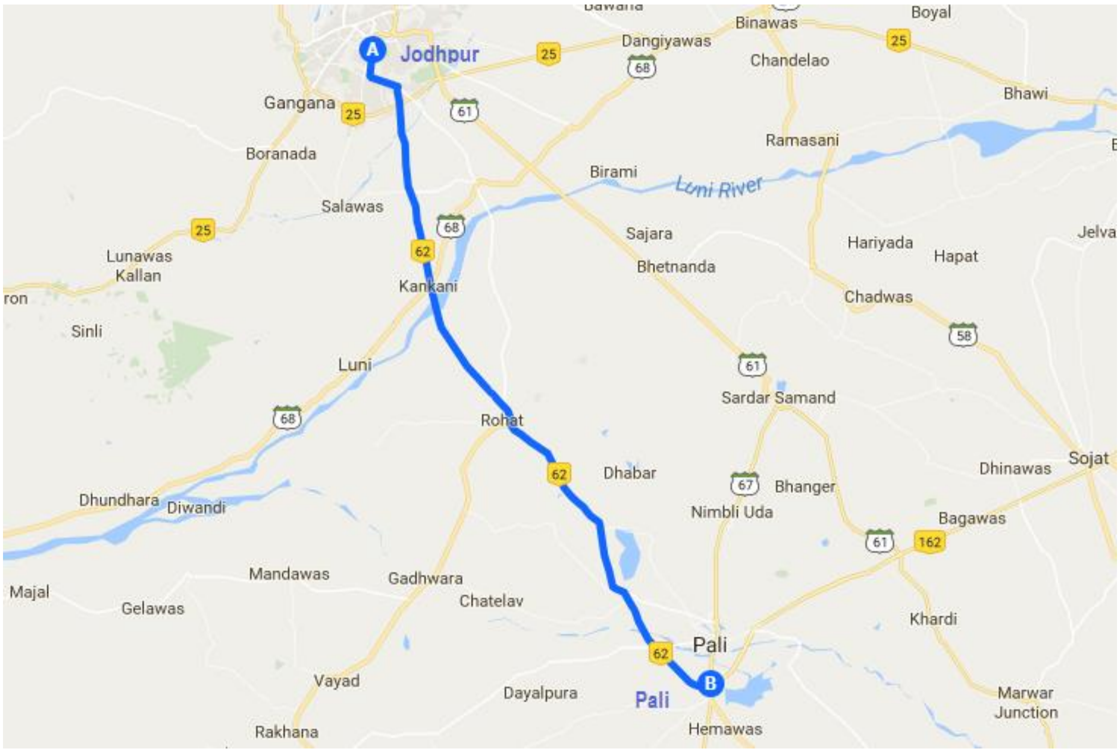
The JPEPL Concession Agreement was granted for a period of 25 years, with a provision that allows for extension or reduction of this term based on the variation between the actual traffic on the Project and the target set out in the JPEPL Concession Agreement. As consideration, JPEPL has the sole and 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 Traffic Report for JPEPL estimates that the traffic volume may be 31.8% 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 166.

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 for JPEPL, 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 2023, 2022 and 2021:

	Fiscal		
	2023	**2022**	**2021***
Car	6,009	5,150	4,698
LCV/ Minibus	317	285	535
Two-axle bus	472	404	4,01
Two-axle trucks	790	747	680
Three-axle trucks/bus	543	546	530
MAV (four -six axle)	1,300	1,289	1,177
AADT	9,432	8,420	8,021

Note: For details, see Traffic Reports

* *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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity and securities premium was ₹ (1,981.46) million and debt outstanding to lenders, was ₹ 5,203.64 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

* *Note: The National Highway numbers and chainages mentioned in this Draft Letter of Offer 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

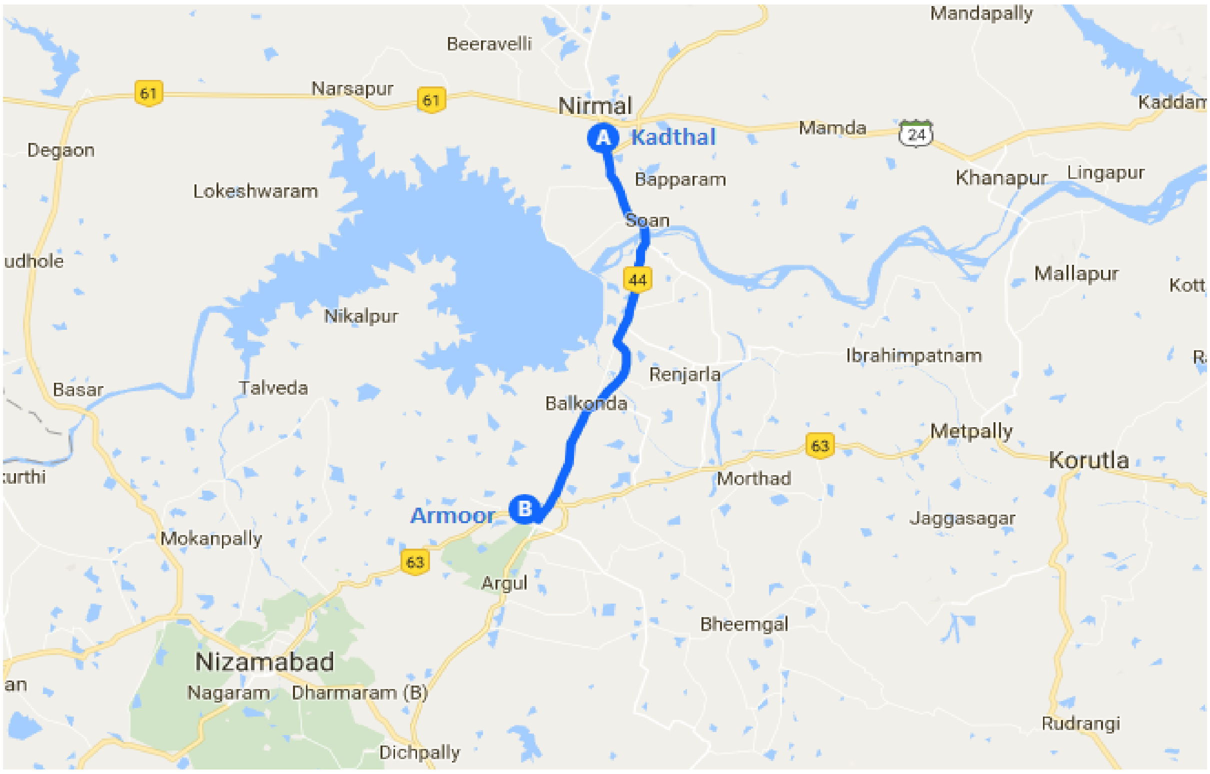
The NHAI and NBL entered into the concession agreement dated May 4, 2007 (the "**NBL Concession Agreement**"). NBL was engaged, on a build, operate and transfer basis, under the NBL Concession Agreement for the design, engineering, construction, development, finance, operation and maintenance of four-laning 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 166.

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, Hyderbadad, 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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity was ₹ 84.03 million and debt outstanding to lenders, was ₹ 979.42 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

* *Note: The National Highway numbers and chainages mentioned in this Draft Letter of Offer 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

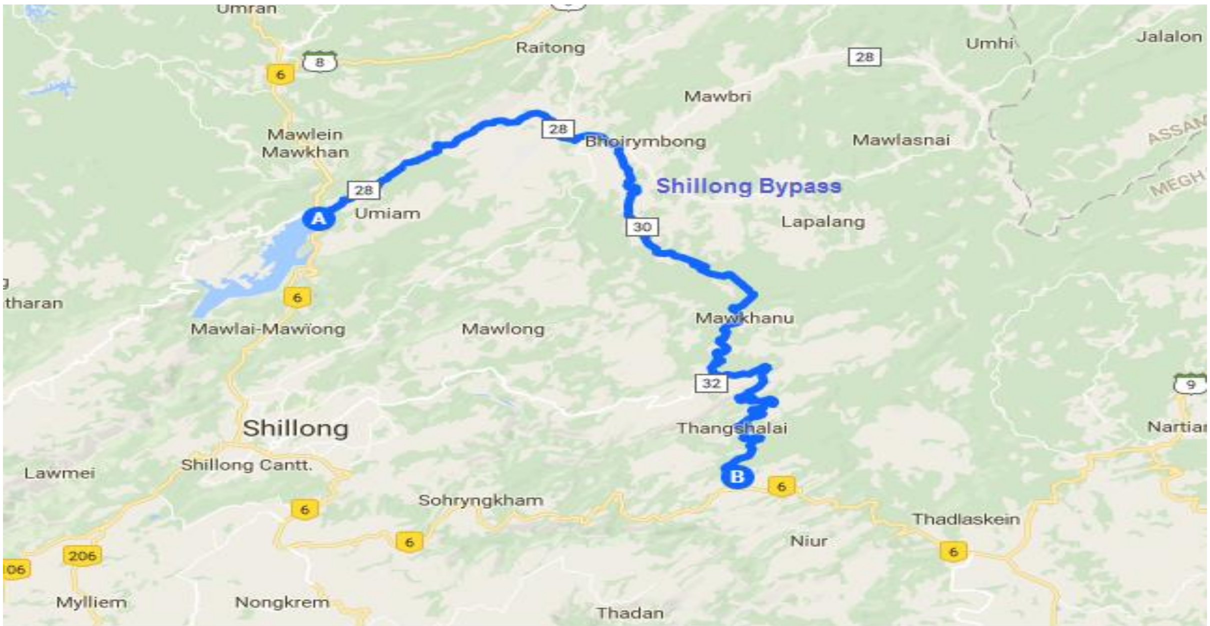
The NHAI and SEPL entered into the concession agreement dated July 14, 2010 (the "**SEPL Concession Agreement**"). SEPL was engaged, on a design, build, operate and transfer basis, under the SEPL Concession Agreement for the two laning of Shillong bypass connecting National Highway 40 and National Highway 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 receive 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 166.

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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity was ₹ 153.92 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

* *Note: The National Highway numbers and chainages mentioned in this Draft Letter of Offer 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

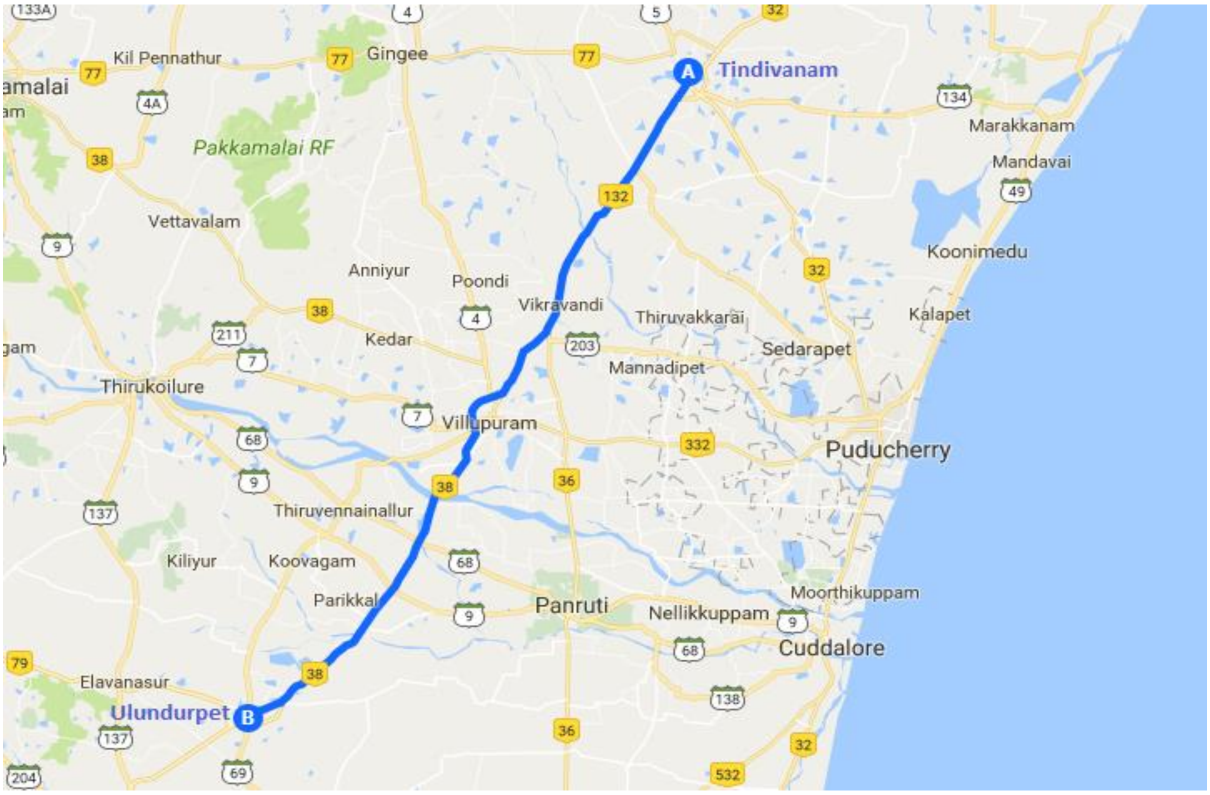
The NHAI and UEPL entered into the concession agreement dated April 19, 2006 (the "**UEPL Concession Agreement**"). UEPL was engaged, on a build, operate and transfer basis, under the UEPL Concession Agreement for the design, engineering, construction, development, finance, operation and maintenance 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 166.

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 for UEPL, 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 2023, 2022 and 2021:

	Fiscal		
	2023	**2022**	**2021****
Car	19,683	16,778	16,324
LCV	1,937	1,769	1,812
Bus	3,267	2,349	1,707
Two-axle trucks	1,840	1,619	1,555
MAV	2,994	2,864	2,762
AADT	29,721	25,379	24,160

Note: For details, see Traffic Reports
* *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 "*Our Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity was ₹ 1996.98 million and debt outstanding to lenders, was ₹ 1767.33 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

* *Note: The National Highway numbers and chainages mentioned in this Draft Letter of Offer 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.*

The Target SPV

Concession agreement

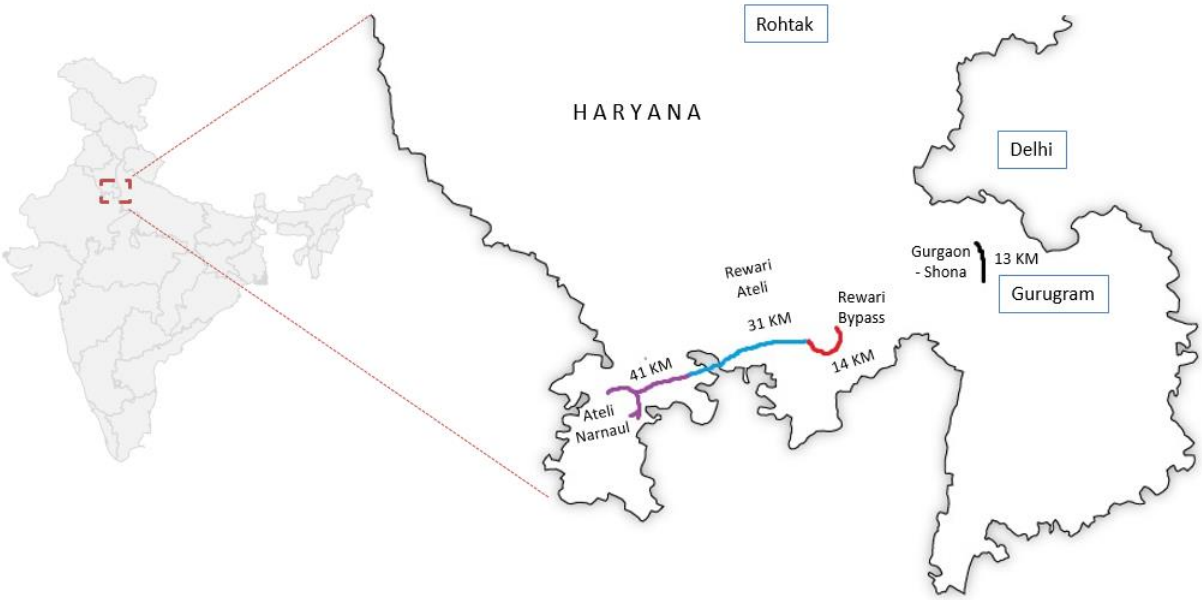
NHAI and the Target SPV entered into a concession agreement dated May 27, 2019 (the "**Target SPV Concession Agreement**") wherein the Target SPV is engaged by NHAI, on a design, build, operate and transfer basis, under a hybrid annuity model for a period of 15 years, and is required to partly finance and recover the investments and costs through payments made by NHAI over the concession period and in accordance with the terms and conditions under the Target SPV Concession Agreement for the design, development, operation and maintenance of Narnaul Bypass (design length 24.0 km) and Ateli Mandi to Narnaul section of NH-11 form km 43.445 to km 56.900 (design length 14.0 km).

The Target SPV Concession Agreement was granted for a period of 15 years from the date of COD, i.e., September 26, 2022. As consideration, the Target SPV is entitled to demand and collect annuity payments along with interest on reducing balance of the completion costs as contemplated under the Target SPV Concession Agreement at applicable bank rates plus 3% and operations and maintenance expenses which shall be paid by the Target SPV and biannually recovered from NHAI in accordance with the Target SPV Concession Agreement. For further details on the Concession Agreement, please see the section entitled "*Summary of the Concession Agreements*" on page 166.

Corridor description

The Target SPV Project includes Ateli Mandi to Narnual section of National Highway 11. The length of the Target SPV Project is 40.81 km.

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



Operation and maintenance

For details, please see the section entitled "*Summary of the Concession Agreements*" and "*Business – Key O&M Agreements*" on pages 166 and 162.

Financing

As of March 31, 2023, equity capital and other equity in accordance with the Audited Standalone Financials of the Target SPV prepared under Ind AS was ₹ 1,628.32 million and borrowings in accordance with the Audited Standalone Financials of the Target SPV prepared under Ind AS was ₹ 3,301.27 million. For details in relation to the debt outstanding, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 195.

Key O&M Agreements

The operation and maintenance of the Highways 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 Highways 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 Highways SPVs. Additionally, Highways SPVs 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 120.

NUTPL SPA

The Highways Trust (represented by the Trustee) ("**Buyer**") has entered into a share purchase agreement (**"NUTPL SPA"**) dated March 30, 2023 with Navayuga Engineering Company Limited and Navayuga Road Projects Private Limited ("**Sellers**"), the Investment Manager and Navayuga Udupi Tollway Private Limited ("**NUTPL**") to acquire 100% of the share capital of the Company. The key terms of the NUTPL SPA are set out below:

Conditions Precedent

Pursuant to the NUTPL SPA, NUTPL will be acquired by the Highways Trust, subject to satisfaction of certain conditions precedent such as, amongst others:

(a) Sellers shall have procured relevant approval for the transaction including approval from its NUTPL's current lenders and from NHAI;

(b) unitholders of the Highways Trust having approved the transactions in terms of the InvIT Regulations and the Trust Deed of the Trust, if required;

Representations and Warranties

In accordance with the NUTPL SPA, the Sellers have provided certain customary representations and warranties in relation to themselves and NUTPL, which include, amongst others:

(a) the Sellers and NUTPL being duly incorporated;

(b) Sellers and NUTPL having the requisite power and authority and having taken all requisite actions to perform the NUTPL SPA;

(c) the performance of NUTPL SPA by the Sellers and NUTPL not resulting in a breach of the organization documents, order of court or governmental authority, or any agreement which either of them is bound by;

(d) none of the Sellers nor NUTPL being insolvent or unable to pay their debts;

(e) other than the restrictions under the NUTPL SPA and related documents the sellers having absolute authority to effect the transfer of sale shares;

(f) sale shares being free from encumbrances;

(g) NUTPL not engaging in any legal proceedings and neither proposing to engage in any legal proceedings, save as disclosed to the Buyer;

(h) there is no material adverse effect in relation to NUTPL;

(i) the Buyer being duly incorporated;

(j) no consent, permission, authorisation, approval of applicable governmental authority being pending for the execution of the NUTPL SPA;

(k) the performance of the NUTPL SPA by the Buyer not resulting in a breach of the Buyer's constitutional documents, default of the terms of the NUTPL SPA, resulting in violation of any law;

(l) there being no outstanding judgements, lawsuits or proceedings, save as disclosed to the Buyer.

Indemnification

In accordance with the NUTPL SPA, the Sellers have agreed to, jointly and severally indemnify, defend and hold harmless the Purchaser, the Investment Manager, the Project Manager and NUTPL and their respective directors, employees and officers (the "**Indemnified Persons**"), from and against any and all losses of such indemnified persons which arise out of, or in relation to, or result from amongst others:

(a) any misrepresentation in, inaccuracy of or breach of any of the seller representations;

(b) breach of any covenant, agreement or obligation to be performed by Sellers and/ or NUTPL (as may be applicable) pursuant to the NUTPL SPA; and

(c) certain specific indemnities as set out in the NUTPL SPA

The acquisition stated above will be made in compliance with the requirements specified in the InvIT Regulations, including in relation to valuation, and are subject to satisfaction of conditions precedent and receipt of necessary approvals and consents, including from the Unitholders, if required.

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 Highways 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 our Anti-Corruption and Compliance policy. For details in relation to our policy, please see the section entitled "*Corporate Governance*" on page 128.

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 certain of 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 or annuities. 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 March 31, 2023, the Project SPVs have 170 permanent employees and 610 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 Highways Trust*" on page 92.

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 497.

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:
  - o 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;
  - o 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 29 percent lower than the target traffic. (*Source: Traffic Study Report dated April 2023 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 April 2023 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 31 percent lower than the target traffic. (*Source: Traffic Study Report dated April 2023 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 years to 30 years. (*Source: Traffic Study Report dated April 2023 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 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 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.

H.G. Ateli Narnaul Highway Private Limited ("Target SPV") Concession Agreement ("Target SPV Concession Agreement") dated May 27, 2019 executed amongst the Target SPV and the National Highways Authority of India ("NHAI").

Annuity:Payment of the cost of construction of the project shall be made by NHAI to the Target SPV, being, a sum equal to ₹ 9,521.10 million ("**Bid Project Cost**") together with any additional costs arising out of variation in price index, change in scope, change in law, interest on annuity outstanding, amongst others. Further, the Bid Project Cost shall be revised from time to time in-line with the variation in price index which shall subsist for the duration of the construction period. Accordingly, post the construction period NHAI agrees and undertakes to pay the Target SPV Annuity Payments, being, completion costs, as specifical defined under the Target SPV Concession Agreement, a portion of which would be paid during the construction period. Such completion costs shall be paid in biannual instalments over a period of 15 years as provided under the Target SPV 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 Target SPV Concession Agreement, during the Construction Period, as defined in the Target SPV Concession Agreement (the "**Change of Scope**") provided such changes do not affect the COD, as defined in the Target SPV Concession Agreement. All such changes shall be made by NHAI by an order issued in accordance with the procedure set forth in the Target SPV Concession Agreement.

O&M: The Target SPV shall operate and maintain the Target SPV Project in accordance with the Target SPV Concession Agreement either by itself, or through a contractor, as defined in the Target SPV Concession Agreement, and if required, modify, repair or otherwise make improvements to the Target SPV Project, and conform to specifications, standards and good industry practice. The obligations of the Target SPV, among other things, shall include:

- permitting and ensuring safe, smooth and uninterrupted usage of the Target SPV Project, including prevention of loss or damage thereto, during normal operating conditions;
- carrying out periodic preventive maintenance of the Target SPV Project;
- undertaking routine maintenance including prompt repairs of potholes, cracks, joints, drains, embankments, structures, markings, lighting, signage and other control devices
- undertaking major maintenance such as resurfacing of pavements, repairs to structures, and repairs and refurbishment of system and equipment; and
- operation and maintenance of all communication, control and administrative systems necessary for the efficient operation of the Project and for providing safe, smooth and uninterrupted use of the Target SPV Project.

For the O&M work undertaken by the Target SPV, the Target SPV is entitled to annual O&M payment at the rates as set out in the Target SPV Concession Agreement.

Maintenance programme: Target SPV shall not on or letter than 45 days from the start of each Accounting Year, as defined in the Target SPV 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 Target SPV Project;
- intervals at which the Target SPV shall carry out periodic maintenance; and
- intervals for major maintenance works and the scope thereof.

Obligations relating to change in ownership: The Target SPV shall not undertake or permit any change in ownership, being, a transfer of the direct and/or indirect legal or beneficial ownership of any shares or securities convertible into shares that causes the aggregate holding of the selected bidder/consortium members together with its/their associates in the total equity of the Target SPV to decline below 51% until 6 months from the COD, except with the prior written approval of NHAI. Additionally, under the Target SPV Concession Agreement:

- 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 25% or more of the total equity of ANHPL; or

- acquisition of any control directly or indirectly of the board of directors of the Target SPV 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, as provided under te Target SPV Concession Agreement.

Indemnities:

- The Target SPV 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 any breach by the Target SPV of any of its obligations under the Target SPV Concession Agreement or on account of negligence while discharging its obligations;

- The Target SPV 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 the Target SPV to comply with applicable laws and applicable permits;

  - payment of taxes required to be made by the Target SPV in respect of the income or other taxes of Target SPV's contractors, suppliers and representatives; or

  - non-payment of amounts due as a result of materials or services furnished to the Target SPV or any of its contractors which are payable by the Target SPV or any of its contractors.

- The Target SPV shall fully indemnify, hold harmless and defend NHAI, its officers, servants, agents, government instrumentalities, government owned and/ or controlled entities/ enterprises ("**Indemnified Parties**") 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 the Target SPV or by Target SPV's contractors in performing the obligations of the Target SPV 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, the Target SPV 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 Target SPV Project, or any part thereof or comprised therein, is held to constitute an infringement and its use is permanently enjoined, the Target SPV 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 the Target SPV 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 Target SPV Concession Agreement, prior to the Appointed Date, the period set forth in the Target SPV Concession Agreement for fulfilment of conditions precedent and for achieving the Financial Close, as defined in the Target SPV Concession Agreement, shall be extended by a period equal in length to the duration of the Force Majeure Event. The Target SPV has achieved its Appointed Date.

- 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 Target SPV Concession Agreement, shall be extended by a period equal in length to the duration for which such Force Majeure Event subsists; or

  - after COD, the Target SPV shall be entitled to received Annuity Payments, as defined in the Target SPV Concession Agreement, plus the interest due and payable under the Target SPV Concession Agreement subject to deduction of any outstanding dues to NHAI.

Allocation of costs arising out of Force Majeure:

- 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 Target SPV 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 Target SPV 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 the Target SPV, and to the extent Force Majeure Costs exceed such insurance cover, one half of such excess amount shall be reimbursed by NHAI to the Target SPV in accordance with the terms as set out in the Target SPV Concession Agreement; and
  - upon occurrence of a Political Event, as defined in the Target SPV Concession Agreement, all Force Majeure Costs attributable to such Political Event shall be reimbursed by NHAI to Target SPV in accordance with the terms as set out in the Target SPV Concession Agreement.

Termination for Target SPV Default: Subject to the provisions of the Target SPV Concession Agreement, in the event that any of the defaults specified below shall have occurred, and the Target SPV fails to cure the default within the mentioned cure periods, the Target SPV shall be deemed to be in default of the Target SPV Concession Agreement (the "**Target SPV Default**"). The defaults referred to shall include, among other things, the following:

- Target SPV is in material breach of any of the Project Agreements, as defined in the Target SPV Concession Agreement;
- A resolution has been passed by the shareholders of the Target SPV for voluntary winding up of the Target SPV;
- Target SPV fails to achieve Financial Close in accordance with the terms of the Target SPV Concession Agreement;
- An Escrow Default, as defined in the Target SPV Concession Agreement, has occurred and the Target SPV has failed to make any payment under the Target SPV Concession Agreement within the period a cure period of 15 days.

Upon occurrence of a Target SPV Default, NHAI shall be entitled to terminate the Target SPV Concession Agreement by issuing a termination notice to Target SPV; provided that before issuing the termination notice, NHAI shall by a notice inform Target SPV of its intention to issue such termination notice and grant 15 days to the Target SPV 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 In such termination, the Target SPV shall be entitled to a termination payment as set under the Target SPV Concession Agreement.

Termination for NHAI Default: The Target SPV may terminate the Target SPV 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 default causing a material adverse effect on the Target SPV and NHAI has failed to cure such breach within 90 days from receipt of notice in this behalf from the Target SPV; (ii) the failure to make any payment due to the Target SPV as may be specified under the Target SPV Concession Agreement; (iii) repudiation of the Target SPV Concession Agreement etc. In such termination, the Target SPV shall be entitled to a termination payment as set under the Target SPV Concession Agreement.

Termination for Force Majeure: If a Force Majeure subsists for a period of more than 180 days or within a continuous period of 365 days, either party to the Target SPV Concession Agreement may terminate the agreement by issuing a written notice, provided, prior to issuing the termination notice, the terminating party issue a notice of 15 days to the other party for making any such representations. In the event of such a termination, the Target SPV shall be entitled to a termination payment in accordance to the Target SPV Concession Agreement.

INFORMATION CONCERNING THE UNITS

Unitholding of the Highways Trust as of June 30, 2023:

Category	Category of Unitholders	Number of Units held	As a percentage of total outstanding Units (%)
(A)	**Sponsor(s)/ Investment Manager/ Project Manager(s) and their associates/related parties**		
(1)	**Indian**	-	-
(a)	Individuals / HUF	-	-
(b)	Central/State Govt.	-	-
(c)	Financial Institutions/Banks	-	-
(d)	Any Other	-	-
	Sub- Total (A) (1)	-	-
(2)	**Foreign**		
(a)	Individuals (Non-Resident Indians / Foreign Individuals)	-	-
(b)	Foreign government	-	-
(c)	Institutions	-	-
(d)	Foreign Portfolio Investors	-	-
(e)	Other foreign unitholding	373,900,000	89.99
	Sub- Total (A) (2)	**373,900,000**	**89.99**
	Total unit holding of Sponsor and Sponsor Group (A) = (A)(1)+(A)(2)	**373,900,000**	**89.99**
(B)	**Public Holding**		
(1)	**Institutions**	-	-
(a)	Mutual Funds	-	-
(b)	Financial Institutions/Banks	-	-
(c)	Central/State Govt.	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Provident/pension funds	-	-
(g)	Foreign Portfolio Investors	-	-
(h)	Foreign Venture Capital investors	-	-
(i)	Other institutions	-	-
	Sub- Total (B) (1)	-	-
(2)	**Non-Institutions**		
(a)	Central Government/State Governments(s)/President of India	-	-
(b)	Individuals	6,400,000	1.54
(c)	NBFCs registered with RBI	-	-
(d)	Other Non-institutional	35,200,000	8.47
	Trusts	-	-
	Non Resident Indians	-	-
	Clearing Members	-	-
	Body Corporates	4,000,000	0.96
	Others	31,200,000	7.51
	Sub- Total (B) (2)	**41,600,000**	**10.01**
	Total Public Unit holding (B) = (B)(1)+(B)(2)	**41,600,000**	**10.01**
	Total Units Outstanding (C) = (A) + (B)	**415,500,000**	**100**

Note: The Highways Trust has 25 Unitholders as on June 30, 2023

Details of Unitholding pre and post-Issue

Particulars	Number of Units
Units issued and outstanding prior to this Issue	415,500,000
Units issued and outstanding after this Issue*	[●]

**To be updated.*

Unitholders holding more than 5% of the Units as on June 30, 2023

Sr. No.	Name of the Unit Holders	Pre-Issue		Post Issue*	
		Number of Units	Percentage of holding (%)	Number of Units	Percentage of holding (%)
1.	Galaxy Investments II Pte. Ltd.	373,900,000	89.99	[●]	[●]
2.	2452991 Ontario Limited	31,200,000	7.51	[●]	[●]

**To be updated.*

Unitholding of the Investment Manager, Project Manager and Trustee

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 Letter of Offer, 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 does hold not less than 15% of Units and holds 373,900,000 units (being, 89.99% of the unitholding). 15% of the Sponsor's unitholding is locked-in for a period of three years from the date of listing of the Units, being August 25, 2022. Further, the unitholding of the Sponsor, exceeding 15% of the Units is locked-in for a period of not less than one year from the date of listing of the Units.

USE OF PROCEEDS

The proceeds of this Issue are up to ₹ 5,150 million (the "**Issue Proceeds**") and the proceeds of this Issue net of the total expenses in relation to this Issue (the "**Net Proceeds**") are ₹ 5,105 million.

Subject to compliance with applicable law, the Net Proceeds are proposed to be utilised, at the discretion of the Investment Manager and the Trustee, towards the following objects:

(i) Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the Target SPV from H.G. Infra Engineering Limited;

(ii) Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its existing shareholders; and

(iii) General purposes.

The Investment Manager believes that abovementioned use of proceeds is consistent with the Highways Trust's strategy of growth and expansion of its business and will also allow Highways Trust to meet its commitment towards distributions to Unitholders.

The details of the Issue Proceeds are provided in the following table:

(in ₹ million)

Particulars	Amount
Gross Proceeds from this Issue*	5,150
Less: Estimated Issue expenses	[●]
Net Proceeds	[●]

* *Assuming full subscription and Allotment of Units.*

Requirements of Funds

The Net Proceeds are proposed to be used during Fiscal 2024 in accordance with the details provided in the following table:

(in ₹ million)

Sr. No.	Particulars	Amount
1.	Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the Target SPV from H.G. Infra Engineering Limited	1,100
2.	Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its current shareholders	3,495
3.	General purposes	[●]

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 adjustments mentioned in the Target SPV SPA. In the event of variation or inability to utilise the fund requirements in the future at the discretion of the Investment Manager, such variation shall be subject to (i) approval of the Unitholders, and (ii) compliance with applicable law. .

Details of the Objects of the Issue

The details in relation to the objects of the Issue are provided below:

1. ***Acquisition of 100% of the issued, subscribed and paid-up equity share capital of the Target SPV from H.G. Infra Engineering Limited;***

The Net Proceeds amounting to ₹ 1,100 million are proposed to be utilized to acquire 100% of the issued, subscribed and paid-up equity share capital of the Target SPV from H.G. Infra Engineering Limited.

Highways Trust proposes to acquire 100% the issued, subscribed and paid-up equity share capital of the Target SPV, either directly or indirectly, from H.G. Infra Engineering Limited. Such acquisition is proposed to be undertaken for a consideration of ₹ 1,100 million, subject to closing adjustments as set out in the Target SPV SPA and as may be agreed with H.G. Infra.Please see below a summary of the share purchase agreement entered into in this regard:

Target SPV SPA

The Highways Trust (represented by its Trustee) ("**Buyer**") has entered into a share purchase agreement dated May 3, 2023 with H.G. Infra Engineering Limited (the "**Seller**"), the Target SPV (ANHPL) and the Future SPVs and the Investment Manager (the "**Target SPV SPA**") to acquire 100% of the issued, subscribed and paid up equity share capital of the Target SPV and the Future SPVs. A summary of the key terms of the Target SPV SPA has been set out below:

Conditions Precedent

Pursuant to the Target SPV SPA, acquisition of the Target SPV subject to the satisfaction of certain conditions precedent such as, amongst others:

(a). compliance with all obligations specified under the Target SPV SPA and other transaction documents required to consummate the transaction ("**Target Transaction Documents**") by such Parties;

(b). no event shall have arisen or occurred, or is reasonably expected to arise or occur, which has or which may be reasonably be expected to have, a material adverse effect (as defined under the Target SPV SPA) with respect to the Target SPV;

(c). each of the warranties being true and correct in all respects and not misleading in any respect in relation to the Target SPV, as specified under the Target SPV SPA;

(d). procuring consents, no dues or no claim certificates, invoices, no objection certificates and approvals, including lender approvals, NHAI approval, certain board and shareholder approvals, as specified in the Target SPV SPA.

Representations and Warranties

In accordance with the Target SPV SPA, the Seller has provided certain customary representations and warranties to the Buyer in relation to itself and the Target SPV, which include, amongst others:

(a). due incorporation of the Target SPV and the Seller;

(b). due authorization and validity of the shares being sold;

(c). due accounting and finance conditions;

(d). representations in relation to taxation, litigation, corporate records, material contracts and environmental matters; and

(e). validity of approvals, licenses, permits and authorizations.

Further, in accordance with the Target SPV SPA, the Buyer has provided certain customary representations and warranties to the Seller in relation to itself, which include, amongst others:

(a). due registration as an infrastructure investment trust and valid existence;

(b). due authorisation for the consummation of its obligations under the Target Transaction Documents, to the extent it is a party;

(c). execution of the Target Transaction Documents, to the extent it is a party and transactions contemplated therein does not violate its charter documents, or material breach or violation of material contract or applicable law; and

(d). representations in relation to solvency.

Indemnity

In accordance with the Target SPV SPA, the Seller has agreed to indemnify and hold harmless at all times and from time to time, the Buyer, its affiliates (as specified under the Target SPV SPA), the Investment Manager, the Trustee and each of their respective ***directors***, officers, employees, managers and other representatives and each of their respective lawful successors and assigns () from and against any all losses (as specified under the Target SPV SPA), suffered or incurred, arising out of or in connection with, amongst others:

(a). any misrepresentation or any breach or inaccuracy of any of the business warranties (as specified under the Target SPV SPA) made by the Seller on behalf of the Target SPV under the Target SPV SPA;

(b). any fraud, wilful default and/or gross negligence on the part of the Seller, Seller Nominee and/or the Target Asset (other than any obligations of the Target SPVs under the Target Transaction Documents after the relevant completion specified therein) in relation to the transactions contemplated in the Target SPV SPA and/or the Target Transaction Documents;

(c). any misrepresentation or any breach or inaccuracy of any of the fundamental warranties or any of the tax warranties, made by the Seller (including on behalf of the Target SPV) under the Target SPV SPA;

(d). certain specific indemnity matters with limitations as specified under the Target SPV SPA.

The acquisition stated above will be made in compliance with the requirements specified in the InvIT Regulations and are subject to satisfaction of conditions precedent and receipt of necessary approvals and consents, including from the Unitholders, if required. For details of the ANHPL Valuation Report for the Target SPV, please see Annexure I. For details regarding the Target SPV, please see sections entitled "*Our Business*" and "*Audited Financial Statements*" on pages 147 and 299. For the Audited Standalone Financial Statements of the Target SPV please see section entitled *"Audited Financial Statements"* on page 299. Further, please note that any additional funding required for the purposes of acquisition of the Target SPV shall be met through internal accruals.

2. ***Partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its existing shareholders***

Highways Trust proposes to utilize an estimated aggregate amount of ₹ 3,495 million from the Net Proceeds towards partial or full repayment of the outstanding debt of the Target SPV, including the debt availed by the Target SPV from certain external lenders and its current shareholders.

In respect of the funds availed by the Target SPV from its external lenders and its current shareholders i.e., H.G. Infra, such funds are proposed to be infused in the Target SPV by way of a loan from the Highways Trust which shall be further deployed for the purposes of partial or full repayment of the outstanding external debt of the Target SPV. For further details of the proposed loan agreement amongst the Highways Trust and the Target SPV, please see the section entitled "*Related Party Transactions*" on page 240. The external and shareholder debt availed by the Target SPV that is outstanding as of March 31, 2023, which is proposed to be partially or fully repaid from the Net Proceeds in Fiscal 2024 and is provided below:

Sr. No.	**Lenders**	**Amount (in ₹million)**
		Principal Amount Outstanding as on March 31, 2023
Existing Shareholder debt		
1.	H.G. Infra Engineering Ltd.	284.32
External Lender debt		
2.	State Bank of India (rupee term loan)	3,321.20
TOTAL		**3,605.52**

The amount to be repaid by the Target SPV shall vary based (i) any change in the principal amount outstanding; (ii) discussions with the lenders; and (iii) other market conditions.

3. ***General purposes***

The Investment Manager shall, at its discretion, deploy the balance Net Proceeds aggregating ₹ [●] million towards general expenses including the operation of the Highways Trust, subject to compliance with the InvIT Regulations. The general purposes for which Highways Trust proposes to utilize Net Proceeds include meeting exigencies and expenses incurred, by the Highways Trust in the ordinary course of business as considered expedient, and as approved by the Investment Manager or the Trustee, as the case may be, subject to compliance with applicable law.

The Investment Manager will have flexibility in utilizing the proceeds earmarked for general purposes, in accordance with the investment objectives of the Highways Trust, policies of the board of directors of the Investment Manager and the InvIT Regulations.

Issue expenses

The total expenses of this Issue are estimated to be approximately ₹ [●] million, which will be borne solely by the Highways Trust. The Issue expenses include fees and commissions payable to the Lead Manager, legal counsels, Registrar to the Issue, other advisors to this Issue, printing and stationery expenses, and all other incidental and miscellaneous expenses in relation to this Issue and listing of the Units issued pursuant to this Issue on the Stock Exchange.

FINANCIAL INDEBTEDNESS AND DEFERRED PAYMENTS

The details of indebtedness of the Highways Trust as at March 31, 2023, 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*	14,249.18
Unsecured	-
Total Borrowings	14,249.18
DBCPL	
Secured	2,699.94
Unsecured	600.14
Total Borrowings	3,300.08
GEPL	
Secured	4,054.40
Unsecured	4,532.38
Total Borrowings	8,586.78
JPEPL	
Secured	2,519.81
Unsecured	2,683.83
Total Borrowings	5,203.64
NBL	
Secured	969.42
Unsecured	10.00
Total Borrowings	979.42
SEPL	
Secured	-
Unsecured	-
Total Borrowings	-
UEPL	
Secured	1,169.65
Unsecured	597.68
Total Borrowings	1,767.33

**Deducted unamortised borrowing costs.*

Note: (1) Secured borrowings in the books of the Highways SPVs are from the Highways Trust. Unsecured borrowings in the books of UEPL includes ₹ 517.68 million which is payable to GMR Highways Ltd. (2) Total borrowings on a consolidated level at the Highways Trust is ₹ 14,766.86 million (This includes the borrowings of the Highways Trust and from GMR Highways Ltd.).

Principal terms of the borrowings availed by the Highways Trust:

1. *Security:* The borrowings availed by the Highways Trust, is secured by, amongst others, a first ranking *pari passu* charge over:

   (i). all immovable assets of the Highways Trust (present and future);

   (ii). all moveable assets of the Highways Trust including accounts, receivables, inventories, contract rights, securities, patents, trademarks, other intellectual property, equipment, real estate and/or leasehold interests, etc. (present and future);

   (iii). pledge of 100% of the equity shares, preference shares, debentures of the Highways SPVs;

   (iv). charge over debt service reserve account; and

   (v). corporate guarantee of all existing subsidiaries; and

   (vi). the escrow account opened by the Highways Trust.

2. *Pre-payment:* The loans availed by the Highways Trust may be prepaid, in full or in part, with the payment of a prepayment premium of 0.50% of the principal amount of the facility, unless (i) the prepayment is made at the instance of the lenders; or (ii) the prepayment is out of internal cash accruals with a 15 days prior notice; or (iii) increase in spread by the rupee term loan lenders; or (iv) prepayment in 5th, 8th and 11th anniversary of the first disbursement of the rupee term loan pursuant to issuance of non-convertible instruments. The Highways Trust may also be required to

mandatorily prepay the loans availed by them on a pro-rata basis, of amounts received as, (i) any proceeds in connection of a breach of warranty or guarantee under any project documents to the extent not applied, repair or replace the defective component that is subject of such warranty, (ii) surplus cash if external rating falls below AA- by a rating agency; and (iii) cessation of business by any of the material project SPVs.

3. *Restrictive Covenants:* The financing arrangements entered into by the Highways Trust contain standard restrictive covenants, which prevent it from undertaking certain actions, including:

   (i). diluting the stake of the Highways Trust in the Project SPVs;

   (ii). any additional indebtedness exceeding permitted indebtedness; and,

   (iii). change in control of any of the Project SPVs, except as permitted in the financing agreements; and

   (iv). amending its constitutional documents without the prior consent of certain lenders.

4. *Events of Default:* financing arrangements entered into by the Highways Trust contain standard events of default affecting the Highways Trust, including, amongst others:

   (i). any payment default including default in principal, interest or any other amounts remaining unpaid beyond due date to any lender;

   (ii). breach of any terms of the transaction documents by the Highways Trust or the Project SPVs; and

   (iii). failure to comply with any condition, covenant, or undertaking provided under the transaction documents.

5. *Consequences of default*: In terms of the financing arrangements entered into by the Highways Trust, the following, amongst others, are the consequences of default:

   (i). declare all amounts payable by the Highways Trust in respect of the facilities to be due and payable immediately;

   (ii). sue for the creditors' process and/or exercise rights with respect to the security, including enforcement of security, in accordance with the financing documents; and

   (iii). declare the commitments under the facilities to be cancelled or suspended.

This is an indicative list of the terms of the borrowings availed by the Highways Trust and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by the Highways Trust. Where applicable and in relation to any debentures issued by the Highways Trust, 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 Highways Trust may, from time to time, enter into re-financing arrangements and draw down funds thereunder.

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 49% of the aggregate of the Trust Assets.

Details of indebtedness of the Target SPV

The details of indebtedness of the Target SPV as at March 31, 2023 is provided below:

(in ₹ million)

Category of borrowing	Amount outstanding
ANHPL	
Secured*	3,321.20
Unsecured	284.32
Total borrowings	**3,605.52**

* *Net of unamortised borrowing costs*

Lender consents

The are no lender consents required in relation to the Issue.

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 133. The Highway trust has obtained approval from its Unitholders on July 3, 2023 by postal ballot, as per the scrutinizer's report received on July 4, 2023, for increasing the consolidated borrowings and deferred payments of the Highways Trust from 25% of the value of assets of Highways Trust to 49% of the value of assets of Highways Trust in accordance with the requirements of the InvIT Regulations.

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 Letter of Offer. For details in relation to such forward-looking statements, please see the section entitled "Forward-Looking Statements" on page 13.

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 *"Our Business*" on page 147. 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 53.

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

Description
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.

Distributions by Highways Trust

The details of distributions declared by Highways Trust are provided below:

(₹ per Unit)

Sr. No.	Record Date	Total Distribution*	Cumulative distribution till date*
1.	November 19, 2022	4.84	4.84
2.	February 15, 2023	4.84	9.68
3.	March 18, 2023	4.84	14.52
4.	May 27, 2023	1.69	16.21

* *Note: Figures have been rounded off to two decimal places*

DISCUSSION AND ANALYSIS BY THE DIRECTORS OF THE INVESTMENT MANAGER OF THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE HIGHWAYS 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 Financial Information of the Highways Trust" and "Audited Financial Statements" on pages 24 and 299, 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 53. 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 13.

The Audited 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 Audited Financial Statements, references to "we", "us" and "our" is to the Highways Trust and the Project SPVs, as applicable.

There is limited financial information available in respect to the Highways Trust and the Highways SPVs which can be presented in this Draft Letter of Offer. For the periods ended March 31, 2022 and March 31, 2021, Audited Combined Financial Statements have been discussed. While for the period ended March 31, 2023, Audited Consolidated Financial Statements have been discussed. Since Audited Consolidated Financial Statements are not comparable with the Audited Combined Financial Statements and accordingly, the same has not been provided.

Overview

Highways 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 has a portfolio consisting of six Highways 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, with approximately US$510 billion of assets under management as of March 31, 2023, 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 Global Atlantic Financial Group. 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 approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 75 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. 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. KKR believes 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. For further details in relation to the Sponsor, please see the section entitled "*Parties to the Highways Trust*" on page 92.

Our Projects

Our current 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:

- 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 Letter of Offer 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 maintain and operate road assets aggregating to 451.98 kms (1,710 lane kms).

The consolidated operating revenue of the Highways Trust for Fiscal 2023 is ₹ 6,152.35 million and the combined operating revenue of the Highways SPVs for Fiscal 2022 and 2021 was ₹ 5,866.56 million, and ₹ 5,085.04 million, respectively.

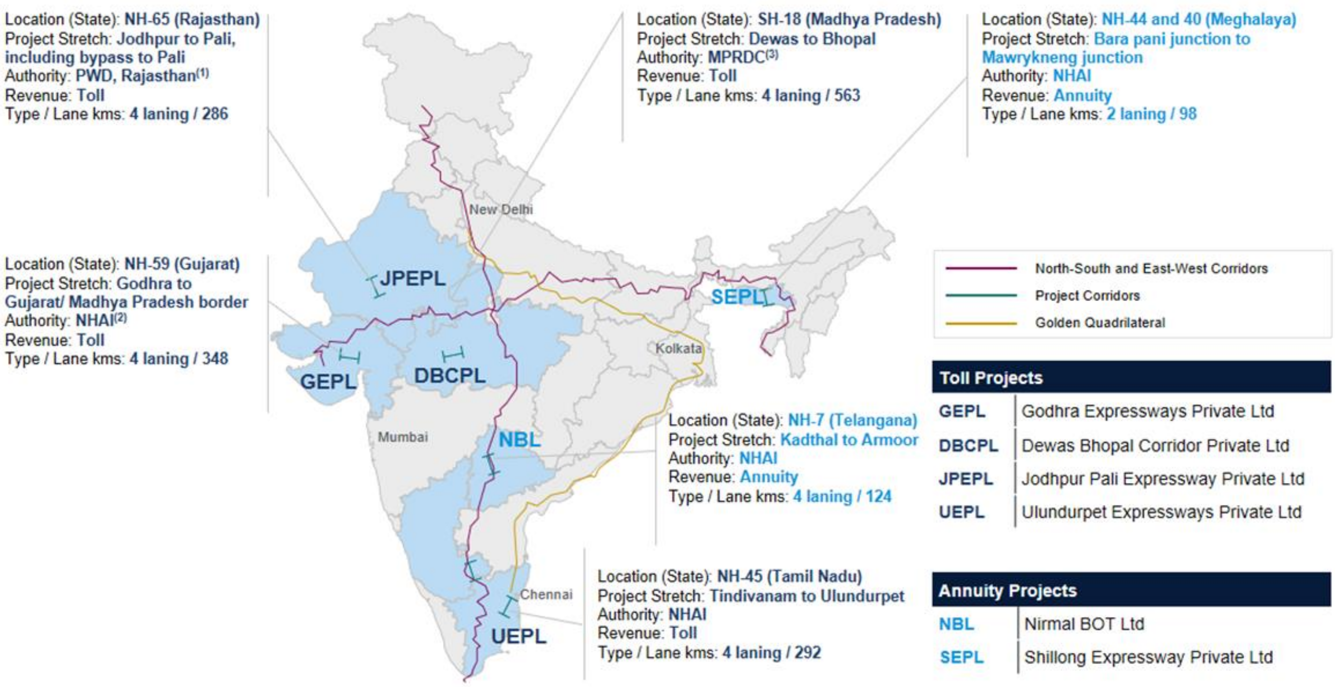
The Projects are divided into two types on the basis of the implementation mode: (i) toll and (iii) annuity. Key details of these models are set out below:

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 134.

The map below illustrates the locations of the Projects held by the Highways SPVs:



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, if so made available to the Highways Trust, and third parties.

Highway Concessions One Private Limited is the Investment Manager for the Highways Trust. HC One was originally incorporated as 'Piramal Roads Infra Private Limited' on September 23, 2010 under the Companies Act, 1956, as a private limited company having corporate identity number U45200MH2010PTC208056. Subsequently, on May 13, 2014 the name was changed from Piramal Roads Infra Private Limited to Highway Concessions One Private Limited.

HC One Project Manager Private Limited, is the Project Manager and is a private limited company incorporated on September 20, 2022 under the Companies Act, 2013, having CIN U74140MH2022PTC390762.

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 92.

Factors Affecting Results of Operations

The Highways Trust's and the Highways 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 toll-based 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 the 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, the Highways 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, NHAI has the right to construct competing roads after a prescribed period of time, pursuant to the terms of the concession agreements. 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 Highways SPVs are required to operate and maintain the Projects in accordance with the respective concession agreements. Accordingly, the Highways SPVs prepare a maintenance manual and a maintenance program in consultation with an independent engineer appointed by the NHAI/State Authorities 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 166 for details on the Highways 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 Highways SPVs, especially if the wear and tear on the relevant Project requires major work. The Highways 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 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.

The road sector performance is linked to macroeconomic conditions

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.

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 Highways 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 Highways 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 Highways 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 on 31 March 2022 and 31 March 2021, Combined Statements of Profit and Loss, Combined Cash Flow Statements, Combined Statements of Changes in Equity for the financial years ended 31 March 2022 and 31 March 2021 and Combined Statement of Net Assets at Fair Value as at 31 March 2022 and the Combined Statement of Total Returns at Fair Value for the for the financial year ended 31 March 2022 and 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 06 July 2023.

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 read with SEBI Circular dated 17 January 2020 in respect of 'guidelines for right issue of units by a listed Infrastructure Investment Trust' for inclusion in draft letter of offer and letter of offer (collectively called 'Offer Document') prepared by the Investment Manager in connection with proposed rights issue of units of the Highways Infrastructure Trust. As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose. 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 management had also prepared a separate set of Special Purpose Combined Financial Statements of the Project SPVs earlier also for the financial year ended 31 March 2021 and 31 March 2022 in accordance with the Ind AS read with InvIT Regulations and the Guidance Note for inclusion in i) draft placement memorandum, placement memorandum, and final placement memorandum; and ii) updated preliminary placement memorandum, placement memorandum, and final placement memorandum; in connection with the private placement of units of Trust and which were authorized for issue in accordance with resolutions passed by the Board of Directors of the Virescent Infrastructure Investment Manager Private Limited ('erstwhile Investment Manager') on 22 March 2022 and 08 July 2022 respectively.

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 years ended on 31 March 2022 and 31 March 2021. The financial statements of the Project SPV have been prepared Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 as defined in the Rule 2(1)(a) of the Companies Indian Accounting Standards Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, as applicable and the Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

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, JPEPL, GEPL, DBCPL and NBL are as given below:

Name of the entity	Date of incorporation	Commencement of operation
Ulundurpet Expressways Private	20 March 2006	23 July 2009
Shillong Expressway Private Limited	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.

The specific recognition criteria described below must also be met before revenue is recognized.

Toll Collections

Toll collections from the users of the infrastructure facility constructed by the Project SPV Group under the Service Concession Arrangement is accounted for based on actual collection. Revenue from electronic toll collection is recognized 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 Project SPV Group has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the Project 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 measured using the percentage of completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and are recognized net of taxes.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Project 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 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 UEPL, SEPL, JPEPL, GEPL and NBL is calculated on a straightline 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 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.

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 intangible assets

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.

Toll collection rights in respect of road projects commissioned after 1 April 2016 are amortized over the useful economic life using the straight-line method. The amortization period and the amortization method 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognised in the statement of profit and loss.

Specialized software held by the Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

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.

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 Project SPV Group is the lessee

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.

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.

Contingent assets are disclosed only when inflow of economic benefits therefrom is probable and recognized only when realization of income is virtually certain.

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 twelve 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 accounting pronouncements issued but not made effective

Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 103, Business Combinations

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities.

Amendment to Ind AS 109, Financial Instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The Project SPV Group has applied the requirements of the said amendments (wherever applicable) with effect from 01 April 2022 and the impact of the same is not material on the Project SPV Group.

Basis of Preparation and Presentation of Audited Consolidated Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rule, 2015, as amended ('Ind AS') and Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars')

The Consolidated financial statements are presented in India Rupees which is also the functional currency of the Group and 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 Consolidated Financial Statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the consolidated financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, which are measured at fair values as explained in relevant accounting policies.

The Consolidated Financial Statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager' of the Trust) on 19 May 2023. The revision to the consolidated financial statements is permitted by the Board of Directors of Investment Manager after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013 ('the Act").

i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2023. Control is achieved when the Group has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group combines the financial statements of the Trust and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

ii) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the 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 consolidated 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 estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

- **Revenue recognition - Applicability of service concession agreement accounting**

  Appendix C "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 subsidiary — 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 Group 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 by as per amount estimated by the Management of Subsidiary on 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.

- **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.

- **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.

- **Useful lives of depreciable/amortizable assets**

Management reviews its estimate of the useful lives of depreciable/amortizable 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.

- **Defined benefit obligations (DBO)**

Management'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.

- **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.

- **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.

- **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

- **Contingent liabilities**

The 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 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 consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

- **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 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 intangible assets are disclosed in the notes to consolidated financial statements.

- **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 SPVs.

- **Income taxes**

  The Groups tax jurisdiction is in India. 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.

- **Fair valuation and disclosures**

  SEBI Circular issued under the SEBI Regulations requires disclosures relating to net assets at fair value and total returns at fair value. In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The Investment Manager of the Trust works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as Weighted average cost of capital ('WACC'), tax rates, inflation rates etc. Changes in assumptions about these factors could affect the fair value.

a) Business combination (refer note 48)

During the current year ended 31 March 2023, the Trust acquired the SPVs pursuant to common control method of business combination. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonize the accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to Amalgamation Adjustment Deficit Account.

b) Basis of classification as current and non-current

The Group presents assets and liabilities in the Consolidated 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 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 Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

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. Recognizing 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.

The specific recognition criteria described below must also be met before revenue is recognized.

Toll Collections

Toll collections from the users of the infrastructure facility constructed by the Group under the Service Concession Arrangement is accounted for based on actual collection. Revenue from electronic toll collection is recognized on accrual basis.

Claims with National Highways Authority of India ('NHAI')

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.

Contract revenue (Construction contracts)

Contract revenue associated with the construction of road 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 measured using the percentage of completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and are recognized net of taxes.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the 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.

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 recognized 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 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 recognize when the 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.

The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

e) Property, plant and equipment (PPE)

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 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 PPE held by UEPL, SEPL, JPEPL, GEPL and NBL is calculated on a straight-line basis over the estimated useful lives of the respective assets as prescribed in the Schedule II of the Act

Depreciation on PPE held by 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 Companies Act, 2013 ("the Act").

The Group has estimated the following useful lives for its tangible fixed assets:

Assets class	Useful life
Building	25 years
Plant and equipment	7 year - 15 years
Furniture & fixtures	8 year - 10 years
Vehicles	8 year - 10 years
Office equipments	3 year - 10 years
Computers	3 year - 5 years

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 derecognition 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.

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 Group. 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 National Highways Authority of India authorities, 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.

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. Intangible assets that 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 inhouse use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the 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 intangible assets

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.

Toll collection rights in respect of road projects commissioned after 1 April 2016 are amortized over the useful economic life using the straight-line method. The amortization period and the amortization method 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognised in the statement of profit and loss.

Specialized software held by the Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

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.

g) Financial asset under Service Concession Agreement

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 “Other Financial Assets”. 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 has a two-fold activity based on which revenue is recognized in the 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)
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 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Recognition and initial measurement

At lease commencement date, the 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 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 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 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 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 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 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 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 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 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 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. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

j) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Trust; or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is recognized.

k) Cash support (grant) from grantor

Grant received are considered as a part of total outlay of the construction project. The same shall be recognised when the Group complies with the conditions attaching to 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 recognised.

l) Financial Instruments

Initial recognition and measurement

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price

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 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 off-set 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.

n) Fair value measurement

The 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 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 40 for fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements on a recurring basis, the 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 and intangible assets, where required. Involvement of external valuers is decided by the Group on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The Group after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Group 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 the 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 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 40)
- Investment in quoted mutual fund (note 9)
- Financial instruments (including those carried at amortized cost) (note 41).

o) 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 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 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 Group in accordance with the contract and all the cash flows that the 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 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 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 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 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 Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the 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 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.

p) Segment reporting

The Group is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Group's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

q) Employee benefits

The 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 Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the 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 Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the consolidated financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized 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.

The Group makes contribution towards employee state insurance scheme (ESIS), a defined contribution benefit plan for qualifying employees. The Group's contribution to the ESIS is deposited by the Group under the Employees State Insurance Act, 1948. The contributions deposited with authorities are recognized as on expense during the year.

r) Borrowing costs

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the 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.

s) 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.

t) Contributed equity

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in equity, net of tax.

u) Classification of Unitholders' fund

Under the provisions of the SEBI Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of Trust for each financial period. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation.

However, in accordance with SEBI Circulars (No. CIR/IMD/DF/1 14/2016 dated 20 October 2016 and No. CIR/lMDDF/127/2016 dated 29 November 2016) issued under the SEBI Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

v) Cash flow statement

Cash flows are reported using indirect method, whereby net profits / loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

w) Distribution to unit holders

The Group recognizes a liability to make cash distributions to unit holders when the distribution is authorized and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorized when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognized directly in equity.

x) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period.

For the purpose of calculating diluted earnings per unit, the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

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 Highways 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 Highways 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 Highways 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 Highways SPVs, on a combined basis, for the periods indicated:

(in ₹ million)

Particulars	March 31, 2022	Percentage of Total Income	March 31, 2021	Percentage of Total Income
Revenue from operations	5,866.56	94.96	5,085.04	95.29
Interest income from bank deposits	100.76	1.63	59.98	1.12
Profit on sale of assets/investments	77.89	1.26	88.12	1.65
Other income	132.44	2.14	103.08	1.93
Total Income	**6,177.65**	**100.00**	**5,336.22**	**100.00**
Expenses				
Valuation expenses	1.50	0.02	0.26	0.00
Audit fees (audit of subsidiaries)	7.69	0.12	2.72	0.05
Insurance expenses	67.56	1.09	92.92	1.74
Operating expenses	752.19	12.18	539.34	10.11
Employee benefits expense	128.35	2.08	117.56	2.20
Management support services fee	187.87	3.04	111.39	2.09
Trustee fees	2.13	0.03	3.21	0.06
Finance costs				
- Interest expenses	2,485.65	40.24	2,483.14	46.53
- Other finance costs	289.90	4.69	257.37	4.82
Depreciation on property, plant and equipment	18.47	0.30	15.31	0.29
Amortization of intangible assets	998.97	16.17	904.50	16.95
Rating fee	2.09	0.03	2.76	0.05
Operation and maintenance	375.21	6.07	396.59	7.43
Corporate social responsibility	11.90	0.19	9.71	0.18
Provision for major maintenance obligation	310.20	5.02	451.45	8.46
Independent consultancy and project monitoring fees	57.90	0.94	50.65	0.95
Legal and professional	35.73	0.58	50.52	0.95
Other expenses	84.78	1.37	69.55	1.30
Total expenses	**5,818.09**	**94.18**	**5,558.95**	**104.17**
Profit/ (Loss) before tax	**359.56**	**5.82**	**(222.73)**	(4.17)
Tax expense:				
(i) Current tax (including earlier years)	189.97	3.08	127.00	2.38
(ii) Deferred tax	514.79	8.33	(155.54)	(2.91)
Total tax expense	**704.76**	**11.41**	**(28.54)**	**(0.53)**
Net Loss for the year	**(345.20)**	**(5.59)**	**(194.19)**	**(3.64)**
Other comprehensive income/ (loss)				
Items that will not be reclassified to profit or loss				
(i) Re-measurement gains /(losses) on defined benefit obligations	0.24	0.00	0.57	0.01
(ii) Income tax relating to these items	-	-	-	-
Total other comprehensive income/ (loss) for the year	**0.24**	**0.00**	**0.57**	**0.01**
Total comprehensive loss for the year	**(344.96)**	**(5.58)**	**(193.62)**	**(3.63)**

* *The information with respect to the results of operations of the Highways SPVs, on a combined basis, for the periods indicated above, differ from previous disclosures made by the Highways Trust on account of regrouping of the combined financial statements for the relevant periods.*

The following table sets forth certain information with respect to the results of operations of the Highways Trust for the financial years ended March 31, 2023 (on a consolidated basis):

(*In ₹ million*)

Particulars	March 31, 2023	Percentage of Total Income
Revenue from operations	6,152.35	95.67
Interest income from bank deposits	121.51	1.89
Profit on sale of assets/investments	126.04	1.96
Other income	31.17	0.48
Total income	**6,431.07**	**100.00**
Expenses and losses		
Valuation expenses	2.40	0.04
Audit fees (statutory audit of Trust)	17.38	0.27
Audit fees (audit of subsidiaries)	5.64	0.09
Insurance expenses	45.66	0.71
Employee benefits expense	104.03	1.62
Project management fees	53.55	0.83
Investment manager fees	111.61	1.74
Management support services fee	247.43	3.85
Trustee fees	4.43	0.07
Depreciation on property, plant and equipment	26.96	0.42
Amortization of intangible assets	1,139.01	17.71
Finance costs		
- Interest on term loan and non-convertible debentures	1,743.11	27.10
- Other finance costs	447.48	6.96
Rating fee	2.35	0.04
Operation and maintenance	433.39	6.74
Corporate social responsibility	15.16	0.24
Provision for major maintenance obligation	416.39	6.47
Operating expenses	365.44	5.68
Independent consultancy and project monitoring fees	69.28	1.08
Legal and professional	152.55	2.37
Other expenses	63.34	0.98
Total expenses and losses	**5,466.59**	**85.01**
Profit before tax for the year	**964.48**	**15.00**
Tax expense:		
(i) Current tax including earlier period	225.67	3.51
(ii) Deferred tax	396.82	6.17
Total tax expense	**622.49**	**9.68**
Net Profit after tax for the year	**341.99**	**5.32**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
(i) Re-measurement gains /(losses) on defined benefit obligations	0.90	0.01
(ii) Income tax relating to these items	-	-
Total other comprehensive income/ (loss) for the year (net of tax)	0.90	0.01
Total comprehensive income for the year	**342.89**	**5.33**

Financial year ended March 31, 2022 compared to financial year ended March 31, 2021

Total Income

Total income increased by 15.77% from ₹ 5,336.22 million in Fiscal 2021 to ₹ 6,177.65 million in Fiscal 2022, primarily due to an increase in income arising out of toll collection and claims from NHAI.

Revenue from operations

Revenue from operations increased by 15.37% from ₹ 5,085.04 million for Fiscal 2021 to ₹ 5,866.56 million for Fiscal 2022, principally attributable to toll income, certain claims in relation to demonetisation, force majeure and arbitration claims in relation to construction (pass through to erstwhile shareholders). Revenue from claims from NHAI represented 10.26% of our total operating income for the year ended 31, 2022.

Claims from NHAI

Revenue from claims received from NHAI increased by 58.90% from ₹378.72 million for Fiscal 2021 to ₹ 601.80 million in Fiscal 2022.

Income from Toll Collections

Income from toll collections increased by 16.07%, from ₹ 3,919.12 million for Fiscal 2021 to ₹ 4,549.06 million for Fiscal 2022.

Interest Income on Annuity Receivable from NHAI

The interest income from annuity received from NHAI decreased by 14.82%, from ₹ 300.73 million for Fiscal 2021 to ₹ 256. 17 million for Fiscal 2022.

Other income

Other income increased by 28.48% from ₹ 103.08 million for Fiscal 2021 to ₹ 132.44 million for Fiscal 2022, primarily on account of an increase in insurance claims and interest on bank deposits.

Total Expenses

Total expenses increased by 4.66% from ₹ 5,558.95 million for Fiscal 2021 to ₹ 5,818.09 million for Fiscal 2022, on account of increase in operating expenses, depreciation and amortization expenses.

Operating Expenses

Operating expenses increased by 39.46% from ₹ 539.34 million for Fiscal 2021 to ₹ 752.19 million for Fiscal 2022, primarily due to an increase in expenses related to claim from NHAI. Expenses related to claims from NHAI increased by 46.02% from ₹ 378.72 million for Fiscal 2021 to ₹ 553.00 million for Fiscal 2022.

Employee benefit expense

Employee benefits expenses increased by 9.18% from ₹ 117.56 million for Fiscal 2021 to ₹ 128.35 million for Fiscal 2022, due to an increase in the payment of salary, wages and bonus. Expenses related to salary, wages and bonus increased by 10.21% from ₹ 93.10 million for Fiscal 2021 to ₹ 102.60 million for Fiscal 2022, primarily due to yearly increments and bonus given in financial year ended March 31, 2022.

Finance costs

Finance costs increased by 1.28% from ₹ 2,740.51 million for Fiscal 2021 to ₹ 2,775.55 million for Fiscal 2022, primarily attributable to interest expense on compulsorily convertible debentures and the increase in unwinding of discounts on major maintenance provisions. Interest expenses increased by 0.10% from ₹ 2,483.14 million for Fiscal 2021 to ₹ 2,485.65 million for Fiscal 2022 and other finance costs increased by 12.64% from ₹ 257.37 million for Fiscal 2021 to ₹ 289.9 million for Fiscal 2022.

Depreciation on property, plant and equipment

Depreciation on property, plant and equipment increased by 20.64% from ₹ 15.31 million for Fiscal 2021 to ₹ 18.47 million for Fiscal 2022.

Amortization of intangible assets

Amortization of intangible assets increased by 10.44% from ₹ 904.50 million for Fiscal 2021 to ₹ 998.97 million for Fiscal 2022 primarily attributable to an increase in amortization of intangible assets due to an increase in toll income as compared to the toll income in financial year ended March 31, 2021 and which is in the normal course of business and operations.

Other expenses

Other expenses increased by 21.90% from ₹ 69.55 million for Fiscal 2021 to ₹ 84.78 million for Fiscal 2022, primarily due to bad debts written off.

Loss before and after tax

As a result of the factors outlined above, our profit before tax increased by 261.43% from ₹ (222.73) million for Fiscal 2021 to ₹ 359.56 million for Fiscal 2022. Our loss after tax increased by 77.77% from ₹ (194.19) million for Fiscal 2021 to ₹ (345.20) million for Fiscal 2022.

Other comprehensive income

Other comprehensive income reduced by 57.24% from ₹ 0.57 million for Fiscal 2021 to ₹ 0.24 million for Fiscal 2022.

Total comprehensive loss

As a result of the factors outlined above, our total comprehensive loss increased by 78.16% from ₹ (193.62) million for Fiscal 2021 to ₹ (344.96) million for Fiscal 2022.

Financial Year ended March 31, 2023 (on a consolidated basis)

Total Income

Total income was ₹ 6,431.07 million for the financial year ended March 31, 2023, which principally comprised, revenue from operations of ₹ 6,152.35 million, interest income from bank deposits of ₹ 121.51 million and profit on sale of assets/investments of ₹ 126.04 million.

Revenue from operations

Revenue from operations was ₹ 6,152.35 million for the financial year ended March 31, 2023, primarily due to income arising out of toll collection, interest income from annuity received from NHAI, revenue from operations and maintenance of road and change of scope and utility shifting expenses. Our revenue from operations was 95.67% of the total income for the financial year ended March 31, 2023.

Income arising out of toll collection

Income arising out of toll collection was ₹ 5,637.45 million for the financial year ended March 31, 2023, which was 87.66% of our total income for the financial year ended March 31, 2023.

Interest income from annuity received from NHAI

The interest income from annuity received from NHAI was ₹ 183.75 million for the financial year ended March 31, 2023, which was 2.86% of our total income for the financial year ended March 31, 2023.

Revenue from operations and maintenance of road

The revenue from operations and maintenance of road was ₹ 280.23 million for the financial year ended March 31, 2023, which was 4.36% of our total income for the financial year ended March 31, 2023.

Change of scope and utility shifting expenses

The change of scope and utility shifting expenses was ₹ 50.92 million for the financial year ended March 31, 2023, which was 0.79% of our total income for the financial year ended March 31, 2023.

Interest income from bank deposits

Interest income on bank deposits for the financial year ended March 31, 2023 was ₹ 121.51 million which was primarily attributable to creation of bank deposits against various reserves as per the financing document such as debt service reserve account (the "**DSRA**"), Major maintenance reserve account ("**MMRA**")and fixed deposit created out of surplus funds etc. Interest income on bank deposits represented 1.89 % of our total income for the financial year ended March 31, 2023.

Profit on sale of assets/investments

Profits on the sale of assets and/or investments for the financial year ended March 31, 2023 was ₹ 126.04 million which was primarily attributable to gains on the sale of the investments or mutual fund.

Other income

Other income was ₹ 31.17 million for the financial year ended March 31, 2023, primarily on account of income tax refunds, insurance claims, written back excess provisions and other miscellaneous income. Other income represented 0.48% of our total income for the financial year ended March 31, 2023.

Total expenses

The total expenses were ₹ 5,466.59 million for the financial year ended March 31, 2023, primarily on account of expenses related to the amortization of intangible assets, finance costs, provision for major maintenance obligations, operations and maintenance and other expenses. Total expenses represented 85% of our total income for the financial year ended March 31, 2023.

Valuation expenses

The valuation expense was ₹ 2.40 million for the financial year ended March 31, 2023, which was on account of services availed for valuation carried out as required in InvIT Regulations. The valuation expense represented 0.04% of our total income for the financial year ended March 31, 2023.

Audit Fees

The audit fees was ₹ 17.38 million for the financial year ended March 31, 2023 on account of the fee paid to the Statutory Auditors of the Highways Trust and ₹ 5.64 million for the financial year ended March 31, 2023 on account of the fees paid to the auditors of the Highways SPVs. The audit fees represented 0.36% of our total income for the financial year ended March 31, 2023.

Insurance expenses

The insurance expenses were ₹ 45.66 million for the financial year ended March 31, 2023 and were primarily attributable to insurance coverage taken of the Projects as per the requirement of the respective concession agreements. The insurance expenses represented 0.71% of our total income for the financial year ended March 31, 2023.

Employee benefits expense

Employee benefits expense was ₹ 104.03 million for the financial year ended March 31, 2023, primarily due to payment of salaries, wages and bonus and staff welfare expenses. Employee benefits expense represented 1.62% of our total income for the financial year ended March 31, 2023.

Investment manager fees

The Investment Management fees was ₹ 111.66 million for the financial year ended March 31, 2023, which was on account of fee paid to the Investment Manager pursuant to the Investment Management Agreement. The Investment Management fee represented 1.74% of our total income for the financial year ended March 31, 2023.

Project management fees

The Project Management fees was ₹ 53.55 million for the financial year ended March 31, 2023 which was on account of fee paid to the Project Manager pursuant to the Project Management Agreement. The Project Management fee represented 0.83% of our total income for the financial year ended March 31, 2023.

Management support services fee

The management support service fee was ₹ 247.43 million for the financial year ended March 31, 2023 which was paid to Highways Concessions One Private Limited for certain services provided to Project SPVs, before it became the investment manager of the Highways Trust. The management support service fees represented 3.85% of our total income for the financial year ended March 31, 2023.

Trustee fees

The Trustee fees was ₹ 4.43 million for the financial year ended March 31, 2023 which was on account of fee paid to the Trustee pursuant to the engagement letter with the Trustee. The Trustee fee represented 0.07% of our total income for the financial year ended March 31, 2023.

Depreciation on property, plant and equipment

Expenses in relation to the depreciation of property, plant and equipment were ₹ 26.96 million for the financial year ended March 31, 2023 and represented 0.42% of our total income for the financial year ended March 31, 2023.

Amortization of intangible assets

Expenses in relation to the amortization of intangible were ₹ 1,139.01 million for the financial year ended March 31, 2023 and represented 17.71% of our total income for the financial year ended March 31, 2023. This is in the normal course of business and operations

Finance costs

Finance costs was ₹ 2,190.59 million for the financial year ended March 31, 2023, primarily attributable to the interest on term loans from banks and issued non-convertible debt securities and other finance costs including (i) the unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads, (ii) the unwinding of discount on provisions and financial liabilities carried at amortised cost, and (iii) finance and bank charges. Finance costs represented 34.06% of our total income for the financial year ended March 31, 2023.

Rating Fee

The rating fee was ₹ 2.35 million for the financial year ended March 31, 2023 which was on account of fee paid to the credit rating agencies pursuant to the engagement letters executed with them. The rating fee represented 0.04% of our total income for the financial year ended March 31, 2023.

Operation and maintenance

Expenses in relation to the operations and maintenance of the Highways Trust in terms of the concession agreements were ₹ 433.39 million for the financial year ended March 31, 2023. The operation and maintenance expenses represented 6.74% of our total income for the financial year ended March 31, 2023.

Corporate social responsibility

Expenses in relation to the corporate social responsibility obligations of the Highways SPVs, in accordance with the Companies Act, 2013 were ₹ 15.16 million for the financial year ended March 31, 2023, representing 0.24% of our total income for the financial year ended March 31, 2023.

Provision for major maintenance obligations

The provision for major maintenance obligations was ₹ 416.39 million for the financial year ended March 31, 2023 mainly on account of planned spend on period maintenance as per the Concession Agreements and represented 6.47% of our total income for the financial year ended March 31, 2023.

Operating expenses

The operating expenses were ₹ 365.44 million for the financial year ended March 31, 2023, which was on account of expenses related to claims from NHAI and the Public Works Department, modification losses on the annuity projects and change of scope and utility shifting expenses. The operating expenses represented 5.68% of our total income for the financial year ended March 31, 2023.

Independent consultancy and project monitoring fees

The consultancy and project monitoring fee was ₹ 69.28 million for the financial year ended March 31, 2023 which was on account of fees paid to the independent consultants appointed for the purposes of monitoring the projects pursuant to the engagement letters executed with them. The fee represented 1.08% of our total income for the financial year ended March 31, 2023.

Legal and professional fees

The legal and professional fees was ₹ 152.55 million for the financial year ended March 31, 2023. The fee represented 2.37% of our total income for the financial year ended March 31, 2023.

Other expenses

Other expenses were ₹ 63.34 million for the financial year ended March 31, 2023, and is mainly on account of power, fuel and water charges, travelling and conveyance expenses, writing off of bad debts, rent etc. Other expenses represented 0.98% of our total income for the financial year ended March 31, 2023.

Profit before tax

As a result of the factors outlined above, our profit before tax was ₹ 964.48 million for the financial year ended March 31, 2023 (on a consolidated basis).

Profit after tax

As a result of the factors outlined above and total tax expense of ₹ 622.49 million, our profit after tax was ₹ 341.99 million for the financial year ended March 31, 2023 (on a consolidated basis).

Total comprehensive income

As a result of the factors outlined above, our total comprehensive income was ₹ 342.89 million for the financial year ended March 31, 2023 (on a consolidated basis).

Cash Flows

On a Combined Basis

The following table sets forth certain information relating to the cash flows of the Highways SPVs on a combined basis for the periods indicated:

(*In ₹ million*)

Particulars	Financial Year ended March 31,	
	2022	2021
Net cash generated from operating activities	3,704.53	2,845.33
Net cash (used in) / flow from investing activities	(242.01)	269.93
Net cash used in financing activities	(3,176.50)	(3,210.36)

Net cash generated from operating activities

Net cash from operating activities for Fiscal 2022 was ₹ 3,704.53 million, primarily arising out of operations.

Net cash from operating activities for Fiscal 2021 was ₹ 2,845.33 million, primarily arising out of operations.

Net cash (used in)/ from investing activities

Net cash outflow from investing activities for Fiscal 2022 was ₹ (242.01) million, primarily due to increase in current investments.

Net cash flow from investing activities for Fiscal 2021 was ₹ 269.93 million, primarily due to proceeds from sale of current investments.

Net cash from / (used) by / in financing activities

Net cash from financing activities for Fiscal 2022 was ₹ (3,176.50) million, primarily due to repayment of borrowings, interest paid and finance costs, issue of CCD, redemption of OCD along with IRR.

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.

On a Consolidated Basis

The following table sets forth certain information relating to the cash flows of the Highways Trust on a consolidated basis for the financial year ended March 31, 2023:

(*In ₹ million*)

Particulars	Financial Year ended March 31, 2023
Net cash generated from operating activities	5,027.86
Net cash used in investing activities	(1,185.79)
Net cash used in financing activities	(3,858.78)

Net cash from operating activities for Fiscal 2023 was ₹ 5,027.86 million, primarily arising out of tolling operations.

Net cash used in investing activities for Fiscal 2023 was ₹ (1,185.79) million, primarily due to investment in compulsorily convertible debentures.

Net cash used in financing activities for Fiscal 2023 was ₹ (3,858.78) million, primarily due to distribution to unitholders and payment of finance costs.

Capital Expenditure

The Highways Trust capital expenditure has historically been principally for construction and O&M costs. In the Fiscals 2022 and 2021 the combined capital expenditure of the Highways SPVs was as follows:

(*In ₹ million*)

Particulars	As at March 31, 2022	As at March 31, 2021
Intangible Assets	1.19	1.09
Property, Plant and Equipment	72.81	20.46
Capital work in progress	2.39	9.40

In the Fiscal 2023, the consolidated capital expenditure of the Highways Trust was as follows:

(*In ₹ million*)

Particulars	As at March 31, 2023
Intangible Assets	246.37
Property, Plant and Equipment	13.34
Capital work in progress	-

Indebtedness

The following table provides the types and amounts of the Highways SPVs outstanding indebtedness on a combined basis for Fiscal 2022 and Fiscal 2021:

(*In ₹ million*)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Secured		
Term loan from banks	1,720.97	2,043.30
Term loan from financial institutions	2,753.37	3,177.74
Non-convertible debentures	8,337.70	9,413.25
Unsecured		
Loan from related parties	-	325.91
Loan from others (including GMR Highways Limited)	470.62	427.83
Optionally convertible debentures from related parties	-	6,864.12
Compulsory convertible debentures from related parties	7,978.14	-
Total Non-Current Borrowings	**21,260.80**	**22,252.15**
Current		
Liability Component of Compound Financials Instruments	519.08	519.08
Current Maturities of Long-Term Borrowings		
Term loans from banks	324.21	293.65
Term loan from financial institutions	422.72	55.81
Non-convertible debentures	741.62	873.67
Total Current Borrowings	**2,007.63**	**1,742.21**
Total Borrowings	**23,268.43**	**23,994.36**

The following table provides the types and amounts of the Highways Trusts' outstanding indebtedness on a consolidated basis for the Fiscal 2023:

(*In ₹ million*)

Particulars	As at March 31, 2023
Non-Current	
Secured	
Term loan from banks	7,673.13
Term loan from financial institutions	-
Non-convertible debentures	6,351.05
Unsecured	
Loan from related parties	-
Loan from others (including GMR Highways Limited)	517.68
Optionally convertible debentures from related parties	-
Compulsory convertible debentures from related parties	-
Total Non-Current Borrowings	**14,541.86**
Current	
Liability Component of Compound Financials Instruments	-
Current Maturities of Long-Term Borrowings	
Term loans from banks	160.00
Term loan from financial institutions	-
Non-convertible debentures	65.00
Total Current Borrowings	**225.00**
Total Borrowings	**14,766.86**

As on March 31, 2023, the Highways Trust's total borrowings, on a consolidated basis, comprising unsecured loans and secured loans and current maturities of the long-term borrowings was ₹ 14,766.86 million, consisting of, amongst others, unsecured loans of ₹ 517.68 million and secured loans of ₹ 14,249.18 million. Most of the financing arrangements are secured by the Highways SPVs 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 240.

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 Highways 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 Letter of Offer, 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 "*Our Business*" on pages 134 and 147, respectively.

Known Trends or Uncertainties

Other than as described in the section entitled "*Risk Factors*" on page 53 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 Highways SPVs of the Highways Trust*" on page 201, 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

Our activities expose us to a variety of financial risks, including market risk, credit risk and liquidity risk. Our primary risk management focus is to minimize potential adverse effects of market risk on our financial performance. Our risk management assessment and policies and processes are established to identify and analyses the risks faced by us, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and the Investment Manager's and Highways SPVs' board of directors have overall responsibility for the establishment and oversight of our risk management framework. This section presents information about the risks associated with our financial instruments, our objectives, policies and processes for measuring and managing risk, and our 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 March 31, 2023

Except as disclosed in this Draft Letter of Offer and except for the ordinary course of business of the Highways Trust and the Highways SPVs, we are not aware of any circumstances that have arisen since March 31, 2023 that materially and adversely affect, or are likely to affect, the revenue or profitability of the Highways Trust or the value of its assets, or its ability to pay its 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 March 31, 2023, being the date of latest financial information included by way of the Audited Financial Statements.

The Highways Trust and the Investment Manager confirm that there has been no material change in the capital and other commitments since March 31, 2023 being the date of latest financial information included by way of the Audited Financial Statements.

The month-wise unaudited revenue for certain of the Highways SPVs from the date of the latest financial statements included in this Draft Letter of Offer until the completed month before the filing of this Draft Letter of Offer has been provided below:

(In ₹ million)

Sr. No.	Highways SPVs	April 2023	May 2023	June 2023
1.	DBCPL	180.31	193.21	189.52
2.	GEPL	133.74	139.46	125.82
3.	UEPL	149.78	169.32	152.51
4.	JPEPL	57.15	57.66	53.46
5.	NBL*	21.99	19.17	17.62
6.	SEPL*	26.20	15.26	11.10

* *Revenue for annuity projects is considered as per IndAS115. The actual annuity receipt figures will not match the revenue as per IndAS 115.*

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 Highways 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 Highways 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 November 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 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.

(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 Highways Trust

A number of present and on-going transactions with certain Related Parties have been, or will be, entered into by the Highways Trust and the Project SPVs. 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 the InvIT Regulations:

(A) Trust Deed

Please see the section entitled "*Parties to the Highways Trust – Key Terms of the Trust Deed*" on page 95 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 Erstwhile Investment Manager.

(B) Investment Management Agreement

Please see the section entitled "*Parties to the Highways Trust – Key Terms of the Investment Management Agreement*" on page 106 for a description of the terms of the Investment Management Agreement.

(C) Project Management Agreement

Please see the section entitled "*Parties to the Highways Trust – Key terms of the Project Management Agreement*" on page 120 for a description of the terms of the Project Management Agreement.

(D) Securities Purchase Agreement

Please see the section entitled "*Related Party Transactions – Acquisition of the Highways SPVs by the Trust*" on page 242 for a description of the terms of the Securities Purchase Agreement.

(E) Target SPV Trust Loan Agreement

Please see the section entitled "*Related Party Transactions – Borrowings from Related Parties*" on page 243 for a description of the terms of the Securities Purchase Agreement.

Acquisition of the Highways SPVs by the Trust

Securities Purchase Agreement

The Highways Trust, acting through its Trustee, has acquired in the issued and paid-up share capital of each of the Highways 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 key terms of the SPA are specified below:

Representations and Warranties: The representations and warranties provided by the Sponsor, the Highways Trust, the Investment Manager and the Highways SPVs under the Securities Purchase Agreement, include, amongst others:

- due incorporation and valid existence;
- due authorisation for the consummation of the Securities Purchase Agreement ;
- execution of the Securities Purchase Agreement and transactions contemplated in the Securities Purchase Agreement does not violate its charter documents, or material breach or violation of material contract or applicable law; and
- representations in relation to solvency.

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.

InvIT Assignment Agreement

As contemplated under the Securities Purchase Agreement the Sponsor and the Highways Trust (represented by the Trustee) have entered into an assignment agreement ("**Assignment Agreement** "), pursuant to which the Sponsor has assigned its rights and obligations under the Securities Purchase Agreement to the Highways Trust, subject to certain terms and conditions. Each of the parties to the Assignment Agreement have provided certain representations and warranties, which include, amongst others, (i) due incorporation and valid existence, (ii) due authorisation for the consummation of the Assignment Agreement, and (iii) execution of the Assignment Agreement and transactions contemplated therein do not violate (a) applicable law or the terms of any order or license issued by any governmental or regulatory authority; or (b) conflict with, or result in a breach under any agreement by which the party is bound and/or the constitutional documents of any party; or (c) require the consent of any third party, except as may be identified under the Assignment Agreement.

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.

The Highways Trust proposes to utilize the Issue Proceeds to partially or fully repay the borrowings availed by the Target SPV from its external lenders and its existing shareholders, such funds are proposed to be infused in the Target SPV by way of a loan from the Highways Trust. The indicative key terms of such infusion are set out below, however, grant of such loans and the terms thereof, are subject to the approval from NHAI, which may be changed to incorporate the comments or requirements from such stakeholders.

Sr. No.	Parameter	Description
1.	Purpose of Facility	This Facility is proposed to be utilized for the refinancing of existing outstanding secured or unsecured loan of the Target SPV.
2.	Facility Amount	This facility amount, being, a senior rupee term loan facility of up to ₹ 3,320 million is proposed to be utilized for refinancing of existing external debt of the Target SPV. Unsecured or secured facility of up to ₹ 283 million proposed for refinancing of existing shareholder debt of the Target SPV.
3.	Loan Tenor and repayment schedule	As may be mutually agreed with the Target SPV. During any year, in case, the repayment is not possible as per the agreed repayment schedule due to any reason, the repayment due for that year may be paid in the subsequent years without any penalty.
4.	Interest Rate	Fixed rate of 14% p.a. payable monthly

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:

Further, the Sponsor has informed the Highways Trust and the Investment Manager by way of letter dated July 5, 2023, that (i) the Sponsor currently holds 76% of the equity share capital of Bangalore Elevated Tollway Private Limited ("**BETPL**"), (ii) the remaining 24% equity share capital of BETPL ("**Balance Stake**") is held by IL&FS Engineering and Construction Company Limited ("**IECCL**") for and on behalf of Maytas Investment Trust ("**MIT**"), (iii) the Sponsor has entered into a Securities Subscription Cum Purchase Agreement dated September 28, 2022 with IECCL and MIT for acquisition of the Balance Stake ("**Sponsor BETPL SPA**"), (iv) the consummation of the transactions contemplated under the Sponsor BETPL SPA are subject to completion of various conditions, as set out in the Sponsor BETPL SPA, and (v) upon consummation of the Sponsor BETPL SPA, the Sponsor may make available for acquisition by the Highways Trust, the Sponsor's full equity interest in BETPL (directly or indirectly), on a fully diluted basis, subject to execution of legally binding definitive documentation in this regard .

The Highways Trust may, from time to time, 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 240.

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 251.

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 up to 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 Letter of Offer. 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 244.

A. Approvals in relation to the Issue

1. Resolutions dated July 6, 2023 and July 7, 2023, 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, as renewed on November 18, 2022 under the provisions of the Contract Labour (Registration and Abolition) Act, 1970 valid until November 24, 2023.

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. Licenses dated January 17, 2023, January 19, 2023 and January 20, 2023 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, 2023.

10. Consents to operate dated June 6, 2023 issued by the Madhya Pradesh Pollution Control Board under the provisions of the Air (Prevention & Control of Pollution) Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974 valid until March 31, 2028.

11. 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.

12. 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.

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. 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.

5. Certificate dated June 22, 2022 for registration of captive generating plant issued by the Electrical Inspectorate, Government of Tamil Nadu, valid until June 22, 2025.

6. Fire service license dated September 26, 2022 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 February 7, 2022 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, 2024.

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 April 11, 2022 bearing stamping certificate (2285633/DAH/2022/01).

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. 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.

5. 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 14, 2022 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, 2023.

4. Provisional approval for installation of a DG set dated July 6, 2022 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 5, 2023.

VII. ANHPL

1. Provisional completion certificate dated March 31, 2022 issued by Dhruv Consultancy Services Limited (Independent Engineer) certifying March 11, 2022 as the provisional date of commencement of commercial operations of the Target SPV Project.

2. Completion certificate dated September 9, 2022 issued by Dhruv Consultancy Services Limited (Independent Engineer), certifying March 11, 2022 as the date of commencement of commercial operations of the Target SPV Project.

J. Approvals applied for, but not yet received

As of the date of this Draft Letter of Offer, except as disclosed below, there are no material 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, expect as stated below:

The Target SPV has applied for an approval from NHAI by way of an application dated May 15, 2023 in relation to the transfer of their 100% shareholding from H.G. Infra Engineering Limited.

Apart from this, as of the date of this Draft Letter of Offer, 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 ₹ 92.29 *million, i.e. 1.5% of the total revenue from operations of the Project SPVs as for the period ended March 31, 2023, 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.*

In respect of the Investment Manager, all outstanding civil litigation cases which involve an amount equivalent to or exceeding ₹ 5.34 million (being 1.5% of the total revenue from operations as on March 31, 2023) shall be been considered material for the purposes of disclosure. 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 Investment Manager.

In respect of the Project Manager, all outstanding civil litigation cases which involve an amount equivalent to or exceeding ₹ 0.55 million (being 1.5% of the total revenue from operations as on March 31, 2023) shall be been considered material for the purposes of disclosure. 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 Manager.

*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 quarterly report on Form 10-Q filed with U.S. Securities and Exchange Commission on May 10, 2023 relating to the quarter ended March 31, 2023 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., and has made no public filings after May 10, 2023 which 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 ₹ 12.32 million (being 5% of the profit after tax for the period ended March 31, 2023) shall be considered material.

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 Letter of Offer, 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) 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 Group Co. Inc.) and its then 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 then 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 ("ROCO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General's lawsuit on behalf of the Commonwealth.

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 ROCO or class action allegations. KKR and the other defendants have moved to dismiss the August 20, 2021 complaint by the Tier 3 plaintiffs, whose motions are awaiting a decision from the Kentucky state court. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned. On December 9, 2022, the new judge issued an order that held in abeyance the motions to dismiss filed by KKR and other defendants pending the outcome of appeals which challenge the trial court's December 28, 2020 order granting the Attorney General's motion to intervene. On April 14, 2023, the Kentucky Court of Appeals ruled in favor of KKR and the other defendants in their appeal of the trial court's December 28, 2020 order granting the Kentucky Attorney General's motion to intervene in the 2017 action, including that the trial court should have dismissed the entire 2017 action after the Kentucky Supreme Court's 2020 decision. On May 4, 2023, the Attorney General filed a petition for rehearing with the Court of Appeals. The Court of Appeals' April 14, 2023 decision does not dismiss the Kentucky Attorney General's standalone lawsuit filed on July 21, 2020.

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 SEC, U.S. 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. KKR is presently subject to civil investigations and inquiries by the U.S. Department of Justice related to antitrust matters and by the SEC related to business-related electronic communications. KKR is currently cooperating with these civil investigations and inquiries.

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 ₹89.00 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.

UEPL

Proceedings by UEPL

1. UEPL has filed a petition dated December 2, 2022 before the NCLT, Mumbai for reduction in its paid-up equity share capital to ₹ 968,559,830 divided into 96,855,983 equity shares of ₹ 10 each. This 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 Letter of Offer, subject to the disclosures made in the section entitled "*Legal and Other Information – 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)*" on page 254, 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 Letter of Offer, 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	107.12
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	1	76.48
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 Letter of Offer and this Issue, sale or delivery of the Units is restricted by law in certain jurisdictions. Persons who may come into possession of this Draft Letter of Offer 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 Letter of Offer 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 Unitholders – Representations by the Investors" on page 1 of this Draft Letter of Offer.

General

This Draft Letter of Offer 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 Unitholders and is not an offer to the public. This Draft Letter of Offer 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. This Draft Letter of Offer or the Letter of Offer has not been and shall not be registered as a prospectus with any Registrar of Companies in India.

No action has been taken or will be taken that would permit a public offering of the Units to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Draft Letter of Offer and the Letter of Offer or any other material relating to 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 neither this Draft Letter of Offer and the Letter of Offer nor any offering materials or advertisements in connection with 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 SEBI regulations. Each purchaser of the Units in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled *"Notice to Investors*" on page 1.

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 Letter of Offer and the Letter of Offer 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 Letter of Offer and the Letter of Offer 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 Letter of Offer and the Letter of Offer 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 Letter of Offer and the Letter of Offer. 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 Letter of Offer and the Letter of Offer and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Letter of Offer and the Letter of Offer do 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 Letter of Offer and the Letter of Offer 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 Letter of Offer 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 Letter of Offer 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.The Investment Manager on behalf of the Highways Trust undertakes that at any given time, there shall be only one denomination for the Units of the Trust, to the extent required in terms 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 Letter of Offer. For details, please see the section entitled "*Distributions*" on page 198.

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.

ISSUE INFORMATION

This section is for the information of the Bidders proposing to apply in this Issue. Investors should carefully read the provisions contained in this Draft letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. The Trustee, the Sponsor, the Investment Manager and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Bidders are advised to make their independent investigation (for which the Investment Manager, the Sponsor, Highways Trust and the Lead Manager take no responsibility or liability) and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the InvIT Regulations read with SEBI Rights Issue Guidelines, Bidders proposing to apply in this Issue can apply only through ASBA.

OVERVIEW

This Issue and the Units issued pursuant to this Issue, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, the InvIT Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other governmental, statutory and regulatory authorities from time to time, including approvals, from RBI or other regulatory authorities, and the terms and conditions as stipulated in the Allotment advice. The Issue shall be undertaken in accordance with the provisions of the InvIT Regulations and the SEBI Rights Issue Guidelines.

Important:

1. **Dispatch and availability of Issue materials:**

   The Investment Manager will dispatch the Application Form, Abridged Letter of Offer, the Rights Entitlement Letter and other Issue material (i) only to the e-mail addresses of resident Eligible Unitholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Unitholders, on a reasonable effort basis, whose e-mail addresses are not available with the Investment Manager or the Eligible Unitholders have not provided the valid e-mail address to the Investment Manager; (iii) only to the Indian addresses of the non-resident Eligible Unitholders, on a reasonable effort basis, who have provided an Indian address to the Investment Manager and located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions.

   Further, the Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Unitholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Unitholders, on a reasonable effort basis, whose e-mail addresses are not available with the Investment Manager or the Eligible Unitholders have not provided the valid e-mail address to the Investment Manager; (iii) only to the Indian addresses of the non-resident Eligible Unitholders, on a reasonable effort basis, who have provided an Indian address to the Investment Manager and located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions, in each case who make a request in this regard.

   Investors can access the Letter of Offer, the Application Form, Abridged Letter of Offer, statutory advertisement, corrigendum, if applicable (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) on the websites of:

   (i) the Highways Trust at www.highwaystrust.com;

   (ii) the Registrar at www.linkintime.co.in;

   (iii) the Lead Manager, being Axis Capital Limited, at www.axiscapital.co.in;

   (iv) the Stock Exchange at www.nseindia.com.

   Eligible Unitholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (www.linkintime.co.in) by entering their DP ID, Client ID and PAN. The link for the same shall also be available on the website of Highways Trust (www.highwaystrust.com).

   Further, the Investment Manager along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Unitholders who have provided their Indian address through other means, as may be feasible. The Investment Manager, the Sponsor, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Rights Entitlement Letter and the Application Form, or delay in the receipt of the Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Unitholders or electronic transmission delays or failures (including corruption of the document being transmitted electronically), or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. **Facilities for Application in this Issue:**

   In accordance with the InvIT Regulations read with the SEBI Rights Issue Guidelines, all Bidders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully

read the provisions applicable to such Applications before making their Application through ASBA. For details, please see the section entitled "*Procedure for Application through the ASBA Process*" on page 272.

ASBA facility: Bidders can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

3. **Credit of Rights Entitlements in demat accounts of Eligible Unitholders**

In accordance with InvIT Regulations read with the SEBI Rights Issue Guidelines, the credit of Rights Entitlements and Allotment of Units shall be made in the dematerialized form only. Prior to the Issue Opening Date, the Investment Manager shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Unitholders holding the Units in dematerialised form (other than fractional entitlement); and (ii) a demat suspense escrow account opened by the Investment Manager, for the Eligible Unitholders which would comprise Rights Entitlements relating to (a) the Units held in a demat suspense account pursuant to Regulation 39 of the LODR Regulations; or (b) the demat accounts of the Eligible Unitholder which are frozen or details of which are unavailable with the Investment Manager or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Units under dispute, including any court proceedings, as applicable.

4. **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by Bidders: [●]
- Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or the Investment Manager: [●]
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Unitholders: [●]

Eligibility for the Issue

The Highways Trust is registered as an irrevocable trust under the Indian Trusts Act, 1882, and as an infrastructure investment trust under the InvIT Regulations, on December 23, 2021, having registration number IN/InvIT/21-22/0019. The existing Units of the Highways Trust are listed on NSE. The Issue is being undertaken in accordance with the InvIT Regulations, the SEBI Rights Issue Guidelines and other applicable law.

Compliance with the SEBI Rights Issue Guidelines

The Highways Trust is in compliance with Clause 1 of the SEBI circular entitled "*Guidelines for rights issue of units by a listed Infrastructure Investment Trust (InvIT)*" dated January 17, 2020 (Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2020/10), as amended, which is provided below, and accordingly eligible to undertake this Issue.

(i). a resolution of the board of directors of the Investment Manager dated July 6, 2023 has been passed, approving the rights issue of Units and a resolution of the board of directors of the Investment Manager dated [●] determining the Record Date;

(ii). units of the same class, which are proposed to be allotted pursuant to the Issue are already listed on NSE;

(iii). The Highways Trust has obtained in-principle approval of the NSE dated [●] for listing of Units proposed to be issued under the SEBI Rights Issue Guidelines;

(iv). the Highways Trust is in compliance with the continuous listing and disclosure obligations under the InvIT Regulations and circulars issued thereunder;

(v). None of the respective promoters or partners or directors of the Sponsor or Investment Manager or Trustee of the Highways Trust is a fugitive economic offender declared under section 12 of the Fugitive Economic Offenders Act, 2018; and

(vi). None of the respective promoters or partners or directors of the Sponsor or Investment Manager or Trustee of the Highways Trust

a. is barred from accessing the securities market by the SEBI;

b. is a promoter, director or person in control of any other company or a Sponsor, Investment Manager or Trustee of any other InvIT which is debarred from accessing the capital market under any order or directions made by the Board.

Renouncees

All rights and obligations of the Eligible Unitholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Units are being offered for subscription for cash to the Eligible Unitholders whose names appear as unitholders as per the list to be furnished by the Depositories in respect of the Units held in dematerialised form on the Record Date.

Rights Entitlements

As your name appears as a unitholder in respect of the Units held in dematerialised form as on the Record Date, you may be entitled to subscribe to the number of Units as set out in the Rights Entitlement Letter.

Eligible Unitholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (www.linkintime.co.in) by entering their DP ID and Client ID. The link for the same shall also be available on the website of Highways Trust (www.highwaystrust.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Unitholders before the Issue Opening Date only in dematerialised form.

Highways Trust is undertaking this Issue on a rights basis to the Eligible Unitholders only and will send the Rights Entitlement Letter and the Application Form only to e-mail addresses of Eligible Unitholders who have provided an Indian address to the Investment Manager. The Letter of Offer will be provided, only through email, by the Registrar on behalf of the Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to the Investment Manager. The Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, the Highways Trust and the Lead Manager through a link contained in the aforementioned e-mail sent to e-mail addresses of Eligible Unitholders (provided that the Eligible Unitholders is eligible to subscribe for the Units under applicable securities laws) and on the Stock Exchange website. The distribution of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the issue of Units on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken by Highways Trust, the Sponsor, the Investment Manager or the Lead Manager to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and the Units may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Units or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Units under the laws of any jurisdiction which apply to such person.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE UNITS REFERRED TO IN THIS DRAFT LETTER OF OFFER, THE LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO UNITHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE UNITS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER, THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY UNITS OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES.

Neither the Highways Trust, nor any person acting on behalf of the Highways Trust, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Highways Trust, or any person acting on behalf of the Highways Trust, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Draft Letter of Offer or the Letter of Offer. The Highways Trust is making this Issue on a rights basis to the Eligible Equity Investors and will dispatch, only through email, the Rights Entitlement Letter and the Application Form only to Eligible Unitholders who have provided an Indian address to the Highways Trust.

Any person who acquires Rights Entitlements or Units will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Units or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and the Units in compliance with all applicable laws and regulations.

The Highways Trust, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to the Highways Trust or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Units is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Units under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or the Highways Trust believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Highways Trust shall not be bound to issue or allot any Units in respect of any such Application Form.

PRINCIPAL TERMS OF THIS ISSUE

Issue Price

Each Unit is being offered at a price of ₹ [●] per Unit in this Issue. The Issue Price for the Units has been arrived at by the Investment Manager in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Units are being offered on a rights basis to the Eligible Unitholders in the ratio of [●] Lot for every [●] Lots held by the Eligible Unitholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Unitholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Unitholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Unitholder being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. RBI, by way of its e-mail communication dated February 17, 2021, has clarified that Rule 6(c) read with Schedule VIII of the FEM Rules permits the issue of Units by InvITs to persons resident outside India.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, please see the section entitled "*Issue Information - Procedure for Renunciation of Rights Entitlements*" on page 275.

In this regard, the Investment Manager has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Unitholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Unitholders are requested to provide relevant details (such as copies of self-attested PAN and details confirming the legal and beneficial ownership of their respective Units) to the Investment Manager or the Registrar not later than two Working Days prior to the Issue Closing Date, being by [●], to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Unitholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Unitholders in this regard. Such Eligible Unitholders are also requested to ensure that their demat account, details of which have been provided to Investment Manager or the Registrar account is active to facilitate such transfer.

Additionally, Investment Manager will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Unitholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Unitholders can be accessed by such respective Eligible Unitholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

The Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, Investment Manager will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Bidders shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+[●] rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] Units.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, being, from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, please see the sections entitled "*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*" on page 275. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, please see the section entitled "*Procedure for Application*" on page 271.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Bidders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

No Units for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Units offered under this Issue for subscribing to the Units offered pursuant to this Issue.

Terms of Payment

Full amount of ₹ [●] per Unit shall be payable on Application.

Fractional Entitlements

As the lot size comprises of [●] Units in accordance with InvIT Regulations for Highways Trust, the Rights Entitlements will be credited to the unitholders in multiples of [●] Units and the participation by unitholders in the Rights Issue will also be in multiples of [●] Units. Entitlements that are not in the multiple of [●] Units will be treated as fractional entitlements. Such fractional entitlements will not be credited to the Unitholders' accounts and the option of trading of fractional entitlements will also not be allowed by the Stock Exchanges. Accordingly, off-line transfers will not be permitted.

Illustration in relation to Fractional Entitlements

For ease of reference and understanding, we have assumed that the ratio of [●] Lot for every [●] Lots held by the Eligible Unitholders will be offered on a rights basis. The detailed description of the fractional entitlement and the basis of allotment are provided below:

The Units are being offered on a rights basis to existing Eligible Unitholders in the ratio of [●] Lot for every [●] Lots held as on the Record Date. Fractional entitlements of the Rights Entitlement will be credited to a suspense account. Accordingly, if the Unitholding of any of the Eligible Unitholders is less than [●] Lot or is not in the multiple of [●] Lots, the fractional entitlements of such Eligible Unitholders shall be ignored. However, the Eligible Unitholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional lot if they apply for additional Units in the Issue over and above their Rights Entitlements, if any, subject to availability of lots in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Unitholders holds [●] Units, such Unitholder will be entitled to [●] Lot and will also be given a preferential consideration for the Allotment of [●] Units if such Eligible Unitholders has applied for additional Lots in the Issue, over and above his/her Rights Entitlements, subject to availability of lots in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Unitholders holding less than [●] Lots shall have 'zero' entitlement for the lots. Such Eligible Unitholders are entitled to apply for additional lots in the Issue and will be given preference in the Allotment of [●] Units, if such Eligible Unitholders apply for additional lots in the Issue, subject to availability of lots in this Issue post allocation.

Ranking

The Units to be issued and allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Rights Entitlement Letter, the Application Form, the InvIT Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other governmental, statutory and regulatory authorities from time to time, including approvals, from RBI or other regulatory authorities, and the terms and conditions as stipulated in the Allotment advice. The Units to be issued and Allotted under this Issue shall rank *pari passu* with the existing Units, in all respects including distributions.

Listing and trading of the Units to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Units proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the InvIT Regulations, the Units Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Units will be taken within such period prescribed under the InvIT Regulations. The Investment Manager has received in-principle approval from NSE through letter bearing reference number [●] dated [●]. The Investment Manager will apply to NSE for final approvals for the listing and trading of the Units subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Units or the price at which the Units offered under this Issue will trade after the listing thereof.

The existing Units are listed and traded on NSE (Scrip Code: HIGHWAYS) under the ISIN: INE0KXY23015.The Units shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing and trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals from the Stock Exchange, the Units shall be debited from the temporary ISIN and credited shall to the new ISIN for the Units issued pursuant to this Issue and shall be available for trading. Accordingly, the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Units issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case the Investment Manager fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Units.

Subscription to this Issue by the Sponsor and their Associates

For details of the intent and extent of subscription by the Sponsor and their Associates, please see the section entitled "*The Issue – Intention and extent of participation by the Sponsor and its Associates*" on page 16.

GENERAL TERMS OF THE ISSUE

Market Lot

The Units of Highways Trust shall be tradable only in dematerialized form. The trading lot for Units in dematerialised mode is [●] Units.

Arrangements for Disposal of Odd Lots

The Units issued pursuant to this Issue shall be traded in dematerialised form only and shall be issued in the applicable trading lot. Accordingly, no arrangement for disposal of odd lots are required for the Units issued pursuant to this Issue.

Notices

The Investment Manager, will send, only through e-mail, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Unitholders who have provided their Indian addresses to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through e-mail, by the Registrar on behalf of the Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions and in each case who make a request in this regard.

All notices to the Eligible Unitholders required to be given by the Investment Manager shall be published in one English language national daily newspaper with wide circulation and one Hindi language national daily newspaper with wide circulation.

The Investment Manager will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Draft Letter of Offer shall be filed with the Stock Exchange, where the Units of Highways Trust are listed, and shall be made available to the public through the website of the Stock Exchange, Highways Trust and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer. The Investment Manager shall, after filing this Draft Letter of Offer make appropriate advertisements on the website of the Sponsor, if any, Investment Manager and Stock Exchange and in relevant newspapers.

The Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

Offer to Non-Resident Eligible Unitholders/Investors

The Rights Entitlement Letter and Application Form shall be sent to the email address of non-resident Eligible Unitholders who have provided an Indian address to Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. Investors can access the Letter of Offer and the Application Form (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) from the websites of the Registrar, Highways Trust, the Lead Manager and the Stock Exchanges. The Investment Manager may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Units purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Units against which Units are issued on rights basis.

In case of change of status of holders, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of Investment Manager and the Lead Manager.

The non-resident Eligible Unitholders can update their Indian address in the records maintained by the Registrar and the Investment Manager by submitting their respective copies of self-attested proof of address, passport, etc. at www.linkintime.co.in or www.highwaystrust.com.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with the InvIT Regulations and the SEBI Rights Issue Guidelines, all Bidders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Bidders should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Lead Manager, the Investment Manager, the Trustee, the Sponsor, their directors, employees, affiliates, Associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Units offered as part of this Issue would be sent to email address of the Eligible Unitholders who have provided an Indian address to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Application Form along with the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Unitholders, the Application Form and the Rights Entitlement Letter shall be sent through e-mail to e-mail address if they have provided an Indian address to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions.

Please note that none of the Sponsor, the Investment Manager, the Trustee, the Lead Manager or the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Unitholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses or mobile numbers in the records maintained by the Registrar or Investment Manager, Eligible Unitholders should visit www.linkintime.co.in/ www.highwaystrust.com. Bidders can access the Letter of Offer and the Application Form (provided that the Eligible Unitholders is eligible to subscribe for the Units under applicable securities laws) from the websites of:

(i) the Highways Trust at www.highwaystrust.com;

(ii) the Registrar at www.linkintime.co.in;

(iii) the Lead Manager, being Axis Capital Limited, at www.axiscapital.co.in;

(iv) the Stock Exchange at www.nseindia.com.

The Eligible Unitholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (www.linkintime.co.in) by entering their DP ID, Client ID and PAN. The link for the same shall also be available on the website of Highways Trust (www.highwaystrust.com)

The Application Form can be used by the Investors, Eligible Unitholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account and applying in this Issue. In case of multiple demat accounts, the Bidders are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Units by submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details, please see the section entitled "*Grounds for Technical Rejection*" on page 278. The Sponsor, the Investment Manager, the Trustee, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incorrect demat details provided by the Applicants.

Options available to the Eligible Unitholders

The Rights Entitlement Letter will clearly indicate the number of Units that the Eligible Unitholder is entitled to.

If the Eligible Unitholder applies in this Issue, then such Eligible Unitholder can:

(i) apply for its Units to the full extent of its Rights Entitlements; or

(ii) apply for its Units to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Units to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Units to the full extent of its Rights Entitlements and apply for additional Units in the Issue; or

(v) renounce its Rights Entitlements in full.

Procedure for Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Highways Trust, the Investment Manager, the Sponsor, the Trustee, their directors, employees, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Acceptance of this Issue

Investors may accept this Issue and apply for the Units by submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date, the Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Additional Units

Investors are eligible to apply for additional Units in the Issue, over and above their Rights Entitlements, provided that they are eligible to apply for Units under applicable law and they have applied for all the Units forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Units applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Units in the Issue, shall be considered and Allotment shall be made in accordance with the InvIT Regulations and in the manner prescribed under the section "*Basis of Allotment*" on page 282.

Eligible Unitholders who renounce their Rights Entitlements cannot apply for additional Units in the Issue. Non-resident Renouncees who are not Eligible Unitholders cannot apply for additional Units in the Issue.

Application on Plain Paper under ASBA process

An Eligible Unitholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Unitholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Unitholder shall submit the plain paper Application to the Designated Branches of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Unitholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branches of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of the Highways Trust, being Highway Infrastructure Trust;
2. Name and address of the Eligible Unitholder including joint holders (in the same order and as per specimen recorded with the Investment Manager or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Units held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Lots entitled to;
7. Number of Lots applied for within the Rights Entitlements;

8. Number of additional Units applied for, if any;

9. Total number of Units applied for;

10. Total amount paid at the rate of ₹ [●] per Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Unitholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Unitholders and for each Eligible Unitholder in case of joint names, irrespective of the total value of the Units applied for pursuant to this Issue;

14. Authorisation to the Designated Branches of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Unitholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. In addition, all such Eligible Unitholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Units referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to existing unitholders located in jurisdictions where such offer and sale of the Units is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Units or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Units or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Units under applicable securities laws (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Highways Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Highways Trust, the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Units which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Notice to Investors" on page 1.

I/ We understand and agree that the Rights Entitlements and Units may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with the Investment Manager, the Sponsor, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

The Investment Manager, the Sponsor, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager, the Sponsor, the Trustee and the Investment Manager accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Units of Highways Trust.

In this regard, the Rights Entitlements credited to the respective demat accounts of the Eligible Unitholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is [●] Units.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE0KXY23015 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants and only during the Renunciation Period.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with Highways Trust, the Sponsor, the Investment Manager, the Trustee, the Lead Manager and the Registrar not having any liability to the Investor.

Highways Trust, the Sponsor, the Lead Manager, the Trustee and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Allotment of the Units in Dematerialized Form

PLEASE NOTE THAT THE UNITS APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR UNITS ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE THE SECTION ENTITLED *"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"* ON PAGE 282.

General instructions for Investors

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you.

(c) The Application Form can be used by both the Eligible Unitholders and the Renouncees.

(d) Application should be made only through the ASBA facility.

(e) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(f) In accordance with the InvIT Regulations, SEBI Rights Issue Guidelines, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

(g) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(h) Applications should be submitted to the Designated Branches of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(i) Applications should not be submitted to the Bankers to the Issue or the Investment Manager or the Registrar or the Lead Manager.

(j) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(k) All Applicants should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Units pursuant to this Issue shall be made into the accounts of such Investors**.

(l) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(m) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(n) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(o) All communication in connection with Application for the Units, including any change in address of the Eligible Unitholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Unitholders, the Eligible Unitholders should also send the intimation for such change to the respective depository participant, or to the Investment Manager or the Registrar in case of Eligible Unitholders holding Units in physical form.

(p) Only persons outside the United States located in jurisdictions where the offer and sale of the Units is permitted under laws of such jurisdictions.

(q) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(r) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(s) Investors are required to ensure that the number of Units applied for by them do not exceed the prescribed limits under the applicable law.

(t) In addition, all such Eligible Unitholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Units referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to existing unitholders located in jurisdictions where such offer and sale of the Units is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Units or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Units or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Units under applicable securities laws (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Highways Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Highways Trust, the Registrar, the Lead Manager or any other person acting on behalf of the Highways Trust have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Units which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Notice to Investors" on page 1.

I/ We understand and agree that the Rights Entitlements and Units may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Do's:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID while submitting the Application. Such DP ID and Client ID number should match the demat account details in the records available with the Investment Manager or the Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Highways Trust, the Investment Manager, the Sponsor, the Trustee, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don’ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do’s for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Units will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branches of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Units (including additional Units) applied for} X {Application Money of Units}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branches of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don’ts for Investors applying through ASBA:

(a) Do not send your physical Application to the Lead Manager, the Registrar, a branch of the SCSB which is not a Designated Branch of the SCSB, Highways Trust or the Investment Manager; instead submit the same to a Designated Branch of the SCSB only.

(b) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

(b) Sending an Application to the Lead Manager, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB or the Investment Manager.

(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(e) Account holder not signing the Application or declaration mentioned therein.

(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(g) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(h) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(i) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(j) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(k) Physical Application Forms not duly signed by the sole or joint Investors.

(l) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(m) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(n) Applications which: (i) appears to the Highways Trust or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Units is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Units under applicable securities laws or; or (iii) where either a registered Indian address is not provided or where the Highways Trust believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Highways Trust shall not be bound to issue or allot any Units in respect of any such Application Form.

(o) Eligible Unitholders who renounce their Rights Entitlements applying for additional Units in the Issue. Application for additional units will be rejected.

(p) Multiple Application Forms, including cases where a Bidder submits Application Forms along with plain paper Application.

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.

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.

Depository account and bank details for Investors holding Units in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to the Investment Manager or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Units are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of the Investment Manager, the Sponsor, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors, (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by the Investment Manager. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, the Investment Manager would have a right to reject the Application on technical grounds as set forth hereinafter.

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Units by applicable local securities laws can obtain Application Forms on the websites of the Registrar, the Investment Manager and the Lead Manager.

   Note: Applications from non-resident investors in any jurisdiction outside India will not be accepted unless such person is a corporate or institutional Unitholder. In case of non-resident Eligible Unitholders, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to the Investment Manager or if they are foreign corporate or institutional Unitholders located in certain jurisdictions (other than the United States and India) where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions and in each case who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Units may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Units can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.

2. In case Units are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Units cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Units shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Unitholders must submit regulatory approval for applying for additional Units in the Issue.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where multiple Application Forms are submitted, including through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of the Sponsor or its Associates to meet the minimum subscription requirements applicable to this Issue as described in the section entitled "*The Issue – Intention and extent of participation by the Sponsor and its Associates*" on page 16.

Last date for Application

The last date for submission of the duly filled in the Application Form is [●], being the Issue Closing Date. The Investment Manager or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 15 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by Investment Manager, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Investment Manager shall be at liberty to dispose of the Units hereby offered, as provided under the section, "*Basis of Allotment*" on page 282.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Bidder shall withdraw their Application post the Issue Closing Date.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlement*	[●]
Issue Closing Date^	[●]
Finalisation of Basis of Allotment (On or about)	[●]
Date of Allotment (On or about)	[●]
Date of Credit (On or about)	[●]
Date of Listing (On or about)	[●]

* *Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

^ *The Investment Manager will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Units in the following order of priority:

(a) Full Allotment to those Eligible Unitholders who have applied for their Rights Entitlements of Units either in full or in part and also to the Renouncee(s) who has or have applied for Units renounced in their favour, in full or in part, as adjusted for fractional entitlement.**

(b) Allotment to Eligible Unitholders who having applied for the Units in full to the extent of their Rights Entitlement and have also applied for Additional Units shall be made as far as possible on an equitable basis, after giving preference to the Unitholders with fractional entitlement, having due regard to the number of Units held by them on the Record Date, provided there is an undersubscribed portion after making Allotment in (a) above.

(c) Allotment to the Renouncees, who having applied for the Units renounced in their favour and also applied for Additional Units, provided there is an undersubscribed portion after making full Allotment specified in (a) and (b). The Allotment of such Additional Units may be made on a proportionate basis.

(d) Allotment to the Sponsor and its Associates, who are Unitholders on the Record Date and who have disclosed their intent to subscribe to Additional Units in terms of the SEBI Rights Issue Guidelines, if there is an unsubscribed portion after making full Allotment as per clause (a), (b) and (c) above.

(e) Allotment to the underwriter appointed for the Issue, if any, at the discretion of the Board of Directors of the Investment Manager, subject to disclosure in the Letter of Offer.

** Allotment to those Eligible Unitholders holding fractional entitlement will be given preference basis their fractional holding, provided there is an undersubscribed portion after making Allotment in (a) above. For example, fractional entitlement unitholder holding 4 lots will get preference for allotment of one lot over those holding 3, 2 or 1 lot.

The units allotted in the manner specified above shall be listed within six Working Days from the Issue Closing Date.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Units in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened the Investment Manager for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

The Investment Manager will email Allotment advice, refund intimations or demat credit of securities and/or letters of regret, along with crediting the Allotted Units to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, the Investment Manager shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to the Investment Manager or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Units in the Issue and is Allotted a lesser number of Units than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds/ refund of monies shall be completed be within such period as prescribed under applicable law. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, the Investment Manager shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to the Issue or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Investment Manager.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Investment Manager. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Units in Dematerialized Form

PLEASE NOTE THAT THE UNITS APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE UNITS ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

Investors shall be Allotted the Units in dematerialized (electronic) form. In this context, the Investment Manager (acting on behalf of Highways Trust), and the Registrar have executed an agreement dated March 7, 2022 with NSDL and an agreement dated March 3, 2022 with CDSL.

INVESTORS MAY PLEASE NOTE THAT THE UNITS CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by the Investment Manager. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

The Investment Manager reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Units Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, the Investment Manager shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Minimum Subscription

Pursuant to the SEBI Rights Issue Guidelines, if Highways Trust does not receive the minimum subscription of 90% of the Issue Size, the Investment Manager, on behalf of Highways Trust, shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

Important

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with the Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Unitholder as mentioned on the Application Form and super scribed "[●]" on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

   Link Intime India Private Limited
   247 Park, C-101
   1st Floor, L B S Marg
   Vikhroli (West)
   Mumbai 400083
   Maharashtra, India
   Tel.: +91 22 4918 6000
   Fax: +9122 4918 6060
   E-mail: ajit.patankar@linkintime.co.in
   Website: www.linkintime.co.in
   Contact Person: Ajit Patankar
   SEBI Registration No.: INR000004058
   CIN: U67190MH1999PTC118368

3. The Investment Manager will have the right to extend the Issue Period as it may determine from time to time but not exceeding 15 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Underwriting

This Issue is not underwritten.

STATEMENT OF TAX BENEFITS

CERTIFICATE ON STATEMENT OF TAX BENEFITS

To

The Board of Directors

Highway Concessions One Private Limited (the "**Investment Manager**") in its capacity as an Investment Manager of the Highways Infrastructure Trust (the "**Highways Trust**" or the "**InvIT**")

Dear Sirs,

We refer to the proposed rights issue of the ordinary units of Highways Infrastructure Trust ('the Highways Trust' or 'the InvIT'). We enclose herewith as Annexure A (the "**Annexure**") the statement showing the current position of possible special/ general direct tax benefits available to the Highways Trust, and to its Unitholders as per the provisions of the Income-tax Act 1961 (read with Income Tax Rules, circulars, notifications) ("**Act**"), as amended from time to time and as applicable as on date, for inclusion in the Draft Letter of Offer and the Letter of Offer for the proposed rights issue of ordinary units of the Highways Trust.

Several of these benefits are dependent on the Highways Trustor its Unitholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence the ability of the Highways Trustor its Unitholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which based on the business imperatives, the Highways Trustor its unitholders may or may not choose to fulfil.

The benefits discussed in the statement enclosed as Annexure A are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Investment Manager. This statement is only intended to provide general information to guide 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 their own tax consultant with respect to the specific tax implications arising out of their participation in the offering. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

We do not express any opinion or provide any assurance whether:

- The Highways Trust or its unitholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Highways Trust and its unitholders in the placement memorandum and final placement memorandum for the proposed rights issue of ordinary units of the Highways Trust, which the Investment Manager (on behalf of the Highways Trust) intends to submit to the Securities and Exchange Board of India, National Stock Exchange of India Limited and any other authority, provided that the below statement of limitation is included in the placement memorandum and the final placement memorandum.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the 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. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed rights issue relying on the statement.

This statement has been prepared solely in connection with the offering of units by the InvIT under the Securities and Exchange Board of India ("SEBI") (Infrastructure Investment Trusts) Regulations, 2014, as amended.

Place: July 3, 2023
Date: Mumbai

STATEMENT OF POSSIBLE INCOME TAX BENEFITS AVAILABLE TO HIGHWAYS INFRASTRUCTURE TRUST ('InvIT') AND ITS UNITHOLDERS

I. Tax Implications and benefits in relation to InvITs

Highways Infrastructure Trust ('InvIT' or 'Trust') has been constituted as an irrevocable determinate trust under the Indian Trusts Act, 1882. Further, the Trust is registered with the Securities and Exchange Board of India ('SEBI') as Infrastructure Investment Trust under the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ('SEBI InvIT Regulations').

The following implications/benefits under the Income- Tax Act, 1961 (`Act') are applicable/available to the Trust after fulfilling conditions as per the applicable provisions of the Act and the SEBI InvIT Regulations.

1. Taxability of interest and dividend income in the hands of trust from Special Purpose Vehicle(s)

As per the provisions of section 10(23FC) of the Act, any income of a trust by way of interest and dividend received or receivable from a special purpose vehicle (SPV) would be exempt from tax. For this purpose, SPV means a domestic company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration.

It is pertinent to note here that as per the provisions of section 14A of the Act, 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 Act shall be followed for calculating the quantum of disallowance.

2. Taxability of income of trust in general unless exempted / specified otherwise under provisions of the Act

As per section 115UA(2) read with section 10(23FC) of the Act, the taxable total income of a business trust would be charged to tax at the maximum marginal rate ('MMR') [i.e. the rates of income-tax (including surcharge and Cess on income-tax, if any) applicable in relation to the highest slab of income as specified in the relevant Finance Act] in force except for the income chargeable to tax on transfer of short term capital assets as per section 111A and long term capital assets as per section 112 and section 112A of the Act and income referred to in section 10(23FC) of the Act.

Please note that section 112A is not explicitly mentioned in section 115UA(2) and hence an ambiguity exists on the tax rate to be applicable on the gains referred to in section 112A of the Act earned by the trust.

Further, dividend and interest income earned by Trust from company other than SPV, shall be taxable at MMR.

As per section 57 of the Act, no deduction shall be allowable against the dividend income (which is taxable in the hands of the Trust) other than deduction on account of interest expense incurred wholly and exclusively for the purpose of earning such dividend and such interest expense shall not exceed 20% of the dividend income included in the total income for that year, without deduction under section 57 of the Act.

3. Taxability of Capital Gains in the hands of the Trust a. Period of Holding

Capital assets are classified as long-term capital assets ('LTCA') or short-term capital assets ('STCA'), based on the period of holding of these assets. Depending on the period of holding for which the shares and securities are held, the gains should be taxable as short- term capital gains or long-term capital gains. As per the provisions of section 2(42A) of the Act, a capital asset is regarded as short- term capital asset ("STCA"), if:

Sr. No.	Nature of asset	Period of holding before the date of the sale
(i)	Securities (other than units) listed in a recognised stock exchange in India or a unit of an equity- oriented fund or unit of the Unit Trust of India or Zero- coupon bond.	12 months or less
(ii)	Shares (other than listed in a recognised stock exchange in India) including those offered through offer for sale as part of initial public offer or an immovable property being land or building or both.	24 months or less
(iii)	Capital asset other than covered in (i) and (ii)	36 months or less

As per the provisions of section 2(29A) of the Act, LTCA means a capital asset which is not a STCA.

b. Short-term capital gains

As per the provisions of section 111A of the Act, any income arising from transfer of STCA being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust pursuant to a transaction acted through a recognized stock exchange and subject to STT, will be taxable in the hands of the Trust at a concessional rate of 15% (plus applicable surcharge and cess). However, the condition of STT is not required if the transaction is undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency.

Short-term capital gains arising from transfer of STCA other than the shares and securities covered under section 111A of the Act, will be taxed at the maximum marginal rates in force.

c. Long-term capital gains

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of LTCA shall be chargeable to tax in the hands of the Trust at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long-term capital gains on transfer of listed securities (other than units) or Zero-Coupon Bonds shall be taxable at a rate lower of the following:

- 10% (plus applicable surcharge and cess) without indexation benefit under second proviso to section 48; or

- 20% (plus applicable surcharge and cess) with indexation benefit under second proviso to section 48

Further, as per section 112A of the Act, gains exceeding INR 0.1 million arising on the transfer of LTCA, being an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust, through a recognized stock exchange and subject to STT, shall be chargeable to tax in the hands of the Trust at the rate of 10% (plus applicable surcharge and cess) without indexation benefit under section 48 of the Act.

d. Cost of Acquisition

Section 48 of the Act 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 of the Act 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, debentures, and listed equity shares in a company or units of equity-oriented funds or units of a trust referred to in section 112A of the Act.

e. Deemed sales consideration

As per section 50CA of the Act, where the consideration on transfer of unquoted shares of a company, is less than the fair market value of such share determined in such manner as may be prescribed, the value so determined shall for the purpose of section 48 of the Act, be deemed to the full value of consideration.

4. Income from buy back of shares by SPV

The provisions of section 115QA of the Act mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares. Such tax is payable on the distributed income which is equal to the consideration paid by the company on buy-back of shares as reduced by the amount, which was received by the company for issue of such shares. Further, income arising from buy-back of unlisted shares shall not be taxable as per section 10(34A) of the Act in the hands of the shareholders.

Accordingly, in case income arises in hands of the Trust from buy-back of unlisted shares by the Project SPVs (held in the underlying SPVs), then such income shall be exempt in the hands of the Trust.

5. Set off and carry forward of capital losses

As per section 70 read with section 74 of the Act, long-term capital loss, if any arising during the year can be set-off only against long- term capital gain and shall be allowed to be carried forward up to eight assessment years immediately succeeding the assessment year for which the loss was first computed. The brought forward long-term capital loss can be set off only against long-term capital gains.

As per section 70 read with section 74 of the Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward up to eight assessment years immediately succeeding the assessment year for which the loss was first computed. The brought forward short-term capital loss can be set off against capital gains (both long-term and short-term capital gains).

II. Tax Implications and benefits in relation to all unitholders

Following tax benefit is specifically available to the unitholders of the Trust subject to the fulfillment of the conditions specified in the Act and the SEBI Regulations:

a) Tax exemption in respect of income distributed by Trust

As per the provisions of section 115UA(1) of the Act, the income distributed by the Trust shall be deemed to be of the same nature and in the same proportion in the hands of the unitholders as if such income was received by or accrued to the Trust.

As per the provisions of section 10(23FD) of the Act, any income referred to in section 115UA(1) of the Act and distributed by the Trust shall not be included in the total income of the unitholders except for the following income:

- Interest referred to in Section 10(23FC) of the Act; and
- Specified dividend i.e., dividend income received in cases where SPV has exercised the option under section 115BAA of the Act.

SPVs have the option, subject to certain condition, to choose a concessional tax rate of 22 percent (plus 10% surcharge and 4% cess) under section 115BAA of the Act. In case, SPV has exercised the option under section 115BAA of the Act, any dividend distributed by the Trust out of the dividend paid by such SPV shall be taxable in the hands of unitholder. In other cases, the dividend distributed by Trust out of the dividend paid by SPV which has not exercised the option under section 115BAA of the Act, shall be exempt in the hands of unitholders under section 10(23FD) of the Act.

The Finance Act, 2023 has amended section 56(2) of the Act to add a new clause (xii) which provides that any distribution received by unitholders that is not covered under section 10(23FC) or 10(23FCA) of the Act and that which is not chargeable to tax under section 115UA(2) of the Act shall be charged to tax as 'income from other sources' provided such amount received (including similar distributions in earlier years to the same unitholder or any other unitholder) is in excess of the amount at which units are issued by the InvIT, as reduced by the amount which would have been charged to tax earlier under this provision. Such income shall be chargeable to tax at the rates applicable based on the status of the unitholder.

b) Implications on transfer of shares held by Sponsor in Project SPVs to trust

According to section 47(xvii) of the Act, any transfer of a capital asset, being shares of an SPV 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.

According to section 49(2AC) of the Act, the cost of units acquired in lieu of shares in SPV shall be deemed to be cost of acquisition of shares in SPV.

As per the amendment by the Finance Act, 2023, the amount of distribution received to the extent not chargeable to tax under section 56(2)(xii) of the Act and not covered under sections 10(23FC), 10(23FCA) or 115UA(2) of the Act shall be reduced from the cost of units.

As per clause (hc) of explanation 1 of section 2(42A) of the Act, for ascertaining the period of holding of such units, the period of holding of shares in SPV shall also be included.

c) Avoidance of tax by certain transaction in securities- section 94 of the Act

As per section 94(1) of the Act, where any person owning securities sells or transfers the same or similar securities and buys back or reacquires those securities and the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by such owner, the said interest, whether it would or would not have been chargeable to income-tax apart from the provisions of section 94(1) of the Act, would be deemed to be the income of the owner of the securities and not to be the income of any other person subject to certain specified conditions.

As per section 94(2) of the Act, where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

Section 94(7) of the Act provides that losses arising from the sale/ transfer of securities or units of a mutual fund or the Unit Trust of India or Business Trust or Alternative Investment Fund purchased within a period of three months prior to the record date and sold/ transferred within three (for shares)/ nine (for units) months after such date, will be disallowed to the extent dividend income on such shares is claimed as exempt from tax.

Further, as per section 94(8) of the Act, if an investor purchases securities or units of mutual fund or the Unit Trust of India or Business Trust or Alternative Investment Fund within three months prior to record date for entitlement of bonus securities or units and is allotted bonus securities or units without any payment on the basis of original holding on the record date and such person sells/ redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units within nine months of the record date will be ignored for the purpose of computing income chargeable to tax and the amount of such loss ignored shall be regarded as cost of acquisition of the securities or bonus units.

III. *Tax Implications and benefits in relation to Resident unitholders*

a) As stated in Part II above, income distributed by the Business Trust being in the nature of dividend from SPVs which is not exempt under section 10(23FD) of the Act, interest from SPVs, and income chargeable to tax under section 56(2)(xii) of the Act, shall be taxable in the hands of resident unitholders as under:

Status of unitholder	Tax rate (exclusive of surcharge and education cess)
Resident companies (Refer Note 1,2 and 3)	30%
Firms / LLPs	30%
Others (Refer Note 4)	As per applicable rates, for instance in case of individuals income has to be taxed as per applicable slab rates, maximum being 30%

<u>Note 1</u>: As per the Finance Act, 2023, the tax rate is 25% (plus applicable surcharge and health and education cess) shall be applicable to a domestic company for Financial year 2023-24 if the total turnover or gross receipts of such company are not exceeding INR 4,000 million in the Financial Year 2021-22 (Assessment Year 2022-23).

<u>Note 2</u>: Further, the tax rates for resident companies exercising the option under section 115BAA and section 115BAB of the Act shall be chargeable to concessional tax rate of 22% (plus surcharge at the rate of 10% and health and education cess at the rate of 4%), subject to fulfilment of conditions prescribed in the said sections.

<u>Note 3</u>: The Finance Act, 2020 has also inserted section 80M of the Act to eliminate the cascading tax effect in case of intercorporate dividends by providing a deduction in respect of dividends received from a company (including foreign company) and business trust to the extent such dividend is distributed before the specified time.

<u>Note 4</u>:

As per the Finance Act, 2023, section 115BAC of the Act has been amended to provide that the Individual, HUF, AOP (other than a co-operative society), BOI and AJP will be taxed on its total income at the reduced tax rates ('New Regime'). The income would however have to be computed without claiming prescribed deductions or exemptions. However, such person will have the option to be taxed on its total income as per the tax rates under the old regime. The option is required to be exercised – (i) on or before the due date specified under section 139(1) of the Act for furnishing the return of income for such assessment year, in case of a person having income from business or profession and such option once exercised shall apply to subsequent assessment years; or (ii) along with the return of income to be furnished under section 139(1) of the Act for such assessment year in case of a person not having income referred to in clause (i). A person having income from business or profession who has exercised the above option of shifting out of the New Regime shall be able to exercise the option of opting back to the New Regime only once. However, a person not having income from business or profession shall be able to exercise this option every year.

b) <u>Income in nature of Capital gains on sale of units of the Trust</u>

<u>Period of holding</u>: Capital assets are classified as LTCA or STCA, based on the period of holding of these assets. The determinative period of holding for units of the Trust held by the unitholders to qualify as LTCA is more than 36 months. The units held for less than 36 months would be STCA.

Taxation of capital gains on sale of units of the Trust:

Nature of capital gains	Tax rate (exclusive of surcharge and education cess)		
	Unitholders resident companies	Unitholders resident LLPs	Other
Short-term capital gains on sale of units of the Trust being a listed InvIT, subject to STT	15%	15%	15%

Long-term capital gains on sale of units of the Trust being a listed InvIT, subject to STT	10% (on capital gains exceeding INR 0.1 million)	10% (on capital gains exceeding INR 0.1 million)	10% (on capital gains exceeding INR 0.1 million)

As per the amendment made by the Finance Act, 2023, the amount of distribution to the extent not chargeable to tax under section 56(2)(xii) of the Act and not covered under sections 10(23FC), 10(23FCA) or 115UA(2) of the Act shall be reduced from the cost of units, for computing capital gains.

c) Set off of Losses: Please refer point 5 under *'Tax implications and benefits in relation to InvITs'*

d) Applicability of Minimum Alternate tax (MAT)/ Alternate Minimum Tax (AMT)

In case of domestic companies that are liable to pay MAT under provisions of section 115JB of the Act, the gains arising, if any, on sale of units of trust are to be included as part of book profits for the purpose of computing MAT liability. MAT paid by such companies should be available as credit for set-off against future tax liability, provided such companies do not opt to be governed by the concessional tax rates u/s 115BAA or 115BAB of the Act. Companies exercising the option to be taxed as per section 115BAA and 115BAB of the Act have been excluded from the applicability of MAT.

However, as per clause (iie)/(fc) to explanation 1 to section 115JB of the Act, the following shall not be considered while computing book profits for levy of MAT:

- notional gain/loss on transfer of shares of SPV in exchange of units allotted by the business trust referred to in clause (xvii) of section 47; or
- notional gain/loss resulting from any change in carrying amount of said units; or
- gain/loss on transfer of units allotted by the business trust referred to in clause (xvii) of section 47.

Further, as per clause (k)/(iif) of explanation 1 to section 115JB of the Act, any gain/loss on transfer of units referred to in clause (xvii) of section 47 of the Act shall be considered while computing the book profit for levy of MAT by taking into account the cost of the shares exchanged with units referred to in the said clause or the carrying amount of the shares at the time of exchange where such shares are carried at a value other than the cost through statement of profit and loss, as the case may be.

In case of unitholders, other than companies, that are liable to Alternate Minimum Tax (AMT) under provisions of section 115JC of the Act, the gains arising, if any, on sale of units of InvIT are to be included as part of adjusted total income for the purpose of computing AMT liability. AMT paid by such unitholders should be available as credit for set-off against future tax liability, provided they do not opt to be governed by the concessional tax rates u/s 115BAC or 115BAD of the Act.

e) Other income (income other than interest or dividend income or income chargeable to tax under section 56(2)(xii) of the Act) received from Trust

Other income (income other than interest or dividend income or income chargeable to tax under section 56(2)(xii) of the Act) such as treasury income earned by Trust and distributed to unitholder shall be exempt in hands of unitholders as the same shall be taxable in the hands of Trust. Further, there shall be no withholding on distribution of such other income by the Trust to the unitholders.

IV. Tax benefits/ provisions applicable to Non-resident Unitholders

1. As per section 2(30) of the Act, non-resident is defined to mean a person who is not a "resident".

A non-resident unit holder should be subject to taxation in India only if:

- it is regarded a tax resident of India; or
- being a non-resident in India, it derives: (a) if any income is received / deemed to be received in India; or (b) if any income has accrued or arisen / deemed to have accrued or arisen in India in terms of the provisions of the Act.

Section 6 of the Act provides that a foreign company should be treated as a tax resident in India if its place of effective management ('POEM') is in India in that year. POEM has been defined to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made.

2. As per section 90(2) of the Act, the provisions of the Act should apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement ('tax treaty') between India and the country of residence of the offshore unit holder to the extent of availability of tax treaty benefits to the offshore unit holders. However, no

assurance can be provided that the treaty benefits should be available to the offshore unit holder or the terms of the tax treaty will not be subject to amendment or reinterpretation in the future.

3. The taxability of income of non-resident unit holders on different income streams, should be as per the provisions of the Act or tax treaty (whichever is beneficial) as discussed below. However, for claiming the tax treaty benefit, the non-resident would have to provide relevant documents/declarations viz. tax residency certificate, etc. as per the requirements of the Act/tax treaty.

a) Dividend which is not exempt under section 10(23FD) of the Act (where dividend received by the Trust from the SPV who has exercised the option under section 115BAA of the Act)

The dividend income will be taxable at the rate of 20% (plus applicable surcharge and cess) under the Act. This is subject to benefits, if any, under the applicable tax treaty.

b) Interest income distributed by the Trust earned from the SPV

Interest income earned from the SPV and distributed by Trust to non-resident unitholder is not exempt under section 10(23FD) of the Act in the hands of unit holder and would be taxable at 5% (plus applicable surcharge and cess). This is subject to benefits, if any, under the applicable tax treaty.

c) Other distribution by the Trust not covered under section 115UA(2) of the Act

As per newly inserted section 56(2)(xii) of the Act, any distribution received by unitholders that is not covered under section 10(23FC) or 10(23FCA) of the Act and that which is not chargeable to tax under section 115UA(2) of the Act shall be charged to tax as 'income from other sources' provided such amount received (including similar distributions in earlier years to the same unitholder or any other unitholder) is in excess of the amount at which units are issued by the InvIT, as reduced by the amount which would have been charged to tax earlier under this provision. This is subject to benefits, if any, under the applicable tax treaty.

Such income shall be chargeable to tax at the rates applicable based on the status of the unitholder.

Status of unitholder	Tax rate (exclusive of surcharge and education cess)
Non-resident companies	40%
Firms / LLPs	30%
Others	As per applicable rates, for instance in case of individuals income has to be taxed as per applicable slab rates

d) Capital gains on sale of units of the Trust

Period of holding: Capital assets are classified as LTCA or STCA, based on the period of holding of these assets. The determinative period of holding for units of the Trust (being a business trust) held by the unitholders to qualify as LTCA is more than 36 months. The units held for less than 36 months would be STCA. While determining the period of holding for units of business trust allotted pursuant to exchange of shares of SPV as per clause (hc) of explanation 1 to section 2(42A) of the Act, the period of holding for the units shall include the period for which the shares were held in the SPV.

Depending on the classification of capital gains, the non-resident unit holders should be chargeable to tax under the Act as under. This is subject to benefits, if any, under the applicable tax treaty.

Nature of capital gains	Tax rate under the Act (excluding surcharge and cess)
Short-term capital gains on sale of units of the Trust being a listed InvIT, subject to STT	15%
Long-term capital gains on sale of units of the Trust being a listed InvIT, subject to STT	10%

As per the amendment by the Finance Act, 2023, the amount of distribution to the extent not chargeable to tax under section 56(2)(xii) of the Act and not covered under sections 10(23FC), 10(23FCA) or 115UA(2) of the Act, shall be reduced from the cost of units, for computing capital gains.

e) Set off of Losses: Please refer point 5 under *'Tax implications and benefits in relation to InvITs'*

4. Applicability of Minimum Alternate tax (MAT)

While computing book profits to determine the applicability of MAT, any income accruing or arising to a foreign company from (i) capital gains earned from sale of shares or other instruments that qualify as "securities" (as per the securities Contract (Regulation) Act, 1956) or (ii) interest, royalties or fees for technical services, and which are credited by the foreign company to its profit and loss account should be excluded.

The MAT provisions should not be applicable in case of foreign company:

- if such foreign company is a resident of a country with which India has entered into a tax treaty and such foreign company does not have a permanent establishment in India in terms of provisions of applicable tax treaty; or

- if such foreign company is a resident of a country with which India does not have an agreement of the nature referred to in above clause and such foreign company is not required to seek registration under any law for the time being in force relating to companies.

V. Special tax benefits/ provisions applicable to Foreign Institutional Investors ("FIIs") / Foreign Portfolio Investors ("FPIs")

1. In case of FII or FPI registered under SEBI (Foreign Portfolio Investors) Regulations 2014 ('FII/FPI'), as per section 2(14) of the Act, shares/ securities (other than those held as stock in trade) which were invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be capital assets. Accordingly, any income from transfer of such capital assets shall be deemed as a capital gain.

2. Long term capital gains arising in hands of FPI or FII on transfer of units of the Trust through a recognized stock exchange, on which STT is paid shall be taxable u/s 112A of the Act as stated above under *'III- Tax benefits/ provisions applicable to Non-resident Unitholders'.*

   Long term capital gains arising in hands of FPI or FII on transfer of units of the Trust, which is not transferred through a recognized stock exchange and not subject to STT, shall be chargeable to tax at 10%, without benefit of indexation under section 48 of the Act, (plus applicable surcharge and cess) in accordance with section 115AD of the Act.

3. Similarly, Short term capital gains on transfer of the units of the Trust will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act provided such transfer is made through a recognized stock exchange and the transaction is subject to STT.

   However, as per section 115AD(1)(ii) of the Act, STCG arising to the FII/ FPI on transfer of units of the Trust, which is not through a recognized stock exchange and not subject to STT, shall be chargeable at a rate of 30% (plus applicable surcharge and cess)

4. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

5. On any other income in respect of securities referred to in section 115AD(1)(a) of the Act, other than capital gains and interest income subject to TDS u/s 194LD of the Act, tax shall be withheld at lower of 20% as per section 196D of the Act or the rates provided in the tax treaty, subject to the following conditions:

   - Tax treaty exists between India and the respective jurisdiction of the FII/FPI; and

   - FII/FPI has furnished a TRC to the payer.

VI. Special tax benefits/ provisions applicable to Alternative Investment Fund (Category I and II)

1. Under section 10(23FBA) of the Act, any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax.

2. As per section 115UB (4) of the Act, the total income of the investment fund shall be charged to tax:

   a) at the rate or rates as specified in the Finance Act of the relevant year, where such fund is a company or a firm; or

   b) at maximum marginal rate in any other case

3. The losses incurred by AIF shall be treated in accordance with the provisions of section 115UB(2) and 115UB(2A) of the Act.

VII. Special tax benefits/ provisions applicable to unitholder being a Mutual Fund

1. Exemption is provided under section 10(23D) of the Act in respect of income of:

   (a) Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder; and

(b) Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

2. In light with the provisions of section 196 of the Act, no deduction of tax shall be made on any sum payable to a Mutual Fund specified under clause (23D) of section 10 of the Act. Accordingly, the Trust is not required to withhold tax on any sum payable to Mutual Fund specified under section 10(23D) of the Act.

VIII. Special tax benefits/ provisions applicable to certain specified person

1. As per section 10(23FE) of the Act, dividend, interest, income taxable under section 56(2)(xii) of the Act and long-term capital gains arising from investments made by 'specified person' in India, whether in the form of debt or share capital or unit, shall be exempt, if such investment is:

- ✦ made on or after the 01 April 2020 but on or before the 31 March 2024
- ✦ is held for at least 3 years
- ✦ *inter alia*, is in a business trust

Further, such specified person (subject to certain conditions prescribed in section 10(23FE) of the Act) shall include:

a) Wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA) which is a resident of United Arab Emirates ('UAE') and makes investment directly or indirectly, out of funds owned by Government of UAE

b) Sovereign Wealth Funds (SWF)

c) Pension funds

IX. Specific provisions relating to Tax deduction at Source ('TDS')

1. <u>Withholding of tax by SPVs</u>

The interest payable by SPV to the trust will not be subject to withholding tax as per section 193 and 194A of the Act.

As per section 194 of the Act, the SPVs will not be required to withhold taxes when they make payment of dividend to the Trust.

2. <u>Withholding of tax by trust</u>

As per the provisions of section 115UA(1) of the Act, the income distributed by the Trust shall be deemed to be of the same nature and in the same proportion in the hands of the unitholder as if such income was received by or accrued to the Trust.

The distribution of income, in the nature of interest or dividend, by the trust to the unit holders, would be subject to withholding tax under section 194LBA of the Act at the time of credit of such payment to the account of the unitholder or at the time of payment thereof, whichever is earlier. The rate of withholding as per section 194LBA of the Act shall be as under

- ➢ On interest income:
  - o 10% in case of resident unitholder; and
  - o 5% (plus applicable surcharge and education cess) in case of non-resident unitholder
- ➢ On dividend income, being that proportion of dividend earned from an SPV which has exercised the option of beneficial tax regime under section 115BAA of the Act:
  - o 10% in case of resident unitholder; and
  - o 10% (plus applicable surcharge and education cess) in case of non-resident unitholder
- ➢ On dividend income, being that proportion of dividend earned from an SPV which has not exercised the option of beneficial tax regime under section 115BAA of the Act, no withholding tax is required.
- ➢ On certain distributions proposed to be considered as income for the unitholders, as per the amendment introduced in the Finance Act, 2023, it would be pertinent to note the Finance Act, 2023 has not introduced any separate withholding tax provisions with respect to such distributions and that would need to be examined in the future.

3. Withholding of tax in case of transfer of shares/securities

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 Act.

However, as per the provisions of section 195 of the Act, any income on transfer of unit of the Trust by non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee (other than FPIs/ FIIs which are subject to provisions of section 196D(2) of the Act). Provision of section 196D of the Act have been covered under *'Part IV- Special tax benefits/ provisions applicable to Foreign Institutional Investors ("FIIs") / Foreign Portfolio Investors ("FPIs")'* of this document.

However, the non-resident investor will have to furnish a certificate of his being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable DTAA and such other document as may be prescribed as per the provision of section 90(4) of the Act.

Buyer and seller of unlisted shares/securities also need to check the applicability of TDS u/s 194Q of the Act read with provision of Tax Collection at Source (TCS) u/s 206C(1H) of the Act. As per the clarification issued by CBDT, the transaction in shares not taken place through recognized stock exchange/ recognised clearing corporations may also fall under the ambit of section 194Q/206C(1H) of the Act since CBDT has clarified that the said provisions of section 194Q/206C(1H) of the Act are not applicable to transactions in securities and commodities transacted through recognised stock exchanges/ recognised clearing corporations, including those located in International Financial Service Centre.

4. Withholding at higher rate where PAN details are not furnished- section 206AA of the Act

As per section 206AA of the Act, where a taxpayer does not possess a PAN, taxes have to be withheld on payment of income to the taxpayer (where chargeable to tax) at higher of the following:

- at the rate specified in the Act; or
- at the rate or rates in force; or
- at the rate of 20%

Further, CBDT has issued a notification no. 53/2016 for relaxation from deduction of tax at a higher rate under Section 206AA of the Act in the case of non-resident investor or a foreign company and not having PAN by inserting a new rule 37BC. The provisions of Section 206AA of the Act shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, if the deductee furnishes certain details and specified documents to the deductor.

The Finance Act, 2021 had amended the aforesaid provision so as to provide that where the tax is required to be deducted under section 194Q of the Act and deductee has not furnished PAN to the deductor, then, the 5% should be considered as the rate for purpose of section 206AA of the Act and tax should be deducted accordingly.

Please note that similar provisions are there under section 206CC of the Act in relation to TCS.

5. Withholding at higher rate on non-filers of income tax return- section 206AB of the Act

The Finance Act, 2021 had introduced a new provision - section 206AB in the Act for deducting tax at higher rates on payments made to non-filers of income-tax returns. Section 206AB of the Act applies where any sum or income or amount is paid, or payable or credited, by a person to a specified person and tax is required to be deducted at source as per provisions of the Act (except under sections 192, 192A, 194B, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N of the Act).

Specified person means a person who has not filed the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted for which time limit for furnishing return of income under section 139(1) of the Act has expired and the aggregate of TDS and TCS is INR 50,000 or more in the said previous year. Further, specified person shall not include a non-resident who does not have a permanent establishment in India or any other person who is not required to furnish return of income and is notified by the Government in this regard.

In case the aforesaid section is applicable, tax shall be deducted at higher of the followings rates:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%.

If provisions of section 206AA and section 206AB of the Act are applicable to a specified person, then, tax shall be deducted at higher of the two rates provided under the respective sections of the Act.

Please note that similar provisions are there under section 206CCA of the Act in relation to TCS.

<u>Notes to statement:</u>

<u>General tax rates and provisions:</u>

1. The income-tax rates specified in this note are as applicable for the financial year 2023-24, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

<u>Rate of Surcharge:</u>

Domestic companies other than companies covered under section 115BAA and 115BAB of the Act, surcharge rates are as below:

a) If the total income does not exceed INR 10 million – Nil

b) If the total income exceeds INR 10 million but does not exceed INR 100 million - 7 %

c) If the total income exceeds INR 100 million - 12 %

In case of domestic companies having income chargeable under Section 115BAA and 115BAB of the Act, surcharge of 10% is applicable irrespective of taxable income.

Foreign companies:

a) If the total income does not exceed INR 10 million - Nil

b) If the total income exceeds INR 10 million but does not exceed INR 100 million – 2% c) If the total income exceeds INR 100 million – 5%

For individuals, Hindu Undivided Family, association of person, body of individuals (including non-resident)

a) If the total income does not exceed INR 5 million - Nil

b) If the total income (including dividend income or capital gains on specified securities) exceeds INR 5 million but does not exceed INR 10 million – 10%

c) If the total income (including dividend income or capital gains on specified securities) exceeds INR 10 million but does not exceed INR 20 million – 15%

d) If the total income (excluding dividend income or capital gains on specified securities) exceeds INR 20 million but does not exceed INR 50 million – 25%

e) If the total income (excluding dividend income or capital gains on specified securities) exceeds INR 50 million – 37%

However, *in case total income includes any income by way of dividend or income referred to in section 111A or section 112 or section 112A of the Act, surcharge on such income shall not exceed 15%.*

The above surcharge is subject to marginal tax benefit as per the Act.

As per the Finance Act, 2023, in case of the Individual/HUF/AOP (other than co-operative)/ BOI/Artificial Juridical Person ('AJP') taxable under the New Regime prescribed under the Act, the surcharge on the amount of income-tax shall not exceed 25% where taxable income exceeds INR 20 million.

As per the Finance Act, 2023, in the case of an AOP being a non-resident, and consisting of only companies as its members, surcharge shall be calculated at the rate of 10%, where the aggregate income exceeds INR 5 million but does not exceed INR 10 million; at the rate of 15%, where the aggregate income exceeds INR 10 million.

For Partnership or LLPs:

a) If the total income does not exceed INR 10 million – NIL b) If the total income exceeds INR 10 million - 12 %

The above surcharge is subject to marginal tax benefit as per the Act

Health and Education cess:

In all cases, Health and education cess will be levied at the rate of 4 per cent of income-tax and surcharge.

2. The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.

3. Please note that the TDS rates mentioned in the given document may be subject to any concessions introduced/ allowed by the Government under any policy, press release, etc. Also, the same may also be subject to lower/ nil withholding tax certificates which may be furnished by the unit holders.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident has fiscal domicile. Further, it is pertinent to meet the terms and condition viz. Principal purpose test, beneficial ownership test etc. as enacted in DTAAs entered into by India with various countries based on Multilateral Convention to implement tax treaty related measures to prevent Base Erosion and Profit Shifting (‘MLI’).

5. The tax implications/ benefits stated in this document are subject to General Anti Avoidance Rules (GAAR) provisions under the Act. GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. Further, in case GAAR provisions are invoked, the onus to prove that the main purpose of an arrangement was not to obtain any tax benefit is on the taxpayer. Also, any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement.

6. This statement does not discuss any tax consequences in the country outside India of an investment in the units of trust. The unit holders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

7. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

9. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2023. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the Trust and its unitholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Trust or its unitholders fulfilling the conditions prescribed under the relevant tax laws.

10. The information provided above sets out the possible tax benefits available to the unit holders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, transfer and disposal of equity shares and units, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications arising on account of any investment in equity shares or units (including tax implications on account of any distributions by/ receipts from the Trust), particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

For and on behalf of Board of Directors of Highway Concessions One Private Limited in its capacity as an Investment Manager of Highways Infrastructure Trust

LEGAL MATTERS

Cyril Amarchand Mangaldas, does not make, or purport to make, any statement in this Draft Letter of Offer and is not aware of any statement in this Draft Letter of Offer 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 Letter of Offer.

INDEPENDENT ACCOUNTANTS

The Audited Combined Financial Statements have been prepared in accordance with Ind AS, read with the InvIT Regulations and the guidance note guidance note on 'combined and carve-out financial statements' issued by the ICAI, and the Audited Consolidated Financial Statements have been prepared in accordance with the Ind AS and the InvIT Regulations. The Audited Financial Statements included in this Draft Letter of Offer have been prepared or audited, as the case may be, by Walker Chandiok & Co LLP, Chartered Accountants, the statutory auditors of the Highways Trust, as stated in their audit reports dated May 19, 2023 and July 6, 2023, respectively, included in this Draft Letter of Offer.

AUDITED FINANCIAL STATEMENTS

The defined terms used in this section shall have the meaning ascribed to it in the Audited Combined Financial Statements and Audited Consolidated Financial Statements, as the case may be.

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Walker Chandiok & Co LLP

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(Formerly Walker, Chandiok & Co)
L-41 Connaught Circus
New Delhi 110001
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Independent Auditor's Report on Special Purpose Combined Financial Statements of the Project SPV Group of Highways Infrastructure Trust

To

The Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager') in its capacity as Investment Manager of Highways Infrastructure Trust

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') of Highways Infrastructure Trust ('the Trust'), and which comprises the:

   a) Combined Balance Sheets as at 31 March 2022 and 31 March 2021;
   b) Combined Statements of Profit and Loss (including Other comprehensive income) for the financial years ended 31 March 2022 and 31 March 2021;
   c) Combined Statements of Cash Flows for the financial years ended 31 March 2022 and 31 March 2021;
   d) Combined Statements of Changes in Equity for the financial years ended 31 March 2022 and 31 March 2021;
   e) Combined Statements of Net Assets at Fair Value as at 31 March 2022;
   f) Combined Statements of Total Returns at Fair Value for the financial year ended 31 March 2022; and
   g) Notes to the financial statements including a summary of significant accounting policies and other explanatory information.

   (together referred to as '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 give a true and fair view of the state of affairs (financial position) of the Project SPV Group as at 31 March 2022 and 31 March 2021 and its losses (including other comprehensive income), its cash flows and the changes in equity for the financial years ended 31 March 2022 and 31 March 2021, the combined net assets at fair value as at 31 March 2022 and the combined total returns at fair value for the financial year ended 31 March 2022 in accordance with the basis of preparation as described in note 2.1 to these special purpose combined financial statements.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') and other pronouncements issued by the Institute of Chartered Accountants of India ('the ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements section of our report. We are independent of the Trust and Project SPV Group in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 13 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters - Basis of Preparation and Restriction on Distribution or Use

4. 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 by the Investment Manager solely to comply with the requirements of Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended including any guidelines and circulars issued thereunder (the "**InvIT Regulations**") pursuant to proposed rights issue of the units of the Trust. 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.

5. This report is addressed to and is provided to the Investment Manager solely for inclusion in the draft letter of offer and letter of offer (collectively known as 'offer documents') in connection with the proposed right issue of units of the Trust 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 and Those Charged with Governance for the Special Purpose Combined Financial Statements

6. 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 SPV as included in the Project SPV Group are responsible for maintenance of adequate accounting records 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 all material respects, in accordance with the basis of preparation specified in aforementioned note 2.1 and 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.

7. In preparing the special purpose combined financial statements, the respective board of directors of the Investment Manager of the Trust and the Project SPV Group are responsible for assessing the Project SPV Group 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 Group or to cease operations, or has no realistic alternative but to do so.

8. Those respective board of directors are also responsible for overseeing the financial reporting process of the entities included in the Project SPV Group and the Trust.

Auditor's Responsibilities for the Audit of the Special Purpose Combined Financial Statements

9. 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.

10. As part of an audit in accordance with Standards on Auditing issued by ICAI, 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 our 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 SPV Group have in place adequate internal financial controls with reference to financial statements 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 Board of Director 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 SPV Group 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 SPV Group 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 statement of the entities included in the Special Purpose Combined Financial Statements to express an opinion on the Special Purpose Combined Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the special purpose combined financial statements, of which we are the independent auditors. For the other entities included in the special purpose combined 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.

11. 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.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

13. The special purpose financial statements of each of the Project SPV for the financial years ended 31 March 2022 and 31 March 2021 are prepared as per Indian Accounting Standards ('Ind AS') and have been audited by the respective auditors of the Project SPV Group, 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 flows (in ₹ millions)
1	Jodhpur Pali Expressway Private Limited	Financial year ended 31 March 2022	576.99	4,209.50	53.65
		Financial year ended 31 March 2021	536.70	4,446.48	(4.14)
2	Ulundurpet Expressways Private Limited	Financial year ended 31 March 2022	1,470.77	5,923.23	4.59
		Financial year ended 31 March 2021	1,165.00	6,432.66	2.75
3	Shillong Expressway Private Limited	Financial year ended 31 March 2022	275.87	1,528.39	(36.19)
		Financial year ended 31 March 2021	274.37	1,657.88	28.24

Our opinion is not modified in respect of aforesaid matter.

14. The Trust had also prepared a separate set of Combined Financial Statements of the Project SPV Group for the financial year ended 31 March 2021 in accordance with the Indian Accounting Standards as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 read with InvIT Regulations and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India for inclusion in draft placement memorandum in connection with the private placement of units of Trust, on which we issued an unmodified opinion vide our separate auditor's report to the Board of Directors of Virescent Infrastructure Investment Manager Private Limited (erstwhile Investment Manager of the Trust) dated 22 March 2022. Our opinion is not modified in respect of this matter.

15. The Trust had also prepared a separate set of Combined Financial Statements of the Project SPV Group for the financial year ended 31 March 2021 and 31 March 2022 in accordance with the Indian Accounting Standards as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015 read with InvIT Regulations and the Guidance Note on Combined and Carve-Out Financial Statements issued by the Institute of Chartered Accountants of India for inclusion in updated preliminary placement memorandum, placement memorandum, and final placement memorandum in connection with the private placement of units of Trust , on which we issued an unmodified opinion vide our separate auditor's report to the Board of Directors of Virescent Infrastructure Investment Manager Private Limited (erstwhile Investment Manager of the Trust) dated 08 July 2022. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

16. 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

    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:

Place: Mumbai
Date: 06 July 2023

Highways Infrastructure Trust
Combined Balance Sheet
(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	130.04	66.93
Capital work-in-progress	4	2.39	9.40
Intangible assets	5	20,246.56	21,249.03
Financial assets			
Other financial assets	6	1,387.67	1,631.10
Non-current tax assets (net)	8	89.40	74.29
Other non-current assets	9	0.28	0.45
Total non-current assets		**21,856.34**	**23,031.20**
Current assets			
Financial assets			
Investments	11	2,152.39	2,156.37
Trade receivables	12	37.30	68.92
Cash and cash equivalents	13	365.82	79.81
Bank balances other than cash and cash equivalents above	14	1,972.62	1,622.21
Other financial assets	7	936.82	945.08
Other current assets	10	72.90	122.14
Total current assets		**5,537.85**	**4,994.53**
Total assets		**27,394.19**	**28,025.73**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	15	3,200.95	3,200.95
Other equity	16	(2,812.09)	(2,467.13)
Total equity		**388.86**	**733.82**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17A	21,260.80	22,252.15
Other financial liabilities	18A	1,276.93	1,265.55
Provisions	19A	324.84	571.96
Deferred tax liabilities (net)	20	849.36	334.57
Total non-current liabilities		**23,711.93**	**24,424.23**
Current liabilities			
Financial liabilities			
Borrowings	17B	2,007.63	1,742.21
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	21	18.66	0.08
(b) Total outstanding dues of creditiors other than micro enterprises and small enterprises	21	302.14	211.24
Other financial liabilities	18B	649.37	303.19
Other current liabilities	22	31.16	15.82
Provisions	19B	280.15	580.08
Current tax liabilities (net)	23	4.29	15.06
Total current liabilities		**3,293.40**	**2,867.68**
Total liabilities		**27,005.33**	**27,291.91**
Total equity and liabilities		**27,394.19**	**28,025.73**

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
Highway Concessions One Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 06 July 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 06 July 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 06 July 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 06 July 2023

Highways Infrastructure Trust
Combined Statement of Profit and Loss
(All amounts in ₹ millions unless otherwise stated)

	Note	For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
Income and gains			
Revenue from operations	24	5,866.56	5,085.04
Interest income from bank deposits		100.76	59.98
Profit on sale of assets/investments		77.89	88.12
Other income	25	132.44	103.08
Total income and gains		**6,177.65**	**5,336.22**
Expenses and losses			
Valuation expenses		1.50	0.26
Audit fees (auditor of subsidiaries)		7.69	2.72
Insurance expenses		67.56	92.92
Operating expenses	26	752.19	539.34
Employee benefits expense	27	128.35	117.56
Management support services fee		187.87	111.39
Trustee fees		2.13	3.21
Finance costs			
- Interest Expenses	28	2,485.65	2,483.14
- Other finance costs	29	289.90	257.37
Depreciation on property, plant and equipment	3	18.47	15.31
Amortization of intangible assets	5	998.97	904.50
Rating fee		2.09	2.76
Operation and maintenance		375.21	396.59
Corporate social responsibility		11.90	9.71
Provision for major maintenance obligation		310.20	451.45
Independent consultancy and project monitoring fees		57.90	50.65
Legal and professional		35.73	50.52
Other expenses	30	84.78	69.55
Total expenses and losses		**5,818.09**	**5,558.95**
Profit/ (loss) before tax		**359.56**	**(222.73)**
Tax expense			
Current tax	32	189.97	127.00
Deferred tax	32	514.79	(155.54)
Total tax expense		**704.76**	**(28.54)**
Net loss for the year		**(345.20)**	**(194.19)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains /(losses) on defined benefit obligations		0.24	0.57
Income tax relating to these items		-	-
Total other comprehensive income for the year		**0.24**	**0.57**
Total comprehensive loss for the year		**(344.96)**	**(193.62)**

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
Highway Concessions One Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 06 July 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 06 July 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 06 July 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 06 July 2023

		For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
A.	**Cash flows from operating activities**		
	Profit/ (loss) before tax	**359.56**	**(222.73)**
	Adjustments for:		
	Depreciation and amortisation expense	1,017.44	919.81
	Gain on sale of property, plant and equipment (net)	(0.04)	-
	Gain on sale of investments (net)	(70.59)	(81.51)
	(Gain) / loss on investments carried at fair value through profit or loss (net)	(6.51)	5.59
	Modification gain on annuity	(51.71)	(143.66)
	Excess provisions written back	(1.40)	(2.26)
	Interest income on bank deposits and others	(103.07)	(62.27)
	Re-measurement loss on defined benefit obligations	0.24	0.57
	Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	148.30	145.97
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	49.15	41.74
	Unwinding of discount on major maintenance provision	78.44	59.97
	Finance cost	2,499.67	2,492.83
	Major maintenance provision	310.20	451.45
	Gain on modification of financial liability	(52.55)	(64.09)
	Operating profit before working capital changes and other adjustments	**4,177.13**	**3,541.41**
	Working capital changes and other adjustments:		
	Trade receivables	31.62	18.56
	Other current and non-current financial assets	355.96	(179.52)
	Other current and non-current assets	49.41	0.54
	Trade payables	109.47	70.18
	Provisions	(934.30)	(288.31)
	Other current and non-current financial liabilities	116.42	(176.05)
	Other current and non-current liabilities	15.35	(15.15)
	Cash flow from operating activities post working capital changes	**3,921.06**	**2,971.67**
	Income tax paid (net)	(216.53)	(126.34)
	Net cash generated from operating activities (A)	**3,704.53**	**2,845.33**
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipment and capital work-in-progress and intangible assets	(76.39)	(14.19)
	Proceeds from disposal of property, plant and equipment	-	1.17
	Purchase of bank deposits (net)	(1,821.76)	(1,373.94)
	Proceeds from sale of bank deposits	1,471.34	1,209.98
	Purchase of current investments	(5,359.54)	(94.80)
	Proceeds from sale of current investments	5,441.27	479.44
	Interest received on bank deposits and others	103.07	62.27
	Net cash (used in) / flow from investing activities (B)	**(242.01)**	**269.93**
C	**Cash flows from financing activities**		
	Proceeds from current borrowings	-	111.68
	Repayment of optionally-convertible debentures (including interest)	(7,621.91)	(258.30)
	Repayment of non-current borrowings (including current maturities)	(1,889.10)	(845.01)
	Proceeds from issue of compulsory convertible debentures	7,978.14	-
	Dividend paid on equity shares	-	(653.77)
	Finance costs paid	(1,643.63)	(1,564.96)
	Net cash used in financing activities (C)	**(3,176.50)**	**(3,210.36)**
D	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**286.01**	**(95.10)**
E	Cash and cash equivalents at the beginning of the year	79.81	174.91
	Cash and cash equivalents at the end of the year (D+E) {refer note 13}	**365.82**	**79.81**

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
Highway Concessions One Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 06 July 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 06 July 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 06 July 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 06 July 2023

Highways Infrastructure Trust
Combined Statement of Changes in Equity
(All amounts in ₹ millions unless otherwise stated)

Equity share capital*

Particulars	Number of shares	Amount
Balance as at 01 April 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 March 2022	**320,094,845**	**3,200.95**

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 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 loss 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 01 April 2021	**384.95**	**2,874.88**	**164.19**	**2.83**	**(5,893.98)**	**(2,467.13)**
Net loss for the year	-	-	-	-	(345.20)	**(345.20)**
Other comprehensive income for the year						
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	0.24	**0.24**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(344.96)**	**(344.96)**
Transfer from debenture redemption reserve	-	-	10.72	-	(10.72)	**-**
Balance as at 31 March 2022	**384.95**	**2,874.88**	**174.91**	**2.83**	**(6,249.66)**	**(2,812.09)**

* 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
Highway Concessions One Private Limited
(acting as Investment Manager to Highway Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 06 July 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 06 July 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 06 July 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 06 July 2023

Statement of net assets at fair value as at 31 March 2022: #

Particulars	Book value	Fair value #
A. Assets	27,394.19	53,889.16
B. Liabilities (at book value)	27,005.33	27,005.33
C. Net assets (A-B)	**388.86**	**26,883.83**

Note: As at 31 March 2022, the units were not issued by Highways Infrastructure Trust ('the Trust'). Accordingly, disclosure in respect of Net Asset Value (NAV) per unit have not been given.

Fair values of total assets relating to the As at 31 Project SPV Group as at 31 March 2022 as disclosed above are based on the fair valuation report of the independent valuer appointed by the Trust.

Project wise break up of fair value of assets as at 31 March 2022:

Particulars	Fair value* As at 31 March 2022
Jodhpur Pali Expressway Private limited	7,634.78
Ulunderpret Expressways Private Limited	7,009.33
Godhra Expressways Private Limited	19,579.95
Dewas Bhopal Corridor Private Limited	16,194.45
Nirmal Bot Limited	1,951.16
Shillong Expressways Private Limited	1,519.49
	53,889.16

*Fair values of assets as disclosed above are the fair values of the total assets of the Project SPV Group which are included in the Special Purpose Combined Financial Statements.

Statement of total return at fair value:

Particulars	For the financial year ended 31 March 2022
Total comprehensive loss for the year (As per the Combined Statement of Profit and Loss)	(344.96)
Add: Other changes in fair value for the year *	2,482.11
Total return	**2,137.15**

*In the above statement, other changes in fair value for the financial year ended 31 March 2022 has been computed based on the difference in fair values of total assets as at 31 March 2022 and as at 31 March 2021 which are based on the valuation report of the independent valuer appointed by the Trust.

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
Highway Concessions One Private Limited
(acting as Investment Manager to Highway Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 06 July 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 06 July 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 06 July 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 06 July 2023

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 has its registered office situated at Mumbai, Maharashtra. Its principal place of business is 316-317, C Wing, Kanakia Zillion, BKC Annexe, LBS Road, Kurla West, Mumbai - 400 070.

UEPL, SEPL, GEPL, and NBL are special purpose vehicles which have entered into concession agreements with National Highways Authority of India (NHAI), DBCPL with Madhya Pradesh Road Development Corporation Limited (MPRDC) and JPEPL with PWD Rajasthan 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 Highways Infrastructure Trust ('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 Highway Concessions One Private Limited (the "Investment Manager"). 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")	4 years, 11 months	100%	Subsidiary	Operating	Construction and operation of roads and bridges including toll / annuity collection	India
Shillong Expressway Private Limited ("SEPL")	3 years, 11 months	100%	Subsidiary	Operating		India
Jodhpur Pali Expressway Private Limited ("JPEPL")	16 years, 6 months	100%	Subsidiary	Operating		India
Godhra Expressways Private Limited ("GEPL")	15 years, 11 months	100%	Subsidiary	Operating		India
Dewas Bhopal Corridor Private Limited ("DBCPL")	11 years, 2 months	100%	Subsidiary	Operating		India
Nirmal BOT Limited ("NBL")	5 years, 7 months	100%	Subsidiary	Operating		India

* Residual useful life as on 31 March 2022.

2. Significant Accounting Policies

2.1 Overall consideration

The Special Purpose Combined Financial Statements have been prepared using the significant accounting policies and measurement bases summarized below. These were used throughout all periods presented in the combined financial statements.

a) Basis of preparation and presentation

The Special Purpose Combined Financial Statements of the Project SPV Group comprise the Combined Balance Sheets as on 31 March 2022 and 31 March 2021, Combined Statements of Profit and Loss, Combined Cash Flow Statements, Combined Statements of Changes in Equity for the financial years ended 31 March 2022 and 31 March 2021 and Combined Statement of Net Assets at Fair Value as at 31 March 2022 and the Combined Statement of Total Returns at Fair Value for the for the financial year ended 31 March 2022 and 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 06 July 2023.

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 read with SEBI Circular dated 17 January 2020 in respect of 'guidelines for right issue of units by a listed Infrastructure Investment Trust' for inclusion in draft letter of offer and letter of offer (collectively called 'Offer Document') prepared by the Investment Manager in connection with proposed rights issue of units of the Highways Infrastructure Trust. As a result, the Special Purpose Combined Financial Statements may not be suitable for another purpose. 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 management had also prepared a separate set of Special Purpose Combined Financial Statements of the Project SPVs earlier also for the financial year ended 31 March 2021 and 31 March 2022 in accordance with the Ind AS read with InvIT Regulations and the Guidance Note for inclusion in i) draft placement memorandum, placement memorandum, and final placement memorandum; and ii) updated preliminary placement memorandum, placement memorandum, and final placement memorandum; in connection with the private placement of units of Trust and which were authorized for issue in accordance with resolutions passed by the Board of Directors of the Virescent Infrastructure Investment Manager Private Limited ('erstwhile Investment Manager') on 22 March 2022 and 08 July 2022 respectively.

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).

b) 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 years ended on 31 March 2022 and 31 March 2021. The financial statements of the Project SPV have been prepared Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 as defined in the Rule 2(1)(a) of the Companies Indian Accounting Standards Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, as applicable and the Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

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.

c) Date of commencement of commercial operations

The details of incorporation and commencement of operations of UEPL, SEPL, JPEPL, 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

d) 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.
The specific recognition criteria described below must also be met before revenue is recognized.

Toll Collections
Toll collections from the users of the infrastructure facility constructed by the Project SPV Group under the Service Concession Arrangement is accounted for based on actual collection. Revenue from electronic toll collection is recognized 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 Project SPV Group has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the Project 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 measured using the percentage of completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and are recognized net of taxes.

Interest income
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Project 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 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 UEPL, SEPL, JPEPL, GEPL and 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 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.

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 intangible assets

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.

Toll collection rights in respect of road projects commissioned after 1 April 2016 are amortized over the useful economic life using the straight-line method. The amortization period and the amortization method 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognised in the statement of profit and loss.

Specialized software held by the Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

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.

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 Project SPV Group is the lessee

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.

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.

Contingent assets are disclosed only when inflow of economic benefits therefrom is probable and recognized only when realization of income is virtually certain.

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 twelve 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 accounting pronouncements issued but not made effective

Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

Amendment to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Amendment to Ind AS 103, Business Combinations

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities.

Amendment to Ind AS 109, Financial Instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies that which fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The Project SPV Group has applied the requirements of the said amendments (wherever applicable) with effect from 01 April 2022 and the impact of the same is not material on the Project SPV Group.

3. Property, plant and equipment

	As at 31 March 2022	As at 31 March 2021
Property, plant and equipment	130.04	66.93
	130.04	**66.93**

The changes in the carrying value of property, plant and equipment for year ended 31 March 2022 and 31 March 2021

Description	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross block								
Balance as at 01 April 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 year	-	1.85	27.55	0.76	6.50	33.82	2.33	72.81
Transfer from capital work-in-progress during the year	-	-	9.40	-	-	-	-	9.40
Disposals/adjustments for the year	-	-	(0.53)	(0.03)	(0.89)	(0.55)	(0.22)	(2.22)
Balance as at 31 March 2022	**4.37**	**14.97**	**92.13**	**8.55**	**31.44**	**56.46**	**13.85**	**221.77**
Accumulated depreciation								
Balance as at 01 April 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 year	-	0.70	6.74	0.46	3.47	4.90	2.21	18.47
Disposals/adjustments for the year	-	-	(0.31)	(0.03)	(0.67)	(0.37)	(0.22)	(1.59)
Balance as at 31 March 2022	**-**	**2.22**	**41.22**	**3.51**	**17.46**	**18.13**	**9.19**	**91.73**
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 March 2022	**4.37**	**12.75**	**50.92**	**5.04**	**13.99**	**38.33**	**4.65**	**130.04**

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(ii).

	As at 31 March 2022	As at 31 March 2021
4. Capital work-in-progress		
Capital work-in-progress	2.39	9.40
	2.39	**9.40**

The changes in the carrying value of capital work-in-progress for year ended 31 March 2022 and 31 March 2021

Particulars	Amount
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 year	2.39
Less: transfer to property, plant and equipment during the year	(9.40)
Capital work-in-progress as at 31 March 2022	**2.39**

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(ii).

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	As at 31 March 2022	As at 31 March 2021
5. Intangible assets		
Intangible assets	20,246.56	21,249.03
	20,246.56	**21,249.03**

The changes in the carrying value of intangible assets for year ended 31 March 2022 and 31 March 2021

Description	Toll collection rights	Software	Total intangible assets
Gross block			
Balance as at 01 April 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 year	1.19	-	1.19
Disposals/adjustments for the year	(4.71)	-	(4.71)
Balance as at 31 March 2022	**28,712.09**	**13.68**	**28,725.78**
Accumulated amortisation			
Balance as at 01 April 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 year	997.48	1.49	998.97
Balance as at 31 March 2022	**8,473.10**	**6.13**	**8,479.22**
Net block as at 31 March 2021	**21,240.00**	**9.03**	**21,249.03**
Net block as at 31 March 2022	**20,239.00**	**7.55**	**20,246.56**

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(ii).

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	As at 31 March 2022	As at 31 March 2021
6 Others financial assets		
Non-current		
Unsecured, considered good		
Receivables under service concession arrangements (refer note 7 (i) below)	1,024.92	1,492.53
Bank deposits with more than 12 months maturity*	357.96	133.85
Security deposits	4.79	4.72
	1,387.67	**1,631.10**

**includes interest accrued but not due*

	As at 31 March 2022	As at 31 March 2021
7 Others financial assets		
Current		
Unsecured, Considered good		
Receivables under service concession arrangements (refer note 7 (i) below)	919.31	919.20
Other receivables	17.51	25.88
	936.82	**945.08**

Notes:

(i) **Movement in receivables under service concession arrangements during the financial year :**

	As at 31 March 2022	As at 31 March 2021
Opening balance	2,411.73	2,780.46
Add: Interest income on annuity receivable from National Highway Authority of India ('NHAI') (refer note 24)	256.17	300.73
Add: Revenue from operations and maintenance of road (refer note 24)	-	25.30
Add: Revenue from periodic maintenance of road (refer note 24)	198.01	134.97
Add: Modification gain on annuity	51.71	143.66
Less: Annuity received from NHAI	(973.39)	(973.39)
Closing balance	**1,944.23**	**2,411.73**

(ii) **Summary of current and non-current receivables under service concession arrangements:**

	As at 31 March 2022	As at 31 March 2021
- Non-current (refer note 6)	1,024.92	1,492.53
- Current (refer note 7)	919.31	919.20
	1,944.23	**2,411.73**

(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(ii).

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		As at 31 March 2022	As at 31 March 2021
8	**Non-current tax assets (net)**		
	Advance income tax (net)	89.40	74.29
		89.40	**74.29**
9	**Other non-current assets**		
	(Unsecured, considered good)		
	Capital advances	-	0.45
	Other- fair value of plan assets	0.28	-
		0.28	**0.45**
10	**Other current assets**		
	(Unsecured, considered good)		
	Supplier advances	1.80	43.18
	Balances with statutory authorities	22.46	17.66
	Prepaid expenses	48.09	61.29
	Other receivables	0.22	0.01
	Other- fair value of plan assets	0.33	-
		72.90	**122.14**
11	**Investments**		
	Current		
	Investment in mutual funds- quoted (fully paid)^	2,152.39	2,156.37
		2,152.39	**2,156.37**
	Notes:		
	Aggregate amount of quoted investments- at market value	2,152.39	2,156.37
	Aggregate amount of quoted investments- at cost	2,102.25	2,112.45

For assets pledged as security, refer note 31 and 17(ii).
^ These are measured at fair value through profit and loss ('FVTPL')

(a)	**Details of investment in mutual funds- quoted (fully paid)**		
	IDFC Overnight Fund Direct Plan - Growth- 1,898,422 units as at 31 March 2022 (31 March 2021: 1,964,117 units) (refer note below)	2,152.39	2,156.37

Note:
Includes ₹ 9.50 million (8,649.485 units) invested in mutual fund on 31 March 2021, however the units were received subsequently .

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		As at 31 March 2022	As at 31 March 2021
12	**Trade receivables**		
	Unsecured, considered good	37.30	68.92
		37.30	**68.92**

Notes:

(i) For assets pledged as security, refer note 31 and 17(ii).

(ii) The Project SPV Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

(iii) Refer note 38 - Financial risk management for assessment of expected credit losses.

		As at 31 March 2022	As at 31 March 2021
13	**Cash and cash equivalents**		
	Balances with banks:		
	- in current accounts	52.89	69.83
	- deposits with original maturity less than three months*	308.92	-
	Cash on hand	4.01	9.98
		365.82	**79.81**

** Includes interest accrued but not due*

Notes:

(i) Refer note 31 and 17(ii) 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 years.

		As at 31 March 2022	As at 31 March 2021
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*	1,972.62	1,622.21
		1,972.62	**1,622.21**

** Includes interest accrued but not due*

Notes:

(i) Refer note 31 and 17(ii) 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 March 2022	As at 31 March 2021
Authorised share capital		
414,750,000 (31 March 2021 : 414,750,000) equity shares of ₹10 each	4,147.50	4,147.50
75,900,000 (31 March 2021 : 75,900,000) preference shares of ₹10 each	759.00	759.00
	4,906.50	**4,906.50**
Issued share capital		
320,094,845 (31 March 2021: 320,094,845) equity shares of ₹10 each, fully paid-up	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 Project 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 year :

	31 March 2022		31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	320,094,845	3,200.95	320,094,845	3,200.95
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	**320,094,845**	**3,200.95**	**320,094,845**	**3,200.95**

(iii) Shareholders holding more than 5% of shares of the Project SPV Group as at balance sheet date

	As on 31 March 2022		As on 31 March 2021	
	No. of shares	% of shareholding	No. of shares	% of shareholding
India Infrastructure Fund and its nominees	-	-	264,552,365	82.65%
India Infrastructure fund II and its nominees	-	-	24,042,280	7.51%
Highway Concessions One Private Limited and its nominees.	-	-	31,500,000	9.84%
Galaxy Investments II Pte. Ltd. and its nominees	320,094,845	100.00%	-	-

(iv) No shares have been issued by the Project 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 March 2022	As at 31 March 2021
Equity component of loan to related parties	384.95	384.95
Securities premium	2,874.88	2,874.88
Debenture redemption reserve	174.91	164.19
Capital redemption reserve	2.83	2.83
Retained earnings	(6,249.66)	(5,893.98)
	(2,812.09)	**(2,467.13)**

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 Project SPV Group, as adjusted for distributions to owners, transfers to other reserves, etc.

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		As at 31 March 2022	As at 31 March 2021
17	**Borrowings***		
A	**Non current**		
	Secured		
	Term loan from banks	1,720.97	2,043.30
	Term loan from financial institutions	2,753.37	3,177.74
	Non-convertible debentures	8,337.70	9,413.25
	Unsecured		
	Loan from		
	- related parties	-	325.91
	- others	470.62	427.83
	Optionally convertible debentures (OCD's)	-	6,864.12
	Compulsory convertible debentures (CCD's)	7,978.14	-
	Total Non-current borrowings (A)	**21,260.80**	**22,252.15**
B	**Current**		
	Unsecured		
	Liability component of compound financial instruments	519.08	519.08
	Secured		
	Current maturities of long-term borrowings		
	- Term loans from banks	324.21	293.65
	- Term loans from financial institutions	422.72	55.81
	- Non-convertible debentures	741.62	873.67
	Total current borrowings (B)	**2,007.63**	**1,742.21**
	Total borrowings (A+B)	**23,268.43**	**23,994.36**

*refer note 17(ii) 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 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	7,978.15
Repayment/redemption	(9,511.00)
Non-cash:	
Interest on optionally convertible debentures ('OCD') and processing charges	806.92
Balance as at 31 March 2022	**23,268.43**

		As at 31 March 2022	As at 31 March 2021
18	**Other financial liabilities**		
A	**Non current**		
	Deferred payment liabilities-payable to concession authorities for toll collection rights	1,276.93	1,265.55
		1,276.93	**1,265.55**
B	**Current**		
	Deferred payment liabilities-payable to concession authorities for toll collection rights	130.04	123.85
	Retention money	52.35	27.91
	Interest accrued but not due borrowings	366.76	120.22
	Employees payable	5.58	6.73
	Other payables	94.64	24.48
		649.37	**303.19**

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)	8.35	7.43
	Compensated absences (refer note 33)	4.65	4.47
	Other provisions		
	Major maintenance obligation (refer note (i)(a) and (ii) below)	311.84	560.06
		324.84	**571.96**
B	**Current**		
	Provision for employee benefits		
	Gratuity (refer note 33)	0.65	0.20
	Compensated absences (refer note 33)	0.45	0.38
	Other provisions		
	Major maintenance obligation (refer note (i)(a) and (ii) below)	279.05	579.50
		280.15	**580.08**

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.

(ii) Movement in major maintenance obligation during the financial year :

	As at 31 March 2022	As at 31 March 2021
- Non-current	311.84	560.06
- Current	279.05	579.50
Total provision	**590.89**	**1,139.56**

Balance as at 01 April 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 year	310.20
Utilised during the year	(937.31)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	78.44
Balance as at 31 March 2022	**590.89**

	As at 31 March 2022	As at 31 March 2021
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	1,632.90	1,513.92
Adjustment on account of interest free loan and upfront fees on borrowings	2.34	3.44
Fair valuation of investments	2.07	1.19
Deferred tax asset arising on account of :		
Adjustment on account of interest on Optionally Convertible Debentures ('OCD's)	-	297.54
Provision for major maintenance obligation	66.53	168.74
Amount payable to NHAI as per service concession agreement	287.52	280.30
Unused business loss	-	146.86
Tax credit (minimum alternative tax)	433.90	290.54
Deferred tax liabilities (net)	**849.36**	**334.57**

* refer note 32 for details with respect to deferred tax not recognized on unused tax losses and credits

Component wise movement in deferred tax liabilities / (assets) for the year ended 31 March 2022 and 31 March 2021

Particulars	As at 01 April 2020	Recognised in Statement of profit and loss during the financial year	As at 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 Optionally 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	As at 01 April 2021	Recognised in Statement of profit and loss during the financial year	As at 31 March 2022
Liabilities			
Temporary difference on amortisation of intangible assets and depreciation of property plant and equipment	1,513.92	118.98	1,632.90
Adjustment on account of interest free loan and upfront fees on borrowings	3.44	(1.10)	2.34
Fair valuation of investments	1.19	0.88	2.07
Assets			
Adjustment on account of interest on Optionally Convertible Debentures ('OCD's)	297.54	(297.54)	-
Provision for major maintenance obligation	168.74	(102.21)	66.53
Amount payable to NHAI as per service concession agreement	280.30	7.20	287.52
Unused business loss	146.86	(146.86)	-
Tax credit (minimum alternative tax)	290.54	143.36	433.90
	334.57	**514.79**	**849.36**

	As at 31 March 2022	As at 31 March 2021
21 Trade payables		
Total outstanding dues of micro and small enterprises [refer note (i) below]	18.66	0.08
Total outstanding dues to others	302.14	211.24
	320.80	**211.32**

Notes:

(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 Project 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	18.66	0.08
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		
Payable to statutory authorities	30.15	14.82
Other payables	1.01	1.00
	31.16	**15.82**
23 Current tax liabilities (net)		
Provision for income tax (net)	4.29	15.06
	4.29	**15.06**

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17(ii)- 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 March 2022	31 March 2021	Repayment terms and security disclosure
1	Term loans from banks (secured)	Shillong Expressway Private Limited	701.69	928.74	**Rate of Interest and Repayment terms loan:** Indian rupee term loans from Bank as at 31 March 2022 of ₹ 701.70 millions (31 March 2021: ₹ 928.74 millions which carries average interest rate of 7.6% (31 March 2021 - 7.6%). 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 Project 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 Project 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 Project 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 Project SPV in the project documents ; (ii) the right, title and interest of the Project SPV in, to and under all the government approvals; (iii) all the right, title, interest, benefits, claims and demands whatsoever of the Project 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 Project SPV under all insurance contracts. Shares are required to pledged as a security for this. Previously, the shares of the Project SPV was pledged to the Lender (Axis Bank). Persuant to the transfer, the Project SPV is under the process of pledging the shares again and is waiting for RBI approval on FC-GPR filing. 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 Project SPV held by the sponsor in dematerialized from aggregating to 51% each of the total paid up equity share capital and preferences shares of the Project 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 venture agreement/ financing arrangement. Loan is repayable in percentage of facility at semi annually instalments
2	Term loans from banks (secured)	Jodhpur Pali Expressway Private Limited	1,343.49	1,408.21	**Rate of Interest and Repayment Terms:** Indian rupee term loans from banks as at 31 March 2022 of ₹ 1,343.50 millions (31 March 2021:₹ 1,408.21 millions) which carries average interest rate of 9.50% (31 March 2021 - 9.50%). 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 of the Borrower held by the Sponsor. To enable the change in ownership of the Project J13 from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 6 June 2022 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank.

Sl. No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
3	Term loan from financial institutions (Secured)	Dewas Bhopal Corridor Private Limited	1,223.88	1,264.55	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2022 of ₹ 1,233.88 millions (31 March 2021:₹ 1,264.55 millions) which carries rate of interest rate of 8.50%. p.a (31 March 2021: 8.50% p.a for both RTL -I and 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, since it has recieved NOC from AD bank on 25 April 2022.
4	Term loan from financial institutions (Secured)	Godhra Expressways Private Limited	156.62	156.73	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2022 of ₹ 156.62 millions (31 March 2021: ₹ 156.73 millions) which carries interest rate of 31 March 2022: 10.50% (31 March 2021 - 10.50%) per annum payable monthly. 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; 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) 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, since it has recieved NOC from AD bank on 25 April 2022.

Sl. No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
5	Term loan from financial institutions (Secured)	Ulundurpet Expressways Private Limited	1,795.59	1,812.27	**Rate of Interest and Repayment Terms:** Indian rupee term loans from Financial Institution as at 31 March 2022 of ₹ 1,795.59 millions (31 March 2021: ₹ 1,812.27 millions;) which carries interest rate of 31 March 2022: 10.50% (31 March 2021 - 10.50%,) per annum payable monthly. 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; 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) 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPVs is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank.
6	Non-convertible debentures (Secured)	Dewas Bhopal Corridor Private Limited	1,613.56	1,628.17	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2022 of ₹.1,613.56 millions (31 March 2021: ₹ 1,628.17 millions) which carries average interest rate of 8.28% (31 March 2021- 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; (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; and (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); To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, since it has recieved NOC from AD bank on 25 April 2022.

Sl. No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
7	Non-convertible debentures (Secured)	Godhra Expressways Private Limited	3,922.40	4,043.81	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2022 of ₹ 3,922.40 millions (31 March 2021: ₹. 4,043.81 millions) which carries average interest rate of 9.73% (31 March 2021 - 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, since it has recieved NOC from AD bank on 25 April 2022.

Sl. No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
8	Non Convertible debentures (Secured)	Jodhpur Pali Expressway Private Limited	1,254.35	1,350.95	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2022 of ₹. 1,254.35 millions (31 March 2021: ₹. 1,350.95 millions) which carries average interest rate of 9.35% (31 March 2021 - 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 Project 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 Project 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 of the Borrower held by the Sponsor. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 6 June 2022 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank.
9	Non-convertible debentures (Secured)	Nirmal BOT Limited	1,249.10	1,420.11	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2022 of ₹. 1,249.10 millions (31 March 2021: ₹. 1,420.11 millions) which carries average interest rate of 9.38% (31 March 2021 - 9.38%). Debentures are redeemable semi annually (unevenly) starting from 18 November 2010 and ending on 18 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.
10	Non-convertible debentures (Secured)	Ulundurpet Expressways Private Limited	1,039.91	1,794.05	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2022 of ₹ 1,039.91 millions (31 March 2021: ₹. 1,794.05 millions) which carries average interest rate of 9.90% (31 March 2021 - 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 24 December 2021 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. Additionally, Non-Disposal Undertaking (NDU) has been marked over 51% of the CCDs of the Project SPV held by it in favour of IDBI Trusteeship Services Limited (for the benefit of existing lenders of the Project SPV).
11	Non-convertible debentures (Unsecured)	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) which carries average interest rate of Nil (31 March 2021 - 9.35%). 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 6 June 2022 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank.

S.No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
12	Loan from related parties (unsecured)	Nirmal BOT Limited	-	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.
13	Loan from related parties (unsecured)	Ulundurpet Expressways Private Limited	-	10.91	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.
14	Loan from others (unsecured)	Ulundurpet Expressways Private Limited	470.62	427.83	**Rate of Interest and Repayment Terms** Interest free loans from GMR Highway Limited of 470.62 millions (31 March 2021: ₹ 427.83 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.
15	Compulsory convertible debentures (CCD's) (unsecured)	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 2023 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 March 2022	31 March 2021	Repayment terms and security disclosure
16	Compulsory convertible debentures (CCD's) (unsecured)	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 2023 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	Compulsory convertible debentures (CCD's) (unsecured)	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 2023 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	Compulsory convertible debentures (CCD's) (unsecured)	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 2023 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 March 2022	31 March 2021	Terms
19	Optionally convertible debentures (OCD's) (unsecured)	Godhra Expressways Private Limited	-	3,769.63	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.
20	Optionally convertible debentures (OCD's) (unsecured)	Jodhpur Pali Expressway Private Limited	-	2,092.17	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.
21	Optionally convertible debentures (OCD's) (unsecured)	Godhra Expressways Private Limited	-	828.88	The Optionally Convertible Debentures ('OCD') of ₹ Nil (31 March 2021 - 828.88 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.
22	Optionally convertible debentures (OCD's) (unsecured)	Ulundurpet Expressways Private Limited	-	173.44	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 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.

S.No.	Nature of borrowing	Name of SPV	31 March 2022	31 March 2021	Repayment terms and security disclosure
23	Liability portion of compound instruments- Preference Shares (unsecured)	Shillong Expressway Private Limited	519.08	519.08	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 as:1,817,000 nos. of Preference Shares issued on 4th January 2011 redeemable at a price of Rs. 300/- each, at any time on or before 31st December 2021 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited. These terms subsequently revised and the redemption date extended to 31 March 2022. As per resolution passed through circular by board of directors on 07 April 2022, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 04 January 2011 redeemable at a price of Rs. 300/- each, at any time on or before 30th September 2022 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited.
Total			**23,268.43**	**23,994.36**	

		For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
24	**Revenue from operations***		
	Operating revenue		
	Income arising out of toll collection	4,549.06	3,919.12
	Interest income on annuity receivable from NHAI	256.17	300.73
	Revenue from operations and maintenance of road	198.01	134.97
	Revenue from periodic maintenance of road	-	25.30
	Other operating revenues		
	Claim from NHAI	601.80	378.72
	Change of scope and utility shifting expenses	209.81	182.54
	Gain on modification of annuity	51.71	143.66
		5,866.56	**5,085.04**

*refer note 44

		For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
25	**Other income**		
	Interest income		
	- Income tax refund	2.30	2.28
	- Others	0.01	0.01
	Insurance claims	59.84	4.01
	Excess provisions written back	1.40	2.26
	Gain on modification of financial liability	52.55	64.09
	Miscellaneous income	16.34	30.43
		132.44	**103.08**
26	**Operating expenses**		
	Expenses related to claim from NHAI	553.00	378.72
	Change of scope and utility shifting expenses	199.19	160.62
		752.19	**539.34**
27	**Employee benefits expense**		
	Salary, wages and bonus	102.60	93.10
	Contribution to provident and other funds	9.58	10.76
	Staff welfare expenses	16.17	13.70
		128.35	**117.56**

For disclosures related to provision for employee benefits, refer note 33 - Employee benefit obligations

		For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
28	**Finance costs - Interest expenses**		
	Interest expense		
	- term loans and debentures	1,386.51	1,527.93
	- preference shares	52.55	51.32
	- optionally convertible debentures	705.27	865.14
	- late payment of statutory dues	1.70	0.10
	- compulsory convertible debentures	312.13	-
	- others	27.49	38.65
		2,485.65	**2,483.14**
29	**Other finance Cost**		
	Unwinding finance cost on deferred payment to NHAI for purchase of right to charge user of toll roads	148.30	145.97
	Unwinding of discount on major maintenance provision	78.44	59.97
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	49.15	41.74
	Loss on modification of financial liability	-	-
	Finance and bank charges	14.01	9.69
		289.90	**257.37**
30	**Other expenses**		
	Power, fuel and water charge	32.35	32.19
	Communication	3.26	2.81
	Loss on investments carried at fair value through profit or loss (net)	0.75	12.20
	Rates and taxes	0.07	0.80
	Travelling and conveyance	7.93	3.69
	Director sitting fees	1.09	1.19
	Rent (refer note 34)	2.43	2.32
	Bad debts written off	26.40	-
	Printing and stationery	0.57	0.93
	Miscellaneous expenses	9.93	13.42
		84.78	**69.55**

31 Assets pledged as security

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
Investments (refer note 11)	2,152.39	2,156.37
Trade receivables (refer note 12)	37.30	68.92
Cash and cash equivalents and other bank balances (refer note 13 and 14)	2,338.44	1,702.01
Other current financial assets (refer note 7)	936.82	945.08
Total current assets pledged as security	**5,464.95**	**4,872.38**
Non-current		
Property, plant and equipment (refer note 3)	130.04	66.93
Intangible assets (refer note 5)	20,246.56	21,249.03
Capital work-in-progress (refer note 4)	2.39	9.40
Other non-current financial assets (refer note 6)	1,387.67	1,631.10
Total non-currents assets pledged as security	**21,766.66**	**22,956.47**
Total assets pledged as security	**27,231.61**	**27,828.85**

32 Tax expense

	For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
(i) Income tax expense recognised in Special Purpose Combined Statement of Profit and Loss		
Current tax	189.97	127.00
Deferred tax	514.79	(155.54)
	704.76	**(28.54)**

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 :

	For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
Profit before tax	359.56	(222.73)
Income tax using the Project SPV Group domestic tax rate *	29.12%	29.12%
Expected tax expense [A]	**104.70**	**(64.86)**
Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense:		
Tax impact of exempt income pursuant to tax holiday	(107.66)	(74.92)
Deferred tax asset not recognised due to absence of certainty of realisibility	821.23	136.83
Minimum Alternate Tax (MAT) credit recognized	(143.36)	(74.84)
Impact of MAT Credit not being availed due to uncertainity of realizability	27.90	50.10
Others	1.95	(0.85)
Total adjustments [B]	**600.06**	**36.33**
Actual tax expense [C=A+B]	**704.76**	**(28.54)**

* Domestic tax rate applicable to the Project SPV Group has been computed as follows:

Base tax rate	25.00%	25.00%
Surcharge (% of tax)	12.00%	12.00%
Cess (% of tax)	4.00%	4.00%
Applicable rate	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 Project SPV Group believes that there is no probability which demonstrates realisation of such assets in the near future:

Particulars	As at 31 March 2022	As at 31 March 2021
Unused tax losses and unabsorbed depreciation for which no deferred tax asset has been recognised (Refer (a) and (b) below)	13,119.85	11,580.13
Potential tax benefit @ 29.12% (31 March 2021 : 29.12%)	3,820.50	3,372.13

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 March 2022	As at 31 March 2021
AY 2017-18	AY 25-26	-	588.61
AY 2018-19	AY 26-27	-	142.66
AY 2019-20	AY 27-28	-	122.04
AY 2020-21	AY 28-29	-	244.31
AY 2021-22	AY 29-30	-	53.33
AY 2022-23	AY 30-31	2,899.80	-
		2,899.80	**1,150.95**

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 March 2022	As at 31 March 2021
AY 2010-11	Indefinitely	496.18	747.90
AY 2011-12	Indefinitely	833.84	833.84
AY 2012-13	Indefinitely	736.96	736.96
AY 2013-14	Indefinitely	558.61	558.61
AY 2014-15	Indefinitely	1,361.35	1,365.39
AY 2015-16	Indefinitely	1,894.20	1,950.38
AY 2016-17	Indefinitely	1,620.55	1,658.39
AY 2017-18	Indefinitely	1,196.37	1,196.37
AY 2018-19	Indefinitely	658.23	658.23
AY 2019-20	Indefinitely	383.77	383.77
AY 2020-21	Indefinitely	208.65	309.35
AY 2021-22	Indefinitely	29.99	29.99
AY 2022-23	Indefinitely	241.35	-
		10,220.05	**10,429.18**

- 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 March 2022	As at 31 March 2021
AY 2014-15	AY 2029-30	2.34	2.34
AY 2015-16	AY 2030-31	10.05	10.05
AY 2016-17	AY 2031-32	6.68	6.68
AY 2017-18	AY 2032-33	23.11	23.11
AY 2018-19	AY 2032-34	20.69	20.69
AY 2019-20	AY 2032-35	5.34	5.34
AY 2020-21	AY 2032-36	41.94	41.94
AY 2021-22	AY 2036-37	39.73	50.10
AY 2022-23	AY 2037-38	17.49	-
		167.37	**160.25**

33 Disclosure relating to employee benefits pursuant to Ind AS 19 - Employee Benefits

A Defined Contribution plan

The Project SPV Group contribution to the employees provident fund is deposited with the provident fund commissionaire which is recognised by the Income Tax authorities. The Project SPV Group recognised ₹ 6.11 million (31 March 2021: ₹ 0.40 million) for provident fund contribution and the Project SPV Group contribution to the employee state insurance corporation fund is deposited with Authority which is recognised by the Income Tax authorities for the year ended 31 March 2022. The Project SPV Group recognised ₹ 6.02 million (31 March 2021: ₹ 0.38 million) for Employee State Insurance Corporation in the combined statement of profit or loss for the year ended 31 March 2022.

B Summary of gratuity and compensated absences:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Current	Non-current	Current	Non-current
Provisions:				
Gratuity	0.65	8.35	0.20	7.43
Compensated absences	0.45	4.65	0.38	4.47
Total provision	**1.10**	**13.00**	**0.58**	**11.90**
Fair value of plan assets	0.33	0.28	-	-

C Disclosure of gratuity

Gratuity

The Project 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 Project 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 year ended 31 March 2022	For the financial year ended 31 March 2021
Current service cost	2.26	2.25
Interest cost	0.44	0.47
Net impact on profit (before tax)	**2.71**	**2.72**
Actuarial gain recognised during the year	(0.24)	(0.57)
Amount recognised in total comprehensive income	**2.47**	**2.15**

(ii) **Change in the present value of obligation:**

Description	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	**10.38**	**9.08**
Transfer in/(out) obligation	(0.57)	-
Current service cost	2.26	2.24
Interest cost	0.64	0.48
Benefits paid	(0.99)	(0.85)
Actuarial gain	(0.31)	(0.57)
Present value of defined benefit obligation as at the end of the year	**11.41**	**10.38**

(iii) **Movement in the plan assets recognised in the Combined Balance Sheet is as under:**

Description	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year	2.75	2.16
Actual return on plan assets	0.20	0.16
Contributions	0.15	0.45
Actuarial gain	(0.07)	(0.01)
Fair value of plan assets at the end of the year	**3.03**	**2.75**

(iv) **Reconciliation of present value of defined benefit obligation and the fair value of assets:**

Description	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	11.41	10.38
Fair value of plan assets as at the end of the period funded status	3.03	2.75
Unfunded/funded net liability recognized in Combined Balance Sheet	**8.38**	**7.63**

(v) **Breakup of actuarial gain:**

Description	For the year ended 31 March 2022	For the financial year ended 31 March 2021
Actuarial gain from change in demographic assumption	-	(0.00)
Actuarial (gain)/loss from change in financial assumption	(0.42)	0.22
Actuarial (gain)/loss from experience adjustment	0.12	(0.80)
Return on plan assets (excluding amounts included in net interest expense)	0.06	0.01
Total actuarial gain	**(0.24)**	**(0.57)**

(vi) **Actuarial assumptions:**

Description	As at 31 March 2022	As at 31 March 2021
Discount rate range	6.35% to 7.75%	6.35% to 7.75%
Rate of increase in compensation levels range	6% to 8%	6% to 8%
Retirement age	58 years	58 years
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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 March 2022	As at 31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the period/year	11.41	10.38
- Impact due to increase of 0.50% - 1 %	(0.57)	(0.53)
- Impact due to decrease of 0.50% - 1 %	0.62	0.57
Impact of change in salary increase		
Present value of obligation at the end of the period/year	11.41	10.38
- Impact due to increase of 0.50% - 1 %	0.47	0.43
- Impact due to decrease of 0.50% - 1 %	(0.49)	(0.41)

Sensitivities due to mortality, attrition and withdrawals are not material and hence impact of change due to these not calculated.

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 sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the Combined Balance Sheet.

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 31 March 2022	As at 31 March 2021
Within next 12 months	0.71	0.20
Between 1-5 years	3.07	3.00
Beyond 5 years	7.63	7.18
Total	**11.41**	**10.38**

D **Compensated absence:**

Amount recognised in the Combined Statement of Profit and Loss is as under:

Description	For the year ended 31 March 2022	For the financial year ended 31 March 2021
Current service cost	1.22	1.12
Interest cost	0.31	0.30
Actuarial (gain)/loss recognised during the year	(0.49)	0.18
Amount recognised in the Combined Statement of Profit and Loss	**1.04**	**1.60**

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34 Information on Lease transactions pursuant to Ind AS 116-Leases

The Project SPV Group is a lessee under various short term leases. Rental expense on short term or low value leasees for the financial years ended 31 March 2022 and 31 March 2021 are ₹ 2.43 million and ₹ 2.32 million respectively.

35 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided as at 31 March 2022 : ₹ 27.13 million 31 March 2021:₹ 42.05 million.

36 Contingent liabilities and claims*

Particulars	As at 31 March 2022	As at 31 March 2021
Sales tax / service tax and income tax cases in respect of which Project SPV Group is in appeals	138.19	3.76
Claims raised against the Project SPV Group for Stamp Duty dues under the Indian Stamp Act, 1899 under appeals	221.19	221.19
Labour welfare dues in respect of which Project SPV Group is in appeals	47.78	47.78
Total	**407.16**	**272.73**

*The said contingent liability is covered under pass through arrangement as per assignment agreement of the project SPV's. Therefore, any liability which may arise will be borne by erstwhile owners ("assignors") of the Project SPV's as defined under respective assignment agreements, and no liability in (net) will devolve on the Trust.

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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 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 March 2022	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,152.39	-	-	**2,152.39**

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.

(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 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Other current and non current financial assets (refer note 6 and 7)	2,324.49	2,400.09	2,576.18	2,749.32
Trade receivables (refer note 12)	37.30	37.30	68.92	68.92
Cash and cash equivalents (refer note 13)	365.82	365.82	79.81	79.81
Bank balances other than cash and cash equivalents above (refer note 14)	1,972.62	1,972.62	1,622.21	1,622.21
Total financial assets	**4,700.23**	**4,775.83**	**4,347.12**	**4,520.26**
Financial liabilities				
Other current and non current borrowings (refer note 17A and 17B)	23,268.43	23,268.43	23,994.36	23,994.36
Trade payable (refer note 21)	320.80	320.80	211.32	211.32
Other current and non current other financial liabilities (refer note 18A and 18B)	1,926.30	1,926.30	1,568.74	1,568.74
Total financial liabilities	**25,515.53**	**25,515.53**	**25,774.42**	**25,774.42**

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 Project 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 Project 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 Project 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 Project 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 Project 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 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments (refer note 11)	2,152.39	-	-	2,156.37	-	-
Other current and non current financial assets (refer note 6 and 7)	-	-	2,324.49	-	-	2,576.18
Trade receivables (refer note 12)	-	-	37.30	-	-	68.92
Cash and cash equivalents (refer note 13)	-	-	365.82	-	-	79.81
Bank balances other than cash and cash equivalents above (refer note 14)	-	-	1,972.62	-	-	1,622.21
Total	**2,152.39**	**-**	**4,700.23**	**2,156.37**	**-**	**4,347.12**
Financial liabilities						
Other current and non current borrowings (refer note 17A and 17B)	-	-	23,268.43	-	-	23,994.36
Trade payable (refer note 21)	-	-	320.80	-	-	211.32
Other current and non current other financial liabilities (refer note 18A and 18B)	-	-	1,926.30	-	-	1,568.74
Total	**-**	**-**	**25,515.53**	**-**	**-**	**25,774.42**

ii) Risk Management

The Project SPV Group activities expose it to market risk, liquidity risk and credit risk. The Project SPV Group's Board of Directors has overall responsibility for the establishment and oversight of the Project 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 Project 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 Project 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 Project 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 Project SPV Group. The Project SPV Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Project 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 Project 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 Project 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 Project 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 March 2022	As at 31 March 2021
A: Low	Other current and non-current financial assets	2,324.49	2,576.18
	Cash and cash equivalents	365.82	79.81
	Bank balances other than cash and cash equivalents above	1,972.62	1,622.21
B: Medium	Trade receivables	37.30	68.92

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 Project SPV Group's has trade receivables primarily from various government authorities. Credit risk related to these receivables is expected to be medium. 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.

b) Expected credit losses

Trade receivables

The Project 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 Project 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 Project 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 Project 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 Project SPV Group can draw to apply consistently to entire population.

B) Liquidity risk

Liquidity risk is the risk that the Project 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 Project SPV Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Project SPV Group requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The Project 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 Project SPV Group does not have access to any undrawn borrowing facilities as at 31 March 2022 and 31 March 2021 respectively.

b) Maturities of financial liabilities

The tables below analyse the Project 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.

The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Other current and non current borrowings (refer note 17A and 17B)	4,190.79	7,755.67	6,746.95	33,795.74	**52,489.14**
Trade payable (refer note 21)	320.79	-	-	-	**320.79**
Other current and non current other financial liabilities (refer note 18A and 18B)	152.58	-	-	-	**152.58**
Deferred payment liabilities-payable to concession authorities for toll collection rights	137.44	295.83	326.15	2,537.30	**3,296.72**
Total	**4,801.59**	**8,051.50**	**7,073.10**	**36,333.04**	**56,259.23**

As at 31 March 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Other current and non current borrowings (refer note 17A and 17B)	6,199.77	5,460.65	5,241.05	20,559.63	**37,461.10**
Trade payable (refer note 21)	211.32	-	-	-	**211.32**
Other current and non current other financial liabilities (refer note 18A and 18B)	59.12	-	-	-	**59.12**
Deferred payment liabilities-payable to concession authorities 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**

C) Market risk

a) Interest rate risk

i) Liabilities

The Project SPV Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting periods end, the Project SPV Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Project SPV Group's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Project SPV Group to interest rate risk:

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate borrowing	4,525.45	6,302.72
Fixed rate borrowing	18,742.98	17,691.64
Amount disclosed under borrowings	**23,268.43**	**23,994.36**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2022	As at 31 March 2021
Interest sensitivity*		
Interest rates – increase by 100 bps*	45.25	63.03
Interest rates – increase by 100 bps*	(45.25)	(63.03)

** Holding all other variables constant*

ii) Assets

The Project 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 Project 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 Project SPV Group diversifies its portfolio of assets.

ii) Sensitivity

The table below summarises the impact of increase/decrease of the index on the Project SPV Group's profit for the period :

Impact on profit before tax

Particulars	As at 31 March 2022	As at 31 March 2021
Mutual Funds		
Net assets value – increase by 100 bps	21.52	21.56
Net assets value – decrease by 100 bps	(21.52)	(21.56)

39 Capital management

For the purpose of the Project SPV Group's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Project SPV Group. The primary objective of the Project 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 Project 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 Project SPV Group may return capital to shareholders or issue new shares. The Project SPV Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Project SPV Group's policy is to keep the gearing ratio optimum.

Debt equity ratio

Particulars	As at 31 March 2022	As at 31 March 2021
Net debts*	25,149.71	25,694.61
Total equity (refer note 15 and 16)	388.86	733.82
Net debt to equity ratio	**64.68**	**35.01**

***Net debts**

Particulars	As at 31 March 2022	As at 31 March 2021
Non current borrowings (refer note 17A)	21,260.80	22,252.15
Current borrowings (refer note 17B)	2,007.63	1,742.21
Trade payables (refer note 21)	320.80	211.32
Other financial liabilities (refer note 18A and 18B)	1,926.30	1,568.74
Less: Cash and cash equivalents (refer note 13)	(365.82)	(79.81)
Net debts	**25,149.71**	**25,694.61**

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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 year ended 31 March 2022 and financial years ended 31 March 2021 and 31 March 2022:

Parties to the InvIT pursuant to SEBI (Infrastructure Investment Trusts) Regulations, 2014

Galaxy Investments II Pte. Ltd. (Sponsor)	**Directors** Mr. Cecilio Velasco (Director) (uptill 26 January 2022) Mr. Tang Jin Rong (Director) Madhura Narawane (Director) (w.e.f 26 January 2022) **Promoters** Galaxy Investments Pte. Ltd.
Virescent Infrastructure Investment Manager Private Limited (Investment Manager) (upto 22 November 2022)	**Directors and KMP** Mr. Vinay Kumar Pabba, Director w.e.f 26 November 2021 till 01 February 2022 Mr. Pradeep Kumar Panja, Director Mr. Sanjay Grewal , Whole time Director Mr. Akshay Jaitly, Independent Director Mr Hardik Bhadrik Shah, Director Mr Aditya Narayan, Independent Director Ms Daisy Devassy Chittilapilly, Independent Director Ms. Charmi bhoot , Company Secretary and Compliance Officer **Promoters** Terra Asia Holdings II Pte. Ltd
Virescent Renewable Energy Project Manager Private Limited (Project Manager) (upto 13 November 2022)	**Directors** Mr. Sanjay Grewal, Director Mr. Atul Raizada, Director **Promoters** Virescent Infrastructure Investment Manager Private Limited
Highway Concessions One Private Limited - Investment Manager of Trust w.e.f 23 November 2022	**Directors and KMP** Mr Hardik Bhadrik Shah, Non-executive Director Mr Neeraj Sanghi, CEO (KMP), Whole time Director Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022) Ms. Ami Vinoo Momaya , Non-executive Director Mr Subramanian Janakiraman , Independent Director (w.e.f 04 March 2022) Mr Manish Agarwal, Independent Director (from w.e.f 14 September 2022) Ms. Kunjal Shah , Company Secretary and Compliance Officer Mr. Narayanan Doraiswamy, Chief Financial Officer **Promoter** Galaxy Investments II Pte. Ltd.
HC One Project Manager Private Limited - Project Manager of Trust w.e.f 14 November 2022	**Directors** Mr Neeraj Sanghi, Director (w.e.f 20 September 2022) Mr Zafar Khan, Director (w.e.f 20 September 2022) **Promoter** Highway Concessions One 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 Project SPV Group during the periods presented in the Combined Financial Statements *	India Infrastructure Fund II India Infrastructure Fund Highway Concessions One Private Limited Galaxy Investment II Pte Ltd (w.e.f 17 December 2021)

Key managerial personnel of the Project SPV Group:

Ulundurpet Expressways Private Limited ('UEPL')	Mr. Narayanan Gopalakrishnan (Director) - till 17 December 2021 Mr. Ankur Rajender Srivastava (Director) - till 17 December 2021 Mr. Neeraj Sanghi (Director) Mr. Rishi Mishra (Company Secretary) - till 10 February 2022 Ms. Nekata Jain (Company Secretary) - w.e.f. 10 February 2022 Mr. P.V. Durga Rao (Chief Financial Officer) - till 10 March 2021 Mr. Narayanan Doraiswamy (Director) - 17 December 2021
Nirmal Bot Limited ('NBL')	Mr. Milind Ghanshyam Agrawal (Director) till 31 July 2020 Mr. Narayanan Subramaniam (Director) -till 30 October 2020 Mr. Pramod Laxman Bongirwar (Independent Director) - till 17 December 2021 Mr. Praveen Kumar - CFO w.e.f 12 March 2020 Ms. Kunjal Shah (Company Secretary) - till 10 February 2022 Mr. Rishi Mishra (Company Secretary) - w.e.f. 10 February, 2022 Mr. Venkata Ramana Jannela (Manager) -till 31 October 2020 Mr. Narayanan Doraiswamy (Chief Financial Officer) - till 10 December 2019 Ms. Simran Sarabjit Singh (Director) - till 17 December 2021 Mr. Pranay Chander Ditavaar (Manager) w.e.f. 11 November 2020 Mr. Puneet Madan Kayastha (Independent Director) w.e.f 21 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 ('JPEPL')	Mr. Narayanan Gopalakrishnan (Director) - till 17 December 2021 Mr. Neeraj Sanghi (Director) w.e.f 31 March 2017 Mr. Milind Ghanshyam Agrawal (Director) - till 31 July 2020 Mr. Puneet Madan Kayastha (Independent Director) - till 17 December 2021 Mr. Nihar Ranjan Dash (Independent Director) - till 17 December 2021 Dr. Zafar Khan (Director) - w.e.f. 17 December 2021
Shillong Expressway Private Limited ('SEPL')	Mr. Neeraj Sanghi (Director) - till 17 December 2021 Mr. Milind Ghanshyam Agrawal (Director) - w.e.f. 21 February 2018 till 31 July 2020 Mr. Abhijit Chattopadhyay (Independent Director) - till 17 December 2021 Mr. Nihar Ranjan Dash (Independent Director) - till 17 December 2021 Mr. Narayanan Gopalakrishnan - 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. Narayanan Gopalakrishnan (Director) - till 17 December 2021 Mr. Neeraj Sanghi (Director) Mr. Ankur Rajender Srivastava (Director) - till 17 December 2021 Dr. Zafar Khan (Director) - w.e.f. 17 December 2021
Godhra Expressways Private Limited ('GEPL')	Mr. Milind Ghanshyam Agrawal (Director) - till 31 July 2020 Mr. Puneet Madan Kayastha (Independent Director) - till 17 December 2021 Mr. Pramod Laxman Bongirwar (Independent Director) -till 17 December 2021 Mr. Satish Viraji Bhanushali (Company Secretary) - till 13 May 2021 Mr. Narayanan Gopalakrishnan (Director) 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 Mr. Neeraj Sanghi (Director)

* With whom the Project SPV Group had transactions during the reported years

Transactions and outstanding balances with related parties in the ordinary course of business

Particulars	Transactions with enterprises having significant influence over the Project SPV Group		Transactions with key managerial personnel of Project SPV Group / relatives of key managerial personnels of Project SPV Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Transactions during the year				
Interest on Non Convertible Debentures				
India Infrastructure Fund -II	-	3.27	-	-
Repayment of loan				
India Infrastructure Fund	10.91	-	-	-
Interest paid on Preference Share				
India Infrastructure Fund -II	52.55	51.32	-	-
Gain on modification liability of preference shares				
India Infrastructure Fund -II	52.55	64.09	-	-
Repayment of loan				
Highway Concessions One Private Limited	315.00	-	-	-
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	7,621.91	258.30	-	-
IRR accrued on OCD				
India Infrastructure Fund -II	611.97	846.87	-	-
India Infrastructure Fund	93.31	18.27	-	-
IRR paid on OCD				
India Infrastructure Fund -II	39.38	27.97	-	-
Redemption of unsecured NCDs				
India Infrastructure Fund - II	-	50.00	-	-
Management support service fees				
Highway Concessions One Private Limited	187.87	111.39	-	-
Interest on compulsory convertible debentures ('CCD's')				
Galaxy Investments II Pte. Ltd.	312.13	-	-	-
Interest on Loan				
Highway Concessions One Private Limited	27.03	37.80	-	-
India Infrastructure Fund	3.74	3.11	-	-

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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 Project SPV Group		Transactions with key managerial personnel of Project SPV Group / relatives of key managerial personnels of Project SPV Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Gratuity and Leave Benefit obligation of transferred employee				
Highway Concessions One Private Ltd.	0.82	-	-	-
Transactions with key management personnel				
Director Sitting fees				
Mr. Puneet Madan Kayastha	-	-	0.47	0.39
Mr. Pramod Laxman Bongirwar	-	-	0.26	0.29
Mr. Nihar Ranjan Dash	-	-	0.21	0.25
Mr Abhijeet Chattopadhyay	-	-	0.05	0.11
Remuneration				
Mr. Venkata Ramana Jannela	-	-	-	1.54
Mr. P.V. Durga Rao	-	-	-	2.69
Mr. Rishi Mishra	-	-	-	0.86
Mr. Satish Viraji Bhanushali	-	-	-	0.81
Mr. Pranay Chander	-	-	2.11	0.70

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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 Project SPV Group		Transactions with key managerial personnel of Project SPV Group / relatives of key managerial personnels of Project SPV Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Balances outstanding at the end of the year				
Equity Share Capital				
India Infrastructure Fund-II	-	240.42	-	-
Highway Concessions One Private Limited (formerly known as Piramal Road Infra Private Limited) (HCOPL)	-	315.00	-	-
India Infrastructure Fund	-	2,645.52	-	-
Galaxy Investments II Pte. Ltd.	3,200.95	-	-	-
Liability portion of compound instruments-Preference Shares				
India Infrastructure Fund -II	519.08	519.08	-	-
Optionally convertible debentures				
India Infrastructure Fund-I	-	173.44	-	-
India Infrastructure Fund-II	-	6,690.68	-	-
Compulsory Convertible Debenture				
Galaxy Investments II Pte. Ltd.	7,978.14	-	-	-
Interest payable				
India Infrastructure Fund - II	-	25.29	-	-
Interest accrued on CCD				
Galaxy Investments II Pte. Ltd.	312.13	-	-	-
Interest accrued but not due				
India Infrastructure Fund	-	6.60	-	-
Borrowings outstanding				
Highway Concessions One Private Limited	-	315.00	-	-
India Infrastructure Fund	-	10.91	-	-
Transfer out obligation as per acturial Gratuity and Leave Benefit				
Highway Concessions One Private Limited	0.82	-	-	-

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41 Information on segment reporting pursuant to Ind AS 108 - Operating Segments

The Project SPV Group's primary business segment is reflected based on principal business activities carried on by the Project 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 Project SPV Group derives its major revenues from operation and maintenance of highways. The Project SPV Group is operating in India which is considered as a single geographical segment.

42 Earnings Per Unit (EPU)

As at 31 March 2022, the units were not issued by Highways Infrastructure Trust. 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 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 on bank deposits and others	(2.42)	(24.42)	(7.42)	(1.10)	(9.93)	(16.99)
Re-measurement loss 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 year ended 31 March 2022:

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	**47.86**	**130.55**	**(304.83)**	**(333.25)**	**795.62**	**23.61**
Adjustments for:						
Depreciation and amortisation expense	630.79	0.15	79.83	164.99	139.95	1.72
Gain on sale of property, plant and equipment (net)	(0.04)	-	-	-	-	-
Gain on sale of investments (net)	(15.81)	(8.52)	(3.17)	(18.61)	(20.47)	(4.01)
Loss / (gain) on investments carried at fair value through profit or loss (net)	-	-	0.75	(4.10)	(3.01)	(0.15)
Modification gain on annuity	-	(46.95)	-	-	-	(4.76)
Excess provisions written back	(0.84)	-	-	-	(0.56)	-
Interest income on bank deposits and others	(21.77)	(28.17)	(13.04)	(7.32)	(13.68)	(19.10)
Re-measurement loss on defined benefit obligations	(0.13)	(0.03)	0.04	0.29	(0.04)	0.10
Unwinding finance cost on deferred payment to NHAI for purchase of right to charge users of toll road	-	-	16.71	131.59	-	-
Unwinding of discount on provisions and financial liabilities carried at amortised cost	45.97	-	-	-	3.18	-
Unwinding of discount on major maintenance provision	13.13	-	24.24	1.64	39.42	-
Finance cost	332.26	111.79	564.59	1,078.82	246.85	165.36
Major maintenance provision	111.12	-	58.02	22.99	118.09	-
Gain on modification of financial liability	-	(52.55)	-	-	-	-
Operating profit before working capital changes and other adjustments	**1,142.53**	**106.28**	**423.15**	**1,037.04**	**1,305.34**	**162.77**
Working capital changes and other adjustments:						
Trade receivables	23.73	3.09	0.40	-	-	4.40
Other current and non-current financial assets	(1.27)	203.77	(96.27)	(1.63)	(0.04)	251.39
Other current and non-current assets	37.38	(1.08)	1.75	(1.28)	12.49	0.78
Trade payables	(16.50)	(11.69)	49.13	74.82	60.22	(46.50)
Provisions	0.82	0.26	(184.78)	(247.94)	(503.32)	0.05
Other current and non-current financial liabilities	27.63	1.67	22.49	37.73	17.97	8.94
Other current and non-current liabilities	3.42	(1.86)	2.80	4.98	7.27	(1.23)
Cash flow from operating activities post working capital changes	**1,217.75**	**300.43**	**218.68**	**903.72**	**899.93**	**380.60**
Income tax paid (net)	(6.71)	(22.04)	(1.39)	(21.79)	(149.29)	(15.36)
Net cash generated from operating activities	**1,211.04**	**278.39**	**217.29**	**881.93**	**750.64**	**365.24**

B Capitalisation statement

Particulars	Pre-issue as at 31 March 2022	As adjusted for issue*
Non-current borrowings (refer note 17A)	21,260.80	
Current borrowings (refer note 17B)	2,007.63	
Total debt (A)	**23,268.43**	
Equity share capital (refer note 15)	3,200.95	
Other equity (refer note 16)	(2,812.09)	
Total equity (B)	**388.86**	
Debt equity ratio [A/(A+B)]	**0.98**	

*As at 31 March 2022, the units were not issued by Highways Infrastructure Trust. Further, the corresponding details post proposed rights issue 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 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**

D Debt payment history as at 31 March 2022

1 Ulundurpet Expressways Private Limited

Particulars	As at 31 March 2022			
	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	**1,812.27**	**1,794.05**	**-**	**612.18**
Additional borrowings during the year	-	-	-	219.05
Repayments during the year	(18.83)	(754.40)	-	(201.54)
Other adjustments/settlements during the year				
- Unwinding of interest	2.14	0.26	-	58.46
Carrying amount of debt at the end of the year	**1,795.58**	**1,039.91**	**-**	**688.15**

2 Shillong Expressway Private Limited

Particulars	As at 31 March 2022			
	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	**928.75**	**-**	**519.07**	**-**
Repayments during the year	(227.68)	-	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.62	-	-	-
Carrying amount of debt at the end of the year	**701.69**	**-**	**519.07**	**-**

3 Jodhpur Pali Expressway Private Limited

Particulars	As at 31 March 2022			
	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	**1,456.64**	**1,352.36**	**-**	**2,092.17**
Additional borrowings during the year	-	-	-	2,333.83
Repayments during the year	(65.69)	(146.44)	-	(2,333.83)
Other adjustments/settlements during the year				
- Unwinding of interest	1.57	0.96	-	241.66
Carrying amount of debt at the end of the year	**1,392.52**	**1,206.88**	**-**	**2,333.83**

4 Godhra Expressways Private Limited

Particulars	As at 31 March 2022			
	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	**156.73**	**4,043.80**	**-**	**4,598.52**
Additional borrowings during the year	-	-	-	5,094.14
Repayments during the year	(0.09)	(123.93)	-	(5,094.14)
Other adjustments/settlements during the year				
- Unwinding of interest	0.01	2.50	-	495.62
Carrying amount of debt at the end of the year	**156.65**	**3,922.37**		**5,094.14**

5 Dewas Bhopal Corridor Private Limited

Particulars	As at 31 March 2022			
	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	**1,264.54**	**1,628.16**	**-**	**-**
Repayments during the year	(41.46)	(17.00)	-	-
Other adjustments/settlements during the year				
- Unwinding of interest	0.79	2.39	-	-
Carrying amount of debt at the end of the year	**1,223.87**	**1,613.55**	**-**	**-**

6 Nirmal BOT Limited

Particulars	As at 31 March 2022			
	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	**-**	**1,420.10**	**-**	**315.00**
Additional borrowings during the year	-	-	-	331.12
Repayments during the year	-	(171.00)	-	(315.00)
Carrying amount of debt at the end of the year	**-**	**1,249.10**	**-**	**331.12**

44 Disclosures on revenue pursuant to Ind AS 115 - 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 financial year ended 31 March 2022	For the financial year ended 31 March 2021
Revenue from operations		
(a) Engineering, procurement and construction contracts and change of scope	407.82	342.81
(b) Toll income from Expressway	4,549.06	3,919.12
(c) Interest income on annuity receivable from NHAI	307.88	444.39
(d) Claim from NHAI	601.80	378.72
Total revenue	**5,866.56**	**5,085.04**

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2022 and 31 March 2021.

S.No.	Types of services by Nature	Types of Services by timing	For the financial year ended 31 March 2022	For the financial year ended 31 March 2021
1	Service	At the point of time	5,558.68	4,640.65
2	Service	Over the period of time	307.88	444.39
Total Revenue			**5,866.56**	**5,085.04**

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 March 2022	As at 31 March 2021
Contract assets:		
Trade receivables	37.30	68.92
Receivables under service concession arrangements	1,944.23	2,411.73
Total	**1,981.53**	**2,480.65**
Contract liability:		
Mobilisation advance from concession authority	-	-
Total	**-**	**-**

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 Project SPV Group, there is no provision for expected credit losses required to be recognized on Trade Receivables. Contract liability is the Project SPV Group obligation to transfer goods or services to a customer for which the Project SPV 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 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 Project SPV 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 March 2022	As at 31 March 2021
Opening balance	-	2.98
Addition during the year	-	-
Revenue recognised during the year	-	(2.98)
Closing balance	**-**	**-**

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	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 provision of services to public

c. Obligations to deliver road assets at the end of the concession period

ii) The actual concession period may vary based on terms of the respective concession agreements.

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45 The Special Purpose Combined Financial Statements are prepared after considering the adjustments as required pursuent 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 financial year ended 31 March 2022 and 31 March 2021, while preparing these Special Purpose Combined Financial Statements:

Particulars	As at 31 March 2022			As at 31 March 2021			Note reference
	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	130.04	-	130.04	66.93	-	66.93	
Capital work-in-progress	2.39	-	2.39	9.40	-	9.40	
Intangible assets	20,246.54	0.03	20,246.56	21,249.03	-	21,249.03	Note 1
Financial assets							
Investments	269.76	(269.76)	-	299.20	(299.20)	-	Note 2
Trade receivables	-	-	-	26.57	(26.57)	-	Note 6
Loans	-	-	-	4.72	(4.72)	-	Note 3
Other financial assets	1,927.78	(540.11)	1,387.67	2,344.60	(713.50)	1,631.10	Note 3
Deferred tax assets (net)	156.81	(156.81)	-	40.41	(40.41)	-	Note 4
Non-current tax assets (net)	13.50	75.90	89.40	14.30	59.99	74.29	Note 5
Other non-current assets	0.28	-	0.28	0.09	0.36	0.45	Note 7
Total non-current assets	**22,747.10**	**(890.75)**	**21,856.34**	**24,055.25**	**(1,024.05)**	**23,031.20**	
Current assets							
Financial assets						-	
Investments	1,705.93	446.46	2,152.39	1,653.01	503.36	2,156.37	Note 2
Trade receivables	46.42	(9.12)	37.30	38.90	30.02	68.92	Note 6
Cash and cash equivalents	604.02	(238.20)	365.82	322.58	(242.77)	79.81	Note 8
Bank balances other than cash and cash equivalents above	1,498.24	474.38	1,972.62	1,026.14	596.07	1,622.21	Note 9
Others financial assets	819.80	117.02	936.82	804.36	140.72	945.08	Note 3
Current tax assets	61.81	(61.81)	-	45.92	(45.92)	-	Note 5
Other current assets	72.89	0.01	72.90	106.35	15.79	122.14	Note 7
Total current assets	**4,809.11**	**728.74**	**5,537.85**	**3,997.26**	**997.27**	**4,994.53**	
Total assets	**27,556.21**	**(162.01)**	**27,394.19**	**28,052.51**	**(26.78)**	**28,025.73**	
EQUITY AND LIABILITIES							
EQUITY							
Equity share capital	3,200.95	-	3,200.95	3,200.95	-	3,200.95	
Other equity	(2,910.91)	98.82	(2,812.09)	(2,389.93)	(77.20)	(2,467.13)	Note 10
Total equity	**290.04**	**98.82**	**388.86**	**811.02**	**(77.20)**	**733.82**	
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Borrowings	21,260.81	-	21,260.80	18,482.53	3,769.62	22,252.15	Note 11
Other financial liabilities	1,277.17	(0.24)	1,276.93	1,272.39	(6.84)	1,265.55	Note 12
Provisions	380.28	(55.44)	324.84	286.29	285.67	571.96	Note 14
Deferred tax liabilities (net)	1,054.60	(205.25)	849.36	260.19	74.38	334.57	Note 4
Total non-current liabilities	**23,972.86**	**(260.94)**	**23,711.93**	**20,301.40**	**4,122.83**	**24,424.23**	
Current liabilities							
Financial liabilities							
Borrowings	2,007.63	-	2,007.63	3,769.63	(2,027.42)	1,742.21	Note 11
Trade payables	90.16	230.65	320.80	68.21	143.11	211.32	Note 15
Other financial liabilities	854.83	(205.46)	649.37	2,138.62	(1,835.43)	303.19	Note 12
Other current liabilities	31.16	-	31.16	15.82	-	15.82	
Provisions	305.24	(25.09)	280.15	932.74	(352.66)	580.08	Note 14
Current tax liabilities (net)	4.29	-	4.29	15.07	(0.01)	15.06	Note 15
Total current liabilities	**3,293.31**	**0.10**	**3,293.40**	**6,940.09**	**(4,072.41)**	**2,867.68**	
Total liabilities	**27,266.17**	**(260.84)**	**27,005.33**	**27,241.49**	**50.42**	**27,291.91**	
Total equity and liabilities	**27,556.21**	**(162.01)**	**27,394.19**	**28,052.51**	**(26.78)**	**28,025.73**	

*The numbers presented above are taken from special purpose audited financial statements of Project SPV's on combined basis.

Particulars	For the financial year ended 31 March 2022			For the financial year ended 31 March 2021			Note reference
	Audited financial statements*	Adjustments	Special Purpose Combined Financial Statements	Audited financial statements*	Adjustments	Special Purpose Combined Financial Statements	
Income and gains							
Revenue from operations	5,809.00	57.56	5,866.56	4,960.79	124.25	5,085.04	Note 16
Interest income from bank deposits	100.76	-	100.76	59.98	-	59.98	-
Profit on sale of assets/investments	77.89	-	77.89	78.51	9.61	88.12	Note 17
Other income	209.33	(76.89)	132.44	227.37	(124.29)	103.08	Note 18
Total income and gains	**6,196.98**	**(19.33)**	**6,177.65**	**5,326.65**	**9.57**	**5,336.22**	
Expenses and losses							
Valuation expenses	1.50	-	1.50	0.26	-	0.26	-
Audit fees (auditor of subsidiaries)	7.69	-	7.69	2.72	-	2.72	-
Insurance expenses	67.56	-	67.56	92.92	-	92.92	-
Operating expenses	752.19	-	752.19	539.34	-	539.34	-
Employee benefits expense	128.35	-	128.35	117.56	-	117.56	-
Management support services fee	187.87	-	187.87	111.39	-	111.39	-
Trustee fees	2.13	-	2.13	3.21	-	3.21	-
Finance costs							
- Interest Expenses	2,480.63	5.02	2,485.65	2,474.78	8.36	2,483.14	Note 19A
- Other finance costs	297.71	(7.81)	289.90	265.61	(8.24)	257.37	Note 19B
Depreciation on property, plant and equipment	19.71	(1.24)	18.47	15.31	-	15.31	Note 20
Amortization of intangible assets	997.72	1.25	998.97	904.51	(0.01)	904.50	Note 20
Rating fee	2.09	-	2.09	2.76	-	2.76	-
Operation and maintenance	375.21	-	375.21	396.59	-	396.59	-
Corporate social responsibility	11.90	-	11.90	9.71	-	9.71	-
Provision for major maintenance obligation	338.85	(28.65)	310.20	449.05	2.39	451.45	Note 18A
Independent consultancy and project monitoring fees	57.90	-	57.90	50.65	-	50.65	-
Legal and professional	35.73	-	35.73	50.52	-	50.52	-
Other expenses	84.78	-	84.78	59.93	9.63	69.55	Note 21
Total expenses and losses	**5,849.52**	**(31.43)**	**5,818.09**	**5,546.82**	**12.13**	**5,558.95**	
Profit / (loss) before tax	**347.46**	**12.10**	**359.56**	**(220.17)**	**(2.56)**	**(222.73)**	
Tax expense							
Current tax	186.28	3.69	189.97	127.00	-	127.00	Note 10
Deferred tax	682.40	(167.61)	514.79	2.04	(157.58)	(155.54)	Note 10
Total tax expense	**868.68**	**(163.92)**	**704.76**	**129.04**	**(157.58)**	**(28.54)**	
Net (loss) / profit for the year	**(521.22)**	**176.02**	**(345.20)**	**(349.21)**	**155.02**	**(194.19)**	
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Re-measurement gains/ (losses) on defined benefit obligations	0.24	-	0.24	0.57	-	0.57	
Income tax relating to these items	-	-	-	-	-	-	
Total other comprehensive income for the year	**0.24**	**-**	**0.24**	**0.57**	**-**	**0.57**	
Total comprehensive (loss) / income for the year	**(520.98)**	**176.02**	**(344.96)**	**(348.64)**	**155.02**	**(193.62)**	

*The numbers presented above are as per special purpose audited financial statements of Project SPV's on combined basis and have been re-classified to conform to an extent with the minimum disclosure requirements in accordance with section 'H' of the circular CIR/IMD/DF/114/2016 dated 20 October 2016 issued by Securities and Exchange Board of India.

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Note 1 - Intangible Assets

Adjustments on account of incorporating the effect of revised projected revenue in line with the traffic studies conducted by the Project 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 Project 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 Project 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; and
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.

Note 7 - Current Asset (Non-Current and Current)

Adjustments on account of following:
a) 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.;
b) reclassification of capital advance from 'other non-current financial assets' to 'other non-current assets', in accordance with suggestive framework. ;
c) 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
d) 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 Project 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-current 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.;
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 ; and
c) reclassification of provision for unspent CSR expense from "non current provision" to "other current financial liability" in accordance 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 Project 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 in major maintenance obligation to incorporate the impact of subsequent adjustable event as per the relevant accounting principles revised in line with updated technical studies done by the technical experts;
c) Adjustment for reclassification of provision for employee benefits between current portion and non current portion of employee benefit provision, based on the actuarial certificates;
d) reclassification of outstanding expenses from 'current provision' to 'trade payables' in accordance with suggestive framework ; and
e) reclassification of provision for unspent CSR expense from "non current provision" to "other current financial liability" 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 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 - 16 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 arrangement 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';
c) reclassifications of claim from NHAI to 'revenue from operations' which was earlier part of 'other income'; and
d) reclassification of demonetization claim from "other income" to "revenue from operations".

Note - 17 Profit on sale of assets/investments

Adjustments on account of reclassification of 'loss on fair valuation of investment' from 'other income' to 'other expenses' which was earlier netted from other income.

Note - 18 Other Income

Adjustments on account of the following items:
a) reclassification of modification gain on annuity to 'revenue from operations' which was earlier part of 'other income';
b) reclassifications of claim from NHAI to 'revenue from operations' which was earlier part of 'other income'; and
c) reclassification of demonetization claim from "other income" to "revenue from operations".

Note - 18A Provision for major maintenance obligation

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 Project SPV Group.

Note - 19A Interest Expenses

Adjustment on account of reclassification of amortization of processing fees from 'other finance cost' to 'Interest expenses' which was earlier clubbed under other finance cost.

Note - 19B Other finance cost

Adjustments on account of the following items:
a) 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 Project SPV Group; and
b) restatement in loss on modification 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 arrangement with NHAI in accordance with Ind AS 115-'Revenue from contract with customers.

Note - 20 Depreciation and Amortisation Expense

a) Adjustments to incorporate the effect of revised projected revenue in line with the traffic studies conducted by the Project SPV Group, consequently leading to an adjustment in amortisation on intangible assets.
b) Adjustments on account of reclassification of 'amortization of computer software's ' from 'Depreciation on property, plant and equipment' to 'Amortization of intangible assets' which was earlier clubbed under Depreciation on property, plant and equipment.

Note - 21 Other Expenses

Adjustments on account of 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. Subsequent to financial year ended 31 March 2022, the Trust has filed final placement memorandum dated 22 August 2022 with Securities and Exchange Board of India ("SEBI"), pursuant to its initial offer of 41,600,000 units through a private placement at a price of ₹100 per Unit, aggregating to ₹4,160 million (the "Issue"). Further, pursuant to the Issue, the Trust has acquired the following companies ("Project SPV's") on 23 August 2022 at an equity consideration of ₹ 31,715.33 millions:

(i) Dewas Bhopal Corridor Private Limited ("DBCPL")
(ii) Nirmal BOT Limited ("NBL")
(iii) Jodhpur Pali Expressway Private Limited ("JPEPL")
(iv) Godhra Expressways Private Limited ("GEPL")
(v) Ulundurpet Expressways Private Limited ("UEPL")
(vi) Shillong Expressway Private Limited ("SEPL")

Accordingly, the aforesaid Project SPV's became wholly owned subsidiaries of the Trust effective from 23 August 2022.

47. Subsequent to financial year ended 31 March 2022, pursuant to the approval dated 22 November 2022 granted by the Securities and Exchange Board of India ("SEBI") and the approval of the unitholders of the Trust as required under Regulation 9(15) of the lnvIT Regulations obtained from the unitholders in the extraordinary general meeting held on 14 November 2022, Highway Concessions One Private Limited ("HC 1") and HC One Project Manager Private Limited ("HC One") was appointed as the new Investment Manager and Project Manager of the Trust respectively in place of Virescent Infrastructure Investment Manager Private Limited ("erstwhile Investment Manager") and Virescent Renewable Energy Project Manager Private Limited ("erstwhile Project Manager"). The appointment of the new Investment Manager was also approved by the Board of erstwhile Investment Manager of the Trust vide its circular Resolution dated 19 October 2022. Consequently, Highway Concessions One Private Limited and HC One Project Manager Private Limited have been acting as the new Investment Manager and Project Manager of the Trust effective from 23 November 2022 and 14 November 2022 respectively.

48. Subsequent to financial year ended 31 March 2022, three of the project SPV's Viz. GEPL, DBCPL and UEPL has filed the petition with the Hon'ble National Company Law Tribunal , Mumbai Bench ('NCLT') for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPVs which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL, DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's. The final order for approving the capital reduction scheme in DBCPL and GEPL was received on 27 February 2023 and 12 June 2023 respectively, however final order for approving the capital reduction scheme is awaited in UEPL.

49. 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

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

Manish Agrawal	**Kunjal Shah**	**Neeraj Sanghi**	**Narayanan Doraiswamy**
Partner	Compliance officer	Whole time director and CEO	Chief Financial Officer
Membership No.: 507000	ACS No. A27382	DIN: 05110400	
Place: Mumbai	**Place:** Mumbai	**Place:** Mumbai	**Place:** Mumbai
Date: 06 July 2023	**Date:** 06 July 2023	**Date:** 06 July 2023	**Date:** 06 July 2023

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Independent Auditor's Report

To the Unitholders' of Highways Infrastructure Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Highways Infrastructure Trust ('the Trust') and its subsidiaries (the Trust and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended, the Consolidated Statement of Net Assets at Fair Value as at 31 March 2023, the Consolidated Statement of Total Returns at Fair Value and the Consolidated statement of Net Distributable Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, as referred to in paragraph 16 below, the aforesaid consolidated financial statements give the information required the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') as defined in the Rule 2(1)(a) of the Companies Indian Accounting Standards Rules, 2015, as amended and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in unitholder's equity for the year ended on that date, the consolidated net assets at fair value as at 31 March 2023 , the consolidated total returns at fair value and the consolidated net distributable cash flows for the year ended then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SA's) and other pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
A. Acquisition of road assets	**Our key procedures included, but were not limited to, the following:**
Refer note 2B(b) for significant accounting policies and refer note 48 to the consolidated financial statements of the Trust for the year ended 31 March 2023.	a) Obtained an understanding of management's process of business combination accounting and evaluated the design of the Trust's key controls over the accounting of business combination;
During the current year ended 31 March 2023, the Trust has invested in following special purpose infrastructure project entities ('SPVs') identified by the Board of Directors of the Investment Manager and acquired such entities on 23 August 2022 ('acquisition date') for an equity consideration of ₹ 31,715.33 millions from Galaxy Investments II Pte Limited namely Ulundurpet Expressways Private Limited ("UEPL"), Nirmal BOT Limited ("NBL"), Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL"), Shillong Expressway Private Limited ("SEPL"), Jodhpur Pali Expressway Private Limited ("JPEPL")	b) Obtained the executed agreements and contracts relating to the acquisition and identified pertinent terms relevant to the accounting of the transaction in addition to comparing the underlying information inputs such as purchase consideration, net assets acquired etc.; c) Obtained the financial statements audited by respective auditors of DBCPL, NBL, JPEPL, GEPL, UEPL as at 17 December 2021 and 23 August 2022 and for SEPL as at 13 January 2022 and 23 August 2022;
Galaxy Investments II Pte Limited had earlier acquired DBCPL, NBL, JPEPL, GEPL and UEPL on 17 December 2021 and SEPL on 13 January 2022.	d) Assessed the appropriateness of the accounting policy adopted by the Investment Manager for the business combination in accordance with Appendix C to Ind AS 103;
As defined under Appendix C to Ind AS 103 - Business combinations, 'Business combinations of entities under common control', means a business combination involving entities in which all the combining entities or business are ultimately	e) Evaluated management's assessment of accounting for the business combination and computation of restated comparative financial information and determined that it is appropriately accounted for in accordance with 'Pooling of

Key audit matter	How our audit addressed the key audit matter
controlled by the same party or parties both before and after the business combination, and that control is not transitory. The management has evaluated that the Investment Manager of the Trust is acting on behalf of Sponsor and primary unitholder of the Trust, Galaxy Investments II Pte Limited, while carrying out its responsibilities with respect to the Trust, and thus, the Trust and all the project SPVs have considered to be ultimately controlled by Galaxy Investments II Pte Limited, both before and after the acquisition. Accordingly, the acquisition of the SPVs by the Trust was determined to be a common control business combination accounted for using the 'Pooling of interests' method prescribed under Appendix C to Ind AS 103, according to which the assets, liabilities and reserves of SPVs acquired have been recorded at their respective book values and the difference between the purchase consideration and the aforesaid book value, amounting to ₹ 28,514.38 has been adjusted with the 'Acquisition adjustment deficit account' under Other equity as further described in aforementioned note. Further, the comparative periods presented in the financial statements have been restated as if the acquisition had occurred on 17 December 2021 for DBCPL, NBL, JPEPL, GEPL and UEPL and on 13 January 2022 for SEPL, irrespective of the actual date of the combination which is 23 August 2022. Considering the magnitude of the transaction and management judgement involved, the aforesaid business combination treatment in consolidated financial statements has been considered to be a key audit matter for the current year audit.	interests' method prescribed under Appendix C to Ind AS 103; and f) Evaluated the appropriateness and adequacy of disclosures for compliance with the relevant requirements of Appendix C to Ind AS 103.
B. Impairment of intangible assets recognized pursuant to service concession arrangement Refer note 5 to the consolidated financial statements. As at 31 March 2023, the carrying amount of intangible assets of the Group is ₹ 19,353.89 millions relating to licenses to collect toll from road	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of the Group's policies and procedures to identify impairment indicators of intangible assets and for determining the fair valuation of intangible assets;

Key audit matter	How our audit addressed the key audit matter
infrastructure projects as an infrastructure concession operator under service concession arrangements accounted for in accordance with Appendix D of Ind AS 115, Service Concession Arrangements. Management regularly reviews whether there are any indicators of impairment and where impairment indicators exist, the management estimates the recoverable amounts of these assets, basis value in use. The value in use of the underlying assets is determined based on the discounted cash flow projections which involves use of key assumptions such as discounting rate, expected change in traffic and toll rates. Such assumptions and estimates require significant management judgment due to high inherent estimation uncertainty. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the future cash flow projections, we have determined this to be a key audit matter for the current year audit.	b) Evaluated the design of key controls implemented for identification of impairment indicators and fair valuation of intangible assets; c) Involving an auditor's expert, assessed the appropriateness of the valuation methodology and assumptions applied by management's valuation expert in determining the recoverable amount such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, independence, experience, and competency of management's experts involved in the process; d) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs); e) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; f) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; g) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and h) Evaluated the appropriateness of disclosures made in the consolidated financial statements in relation to impairment of licenses to collect toll under service concession arrangements in accordance with requirements of the applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
C. Computation and disclosures relating to Consolidated Statement of Net Assets at Fair Value and Consolidated Statement of Total Returns at Fair Value as per SEBI regulations ("the statement") Refer the Statement disclosed in the accompanying consolidated financial statements pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the SEBI Regulations, which requires fair valuation of the net assets and total returns of the Trust carried out by an independent valuer appointed by the Trust. For the above purpose, fair value is determined by the management using discounted cash flow ('DCF') valuation method which involves significant management judgement in respect of various estimates used as inputs such as determination of future cash flows, discount rates, revenue growth rates, inflation rates, tax rates, amongst others. The determination of fair value involves judgement due to inherent high estimation uncertainty in the underlying assumptions. Considering the importance of the disclosure required under the SEBI Regulations to the users of the consolidated financial statements, significant management judgement involved in determining the fair value of the assets of the Group, the aforesaid computation and disclosure has been considered as a key audit matter for the current year audit.	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of regulatory requirements by reading the requirements of SEBI Regulations along with the relevant SEBI circulars, pursuant to which the Statements are prepared by the Investment Manager; b) Obtained an understanding of the Trust's policies and procedures adopted by the Investment Manager for computation and disclosure of the Statements; c) Involving an auditor's expert, assessed the appropriateness of the valuation methodology and assumptions applied by management's valuation expert in determining the fair value such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, experience, independence and competency of the management's experts involved in the process; d) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs). e) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; f) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; g) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and

Key audit matter	How our audit addressed the key audit matter
	h) Evaluated the appropriateness and adequacy of disclosures for compliance with the relevant requirements of SEBI regulations.
D. Measurement of operation and maintenance and major maintenance expenses Refer note 2B(iii) of significant accounting policies and note 19 and 25 to the consolidated financial statements. The Group is obligated to carry out operation and maintenance and major maintenance expenditure ("O&M and MM expenses") of the toll roads on periodic basis in accordance with service concession agreements with National Highway Authority of India ('NHAI') / Public Works Department ('PWD')/ Madhya Pradesh Road Development Corporation ('MPRDC'), as applicable. Measurement of major maintenance obligation is a key accounting estimate under both intangible assets model where the Group has a contractual right to charge users of the public service and financial asset model where the Group has a contractual right to receive cash from NHAI. Further, operation and maintenance cost is also a key accounting estimate with respect to financial assets model accounting. The measurement of O&M and MM expenses obligations require detailed workings and includes management estimates of items of cost required for repair and maintenance including but not limited to quantity and cost of building material, labour and other expenses, etc, and the timing of such repairs needed which is dependent upon future usage of the assets. The Group reviews such estimated O&M and MM expense obligations on an annual basis. Considering the high inherent estimation uncertainty in measurement of O&M and MM expense obligations and amounts involved, we have considered this matter as a Key audit matter in the current year audit.	**Our audit procedures included, but were not limited to, the following:** a) Obtained an understanding of the process associated with the estimation of O&M and MM expenses; b) Verified the Group's obligations for such O&M and MM expenses as per terms of service concession agreements; c) Assessed the management's significant judgements / estimates used in evaluation of inputs for the purpose of measurement of O&M and MM expense obligations under financial assets model and/ or intangible assets model as applicable; d) Evaluated the workings, methodology and key assumptions adopted by the management in estimating such O&M and MM expenses in future, including projections of future use of assets, by reviewing terms of the service concession agreements, inputs from management's inhouse technical team, Group's actual cost experience and considering historical accuracy of such assumptions; e) Analysed changes in the estimates of O&M and MM expenses from prior periods and assessed the consistency of these changes with progress of the projects, if any, during the year; and f) Tested the arithmetic accuracy and evaluated the appropriateness of disclosures made in the consolidated financial statements for compliance with applicable accounting standard.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Board of Directors of Investment Manager are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Investment Manager and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Board of Directors of the Investment Manager of the Trust. The Investment Manager is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in unit holders' equity, consolidated cash flows, consolidated net assets at fair value, consolidated total returns at fair value and consolidated net distributable cash flows of the Group in accordance with the accounting principles generally accepted in India including the Ind AS and SEBI Regulations read with the SEBI Circulars. The respective Board of Directors of the Investment Manager of the Trust and of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding of the assets of the 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 and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Investment Manager of the Trust, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the Investment Manager of the Trust and of the companies included in the Group are responsible for assessing the ability of the Group 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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the entities included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing issued by ICAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated 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 our 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 Trust has in place adequate internal financial controls with reference to financial statements 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 Board of Director 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated 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 consolidated 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.

12. 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.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

15. We also performed procedures in accordance with Regulation 13(2)(e) of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended to the extent applicable.

Other Matters

16. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹ 8,909.72 millions and net assets of ₹ 169.44 millions as at 31 March 2023, total revenues of ₹ 2,680.80 millions, and net cash outflows amounting to ₹ 38.64 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Investment Manager and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17. The consolidated financial statements of the Trust for the period from 03 December 2021 to 31 March 2022 and as at 31 March 2022 included as comparative financial information in the accompanying consolidated financial statements have been certified by the Board of Directors of the Investment Manager of the Trust, but have not been subjected to either audit or review.

Report on Other Legal and Regulatory Requirements

18. Based on our audit and on the consideration of the reports of the other auditors referred to in paragraph 16 on separate financial statements of the subsidiaries and as required by the SEBI Regulations, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss (including Other comprehensive Income) are in agreement with the relevant books of account of the Trust; and

    c) in our opinion, the aforesaid consolidated financial statements comply with Ind AS and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015; as amended

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 23507000BGYERT6831

Place: Mumbai
Date: 19 May 2023

Annexure 1

List of subsidiaries included in the Statement (in addition to Highways Infrastructure Trust)

a. Nirmal BOT Limited
b. Godhra Expressways Private Limited
c. Ulundurpet Expressways Private Limited
d. Jodhpur Pali Expressways Private Limited
e. Dewas Bhopal Corridor Expressways Private Limited
f. Shillong Expressway Private Limited

Highways Infrastructure Trust
Consolidated Balance Sheet as at 31 March 2023
(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	100.00	130.04
Capital work-in-progress	4	-	2.39
Intangible assets	5	19,353.89	20,246.56
Financial assets			
Other financial assets	6	541.71	1,387.67
Non-current tax assets (net)	7	83.57	89.40
Other non-current assets	8	6.26	0.28
Total non-current assets		**20,085.43**	**21,856.34**
Current assets			
Financial assets			
Investments	9	648.60	2,152.39
Trade receivables	10	0.16	37.30
Cash and cash equivalents	11	349.11	365.82
Bank balances other than cash and cash equivalents above	12	1,546.58	1,972.62
Other financial assets	13	631.38	936.82
Other current assets	14	55.23	72.90
Total current assets		**3,231.06**	**5,537.85**
Total assets		**23,316.49**	**27,394.19**
EQUITY AND LIABILITIES			
EQUITY			
Unit capital	15	41,550.00	-
Other equity	16	(37,168.34)	388.86
Total equity		**4,381.66**	**388.86**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	14,541.86	21,260.80
Other financial liabilities	18	1,556.83	1,276.93
Provisions	19	281.56	324.84
Deferred tax liabilities (net)	20	1,246.18	849.36
Total non-current liabilities		**17,626.43**	**23,711.93**
Current liabilities			
Financial liabilities			
Borrowings	21	225.00	2,007.63
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	22	10.18	18.66
(b) Total outstanding dues of creditiors other than micro enterprises and small enterprises	22	377.53	302.14
Other financial liabilities	23	227.12	649.37
Other current liabilities	24	43.11	31.16
Provisions	25	425.46	280.15
Current tax liabilities (net)	26	-	4.29
Total current liabilities		**1,308.40**	**3,293.40**
Total liabilities		**18,934.83**	**27,005.33**
Total equity and liabilities		**23,316.49**	**27,394.19**

Significant accounting policies 2B
The accompanying notes form an integral part of the consolidated financial statements.

This is the Consolidated 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 Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Highways Infrastructure Trust
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(All amounts in ₹ millions unless otherwise stated)

	Note	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Income and gains			
Revenue from operations	27	6,152.35	1,876.03
Interest income from bank deposits		121.51	27.67
Profit on sale of assets/investments	27.1	126.04	30.35
Other income	28	31.17	46.04
Total income and gains		**6,431.07**	**1,980.09**
Expenses and losses			
Valuation expenses		2.40	0.85
Audit fees (statutory auditor of Trust)	31.1	17.38	-
Audit fees (auditor of subsidiaries)		5.64	5.21
Insurance expenses		45.66	8.47
Employee benefits expense	29	104.03	27.76
Project management fees	55	53.55	-
Investment manager fees	55	111.61	-
Management support services fee		247.43	51.24
Trustee fees		4.43	0.75
Depreciation on property, plant and equipment	3	26.96	6.03
Amortization of intangible assets	5	1,139.01	282.17
Finance costs			
- Interest on term loan and non convertible debentures		1,743.11	709.16
- Other finance costs	30	447.48	73.60
Rating fee		2.35	0.32
Operation and maintenance		433.39	139.29
Corporate social responsibility		15.16	1.74
Provision for major maintenance obligation		416.39	100.14
Operating expenses	31	365.44	46.69
Independent consultancy and project monitoring fees		69.28	18.11
Legal and professional		152.55	1.76
Other expenses	32	63.34	17.77
Total expenses and losses		**5,466.59**	**1,491.06**
Profit before tax for the year / period		**964.48**	**489.03**
Tax expense			
Current tax	34	225.67	81.95
Deferred tax	34	396.82	(41.30)
Total tax expense		**622.49**	**40.65**
Net Profit after tax for the year / period		**341.99**	**448.38**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains /(losses) on defined benefit obligations		0.90	(0.23)
Income tax relating to these items		-	-
Total other comprehensive income / (loss) for the year /period (net of tax)		**0.90**	**(0.23)**
Total comprehensive income for the year /period		**342.89**	**448.15**
Earning per unit capital (Nominal value of unit capital ₹ 100 per unit)			
Basic (₹)	35	0.82	*
Diluted (₹)	35	0.82	*

*refer note 35

Summary of significant accounting policies 2B
The accompanying notes form an integral part of the Consolidated Financial Statements.
This is the Consolidated 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 Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Kunjal Shah
Compliance officer
ACS No. A27382

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
A.	**Cash flows from operating activities**		
	Profit before tax	**964.48**	**489.03**
	Adjustments for:		
	Depreciation on property, plant and equipment	26.96	6.03
	Amortization of intangible assets	1,139.01	282.17
	Gain on sale of property, plant and equipment (net)	(0.02)	(0.65)
	Gain on sale of investments (net)	(123.66)	(29.70)
	(Gain)/loss on investments carried at fair value through profit or loss (net)	(2.36)	6.26
	Excess provisions written back	(9.15)	(1.00)
	Bad debts written off	9.34	-
	Provision for major maintenance obligation	416.39	100.14
	Interest income	(121.51)	(27.67)
	Finance cost		
	Interest on term loan and non convertible debentures	1,743.11	709.16
	Unwinding finance cost on deferred payment to National Highway Authority of India ('NHAI') for purchase of right to charge users of toll road	177.46	42.50
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	110.04	13.18
	Unwinding of discount on provision for major maintainance	51.31	15.87
	Finance and bank charges	103.61	2.05
	Modification loss on financial liability	5.06	-
	Modification loss / (gain) on annuity	298.58	(243.08)
	Modification gain on financial liability	-	(26.03)
	Operating profit before working capital changes and other adjustments	**4,788.65**	**1,338.26**
	Working capital changes and other adjustments:		
	Trade receivables	36.95	9.54
	Other financial assets	621.00	916.58
	Other assets	11.70	16.26
	Trade payables	66.91	222.87
	Provisions	(314.36)	(766.62)
	Financial liabilities	72.32	37.62
	Other liabilities	11.99	19.86
	Cash flow from operating activities post working capital changes	**5,295.16**	**1,794.36**
	Income tax paid (net of refund)	(267.30)	(96.93)
	Net cash flow from operating activities (A)	**5,027.86**	**1,697.43**
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipments	(13.34)	(55.65)
	Proceeds from disposal of property plant and equipment	18.83	8.55
	Investment in compulsarily convertible debentures ('CCD's)	(3,060.00)	-
	Investment in bank deposits	-	(800.99)
	Investment in preference shares	(545.10)	-
	Proceeds from maturity of bank deposits	784.00	-
	Purchase of current investments	-	(170.34)
	Proceeds from maturity of current investments	1,629.82	-
	Interest received on bank deposits and others	-	27.67
	Net cash used in investing activities (B)	**(1,185.79)**	**(990.76)**
C	**Cash flows from financing activities**		
	Proceeds from issuance of units	4,160.00	-
	Repayment of current borrowings	(112.50)	(7,693.51)
	Repayment of non-current borrowings	(14,300.60)	-
	Proceeds from compulsorily convertible debentures	-	7,562.77
	Proceeds from current borrowings	14,469.03	-
	Formation and issue expenses	(111.58)	-
	Processing fees	(118.90)	-
	Finance costs paid	(1,814.23)	(724.39)
	Distribution made to unit-holders	(6,030.00)	-
	Net cash used in financing activities (C)	**(3,858.78)**	**(855.13)**

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
D	**Net decrease in cash and cash equivalent (A+B+C)**	**(16.71)**	**(148.46)**
E	Cash and cash equivalents acquired under business combinations (refer note 48)	-	514.28
F	Cash and cash equivalent at the beginning of the year	365.82	-
	Cash and cash equivalent at the end of the year / period (D+E+F) (refer note 11)	**349.11**	**365.82**

Note: The above Consolidated Cash Flow statement 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 Consolidated financial statements.
This is the Consolidated 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: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust

Kunjal Shah
Compliance Officer
Membership No. A27382

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Highways Infrastructure Trust
Consolidated Statement of Changes in Unit Holders' Equity for the year ended 31 March 2023
(All amounts in ₹ millions unless otherwise stated)

A Unit capital *

Particulars	Number of unit	Amount (in million)
Balance as at 03 December 2021	**-**	**-**
Units issued during the period	-	-
Balance as at 31 March 2022	**-**	**-**
Units issued during the year	41,55,00,000	41,550.00
Balance as at 31 March 2023	**41,55,00,000**	**41,550.00**

B Other equity**

Particulars	Units pending isssuance	Equity component of loan to related parties	Reserves and surplus					Total
			Securities premium reserve	Debenture redemption reserve	Capital redemption reserve	Retained earnings	Amalgmation adjustment deficit account	
Balance as at 03 December 2021	**3,200.95**	**-**	**-**	**-**	**-**	**-**	**-**	**3,200.95**
Net profit for the period	-	-	-	-	-	448.38	-	**448.38**
Other comprehensive income for the period								
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	-	(0.23)	-	**(0.23)**
Total comprehensive income for the period	**3,200.95**	**-**	**-**	**-**	**-**	**448.15**	**-**	**3,649.10**
Acquisiton under common control business combinations (refer note 48)	-	384.95	2,874.88	174.91	2.83	(6,697.81)	-	**(3,260.24)**
Balance as at 31 March 2022	**3,200.95**	**384.95**	**2,874.88**	**174.91**	**2.83**	**(6,249.66)**	-	**388.86**
Net profit for the year	-	-	-	-	-	341.99	-	341.99
Other comprehensive income for the year								
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	-	0.90	-	0.90
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**342.89**	-	**342.89**
Transfer from units pending issuance to acquisition adjustment account pursuant to common control business combinations (refer note 48)	(3,200.95)	-	-	-	-	-	3,200.95	-
Amount paid to sponsor pursuant to business combinations (refer note 48(c))	-	-	-	-	-	-	(31,715.33)	(31,715.33)
Formation and issue expenses^^	-	-	-	-	-	(111.58)	-	(111.58)
Transfer from security premium to retained earnings pursuant to capital reduction in DBCPL (refer note 54)	-	-	(600.09)	-	-	600.09	-	-
Transaction cost relating to buy back of preferance shares of SEPL	-	-	-	-	-	(43.18)	-	(43.18)
Transfer from debenture redemption reserve in NBL and DBCPL	-	-	-	(174.91)	-	174.91	-	-
Distributions to unit holders ^	-	-	-	-	-	(6,030.00)	-	(6,030.00)
Balance as at 31 March 2023	**-**	**384.95**	**2,274.79**	**-**	**2.83**	**(11,316.54)**	**(28,514.38)**	**(37,168.34)**

^Pertains to the distribution made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distribution made by Trust to its unitholders are based on Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital.

^^ Formation and issue expenses are one time expenses incurred in relation to the formation of the Trust .

* refer note 15.
** refer note 16.

The accompanying notes form an integral part of the Consolidated financial statements.

This is the Consolidated 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 Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Kunjal Shah
Compliance Officer
ACS No. A27382

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

A. Consolidated Statement of net assets at fair value

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Book value**	**Fair value #**	**Book value**	**Fair value #**
A. Assets	23,316.49	57,872.75	27,394.19	53,889.16
B. Liabilities (at book value)	18,934.83	18,934.83	27,005.33	27,005.33
C. Net assets (A-B)	4,381.66	38,937.92	**388.86**	**26,883.83**
D. No of units (in millions)	415.50	415.50	*	*
E. NAV (C/D)	10.55	93.71	*	*

* In the previous year ended 31 March 2022, the number of units were not ascertainable considering the Trust was in the process of issuing its units in connection with private placement. Accordingly, disclosure in respect of Net Asset Value ("NAV") per unit has not been given for the previous year.

Fair values of total assets relating to the Trust as at 31 March 2023 and 31 March 2022 as disclosed above are primarily based on the fair valuation report of the independent valuer appointed by the Trust.

Project wise break up of fair value of assets as at 31 March 2023:

Projects	**Fair value** As at 31 March 2023**	**Fair value** As at 31 March 2022**
Highways Infrastructure Trust	1,039.02	-
Shillong Expressways Private Limited (SEPL)##	516.26	1,519.49
Ulunderpret Expressways Private Limited (UEPL)##	5,491.57	7,009.33
Dewas Bhopal Corridor Private Limited (DBCPL)##	15,564.28	16,194.45
Godhra Expressways Private Limited (GEPL)##	25,630.72	19,579.95
Nirmal BOT Limited (NBL)##	1,136.37	1,951.16
Jodhpur Pali Expressways Private Limited (JPEPL)##	8,494.53	7,634.78
Total Assets	**57,872.75**	**53,889.16**

**Fair values of assets as disclosed above are the fair values of the total assets of the Group which are included in the Consolidated Financial Statements.

The Trust has acquired these projects with effect from 23 August 2022. (refer note 48)

B. Statement of consolidated total return at fair value:

Particulars	**01 April 2022 to 31 March 2023**	**03 December 2021 to 31 March 2022**
Total comprehensive income for the year/period (As per the Consolidated Statement of Profit and Loss)	342.89	448.15
Add: Other changes in fair value for the year (refer note 1 and 2)	3,983.59	(534.89)
Total return	**4,326.48**	**(86.74)**

Note 1:

In the above statement, other changes in fair value for the financial year ended 31 March 2023 has been computed based on the difference in fair values of total assets as at 31 March 2023 and as at 31 March 2022 which is based solely on the valuation report of the independent valuer appointed by the Trust.

Note 2:

In the above statement, other changes in fair value for the financial year ended 31 March 2022 has been computed based on the difference in fair values of total assets as at 03 December 2021 (certified by investment manager of Trust and are not subject to audit or review) and as at 31 March 2022 (based solely on the valuation report of the independent valuer appointed by the Trust).

The accompanying notes form an integral part of the Consolidated financial statements.

This is the Consolidated Statement of Net Assets at Fair Value and Consolidated 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 Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust

Manish Agrawal
Partner
Membership No.: 507000

Kunjal Shah
Compliance Officer
ACS No. A27382

Neeraj Sanghi
Whole time director and CEO
`

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Place: Mumbai
Date: 19 May 2023

Highways Infrastructure Trust

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

Statement of Net Distributable Cash Flows for the year ended 31 March 2023

(i) Highways Infrastructure Trust

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Net Distributable Cash Flows of the Project Entities**		-
	a) in the form of interest / accrued interest / additional interest	2,078.10	
	b) in the form of dividend	1,893.32	-
	c) in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Trust	3,264.77	-
	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	294.45	
2	Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.	18,629.03	-
3	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	42.75	-
	Total cash inflow at the InvIT level (A)	**26,202.42**	
	Adjustments:		
4	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.	(889.75)	-
5	Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust	(116.10)	-
6	Income tax (if applicable) for standalone Highways Trust and / or payment of other statutory dues	(18.27)	-
7	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(112.50)	-
8	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(976.43)	-
9	Amount invested in any of the Project SPVs for service of debt or interest	(17,211.84)	-
10	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	(146.33)	-
	Total adjustments at the Trust level (B)	**(19,471.22)**	**-**
	Net Distributable cash flows (C)=(A+B)	**6,731.20**	**-**

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(All amounts in ₹ millions unless otherwise stated)

(ii) Dewas Bhopal Corridor Private Limited ("DBCPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Profit after tax as per Statement of Profit and Loss (A)**	**1,020.54**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	203.45	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	173.42	-
4	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 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;	0.05	-
	• deferred tax, lease rents, provisions, etc.	(177.84)	-
	• any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	42.22	-
5	Decrease in working capital	(15.74)	-
6	Gain on sale of investments	(45.53)	-
7	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.	2,814.94	-
8	Capital expenditure, if any	(1.25)	-
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(2,853.41)	-
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	944.47	-
	Total adjustments at the Trust level (B)	**1,084.78**	**-**
	Net Distributable cash flows (C)=(A+B)	**2,105.32**	**-**

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Highways Infrastructure Trust

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

(iii) Nirmal BOT Limited

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(243.95)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	126.47	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	1.97	-
4	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;	(0.92)	-
	• deferred tax, lease rents, provisions, etc.	(11.75)	-
5	Decrease in working capital	(18.92)	-
6	Gain on sale of investments	(5.22)	-
7	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	389.41	-
8	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.	1,158.30	-
9	Capital expenditure, if any	(0.51)	-
10	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(1,249.10)	-
11	Payment of any other liabilities (not covered under working capital)	(5.18)	-
12	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	518.45	-
	Total adjustments at the Trust level (B)	**903.00**	-
	Net Distributable cash flows (C)=(A+B)	**659.05**	-

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Highways Infrastructure Trust

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

(iv) Jodhpur Pali Expressway Private Limited

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(527.30)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	479.63	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	65.45	-
4	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;	0.87	-
	• deferred tax, lease rents, provisions, etc.	103.67	-
	• any other items charged / credited to the profit and loss account which do not involve corresponding cash flows	81.48	-
5	Decrease in working capital	(184.18)	-
6	Gain on sale of investments	(8.19)	-
7	Capital expenditure, if any	(7.70)	-
8	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(1,254.35)	-
9	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.	1,506.19	
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	120.01	-
	Total adjustments at the Trust level (B)	**902.87**	-
	Net Distributable cash flows (C)=(A+B)	**375.58**	-

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Highways Infrastructure Trust

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

(v) Godhra Expressways Private Limited ("GEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(630.19)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	998.96	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	113.42	-
4	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;	0.39	-
	• deferred tax, lease rents, provisions, etc.	429.25	-
	• any other items charged / credited to the profit and loss account which do not involve corresponding cash flows	177.42	-
5	Decrease in working capital	(19.96)	-
6	Gain on sale of investments	(28.02)	-
7	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.	4,059.40	-
8	Capital expenditure, if any	(122.55)	-
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(4,100.76)	-
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	850.64	-
	Total adjustments at the Trust level (B)	**2,358.19**	-
	Net Distributable cash flows (C)=(A+B)	**1,728.00**	-

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Highways Infrastructure Trust

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

(vi) Ulundurpet Expressways Private Limited ("UEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(9.33)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	218.10	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	811.42	-
4	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;	0.09	
	• deferred tax, lease rents, provisions, etc.	(2.45)	-
	• any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	323.37	-
5	Increase in working capital	43.35	-
6	Gain on sale of investments	(39.65)	-
7	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.	17.43	-
8	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.	2,699.29	-
9	Capital expenditure, if any	(1.83)	-
10	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(2,840.24)	-
11	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	1,046.15	-
	Total adjustments at the Trust level (B)	**2,275.03**	**-**
	Net Distributable cash flows (C)=(A+B)	**2,265.70**	**-**

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Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023
(All amounts in ₹ millions unless otherwise stated)

(vi) Shillong Expressway Private Limited ("SEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(82.03)**	-
	Adjustments:		
2	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	0.29	-
3	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;	0.12	-
	• deferred tax, lease rents, provisions, etc.	(47.21)	-
	• any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	26.66	-
4	Decrease in working capital	(36.92)	-
5	Gain on sale of investments	(9.11)	-
6	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	497.40	-
7	Capital expenditure, if any	(0.06)	-
8	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(702.33)	-
9	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	750.16	-
	Total adjustments at the Trust level (B)	**479.01**	-
	Net Distributable cash flows (C)=(A+B)	**396.98**	-

The accompanying notes form an integral part of the Standalone Financial Statements.
This is the Consolidated Statement of Net Distributable Cash Flows 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 Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

1. Group Information

The consolidated financial statements comprise financial statements of Highways Infrastructure Trust (“the Trust”) and its subsidiaries (collectively, the Group) for the year ended 31 March 2023. The Trust is an irrevocable trust settled by Galaxy Investment II Pte. Ltd (hereinafter referred as “Sponsor”) on 03 December 2021 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. The Trustee of the Trust is Axis Trustee Services Limited (the "Trustee"). The Investment manager for the Trust was Virescent Infrastructure Investment Manager Private Limited till 22 November 2023 and with effect from 23 November 2023 the same is Highway Concessions One Private Limited (the "Investment Manager”)

The objectives of the Trust are to undertake activities as an infrastructure investment trust in accordance with the provisions of the SEBI Regulations and the Trust Deed. The principal activity of the Trust is to own and invest in the road sector in India. All the road projects are implemented and held through special purpose vehicles (“SPVs/Project SPVs/ subsidiaries”).

During the current year ended 31 March 2023, the Trust acquired 100% equity control in following Project SPVs from the Sponsor w.e.f. 23 August 2022. The SPV’s have entered into concession agreements with various authorities (given below) to design, build, finance, operate and transfer (DBFOT) or build, operate and transfer (BOT) national or state highways in various locations.

Name of Project SPV	Extent of Control as at 31 March 2023	Date of incorporation	Principal place of business	Commencement of operation	Authority
Ulundurpet Expressways Private Limited (“UEPL”)	100%	20 March 2006	Tamil Nadu	23 July 2009	National Highways Authority of India (NHAI)
Shillong Expressway Private Limited (“SEPL”)	100%	09 June 2010	Meghalaya	28 February 2013	National Highways Authority of India (NHAI)
Jodhpur Pali Expressway Private Limited (“JPEPL”)	100%	10 January 2013	Rajasthan	31 October 2014	Public Works Department (PWD) Rajasthan
Godhra Expressways Private Limited (“GEPL”)	100%	21 January 2010	Gujarat	31 October 2013	National Highways Authority of India (NHAI)
Dewas Bhopal Corridor Private Limited (“DBCPL”)	100%	14 May 2007	Madhya Pradesh	10 February 2009	Madhya Pradesh Road Development Corporation Limited (MPRDC)
Nirmal Bot Limited (“NBL”)	100%	19 September 2006	Telangana	22 July 2009	National Highways Authority of India (NHAI)

The address of the registered office of the Investment Manager is Unit no.316-317,3rd Floor, C Wing, Kanakia Zillion BKC Annex, Kurla West, Mumbai, MH -400070. The consolidated financial statements were authorized for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 19 May 2023.

2A. Standards issued but not yet effective

Amendment to Ind AS 1, Presentation of Financial Statements

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 1 which requires entities to disclose material accounting policies instead of significant accounting policies. Accounting policy information considered together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The amendment also clarifies that immaterial accounting policy information does not need to disclose. If it is disclosed, it should not obscure material accounting information. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements.

Amendment to Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 8 which specifies an updated definition of an 'accounting estimate'. As per the amendment, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty and measurement techniques and inputs are used to develop an accounting estimate. Measurement techniques include estimation techniques and valuation techniques. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements.

Amendment to Ind AS 12, Income Taxes

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 12, which requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases of lessees and decommissioning obligations and will require recognition of additional deferred tax assets and liabilities. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements

2B. Summary of significant accounting policies

a) Overall consideration

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the consolidated financial statements.

i) Basis of preparation and presentation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rule, 2015, as amended ('Ind AS') and Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars')

The Consolidated financial statements are presented in India Rupees which is also the functional currency of the Group and 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 Consolidated Financial Statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the consolidated financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, which are measured at fair values as explained in relevant accounting policies.

The Consolidated Financial Statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager' of the Trust) on 19 May 2023. The revision to the consolidated financial statements is permitted by the Board of Directors of Investment Manager after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013 ('the Act").

ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2023. Control is achieved when the Group has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group combines the financial statements of the Trust and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

iii) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the 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 consolidated 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 estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

- **Revenue recognition - Applicability of service concession agreement accounting**
  Appendix C "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 subsidiary – 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 Group 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 by as per amount estimated by the Management of Subsidiary on 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.

- **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.

- **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.

- **Useful lives of depreciable/amortizable assets**
  Management reviews its estimate of the useful lives of depreciable/amortizable 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.

- **Defined benefit obligations (DBO)**
  Management'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.

- **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.

- **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.

- **Recoverability of advances / receivables**
  At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

- **Contingent liabilities**
  The 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 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 consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

- **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 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 intangible assets are disclosed in the notes to consolidated financial statements.

- **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 SPVs.

- **Income taxes**
  The Groups tax jurisdiction is in India. 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.

- **Fair valuation and disclosures**

  SEBI Circular issued under the SEBI Regulations requires disclosures relating to net assets at fair value and total returns at fair value. In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The Investment Manager of the Trust works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as Weighted average cost of capital ('WACC'), tax rates, inflation rates etc. Changes in assumptions about these factors could affect the fair value.

b) Business combination (refer note 48)

During the current year ended 31 March 2023, the Trust acquired the SPVs pursuant to common control method of business combination. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonize the accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to Amalgamation Adjustment Deficit Account.

c) Basis of classification as current and non-current

The Group presents assets and liabilities in the Consolidated 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 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 Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

d) 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. Recognizing 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.

The specific recognition criteria described below must also be met before revenue is recognized.

Toll Collections
Toll collections from the users of the infrastructure facility constructed by the Group under the Service Concession Arrangement is accounted for based on actual collection. Revenue from electronic toll collection is recognized on accrual basis.

Claims with National Highways Authority of India ('NHAI')
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.

Contract revenue (Construction contracts)
Contract revenue associated with the construction of road 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 measured using the percentage of completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and are recognized net of taxes.

Interest income
Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the 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.

Other operating income/other income
All other operating income/income is recognized on accrual basis when no significant uncertainty exists on their receipt.

e) 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 recognized 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 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 recognize when the 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.

The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

f) Property, plant and equipment (PPE)

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 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 PPE held by UEPL, SEPL, JPEPL, GEPL and NBL is calculated on a straight-line basis over the estimated useful lives of the respective assets as prescribed in the Schedule II of the Act

Depreciation on PPE held by 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 Companies Act, 2013 ("the Act").

The Group has estimated the following useful lives for its tangible fixed assets:

Assets class	**Useful life**
Building	25 years
Plant and equipment	7 year - 15 years
Furniture & fixtures	8 year - 10 years
Vehicles	8 year - 10 years
Office equipments	3 year - 10 years
Computers	3 year - 5 years

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 derecognition 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.

g) 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 Group. 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 National Highways Authority of India authorities, 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.

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. Intangible assets that 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 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 intangible assets

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.

Toll collection rights in respect of road projects commissioned after 1 April 2016 are amortized over the useful economic life using the straight-line method. The amortization period and the amortization method 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognised in the statement of profit and loss.

Specialized software held by the Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

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.

h) Financial asset under Service Concession Agreement

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 "Other Financial Assets". 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 has a two-fold activity based on which revenue is recognized in the 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)
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.

i) Lease

Where the 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Recognition and initial measurement
At lease commencement date, the 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 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 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 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 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 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 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 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 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 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.

j) Impairment of non-financial assets

At each reporting date, the 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. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

k) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Trust; or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is recognized.

l) Cash support (grant) from grantor

Grant received are considered as a part of total outlay of the construction project. The same shall be recognised when the Group complies with the conditions attaching to 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 recognised.

m) Financial Instruments

Initial recognition and measurement
All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price

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 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 off-set 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.

n) Fair value measurement

The 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 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 40 for fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements on a recurring basis, the 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 and intangible assets, where required. Involvement of external valuers is decided by the Group on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The Group after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Group 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 the 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 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 40)
- Investment in quoted mutual fund (note 9)
- Financial instruments (including those carried at amortized cost) (note 41).

o) 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 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 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 Group in accordance with the contract and all the cash flows that the 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 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 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 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 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 Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the 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 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.

p) Segment reporting

The Group is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Group's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

q) Employee benefits

The 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 Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans
The defined benefit plans sponsored by the 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 Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the consolidated financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized 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.

The Group makes contribution towards employee state insurance scheme (ESIS), a defined contribution benefit plan for qualifying employees. The Group's contribution to the ESIS is deposited by the Group under the Employees State Insurance Act, 1948. The contributions deposited with authorities are recognized as on expense during the year.

r) Borrowing costs

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the 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.

s) 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.

t) Contributed equity

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in equity, net of tax.

u) Classification of Unitholders' fund

Under the provisions of the SEBI Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of Trust for each financial period. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation.

However, in accordance with SEBI Circulars (No. CIR/IMD/DF/1 14/2016 dated 20 October 2016 and No. CIR/lMDDF/127/2016 dated 29 November 2016) issued under the SEBI Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

v) Cash flow statement

Cash flows are reported using indirect method, whereby net profits / loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

w) Distribution to unit holders

The Group recognizes a liability to make cash distributions to unit holders when the distribution is authorized and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorized when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognized directly in equity.

x) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period.

For the purpose of calculating diluted earnings per unit, the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

3. Property, plant and equipment (PPE)

	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	100.00	130.04
	100.00	**130.04**

The changes in the carrying value of property, plant and equipment for the year /period ended 31 March 2023 and 31 March 2022 are as follows :

Description	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross block								
Balance as at 03 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	4.37	13.11	58.77	7.99	31.47	29.44	12.42	157.57
Additions for the period	-	1.85	8.59	0.59	-	27.58	1.65	40.28
Transfer from capital work-in-progress for the period	-	-	15.37	-	-	-	-	15.37
Disposals/adjustments for the period	-	-	9.40	(0.03)	(0.02)	(0.55)	(0.24)	8.55
Balance as at 31 March 2022	**4.37**	**14.97**	**92.13**	**8.55**	**31.44**	**56.46**	**13.85**	**221.77**
Additions for the year	-	4.32	5.02	0.21	0.48	1.93	1.37	13.34
Transfer from capital work-in-progress during the year	-	2.39	-	-	-	-	-	2.39
Disposals/adjustments for the year	-	(0.19)	(3.07)	(1.04)	(2.43)	(21.75)	(0.08)	(28.56)
Balance as at 31 March 2023	**4.37**	**21.49**	**94.08**	**7.72**	**29.50**	**36.65**	**15.13**	**208.93**
Accumulated depreciation								
Balance as at 03 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	-	2.02	38.91	3.40	16.41	16.82	8.76	86.31
Charge for the period	-	0.20	2.30	0.15	1.05	1.68	0.65	6.03
Disposals/adjustments for the period	-	-	-	(0.03)	-	(0.37)	(0.21)	(0.61)
Balance as at 31 March 2022	**-**	**2.22**	**41.22**	**3.51**	**17.46**	**18.13**	**9.19**	**91.73**
Charge for the year	-	0.88	14.43	0.46	3.12	5.86	2.22	26.96
Disposals/adjustments for the year	-	(0.09)	(2.18)	(0.94)	(2.31)	(4.15)	(0.08)	(9.75)
Balance as at 31 March 2023	**-**	**3.01**	**53.46**	**3.02**	**18.27**	**19.84**	**11.33**	**108.93**
Net block at date of acquisition	**4.37**	**11.09**	**19.86**	**4.59**	**15.06**	**12.62**	**3.66**	**71.26**
Net block as at 31 March 2022	**4.37**	**12.75**	**50.92**	**5.04**	**13.99**	**38.33**	**4.65**	**130.04**
Net block as at 31 March 2023	**4.37**	**18.48**	**40.62**	**4.69**	**11.23**	**16.81**	**3.81**	**100.00**

Notes:

(i) Contractual obligations :

Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) For assets pledged as security, refer note 33.

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4. Capital work-in-progress

	As at 31 March 2023	As at 31 March 2022
Capital work in progress	-	2.39
	-	**2.39**

The changes in the carrying value of capital work-in-progress for year/period ended 31 March 2023 and 31 March 2022 are as follows:

Particulars	Amount
Balance as at 03 December 2021	**-**
Acquisition under common control business combinations (refer note 48)	15.37
Add: Additions for the period	2.39
Less: transfer to property, plant and equipment for the period (refer note 3)	(15.37)
Capital work-in-progress as at 31 March 2022	**2.39**
Add: additions during the year	-
Less: transfer to property, plant and equipment during the year (refer note 3)	(2.39)
Capital work-in-progress as at 31 March 2023	**-**

Ageing schedule of capital work-in-progress

As at 31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

As at 31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.39	-	-	-	2.39

Note: #VALUE!

(i) Contractual obligations :

Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) For assets pledged as security, refer note 33.

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	As at 31 March 2023	As at 31 March 2022
5. Intangible assets		
Intangible assets	19,353.89	20,246.56
	19,353.89	**20,246.56**

The changes in the carying value of intangible assets for the year/period ended 31 March 2023 and 31 March 2022 are as follows:

Description	Toll collection rights	Software	Total intangible assets
Gross block			
Balance as at 03 December 2021	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	**28,712.09**	**13.68**	**28,725.77**
Additions for the period	-	-	**-**
Disposals/adjustments for the period	-	-	**-**
Balance as at 31 March 2022	**28,712.09**	**13.68**	**28,725.77**
Additions for the year	246.37	-	246.37
Disposals/adjustments for the year	-	(0.02)	(0.02)
Balance as at 31 March 2023	**28,958.46**	**13.66**	**28,972.12**
Accumulated amortisation			
Balance as at 03 December 2021	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	**8,191.35**	**5.70**	**8,197.06**
Charge for the period	281.75	0.42	282.17
Balance as at 31 March 2022	**8,473.10**	**6.13**	**8,479.22**
Charge for the year	1,137.61	1.40	1,139.01
Balance as at 31 March 2023	**9,610.71**	**7.53**	**9,618.22**
Net block at date of acquisition	**20,520.73**	**7.98**	**20,528.70**
Net block as at 31 March 2022	**20,239.00**	**7.55**	**20,246.56**
Net block as at 31 March 2023	**19,347.75**	**6.14**	**19,353.89**

Notes:

(i) Contractual obligations:

Refer note 37 for disclosure of capital and other commitments for the acquisition of intangible assets.

(ii) For assets pledged as security, refer note 33.

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		As at 31 March 2023	As at 31 March 2022
6	**Others non-current financial assets**		
	(Unsecured, considered good)		
	Security deposits	5.14	4.79
	Receivables under service concession arrangements (refer note 6 (ii) below)	536.57	1,024.92
	Bank deposits with more than 12 months maturity*	-	357.96
		541.71	**1,387.67**

**includes interest accrued but not due*

Notes:

(i)	**Movement in receivables under service concession arrangements during the financial year :**		
	Opening balance	1,944.23	-
	Acquisition under common control business combinations (refer note 48)	-	1,832.94
	Add: Interest income on annuity receivable from National Highway Authority of India ('NHAI') (refer note 27)	183.75	55.54
	Add: Revenue from operations and maintenance of road (refer note 27)	280.23	61.37
	Less: Modification (loss) /gain on annuity	(298.58)	243.08
	Less: Annuity received from NHAI	(973.37)	(248.70)
	Closing balance	**1,136.26**	**1,944.23**
(ii)	**Movement in receivables under service concession arrangements during the financial year :**		
	- Non-current (refer note 6)	536.57	1,024.92
	- Current (refer note (refer note 13)	599.69	919.31
		1,136.26	**1,944.23**

(iii) Refer note 40 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and refer note 41 - Financial risk management for assessment of expected credit losses.

(iv) For assets pledged as security, refer note 33.

7	**Non-current tax assets (net)**		
	Advance income tax (net of provisions)	83.57	89.40
		83.57	**89.40**
8	**Other non-current assets**		
	(Unsecured, considered good)		
	Other- fair value of plan assets	1.08	0.28
	Balances with statutory authorities*	5.18	-
		6.26	**0.28**

*includes deposit paid under protest with statutory authority

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		As at 31 March 2023	As at 31 March 2022
9	**Investments**		
	Current		
	Investment in mutual funds - quoted (fully paid)^	648.60	2,152.39
		648.60	**2,152.39**
	Notes:		
	Aggregate amount of quoted investments- at market value	648.60	2,152.39
	Aggregate amount of quoted investments- at cost	651.64	2,102.25

For assets pledged as security, refer note 33.

^ These are measured at fair value through profit and loss ('FVTPL')
*Amount of ₹ 6.4 million and ₹ 2.5 millions invested in mutual fund on 28 March 2023 and 29 March 2023 respectively, however units were allotted on 02 April 2023.

(a)	**Details of investment in mutual funds- quoted (fully paid)**		
	IDFC Overnight Fund Direct Plan - Growth- 52,739.30 units as at 31 March 2023 (31 March 2022: 1,898,422.00 units;)	63.06	2,152.39
	Bandhan Overnight Fund Direct Plan-Growth- 489,735.11 units as at 31 March 2023 (31 March 2022: Nil) (erstwhile IDFC Overnight Fund Direct Plan Growth)	585.54	-

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		As at 31 March 2023	As at 31 March 2022
10	**Trade receivables**		
	Trade receivables considered good- unsecured	0.16	37.30
	Total	**0.16**	**37.30**

Notes:

(i) For assets pledged as security, refer note 33

(ii) Refer note 41 - Financial risk management for assessment of expected credit losses

(iii) The carrying value are considered to be a reasonable approximation of fair value

Ageing Schedule of Trade receivable

As at 31 March 2023

Particulars	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	0.16	-	-	-	0.16
Undisputed trade receivables – considered doubtful	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-
Disputed trade receivables – considered doubtful	-	-	-	-	-
Total	**0.16**	**-**	**-**	**-**	**0.16**

As at 31 March 2022

Particulars	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	9.80	4.66	-	22.84	37.30
Undisputed trade receivables – considered doubtful	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-
Disputed trade receivables – considered doubtful	-	-	-	-	-
Total	**9.80**	**4.66**	**-**	**22.84**	**37.30**

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		As at 31 March 2023	As at 31 March 2022
11	**Cash and cash equivalents**		
	Balances with banks:		
	- in current accounts	63.01	52.89
	- deposits with original maturity less than three months*	282.35	308.92
	Cash on hand	3.75	4.01
		349.11	**365.82**

** Includes interest accrued but not due*

Notes:

(i) For assets pledged as security, refer note 33.

(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 year.

12	**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*#	1,546.58	1,972.62
		1,546.58	**1,972.62**

** Includes interest accrued but not due*

 # Includes deposits pledged against Major maintenance reserve (MMR) and debt service reserve account (DSRA)

Notes:

(i) For assets pledged as security, refer note 33.

(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.

13	**Others current financial assets**		
	(Unsecured, Considered good unless otherwise stated)		
	Receivables under service concession arrangements (refer note 6 (ii) above)	599.69	919.31
	Other receivables	31.69	17.51
		631.38	**936.82**

14	**Other current assets**		
	(Unsecured, considered good')		
	Supplier advances	4.31	1.80
	Balances with statutory authorities	14.39	22.46
	Other- fair value of plan assets	0.29	0.33
	Prepaid expenses	36.24	48.09
	Other receivables	-	0.22
		55.23	**72.90**

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		As at 31 March 2023	As at 31 March 2022
15	**Equity**		
a)	**Unit capital**		
	415,500,000 (31 March 2022: Nil) of ₹100 each	41,550.00	-
		41,550.00	**-**

(i) Terms/rights attached to unit capital :

Subject to the provisions of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended) ('SEBI Regulations'), the indenture of fund, and applicable rules, regulations and guidelines, the rights of the unit holders include:

a) 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. Each Unit represents an undivided beneficial interest in the Highways Infrastructure Trust (“the Trust’)

b) Right to receive income or distributions with respect to the units held.

c) Right to attend the annual general meeting and other meetings of the unit holders which are conducted in accordance with the SEBI Regulations.

d) Right to vote upon any matter/resolutions proposed in relation to the unitholders

e) Right to receive periodic information-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 SEBI Regulations and the Listing Agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Trust) shall disclose to the Stock Exchange, the Unitholders and SEBI, all such information and in such manner as specified under the SEBI Regulations and such other requirements as may be specified by SEBI.

f) Any buyback and de-listing of Units shall be in accordance with the Trust Deed and the SEBI Regulations

g) 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 Unitholder.

h) No Unitholder of the 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 SEBI Regulations.

i) In terms of the SEBI Regulations not less than 90% of the net distributable cash flows of the Trust shall be distributed to the Unitholder Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year.

Limitations to the liability of unitholders

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 Trust. A Unitholder’s right is limited to the right to require due administration of the Highways Infrastructure Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement;

(ii) Reconciliation of units outstanding at the beginning and at the end of the year :

	As on 31 March 2023		As on 31 March 2022	
	No. of units	(₹ in million)	No. of units	(₹ in million)
Unit capital of ₹ 100 each fully paid up				
Balance at the beginning of the year /period	-	-	-	-
Add: units issued during the year /period	41,55,00,000	41,550.00	-	-
Balance at the end of the year	**41,55,00,000**	**41,550.00**	**-**	**-**

(iii) Unitholders holding more than 5% of units of the Trust as at balance sheet date:

	As on 31 March 2023		As on 31 March 2022	
	No. of units	% of holding	No. of units	% of holding
Galaxy Investments II Pte. Ltd.	37,39,00,000	89.99%	-	-
2452991 Ontario Limited	3,12,00,000	7.51%	-	-

(iv) There were no units issued pursuant to contract without payment being received in cash, alloted as fully paid up by way of bonus issue and/or bought back since the date of incorporation.

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		As at 31 March 2023	As at 31 March 2022
16	**Other equity**		
	Units pending issuance	-	3,200.95
	Equity component of loan to related parties	384.95	384.95
	Securities premium reserve	2,274.79	2,874.88
	Debenture redemption reserve	-	174.91
	Capital redemption reserve	2.83	2.83
	Retained earnings	(11,316.53)	(6,249.66)
	Amalgmation adjustment deficit account	(28,514.38)	-
		(37,168.34)	**388.86**

Description of nature and purpose of each reserve:

Units pending issuance

Units pending issuance represents net assets acquired assuming common control is established from the date of earlier acquisition of the SPVs by the Sponsor i.e. 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL. Subsequently, 'Units pending issuance' credited as at 31 March 2022 have been further adjusted against difference of net assets and purchase consideration calculated as at 23 August 2022 i.e. when Trust acquired the SPVs.

Equity component of loan

This includes the equity component of the long term loan taken from GMR Highway Limited and India Infrastructure Fund (erstwhile promoter of UEPL). In earlier year, the equity component represents the interest-free feature of the loan. The liability component is reflected in non-current borrowings. (refer note 17)

Security premium reserve

Securities premium reserve represents premium received on issue of shares.These reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

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 Companies Act, 2013.

Amalgmation adjustment deficit account

Amalgamation adjustment deficit account has been created as a result of Excess of purchase consideration paid over net assets of project SPVs acquired on 23 August 2022. Refer note 48

Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

		As at 31 March 2023	As at 31 March 2022
17	**Non current borrowings***		
	Secured		
	Rupee term loan from banks	7,673.13	1,720.97
	Term loan from financial institutions	-	2,753.37
	Non-convertible debentures	6,351.05	8,337.70
	Unsecured		
	Loan from GMR Highways Limited	517.68	470.62
	Compulsory convertible debentures (CCD's)	-	7,978.14
	Total Non-current borrowings (excluding current maturities) (A)	**14,541.86**	**21,260.80**
	Current maturities of long-term borrowings (refer note 21)		
	- Unsecured liability component of compound financial instruments	-	519.08
	- Rupee term loans from banks	160.00	324.21
	- Term loans from financial institutions	-	422.72
	- Non-convertible debentures	65.00	741.62
	Total current borrowings (B)	**225.00**	**2,007.63**
	Total borrowing (A+B)	**14,766.86**	**23,268.43**

*refer note 17(ii) for repayment terms and security details of the outstanding non-current borrowings (including current maturities)

*refer note 21(i) Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:

(i) Refer note 40- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 41-Financial risk management for assessment of expected credit lossess

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		As at 31 March 2023	As at 31 March 2022
18	**Other non-current financial liabilities**		
	Deferred payment liabilities-payable to concession authorities for toll collection rights	1,556.83	1,276.93
		1,556.83	**1,276.93**

(i) Refer note 40- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 41-Financial risk management for assessment of expected credit lossess

19	**Non-current provisions**		
	Provision for employee benefits		
	Gratuity (refer note 39)	9.25	8.35
	Compensated absence (refer note 39)	4.62	4.65
	Other provisions		
	Major maintenance obligation (refer note (i)(a) and (ii) below)	267.69	311.84
		281.56	**324.84**

Notes:

(i) Information about individual provisions and significant estimates

(a) Provision for major maintenance obligation

Each SPV of the Group is required to operate and maintain the project highway during the entire concession period and hand over the project back to National Highways Authority of India ('NHAI'), Madhya Pradesh Road Development Corporation ('MPRDC'), Public Work Department ('PWD') 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, it 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 39 - Employee benefit obligations.

(ii) Movement in major maintenance obligation during the financial year :

- Non-current (refer note 19)	267.69	311.84
- Current (refer note 25)	424.24	279.05
Total provision	**691.93**	**590.89**

Particulars	Major maintenance obligation
Balance as at 03 December 2021	**-**
Acquisition under common control business combinations (refer note 48)	1,232.83
Additions during the period	100.14
Utilised during the period	(757.95)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	15.87
Balance as at 31 March 2022	**590.89**
Additions during the year	416.39
Utilised during the year	(366.66)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	51.31
Balance as at 31 March 2023	**691.93**

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		As at 31 March 2023	As at 31 March 2022
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	2,270.69	1,632.90
	Adjustment on account of interest free loan and upfront fees on borrowings	-	2.34
	Fair valuation of investments	0.17	2.07
	Sub-Total (A)	**2,270.86**	**1,637.31**
	Deferred tax asset arising on account of :		
	Provision for major maintenance obligation	-	66.53
	Amount payable to Concession Authorities as per service concession agreement	417.52	287.52
	Tax credit (minimum alternative tax)	607.16	433.90
	Sub-Total (B)	**1,024.68**	**787.95**
	Deferred tax liabilities (net) (A-B)	**1,246.18**	**849.36**

* refer note 33 for details with respect to deferred tax not recognized on unused tax losses and credits

20.1 Component wise movement of Deferred tax liabilities /(asset) for the year / period ended 31 March 2023 and 31 March 2022

Particulars	**01 April 2022**	**Recognised in the Statement of Profit and Loss during the year**	**31 March 2023**
Liabilities			
Timing difference on amortisation of intangible assets and depreciation of property, plant and equipment	1,632.90	637.79	2,270.69
Adjustment on account of interest free loan and upfront fees on borrowings	2.34	(2.34)	-
Fair valuation of investments	2.07	(1.90)	0.17
Sub-Total	**1,637.31**	**633.55**	**2,270.86**
Assets			
Provision for major maintenance obligation	66.53	(66.53)	-
Amount payable to concession authorities as per service concession agreement	287.52	130.00	417.52
Tax credit (minimum alternative tax)	433.90	173.26	607.16
Sub-Total	**787.95**	**236.73**	**1,024.68**
	849.36	**396.82**	**1,246.18**

Particulars	**03 December 2021**	**Acquisition under common control business combinations (refer note 48)**	**Recognised in the Statement of Profit and Loss during the period**	**31 March 2022**
Liabilities				
Timing difference on amortisation of intangible assets and depreciation of property plant and equipment	-	1,533.95	98.96	1,632.90
Adjustment on account of interest free loan and upfront fees on borrowings	-	0.57	1.77	2.34
Fair valuation of investments	-	3.05	(0.98)	2.07
Sub-Total	**-**	**1,537.56**	**99.75**	**1,637.31**
Assets				
Provision for major maintenance obligation	-	-	66.53	66.53
Amount payable to Concession Authorities as per service concession agreement	-	252.71	34.80	287.52
Unused business loss	-	9.59	(9.59)	-
Tax credit (minimum alternative tax)	-	384.65	49.30	433.90
Sub-Total	**-**	**646.95**	**141.04**	**787.95**
	-	**890.61**	**(41.30)**	**849.36**

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	As at 31 March 2023	As at 31 March 2022
21 Current borrowings		
Unsecured		
Liability component of compound financial instruments	-	519.08
Secured		
Current maturities of long-term borrowings (also refer note 17)		
- Rupee term loans from banks	160.00	324.21
- Term loans from related parties	-	422.72
- Non-convertible debentures	65.00	741.62
	225.00	**2,007.63**

(i) Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:

Particulars	Long-term borrowings (including current maturities)
Balance as at 03 December 2022	-
Acquisition under common control business combinations (refer note 48)	23,412.35
Cash flows:	
Proceeds	7,562.77
Repayment/ redemption	(7,693.51)
Non-cash:	
Impact of amortised cost adjustment for borrowings	(13.18)
Balance as at 31 March 2022	**23,268.43**
Cash flows:	
Proceeds	14,469.03
Repayment/ redemption	(14,413.10)
Non-cash:	
Units alloted against redemption of compulsory convertible debentures ('CCD')	(7,978.14)
Units alloted against redemption of preference share capital	(519.08)
Impact of amortised cost adjustment for borrowings	(60.30)
Balance as at 31 March 2023	**14,766.86**

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	As at 31 March 2023	As at 31 March 2022
22 Trade payables		
Total outstanding dues of micro and small enterprises [refer note (iii) below]	10.18	18.66
Total outstanding dues to creditors other than micro and small enterprises		
- to related parties (refer note 44)	154.03	0.82
- to others	223.50	301.32
	387.71	**320.80**

Note:

(i) Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit losses

(ii) The carrying values are considered to be a reasonable approximation of fair value.

(iii) **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 Group, the following are the details:

		As at 31 March 2023	As at 31 March 2022
a)	the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	10.18	18.66
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.	-	-

(iv) **Ageing schedule of Trade Payables:**

As at 31 March 2023	Outstanding from the due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	6.72	3.46	-	-	-	10.18
(ii) Undisputed dues - Others	182.22	172.51	12.14	10.39	0.26	377.53
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**188.94**	**175.97**	**12.14**	**10.39**	**0.26**	**387.71**

As at 31 March 2022		Outstanding from the due date of payment				Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	-	18.66	-	-	-	18.66
(ii) Undisputed dues - Others	-	290.32	1.02	10.01	0.78	302.14
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**-**	**308.98**	**1.02**	**10.01**	**0.78**	**320.80**

	As at 31 March 2023	As at 31 March 2022
23 Other current financial liabilities		
Deferred payment liabilities-payable to concession authorities for toll collection rights	136.53	130.04
Retention money	40.20	52.35
Advance against customers	3.81	-
Interest accrued on Rupee term loan	1.19	-
Interest accrued on Non convertible debentures ('NCD's)	1.30	-
Interest accrued but not due borrowings	-	366.76
Employees payable	5.01	5.58
Provision for corporate social responsibility (CSR) (refer note 31.2)	0.78	0.49
Other payables	38.30	94.16
	227.12	**649.37**

Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit losses

		As at 31 March 2023	As at 31 March 2022
24	**Other current liabilities**		
	Payable to statutory authorities	43.11	30.15
	Other payables	-	1.01
		43.11	**31.16**

(i) Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit lossess

25	**Provisions**		
	Provision for employee benefits		
	Gratuity (refer note 39)	0.80	0.65
	Compensated absence (refer note 39)	0.42	0.45
	Other provisions		
	Major maintenance obligation (refer note 19)	424.24	279.05
		425.46	**280.15**

(i) For disclosures related to provision for employee benefits, refer note 39 - Employee benefit obligations.

26	**Current tax liabilities (net)**		
	Provision for income tax (net)	-	4.29
		-	**4.29**

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		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
27	**Revenue from operations***		
	Income arising out of toll collection	5,637.45	1,465.61
	Interest income on annuity receivable from National Highways Authority of India ("NHAI")	183.75	55.54
	Revenue from operations and maintenance of road	280.23	61.37
	Change of scope and utility shifting expenses	50.92	50.43
	Gain on modification of annuity	-	243.08
		6,152.35	**1,876.03**
	*refer note 43		
27.1	**Profit on sale of assets/investments**		
	Gain on sale of property, plant and equipment (net)	0.02	0.65
	Gain on investments carried at fair value through profit or loss (net)	2.36	-
	Gain on sale of investments (net)	123.66	29.70
		126.04	**30.35**
28	**Other income**		
	Interest income		
	- Income tax refund	1.43	-
	- Others	10.35	2.21
	Insurance claims	8.03	2.02
	Excess provisions written back	9.15	1.00
	Gain on modification of financial liability	-	26.03
	Miscellaneous income	2.21	14.78
		31.17	**46.04**
29	**Employee benefits expense**		
	Salary, wages and bonus	87.20	21.18
	Contribution to provident and other funds	5.53	1.79
	Staff welfare expenses	11.30	4.79
		104.03	**27.76**

For disclosures related to provision for employee benefits, refer note 39 - Employee benefit obligations

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		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
30	**Other finance costs**		
	Unwinding finance cost on deferred payment to National Highways Authority of India ('NHAI') for purchase of right to charge user of toll roads	177.46	42.50
	Unwinding of discount on major maintenance provision	51.31	15.87
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	110.04	13.18
	Modification loss on financial liability	5.06	-
	Finance and bank charges	103.61	2.05
		447.48	**73.60**
31	**Operating expenses**		
	Expenses related to claim from National Highways Authority of India ('NHAI') / Public Works Department ('PWD')	28.62	-
	Modification loss on annuity	298.57	-
	Change of scope and utility shifting expenses	38.23	46.69
		365.44	**46.69**
32	**Other expenses**	432.31	
	Power, fuel and water charge	32.30	6.10
	Communication	2.93	0.87
	Loss on investments carried at fair value through profit or loss (net)	-	6.26
	Rates and taxes	0.61	0.06
	Travelling and conveyance	9.19	3.19
	Rent (refer note 36)	1.97	0.63
	Bad debts written off	9.34	-
	Printing and stationery	0.63	0.25
	Miscellaneous expenses	6.37	0.41
		63.34	**17.77**
31.1	**Audit fees***		
	Statutory audit and limited review fees	15.43	-
	Certification fees	1.24	-
	Out of pocket expenses	0.71	-
	Total	**17.38**	**-**

*Including goods and service tax, as applicable

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31.2 Corporate social responsibility (CSR)

Pursuant to provisions of section 135 of the Companies Act 2013 ('the Act') are applicable on few subsidaries of the Trust. In accordance with the provisions of section 135 of the Act, the Board of Directors of the respective subsidiaries (where applicable) of Trust had constituted CSR Committee.The details of CSR activities are as follows:-

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022*
(A)Amount required to be spent by the Company during the year	15.16	11.86
(B) Total of previous year of shortfall	0.49	1.18
(C) Total amount required to be spent (A+B)	**15.65**	**13.04**
(D) Amount of expenditure incurred	14.87	12.55
(E) Unspent amount at the end of the year (C-D)	**0.78**	**0.49**

*Details of CSR disclosure for the comparative period is given from 01 April 2022 to 31 March 2023

^The unspent amount has been deposited to designated CSR unspent account within 30 days from the end of financial year in accordance with provision of Companies Act, 2013 read with relevant rules made thereunder.

	Nature of CSR activities	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022*
A.	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation.	10.33	10.73
B.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	4.54	1.81
C.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].	-	-
D.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.	-	-
E.	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.	-	-
F.	Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.	-	-
	Total expenditure incurred	**14.87**	**12.55**

Notes:

(i) The Group carries provision for corporate social responsibility for the current year and previous year.

(ii) The Group have a ongoing projects in one subsidiaries as at 31 March 2023 and 31 March 2022

17(ii)-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 Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
1	Rupee term loans from banks (secured)	Highways Infrastructure Trust	7,833.13	-	**Rate of Interest and Repayment Terms** 'Rupee term loan from banks of ₹ 7,833.13 millions (31 March 2022: Nil) which carries weighted average interest rate of @ 7.94% p.a. (31 March 2022: Nil) linked to 1 year MCLR of respective banks plus spread, the interest rate will reset on an annual basis. The said loan is repayable in 55 structured quaterly installments starting from 30 September 2022 and ending on 31 March 2036. **The Rupee Loan is secured by way of :** a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust ('the Issuer'), present and future, including but not limited to: (a) all receivables of the Issuer from the HoldCos and SPVs; (b) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs; (c) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer; (d) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and (e) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets,including but not limited to its goodwill, undertaking and uncalled capital, both present and future; b) first ranking pari passu charge by way of mortgage on all immoveable assets of the Issuer (if any), both present and future. it is clarified that, as on the date hereof, there is no immovable property owned by the Issuer; c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the Hold Cos and SPVs; d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, asapplicable, the bank guarantee or fixed deposit in lieu of the DSRA; e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan; f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities"); g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee ; and h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee").
2	Rupee term loans from banks (secured)	Shillong Expressway Private Limited	-	701.68	**Rate of Interest and Repayment Terms:** Indian rupee term loans from Bank as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 701.68 millions; which carries average interest rate of Nil (31 March 2022 - 7.6%,). Loan is repayable in percentage of facility at semi annually instalments. **The Rupee term loan is secured by way of :** pari passu first charge by way of hypothecation of entire movable assets of the Project 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 Project 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 Project 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 Project SPV in the project documents ; (ii) the right, title and interest of the Project SPV in, to and under all the government approvals; (iii) all the right, title, interest, benefits, claims and demands whatsoever of the Project 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 Project SPV under all insurance contracts. Shares are required to pledged as a security for this. Previously, the shares of the Project SPV was pledged to the Lender (Axis Bank). pursuant to the transfer, the Project SPV is under the process of pledging the shares again and is waiting for RBI approval on FC-GPR filing. 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 Project SPV held by the sponsor in dematerialized from aggregating to 51% each of the total paid up equity share capital and preferences shares of the Project 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 venture agreement/ financing arrangement. Loan is repayable in percentage of facility at semi annually instalments. However the entire loan has been repaid on 15 April 2022 and 16 June 2022.

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Sl. No.	Nature of borrowing	Name of SPV	As at		Repayment terms and security disclosure
			31 March 2023	31 March 2022	
3	Rupee term loans from banks (secured)	Jodhpur Pali Expressway Private Limited	-	1,343.50	**Rate of Interest and Repayment Terms** Indian rupee term loans from banks as at 31 March 2023 of ₹ Nil (31 March 2022:₹ 1,343.50 millions;) which carries average interest rate of Nil (31 March 2022 - 9.50%,). The loan is to be repaid in 67 unequal quarterly installments starting from 15 October 2017 and ending on 15 July 2034. **The rupee 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 of the Borrower held by the Sponsor. To enable the change in ownership of the Project from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPVs is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the same has been repaid on 15 November 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
4	Rupee term loan from financial institutions (Secured)	Dewas Bhopal Corridor Private Limited	-	1,223.88	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 1,233.88 millions;) which carries rate of interest rate of Nil (31 March 2022: 8.50% p.a for both RTL -I and 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 rupee term 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the said loan has been repaid on 27 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV. .

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Sl. No.	Nature of borrowing	Name of SPV	As at		Repayment terms and security disclosure
			31 March 2023	31 March 2022	
5	Rupee term loan from financial institutions (Secured)	Godhra Expressways Private Limited	-	156.63	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 156.62 millions;) which carries interest rate of 31 March 2023: Nil (31 March 2022 - 10.50%,) per annum payable monthly. The loan is to be repaid in 67 unequal quarterly instalments starting from 30 September 2019 and ending on 28 February 2036. **The rupee 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; 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) 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the same has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
6	Term loan from financial institutions (Secured)	Ulundurpet Expressways Private Limited	-	1,795.58	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 1,795.58 millions;) which carries interest rate of 31 March 2023: Nil (31 March 2022 - 10.50%,) per annum payable monthly. 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; 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) 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPVs is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the same has been repaid on 09 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

7	Non-convertible debentures (Secured)	Dewas Bhopal Corridor Private Limited	-	1,613.56	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution of Nil (31 March 2022: ₹ 1,613.56 millions;) which carries average interest rate of Nil (31 March 2022- 8.28%,). The NCDs are redeemable in 57 unequal quarterly instalments starting from 31 March 2016 and ending on 31 March 2030 during the financial year ended 31 March 2022. **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; (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; and (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); To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and had recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the said loan has been repaid on 27 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

Sl. No.	Nature of borrowing	Name of SPV	As at		Repayment terms and security disclosure
			31 March 2023	31 March 2022	
8	Non-convertible debentures (Secured)	Godhra Expressways Private Limited	-	3,922.40	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹. 3,922.40 millions;) which carries average interest rate of Nil (31 March 2022 - 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the said loan has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
9	Non Convertible debentures (Secured)	Jodhpur Pali Expressway Private Limited	-	1,254.35	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹. Nil (31 March 2022: ₹. 1,254.35 millions;) which carries average interest rate of Nil (31 March 2022 - 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 Project 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 Project 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 of the Borrower held by the Sponsor. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Company is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the said loan has been repaid on 15 November 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
10	Non-convertible debentures (Secured)	Nirmal BOT Limited	-	1,249.10	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹. Nil (31 March 2022: ₹. 1,249.10 millions;) which carries average interest rate of Nil % (31 March 2022 - 9.38%,). Debentures are redeemable semi annually (unevenly) starting from 18th November 2010 and ending on 18 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. However the said loan has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

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Sl. No.	Nature of borrowing	Name of SPV	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
11	Non-convertible debentures (Secured)	Ulundurpet Expressways Private Limited	-	1,039.91	**<u>Rate of Interest and Repayment Terms</u>** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹. 1,039.91 millions;) which carries average interest rate of Nil (31 March 2022 - 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. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 24 December 2021 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. Additionally, Non-Disposal Undertaking (NDU) has been marked over 51% of the CCDs of the Project SPV held by it in favour of IDBI Trusteeship Services Limited (for the benefit of existing lenders of the Project SPV). However the said loan has been repaid on 09 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

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Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
12	Listed, redemable, non-convertible debentures	Highways Infratsructure Trust	6,416.05	-	**Rate of Interest and Repayment Terms** 'The Trust has raised senior, secured, taxable, rated, listed, redeemable, non-convertible debt (NCDs) amounting to ₹400.00 crores for Series I at coupon rate of 7.71% p.a. and ₹250.00 crore for Series II at coupon rate of 8.25% p.a which will mature on 22 December 2025 and 22 September 2029 respectively.The NCDs are listed on Bombay Stock Exchange (BSE). The said series I NCDs is repayable in 13 structured quaterly installments starting from 31 December 2022 and ending on 22 December 2025. Further series II NCDs is repayable in 28 structured quaterly installments starting from 31 December 2022 and ending on 22 September 2029. **The non convertible debentures (NCD) are secured by way of :** a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust ('the Issuer'), present and future, including but not limited to: (a) all receivables of the Issuer from the HoldCos and SPVs; (b) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs; (c) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer; (d) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and (e) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets,including but not limited to its goodwill, undertaking and uncalled capital, both present and future; b) first ranking pari passu charge by way of mortgage on all immoveable assets of the Issuer (if any), both present and future. it is clarified that, as on the date hereof, there is no immovable property owned by the Issuer; c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs; d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, asapplicable, the bank guarantee or fixed deposit in lieu of the DSRA; e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan; f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities"); g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee.; h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee").
13	Loan from others (unsecured)	Ulundurpet Expressways Private Limited	517.68	470.62	**Rate of Interest and Repayment Terms** Interest free loans from GMR Highway Limited of ₹ 517.68 millions (31 March 2022: ₹ 470.62 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.
14	Compulsory convertible debentures (CCD's)	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 2023 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] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022.

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Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
15	Compulsory convertible debentures (CCD's)	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 2023 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 ₹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] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022 and the same is eliminated at consol level.
16	Compulsory convertible debentures (CCD's)	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 2023 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 ₹ 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] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022. However out of the total CCD's , consideration of CCD's amounting to ₹ 3060 Millions wre paid in cash by Highways Infrastructure Trust.
17	Compulsory convertible debentures (CCD's)	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 2023 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 ₹ 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] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022.

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Sl. No.	Nature of borrowing	Name of Entity	As at		Repayment terms and security disclosure
			31 March 2023	31 March 2022	
18	Liability portion of compound instruments-Preference Shares	Shillong Expressway Private Limited	-	519.08	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 as:1,817,000 nos. of Preference Shares issued on 04 January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 31 December 2021 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited. These terms subsequently revised and the redemption date extended to 31 March 2022. As per resolution passed through circular by board of directors on 07 April 2022, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 04 January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 30 September 2022 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited." Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the preference shaees were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022. As per resolution passed through circular by board of directors on 30 August 2022, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 04 January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 30 September 2024 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited. As per resolution passed through circular by board of directors on 07 November 2022, the company partial redumption of 908,500 no. of 6% non-cumulative redeemable preference shares of ₹ 10/- each aggregating to ₹ 9,085,000/- at the price of ₹ 300/- each per preference shares aggregating to ₹ 272,550,000/- The Trust has acquired preference shares of Shillong Expressway Private Limited from the erstwhile shareholders i.e Galaxy Investment II Private limited on 26 August 2022, and the same is get eliminated at consol level.
Total			**14,766.86**	**23,268.43**	

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33 Assets pledged as security

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Investments (refer note 9)	648.60	2,152.39
Trade receivables (refer note 10)	0.16	37.30
Cash and cash equivalents and bank balances (refer note 11 and 12)	1,895.69	2,338.44
Other financial assets (refer note 13)	631.38	936.82
Other current assets (refer note 14)	55.23	72.90
Total current assets pledged as security	**3,231.06**	**5,537.85**
Non-current		
Property, plant and equipment (refer note 3)	100.00	130.04
Capital work in Progress (refer note 4)	-	2.39
Intangible assets (refer note 5)	19,353.89	20,246.56
Other non-current financial assets (refer note 6)	541.71	1,387.67
Non-current tax assets (net) (refer note 7)	83.57	89.40
Other non-current assets (refer note 8)	6.26	0.28
Total non-currents assets pledged as security	**20,085.42**	**21,856.34**
Total assets pledged as security	**23,316.49**	**27,394.19**

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
34 Tax expense		
(i) Income tax expense recognised in Consolidated Statement of Profit and Loss		
Current tax	225.67	81.95
Deferred tax	396.82	(41.30)
	622.49	**40.65**

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 :

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Profit before tax	964.48	489.03
Income tax using the Group's domestic tax rate *	29.12%	29.12%
Expected tax expense [A]	**280.86**	**142.41**
Tax effect of amount which are not deductible/ (taxable) in calculating taxable income		
Tax impact of exempt income pursuant to tax holiday and other exemptions as per Income Tax Act, 1961	(360.76)	(90.08)
Minimum Alternate Tax (MAT) credit recognized	(173.27)	(49.28)
Impact on account of change in rates	-	(32.98)
Deferred tax asset not recognised due to absence of certainity of realisibility	364.58	70.58
Recognition of additional deferred tax liability pursuant to extension impact considered in subsidiaries of the Trust	510.66	-
Others	0.42	-
Total adjustments [B]	**341.64**	**(101.76)**
Actual tax expense [C=A+B]	**622.49**	**40.65**

* Domestic tax rate applicable to the Group has been computed as follows:		
Base tax rate	25.00%	25.00%
Surcharge (% of tax)	12.00%	12.00%
Cess (% of tax)	4.00%	4.00%
Applicable rate	29.12%	29.12%

Note:
Tax rate applicable on the project SPV's have been considered for the purpose of above disclosure.

(ii) Unused tax losses and credits:

- Unused tax losses:
Unused tax losses for which no deferred tax asset has been recognised*
Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)

Particulars	As at 31 March 2023	As at 31 March 2022
Unused tax losses and unabsorbed depreciation for which no deferred tax asset has been recognised (Refer (a) and (b) below)	10,201.07	10,220.05
Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)	2,970.55	2,976.08

a) Unused business loss can be carried forward based on the year of origination as follows:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2023	31 March 2031	471.14	-
		471.14	**-**

b) Unabsorbed depreciation:
Unabsorbed depreciation for which no deferred tax asset has been recognised*
Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)

Unabsored depreciation carried forward based on the year of origination as follows:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2010	Infinite period	-	496.18
31 March 2011	Infinite period	830.08	833.84
31 March 2012	Infinite period	736.96	736.96
31 March 2013	Infinite period	558.61	558.61
31 March 2014	Infinite period	1,361.35	1,361.35
31 March 2015	Infinite period	1,894.20	1,894.20
31 March 2016	Infinite period	1,620.12	1,620.55
31 March 2017	Infinite period	1,196.37	1,196.37
31 March 2018	Infinite period	658.23	658.23
31 March 2019	Infinite period	383.77	383.77
31 March 2020	Infinite period	217.85	208.65
31 March 2021	Infinite period	29.99	29.99
31 March 2022	Infinite period	242.40	241.35
31 March 2023	Infinite period	214.94	-
		9,729.93	**10,220.05**

b) Minimum alternate tax ('MAT'):

Unused MAT credit

There are unused minimum alternate tax credits as mentioned below which have not been recognized as an asset in the books of accounts considering the Group believes that it is not probable that the same can be utilized during the specified allowable year against the future taxable profits to be computed as per the normal provisions of the Income Tax Act, 1961:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2014	31 March 2029	2.34	2.34
31 March 2015	31 March 2030	10.05	10.05
31 March 2016	31 March 2031	6.68	6.68
31 March 2017	31 March 2032	23.11	23.11
31 March 2018	31 March 2033	20.69	20.69
31 March 2019	31 March 2034	5.34	5.34
31 March 2020	31 March 2035	41.94	41.94
31 March 2021	31 March 2036	39.73	39.73
31 March 2022	31 March 2037	29.77	17.49
		179.64	**167.37**

35 Earnings per unit (EPU):

Particulars	As at 31 March 2023	As at 31 March 2022
Net profit attributable to unitholder (₹ in millions)	**341.99**	-
Number of weighted average equity shares (Nominal value of ₹ 100 each)**		
- Basic (₹)	41,55,00,000	-
- Diluted (₹)	41,55,00,000	-
Earnings per unit - after exceptional items and tax		
- For Basic (₹)	0.82	*
- For Diluted (₹)	0.82	*

Note:

*The number of units issued by Highways Infrastructure Trust to the unit holders in exchange for the shareholding of the project SPVs were issued during the current year, hence earning per unit has not been calculated for the period 03 December 2021 to 31 March 2022.

**Units were issued on 23 August 2022, however for the purpose of Earnings per unit has been arrived without considering weighted average number of units as the income statement pertains to financial year ended 31 March 2023 based on the common control arrangement of business combination as explained in note 48.

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36 Information on Lease transactions pursuant to Ind AS 116-Leases

The group is a lessee under various short term leases. Rental expense on short term or low value leasees for the financial years ended 31 March 2023 and 31 March 2022 are ₹ 1.97 million, ₹ 0.63 million respectively.

37 Capital and other commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated project cost for construction of highway committed to be executed	30.57	27.13

38 Contingent liabilities and claims

Particulars	As at 31 March 2023	As at 31 March 2022
Sales tax / service tax and income tax cases in respect of which Group is in appeals	138.19	138.19
Income tax cases in respect of Group	4.03	-
Claims raised against the Group for Stamp Duty dues under the Indian Stamp Act, 1899 under appeals *	221.19	221.19
Labour welfare dues in respect of which Group is in appeals*	47.78	47.78
Total	**411.19**	**407.16**

*The said contingent liability is covered under pass through arrangement as per assignment agreement of the project SPV's. Therefore, any liability which may arise will be borne by erstwhile owners ("assignors") of the Project SPV's as defined under respective assignment agreements, and no liability in (net) will devolve on the Trust.

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39 Disclosure relating to employee benefits pursuant to Ind AS 19 - Employee Benefits

A Disclosure Contribution plan

The group's contribution to the employees provident fund is deposited with the provident fund commissionaire which is recognised by the Income Tax authorities. The group recognised ₹ 5.13 million (for the period 03 December 2021 to 31 March 2022: ₹1.68 million) for provident fund contribution and the group's contribution to the employee state insurance corporation fund is deposited with Authority which is recognised by the Income Tax authorities for the year ended 31 March 2023. The group recognised ₹ 0.40 million (for the period 03 December 2021 to 31 March 2022: ₹ 0.11 million) for Employee State Insurance Corporation in the consolidated statement of profit or loss for the year ended 31 March 2023.

B Summary of gratuity and compensated absences:

Description	As at 31 March 2023		As at 31 March 2022	
Provisions:	**Current**	**Non-Current**	**Current**	**Non-Current**
Gratuity	0.80	9.25	0.65	8.35
Compensated absences	0.42	4.62	0.45	4.65
Total provisions	**1.21**	**13.87**	**1.09**	**13.00**
Fair value of plan assets of gratuity	0.29	1.08	0.33	0.28

C Disclosure of gratuity

Gratuity (funded)

The 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. The group provides for gratuity, based on actuarial valuation as of the balance sheet date. Vesting occurs upon completion of 5 years of service.

Description of risk exposures:

A description of the risks to which the plan exposes the entity, focused on any unusual, entity specific or plan-specific risks, and of any significant concentrations of risk." Eg. Interest rate risk, liquidity risk, salary escalation risk etc. Following are some of the risks that the Group is exposed to:

(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 liability.

(i) **Amount recognised in the Consolidated Statement of Profit and Loss is as under:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Current service cost	2.21	0.56
Interest cost	0.52	0.29
Net impact on profit (before tax)	**2.73**	**0.85**
Actuarial (gain) / loss recognised during the year / period	(0.90)	0.23
Amount recognised in total comprehensive income	**1.83**	**1.08**

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(ii) **Movement in present value of obligation:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Present value of defined benefit obligation as at the beginning of the year /period	11.41	-
Acquisition under common control business combinations (refer note 48)	-	11.96
Transfer out obligation	(0.86)	(0.57)
Current service cost	2.21	0.56
Interest cost	0.74	0.29
Benefits paid	(0.67)	(0.99)
Actuarial (gain) / loss recognised during the year / period	(0.91)	0.16
Present value of defined benefit obligation as at the end of the year / period	**11.91**	**11.41**

(iii) **Movement in the plan assets recognised in the Consolidated Balance Sheet is as under:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Fair value of plan assets at the beginning of the year /period	**3.03**	**-**
Acquisition under common control business combinations (refer note 48)	**-**	2.90
Actual return on plan assets	0.22	0.06
Contributions	-	0.00
Actuarial (gain)/ loss	(0.01)	0.07
Fair value of plan assets at the end of the year / period	**3.23**	**3.03**

(iv) **Reconciliation of present value of defined benefit obligation and the fair value of assets:**

Description	As at	As at
Present value of funded obligation as at the end of the year	11.91	11.41
Fair value of plan assets as at the end of the year funded status	3.23	3.03
Unfunded/funded net liability recognized in consolidated balance sheet	**8.68**	**8.38**

(v) **Breakup of actuarial (gain)/loss:**

Description	01 April 2022 to	03 December 2021 to
Actuarial gain from change in demographic assumption	-	-
Actuarial gain from financial assumption	(0.63)	(0.39)
Actuarial (gain) / loss from experience adjustment	(0.28)	0.56
Return on plan assets (excluding amounts included in net interest expense)	0.01	0.06
Total actuarial (gain) / loss for the year / period	**(0.90)**	**0.23**

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(vi) **Actuarial assumptions:**

Description	**As at 31 March 2023**	**As at 31 March 2022**
Discount rate-range	7.4% to 7.45%	6.35% to 7.75%
Rate of increase in compensation levels - range	6% to 8%	6% to 8%
Retirement age	58 years	58 years
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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 rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(vii) **Sensitivity analysis for gratuity liability:**

Description	**As at 31 March 2023**	**As at 31 March 2022**
Impact of change in discount rate		
Present value of obligation at the end of the year	**11.91**	**11.41**
- Impact due to increase of 0.50% - 1 %	11.32	(0.57)
- Impact due to decrease of 0.50% - 1 %	12.54	0.62
Impact of change in salary increase		
Present value of obligation at the end of the year	**11.91**	**11.41**
- Impact due to increase of 0.50% - 1 %	12.42	0.47
- Impact due to decrease of 0.50% - 1 %	11.40	(0.49)

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 sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

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(viii) **Maturity profile of defined benefit obligation:**

Description	**As at 31 March 2023**	**As at 31 March 2022**
Within next 12 months	0.86	0.71
Between 1-5 years	4.03	3.07
Beyond 5 years	7.02	7.63
Total expected payments	**11.91**	**11.41**
The weighted average duration of the defined benefit plan obligation at the end of the reporting period	7.75 - 15.67 years	9.03 - 16.16 years

B Compensated absence

Amount recognised in the Consolidated Statement of Profit and Loss is as under:

Description	**01 April 2022 to 31 March 2023**	**03 December 2021 to 31 March 2022**
Current service cost	1.15	0.30
Interest cost	0.33	0.08
Actuarial gain recognised during the year	(0.82)	(0.51)
Amount recognised in the Consolidated Statement of Profit and Loss	**0.65**	**(0.13)**

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40 Categories of financial instruments and fair value measurement hierarchy:

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value 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 2023	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	648.60	-	-	**648.60**

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,152.39	-	-	**2,152.39**

Valuation process and technique used to determine fair value

The fair value of investments in mutual fund units is 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 date. 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.

(ii) Fair value of instruments measured at amortised cost:

Fair value of instruments measured at amortised cost for which fair value is disclosed as follows using Level 3 inputs:

Particulars	Level	As at 31 March 2023		As at 31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Receivables under service concession arrangements	Level 3	1,136.25	1,345.51	1,944.23	1,944.23
Other financial assets	Level 3	36.84	36.84	380.26	380.26
Trade receivables	Level 3	0.16	0.16	37.30	37.30
Cash and cash equivalents	Level 3	349.11	349.11	365.82	365.82
Bank balances other than cash and cash equivalents above	Level 3	1,546.58	1,546.58	1,972.62	1,972.62
Total financial assets		**3,068.94**	**3,278.19**	**4,700.23**	**4,700.23**
Financial liabilities					
Borrowings (including current maturity)	Level 3	14,766.86	14,766.86	23,268.43	23,268.43
Trade payables	Level 3	387.70	387.70	320.80	320.80
Other financial liabilities	Level 3	1,783.95	1,783.95	1,926.30	1,926.30
Total financial liabilities		**16,938.51**	**16,938.51**	**25,515.53**	**25,515.53**

The management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities (except current maturities of long term borrowings, deferred payment liabilities and current portion of annuity receivable) is approximate to their carrying amounts largely due to the short-term maturities of these instruments. 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 Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Group's loans and receivables 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 year. 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 Group are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

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41 Financial risk management

i) Financial instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments	648.60	-	-	2,152.39	-	-
Other financial assets	-	-	1,173.09	-	-	2,324.49
Trade receivables	-	-	0.16	-	-	37.30
Cash and cash equivalents	-	-	349.11	-	-	365.82
Other bank balances	-	-	1,546.58	-	-	1,972.62
Total	**648.60**	**-**	**3,068.94**	**2,152.39**	**-**	**4,700.23**
Financial liabilities						
Borrowings	-	-	14,766.86	-	-	23,268.43
Trade payables	-	-	387.70	-	-	320.80
Other financial liabilities	-	-	1,783.95	-	-	1,926.30
Total	**-**	**-**	**16,938.51**	**-**	**-**	**25,515.53**

Risk	Exposure arising from	Measurement	Management
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	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 : price risk	Investment at fair value through profit or loss	Sensitivity analysis	Diversification of its portfolio of assets.
Market risk : interest rate	Borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

The 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 Board of directors of Investment manager 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 Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to Special Purpose Vehicles (SPVs), placing deposits, etc. The 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 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 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 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) Moderate credit risk
(iii) High credit risk

Assets under credit risk :

Credit rating	Particulars	As at 31 March 2023	As at 31 March 2022
A: Low	Other current and non current financial assets	1,173.09	2,324.49
	Cash and cash equivalents	349.11	365.82
	Bank balances other than cash and cash equivalents above	1,546.58	1,972.62
B: Medium	Trade receivables from National Highways Authority of India ('NHAI')	0.16	37.30

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 Group has trade receivables primarily from government authority National Highways Authority of India ('NHAI'). Credit risk related to these receivables is managed by monitoring the recoverability of such 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 other annuity receivable is primarily from government authority National Highways Authority of India ('NHAI'). Credit risk related to these receivables is managed by monitoring the recoverability of such amounts continuously. Credit risk related to these other financial assets (except annuity receivables) 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 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. Since the annuity receivables are from National Highway Authority of India ('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 particular receivables are known to be uncollectable. During the current year, the Group has not recognized any further provision for expected credit losses. There is no outstanding allowance of expected credit losses amounts as at 31 March 2023 (31 March 2022: Nil).

Financial assets (other than trade receivables)

The 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 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 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 Group can draw to apply consistently to entire population.

Further during the year, the Group has not recognized any additional expected credit loss (31 March 2022: Nil). There is no outstanding allowance of expected credit losses amounts as at 31 March 2023 (31 March 2022: Nil)

B) Liquidity risk

Liquidity risk is the risk that the 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 Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The 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 Group had access to no undrawn borrowing facilities at the end of the 31 March 2023 and 31 March 2022

b) Maturities profile of financial liabilities

The Group has adequate financial assets and projected revenues from operations to meet its obligations for these liabilities. The tables below analyse the Group's financial liabilities into relevant maturity categories based on their
The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2023	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including interest)	1,359.85	7,363.42	2,632.74	10,922.63	**22,278.64**
Trade payable	387.70	-	-	-	**387.70**
Deferred payment liability to concessions authorities	144.31	310.62	342.46	4,173.14	**4,970.53**
Other financial liabilities	83.51	-	-	-	**83.51**
Total	**1,975.37**	**7,674.05**	**2,975.21**	**15,095.77**	**27,720.39**

As at 31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including interest)	4,190.79	7,755.67	6,746.95	33,795.74	**52,489.14**
Trade payable	320.80	-	-	-	**320.80**
Deferred payment liability to concessions authorities	137.44	295.83	326.15	2,537.30	**3,296.72**
Other financial liabilities	152.58	-	-	-	**152.58**
Total	**8,051.50**	**8,051.50**	**7,073.10**	**36,333.04**	**56,259.24**

C) Market risk

a) Interest rate risk

Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting periods end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	As at 31 March 2023	As at 31 March 2022
Variable rate borrowing	7,833.13	4,525.45
Fixed rate borrowing	6,933.73	18,742.99
Total borrowings under borrowings	**14,766.86**	**23,268.43**
Amount disclosed under current borrowings	225.00	2,007.63
Total Amount disclosed under non-current borrowings	**14,541.86**	**21,260.80**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2023	As at 31 March 2022
Interest sensitivity*		
Interest rates – increase by 100 bps*	78.33	45.25
Interest rates – increase by 100 bps*	(78.33)	(45.25)

** Holding all other variables constant*

b) Assets

The 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.

D) Price risk

a) Exposure

The Group's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

b) Sensitivity

The table below summarises the impact of increase/decrease of the index on the Group's profit for the period :

Impact on profit before tax

Particulars	As at 31 March 2023	As at 31 March 2022
Mutual Funds		
Net assets value – increase by 100 bps	6.49	21.52
Net assets value – decrease by 100 bps	(6.49)	(21.52)

42 Capital management

For the purpose of the Group's capital management, capital includes issued unit capital and all other equity reserves attributable to the unit holders of the Group. The primary objective of the 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 unitholder value.

The 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 Group may return capital to unitholders or issue new units. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio optimum. The Group includes within its net debt, borrowings less cash and cash equivalents..

Net Gearing Ratio

The net gearing ratio at the end of the year is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Net debts*	16,201.68	24,828.91
Total equity (refer note 15 and 16)	4,381.66	388.86
Net debt to equity ratio	**3.70**	**63.85**

Net Debt*

Particulars	As at 31 March 2023	As at 31 March 2022
Non current borrowings	14,541.86	21,260.80
Current borrowings	225.00	2,007.63
Interest Accrued	2.49	
Other financial liabilities	1,781.45	1,926.30
Less: Cash and cash equivalents	(349.11)	(365.82)
Net debt	**16,201.68**	**24,828.91**

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43 Revenue from contracts with customers

1 Disaggregation of revenue

Revenue recognised mainly comprises of revenue from toll collections, annuity with National Highways Authority of India ("NHAI"), contract revenue. Set out below is the disaggregation of the Group's revenue from contracts with customers:

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Revenue from operations		
(a) Change of scope and utility shifting expenses	50.92	50.43
(b) Toll income from Expressway	5,637.45	1,465.61
(c) Interest income on annuity receivable from National Highways Authority of India ('NHAI')	183.75	55.54
(d) Revenue from operations and maintenance of road	280.23	61.37
(e) Modification gain on annuity	-	243.08
Total revenue	**6,152.35**	**1,876.03**

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2023 and 31 March 2022:

S.No.	Types of Products by Nature	Types of Services by timing	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	Service	At the point of time	5,968.60	1,820.49
2	Service	Over the period of time	183.75	55.54
Total Revenue			**6,152.35**	**1,876.03**

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 March 2023	As at 31 March 2022
Contract assets		
Trade receivables	0.16	37.30
Receivables under service concession arrangements	1,136.25	1,944.23
Total	**1,136.41**	**1,981.53**
Contract liability		
Mobilisation advance from concession authority	-	-
Total	**-**	**-**

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 Group, there is no provision for expected credit losses required to be recognized on Trade Receivables. Contract liability is the 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 with the contracted price under the Contract.

4 For movement in service concession arrangement, refer note 6 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 concessions authorities and approved by management. Further, the payment of toll collection 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 March 2023	As at 31 March 2022
Opening balance	-	-
Addition during the year	-	-
Revenue recognised during the year	-	-
Closing balance	**-**	**-**

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7

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
JPEPL	16 September 2013	15 September 2038	25.00	31 October 2014
UEPL	16 October 2006	21 January 2027	20.26	23 July 2009
GEPL	01 March 2011	28 February 2038	27.00	31 October 2013
DBCPL	20 March 2008	02 December 2033	25.71	10 February 2009
NBL	30 October 2007	29 October 2027	20.00	22 July 2009
SEPL	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 provision of services to public
c. Obligations to deliver road assets at the end of concession period

ii) The actual concession period may vary based on terms of the respective concession agreements.

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44 Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures

I. Following are the related parties and transactions entered with related parties for the year ended 31 March 2023 and for the period ended 31 March 2022:

A. Related parties where control exists

Subsidiaries

Ulundurpet Expressways Private Limited
Nirmal BOT Limited
Godhra Expressways Private Limited
Dewas Bhopal Corridor Private Limited
Shillong Expressway Private Limited
Jodhpur Pali Expressway Private Limited

Holding Entity
Galaxy Investments II Pte. Ltd

Intermediate holding entities
Galaxy Investments Pte Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd
KKR Asia Pacific Infrastructure Investors SCSp

Ultimate holding entity
KKR & Co. Inc.

Fellow subsidiaries*
Highway Concessions One Private Limited ("HC1")

**With whom the Group had transactions during the current or previous period*

Key managerial personnel (KMP) as per Ind AS 24- "Related party disclosures"
Refer note II C. (v) for details of KMP of Highway Concessions One Private Limited who is acting as an investment manager on behalf of the trust w.e.f 23 November 2022 and II C (ii)f or details of KMP of Virescent Infrastructure Investment Manager Private Limited who was acting as an investment manager on behalf of the trust uptill 22 November 2022

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to Highways Infrastructure Trust
Galaxy Investments II Pte. Ltd - Sponsor of Highway Infrastructure Trust
Highway Concessions One Private Limited ("HC1")- Investment Manager of Trust (w.e.f 23 November 2022)
Virescent Infrastructure Investment Manager Private Limited - Investment Manager of Trust (Upto 22 November 2022)
HC One Project Manager Private Limited- Project manager of the Trust (w.e.f 14 November 2022)
Virescent Renewable Energy Project Manager Private Limited - Project manager of the Trust (Upto 13 November 2022)
Axis Trustee Services Limited (ATSL) - Trustee of Highways Infrastructure Trust

B. Promoters of the parties to Highways Infrastructure Trust specified in II(A) above
Axis Bank Limited - Promoter of Axis Trustee Services Limited
Highway Concessions One Private Limited - Promoter of HC One Project Manager Private Limited (w.e.f 14 November 2022)
Virescent Infrastructure Investment Manager Private Limited - Promoter of Virescent Renewable Energy Project Manager Private Limited (upto 13 November 2022)
Galaxy Investments Pte. Ltd - Promoter of Galaxy Investments II Pte. Ltd
Galaxy Investments II Pte. Ltd - Promoter of Highway Concessions One Private Limited (w.e.f 23 November 2022)
Terra Asia Holdings II Pte. Ltd.- Promoter of Virescent Infrastructure Investment Manager Private Limited (upto 22 November 2022)

C. Directors of the parties to Highways InfraTrust specified in II(A) above

(i) Directors of Galaxy Investment II Pte. Ltd
Mr. Cecilio Velasco (Director) (Upto 26 January 2022)
Mr. Tang Jin Rong (Director)
Mr. Madhura Narawane (Director) (w.e.f 26 January 2022)

(ii) Directors and KMP of Virescent Infrastructure Investment Manager Private Limited
Mr. Vinay Kumar Pabba, Director w.e.f 26 November 2021 till 01 February 2022
Mr. Pradeep Kumar Panja, Director
Mr. Sanjay Grewal , Wholetime Director
Mr. Akshay Jaitly, Independent Director
Mr Hardik Bhadrik Shah, Director
Mr Aditya Narayan, Independent Director
Ms Daisy Devassy Chittilapilly, Independent Director
Ms. Charmi bhoot , Company Secretary and Compliance Officer

(iii) Directors of Virescent Renewable Energy Project Manager Private Limited
Mr. Sanjay Grewal , Director
Mr. Atul Raizada , Director

(iv) Directors of Axis Trustee Services Limited
Ms. Deepa Rath CEO (KMP), Managing Director
Mr. Rajesh Kumar Dahiya (Director)
Mr. Ganesh Sankaran (Director)

(v) Directors and KMP of Highway Concessions One Private Limited
Mr Hardik Bhadrik Shah, Non-executive Director
Mr Neeraj Sanghi, CEO (KMP), Whole time Director
Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022)
Ms. Ami Vinoo Momaya , Non-executive Director
Mr Subramanian Janakiraman , Independent Director (w.e.f 04 March 2022)
Mr Manish Agarwal, Independent Director (from w.e.f 14 September 2022)
Ms. Kunjal Shah , Company Secretary and Compliance Officer
Mr. Narayanan Doraiswamy, Chief Financial Officer

(vi) Directors of HC One Project Manager Private Limited
Mr Neeraj Sanghi, Director (w.e.f 20 September 2022)
Mr Zafar Khan, Director (w.e.f 20 September 2022)

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III. Transactions and outstanding balances with related party

Particulars	01 April 2022 to 31 March 2023 *(Audited)*	03 December 2021 to 31 March 2022 *(Refer note 50 and 51)*
Galaxy Investment II Pte Ltd.		
Transaction during the period		
Proceeds from issue of Compulsory convertible debentures ('CCD's')	-	7,978.14
Issue of unit capital	37,390.00	-
Interest on CCD's	444.70	312.13
Investment in CCD's	3,060.00	-
Investment in preference shares	545.10	-
Distribution to unit-holders^	5,426.28	-
Balance outstanding at the end of the period		
Unit capital	37,390.00	-
Investment in equity shares of subsidiaries	-	3,200.95
Optionally Convertible Debenture	-	7,978.14
Interest accrued on Optionally Convertible Debenture	-	312.13
Highway Concessions One Private Limited		
Transaction during the period		
Reimbursement of expenses	44.85	-
Corporate support management fees	247.43	51.24
Transfer out obligation as per acturial for employee benefit	0.86	0.82
Repayment of loan	-	315.00
Interest of loan	-	0.31
Investment manager fees	109.25	-
Balance outstanding at the end of the period		
Trade and other payables	151.87	0.82
Transfer out obligation as per acturial for employee benefit	-	-
Virescent Infrastructure Investment Manager Private Limited		
Transaction during the period		
Reimbursement of expenses	71.25	-
Investment manager fees	2.36	-
Balance outstanding at the end of the period		
Investment manager fees payable	2.16	-
HC One Project Manager Private Limited		
Transaction during the period		
Project manager fees	53.55	-
Balance outstanding at the end of the period		
Advance payment of Project Manager Fees	1.92	-
Axis Trustee Services Limited		
Transaction during the year/period		
Trustee fees	0.83	-

^ Pertains to the distributions made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital and redemption of instruments

IV. Details in respect of related party transactions involving acquisition of InvIT assets as required by Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 are as follows:

A Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in equity share capital of subsidiaries of the Trust during the financial year ended 31 March 2023:

Particulars	Name of subsidiaries of the Trust					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	9.10%	9.50%	10.70%	10.40%	9.60%	10.30%
Method of valuation	Discounted cash flows					

B Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in Compulsorily Convetible Debentures (CCD)*:

Particulars	Name of Project SPVs					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	-	13.71%	13.71%	13.70%	13.71%	-
Method of valuation	Discounted cash flows					

*During the financial year, the terms of Compulsorily Convertible Debentures ("CCDs") were converted into Optionally Convertible Debentures ("OCDs")

B Material conditions or obligations in relation to the transactions:

The acquisition have been made pursuant to the terms mentioned in final placement memorandum dated 22 August 2022. 'Pursuant to assignment agreement entered between the Trust and the Sponsor, the sponsor has assigned its rights and obligations under Security Purchase Agreement to the Trust subject to certain terms and conditions. The Trust has acquired six Project SPV's which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022. Refer note 48 for details with respect to business combination

C No external financing has been obtained for acquisition of above subsidiaries.

D No fees or commisiom received or to be received from any associate party in relation to acquisition of Project SPVs.

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45 Information on segment reporting pursuant to Ind AS 108 - Operating Segments

The Group's primary business segment is reflected based on principal business activities carried on by the Group i.e. building, operating and management of road projects and all other related activities which as per IndAS 108 on 'Operating Segments" is considered to be the only reportable business segment. The Group derives its major revenues from operation and maintenance of highways. The Group is operating in India which is considered as a single geographical segment.

46 Group information

(a) Information about subsidiary

The Group's details as at 31 March 2023 is set out below. Unless otherwise stated, they have equity capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Principal activities	County of incorporation	% equity Interest*	
			As at 31 March 2023	As at 31 March 2022
DBCPL	Construction and operation of road including toll collection/annuity collection	India	100.00%	NA
JPEPL		India	100.00%	NA
GEPL		India	100.00%	NA
UEPL		India	100.00%	NA
NBL		India	100.00%	NA
SEPL		India	100.00%	NA

* refer note 47(a)

47 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Act:

Name of Entity	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income or (loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated comprehensive income
Parent								
Highways Infrastructure Trust	9,979.45	227.75%	839.90	245.60%	-	0.00%	839.91	244.95%
Subsidiary								
DBCPL	671.45	15.32%	1,020.41	298.38%	0.05	5.58%	1,020.46	297.61%
	[1894.15]	[487.10%]	[238.00]	[53.08%]	[0.07]	[(30.33%)]	[238.07]	[53.12%]
NBL	(230.97)	(5.27)%	(243.95)	(71.33)%	(0.02)	(2.33)%	(243.97)	(71.15)%
	[322.75]	[83.00%]	[130.49]	[29.10%]	[0.02]	[(9.26%)]	[130.51]	[29.12%]
JPEPL	(1,952.44)	(44.56)%	(134.10)	(39.21)%	0.27	29.68%	(133.84)	(39.03)%
	[(1436.30)]	[(369.36%)]	[0.54]	[0.12%]	[0.08]	[(33.80%)]	[0.61]	[0.14%]
GEPL	(3,583.37)	(81.78)%	(630.10)	(184.25)%	0.39	43.52%	(629.71)	(183.65)%
	[(2718.99)]	[(699.22%)]	[(123.80)]	[(27.61%)]	[0.05]	[21.66%]	[(123.75)]	[(27.61%)]
UEPL	(651.39)	(14.87)%	(427.76)	(125.08)%	0.09	9.86%	(427.67)	(124.73)%
	[2,035.60]	[523.48%]	[82.76]	[18.46%]	[(0.47)]	[203.62%]	[82.29]	[18.36%]
SEPL	148.93	3.40%	(82.41)	(24.10)%	0.12	13.69%	(82.29)	(24.00)%
	[291.64]	[75.00%]	[120.39]	[26.85%]	[0.02]	[(8.57%)]	[120.41]	[26.87%]
Total	**4,381.66**	**100.00%**	**341.99**	**100.00%**	**0.90**	**100.00%**	**342.89**	**100.00%**
	[388.86]	**[100.00%]**	**[448.38]**	**[100.00%]**	**[(0.23)]**	**[100.00%]**	**[448.15]**	**[100.00%]**

Note:-1 Figures in [ ] brackets are previous year figures.
Note:-2 Figures in ( ) brackets are negative figures.

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48 Business Combination

a) Acquisitions of subsidiaries during the year ended 31 March 2023

Highways Infrastructure Trust ('the Trust') acquired the following companies (Project SPV's) as at 23 August 2022 : (i)
Dewas Bhopal Corridor Private Limited
(ii) Nirmal BOT Limited
(iii) Jodhpur Pali Expressway Private Limited
(iv) Godhra Expressways Private Limited
(v) Ulundurpet Expressways Private Limited
(vi) Shillong Expressway Private Limited

During the current period, the Trust acquired the SPVs (as stated above) which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022 for an equity consideration of **₹ 31,715.33 millions.** Galaxy Investments II Pte Limited had earlier acquired "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" on 17 December 2021 and "SEPL" on 13 January 2022.

Pursuant to IND AS 103- Business combinations, Common control business combination, means a business combination involving entities in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Both the Trust and project SPV's are ultimately controlled by Galaxy Investments II Pte Limited both before and after the acquisition. Business combination has been accounted for using the pooling of interests method in accordance with Ind AS 103.

The pooling of interest method is considered to involve the following:
(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

Thus, the Trust has prepared comparative financial information for period 03 December 2021 to 31 December 2021 as if the acquisition had occurred on 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL", irrespective of the actual date of the combination which is 23 August 2022 and the difference between the purchase consideration and the value of net identifiable assets acquired has been adjusted with the "Amalgamation Adjustment Deficit Account" in other equity.

Statement showing number of units allotted to Galaxy Investment II Pte. Ltd. ('sponsor') in exchange of control of (Project SPV's):

Name of SPVs	Description	Net Assets	Purchase consideration	Number of units allotted
UEPL	Units of the Trust	2,645.52	3,004.95	3,00,49,464
JPEPL	Units of the Trust	0.62	3,863.25	3,86,32,547
NBL	Units of the Trust	315.00	354.41	35,44,114
GEPL	Units of the Trust	233.81	11,167.09	11,16,70,920
DBCPL	Units of the Trust	1.00	12,969.36	12,96,93,587
SEPL	Units of the Trust	5.00	356.27	35,62,683
		3,200.95	**31,715.33**	**31,71,53,315**

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b) **The details of recognised amounts of identifiable net assets of the business combination are as follows as at 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL:**

Particulars	DBCPL	GEPL	JPEPL	NBL	SEPL	UEPL	Total
Non-current assets							
Property, plant and equipment	18.16	9.94	17.03	10.21	2.56	13.36	71.26
Capital work-in-progress	-	-	15.37	-	-	-	15.37
Intangible assets	3,666.79	8,057.32	3,925.10	-	0.00	4,879.49	20,528.70
Financial assets							
Investment	-	306.00	-	-	-	-	306.00
Others	0.53	0.49	1.01	1,133.11	418.83	2.38	1,556.35
Deferred tax assets (net)	113.38	-	-	-	-	-	113.38
Non-current tax assets (net)	-	-	-	16.93	-	8.44	25.37
Other non-current assets	-	-	-	-	-	0.37	0.37
Total non-current assets	**3,798.86**	**8,373.75**	**3,958.51**	**1,160.25**	**421.39**	**4,904.04**	**22,616.80**
Current assets							
Financial assets							
Investments	927.46	-	64.87	150.61	240.11	575.57	1,958.62
Trade receivables	3.20	-	27.50	0.05	-	16.09	46.84
Cash and cash equivalents	8.89	486.26	5.21	0.95	2.75	10.22	514.28
Bank balances other than cash and cash equivalents above	233.50	138.32	242.65	14.47	505.74	394.92	1,529.60
Others	2.62	3.53	1.64	508.29	240.80	0.17	757.06
Other current assets	25.83	8.33	10.80	8.67	6.64	28.80	89.07
Current tax assets (net)	28.14	22.18	4.91	-	16.45	-	71.68
Total current assets	**1,229.64**	**658.62**	**357.57**	**683.04**	**1,012.50**	**1,025.77**	**4,967.14**
Total assets	**5,028.50**	**9,032.37**	**4,316.08**	**1,843.29**	**1,433.89**	**5,929.81**	**27,583.94**
EQUITY							
Other equity	1,655.08	(2,829.05)	(1,437.53)	(122.76)	166.23	(692.21)	(3,260.24)
Total equity	**1,655.08**	**(2,829.05)**	**(1,437.53)**	**(122.76)**	**166.23**	**(692.21)**	**(3,260.24)**
Non-current liabilities							
Financial liabilities							
Borrowings	2,759.60	3,995.59	2,503.96	1,063.30	444.79	2,930.79	13,698.03
Other financial liabilities	-	1,115.96	164.20	-	-	0.24	1,280.40
Provisions	2.00	23.65	4.52	0.39	0.82	242.38	273.76
Deferred tax liabilities (net)	-	861.37	142.62	-	-	-	1,003.99
Total non-current liabilities	**2,761.60**	**5,996.57**	**2,815.32**	**1,063.69**	**445.60**	**3,173.41**	**16,256.19**
Current liabilities							
Financial liabilities							
Borrowings	106.17	5,167.38	2,436.60	500.80	790.67	712.70	9,714.32
Trade payables							
Due to micro and small enterprises	-	-	-	0.08	-	-	0.08
Due to others	0.23	42.90	9.27	44.83	1.34	0.28	98.85
Other financial liabilities	58.03	302.18	78.97	36.95	24.87	61.80	562.80
Other current liabilities	1.83	1.24	1.46	0.31	0.11	3.96	8.91
Provisions	444.56	117.34	411.37	0.03	0.06	24.35	997.71
Current tax liabilities (net)	-	-	-	4.36	-	-	4.36
Total current liabilities	**610.82**	**5,631.04**	**2,937.68**	**587.36**	**817.05**	**803.09**	**11,387.04**
Total liabilities	**3,372.42**	**11,627.61**	**5,752.99**	**1,651.05**	**1,262.65**	**3,976.50**	**27,643.22**
Total equity and liabilities	**5,027.50**	**8,798.56**	**4,315.47**	**1,528.30**	**1,428.88**	**3,284.29**	**24,382.99**
Net assets acquired	**1.00**	**233.81**	**0.62**	**315.00**	**5.00**	**2,645.52**	**3,200.95**

c) **Calculations of Amalgamation Adjustment Deficit**

Particulars	DBCPL	GEPL	JPEPL	NBL	SEPL	UEPL	Total
Purchase consideration	12,969.36	11,167.09	3,863.25	354.41	356.27	3,004.95	31,715.33
Less: Net assets acquired	1.00	233.81	0.62	315.00	5.00	2,645.52	3,200.95
Amalgamation Adjustment Deficit	**12,968.36**	**10,933.28**	**3,862.64**	**39.42**	**351.27**	**359.43**	**28,514.38**

The above numbers have been calculated using the Project SPVs Special Purpose financial statement for the period 01 April 2021 to 17 December 2021, (in case of all SPVs except SEPL) and 13 January 2022 (in case of SEPL)

49 Financial ratios

Sl.No.	Particulars	Numerator	Denominator	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022	% Changes*	Remarks
				Ratio	Ratio		
(a)	Current ratio (in times)	Current assets	Current liabilities	2.47	1.68	47%	Increase in ratio mainly due to repayment of current portion of borrowings and redemption/withdrawan of investment during the current year.
(b)	Debt equity ratio (in times)	Non-current borrowings + Current borrowings	Total equity	3.37	59.84	-94%	Decrease in ratio is mainly due to increase in Unit capital on account of Issue of Units of the trust during the current year.
(c)	Debt service coverage ratio (in times)	Profit before tax, finance costs	Finance costs + Principal repayment for borrowings	0.20	0.40	-50%	Decrease in ratio is mainly due to increase in finance cost in comparison to preceding period
(d)	Return on equity ratio (in %)	Net profit after tax	Average of total equity	0.14	2.31	-94%	Decrease in ratio is mainly due to increase in Unit capital on account of Issue of Units of the trust during the current year.
(e)	Inventory turnover ratio (in times)**	Cost of material consumed	Average inventory	NA	NA	0%	Not applicable.
(f)	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	328.47	100.59	227%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year revenue pertains to entire 12 months
(g)	Trade payables turnover ratio (in times)	Other expenses	Average trade payables	4.97	2.33	114%	The increase is because in the comparative period other expenses is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year other expenses pertains to entire 12 months
(h)	Net capital turnover ratio (in times)	Revenue from operations	Working capital [current assets - current liabilities]	3.20	0.84	283%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year revenue pertains to entire 12 months
(i)	Net profit ratio (in %)	Profit after tax	Revenue from operations	5.56%	23.90%	-77%	The decline is because of decrease in profits during the year, majorly due to modiifcation loss on annuity on account of change in estimates and increase other expenses of the Trust.
(j)	Return on capital employed (in %)	Earnings before depreciation and amortisation, interest and tax [Earnings = Profit after tax + Tax expense + Depreciation	Capital employed [Total assets - Current liabilities + Current borrowings]	0.19	0.06	225%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year earning before depreciation and amortization, interest and tax pertains to entire 12 months
(k)	Interest service coverage ratio (in times)	Profit before tax, finance costs, exceptional items and	Finance cost	1.97	1.99	-1%	Not required, since the changes in ratio is below threshold limit of 25%.
(l)	Net worth	Unit capital + Other equity		4,381.66	388.86	1027%	The change is due to issue of unit capital to unitholders pursuant to acquisition of subsidiaries by Trust.
(m)	Return on investment (in %)						
	- On mutual funds	Income generated from mutual fund investments	Time weighted average investments	0.09	0.03	219%	The increase is because in the comparative period income from mutual funds is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year income from mutual funds pertains to entire 12 months
	- On fixed deposits	Income generated from investments	Time weighted average investments	0.06	0.02	182%	The increase is because in the comparative period income on fixed deposits is taken from 03 December 2021 to 31 March 2022 i.e. from the date on which Trust was formed whereas the current year income on fixed deposits pertains to entire 12 months

Notes:

*The change in ratio is less than 25% as compared to previous year and hence, no explanation required.

**The Group does not have any Inventory, Therefore, Inventory turnover ratio is not applicable

50 The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act, 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations, as on 23 December 2021 having registration number IN/ InvIT/ 21-22/ 0019. Accordingly, the financial information for the corresponding period in immediately preceding financial year ended 31 March 2023 is given from from 03 December 2021 to 31 March 2022.

51 The consolidated financial information for the period from 03 December 2021 to 31 March 2022 and as at 31 March 2022 as reported in these consolidated financial statement have been certified by the Investment Manager of the Trust and are not subject to audit or review.

52 The Board of Directors of the Investment Manager have declared distribution of ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,010.00 millions, ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,009.98 millions and ₹ 4.8376 (rounded off) per unit amounting to ₹ 2,010.02 millions in their meeting held on 11 November 2022, 08 February 2023 and 08 March 2023 respectively and the aforesaid distribution was paid to eligible unitholders on 19 November 2022, 15 February 2023 and 18 March 2023 respectively. Subsequent to year end 31 March 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.20 millions in their meeting held on 19 May 2023.

53 During the current year ended 31 March 2023, pursuant to the approval dated 22 November 2022 granted by the Securities and Exchange Board of India ("SEBI") and the approval of the unitholders of the Trust as required under Regulation 9(15) of the lnvIT Regulations obtained from the unitholders in the extraordinary general meeting held on 14 November 2022, Highway Concessions One Private Limited ("HC 1") and HC One Project Manager Private Limited ("HC One") was appointed as the new Investment Manager and Project Manager of the Trust respectively in place of Virescent Infrastructure Investment Manager Private Limited ("erstwhile Investment Manager") and Virescent Renewable Energy Project Manager Private Limited ("erstwhile Project Manager"). The appointment of the new Investment Manager was also approved by the Board of erstwhile Investment Manager of the Trust vide its circular Resolution dated 19 October 2022. Consequently, Highway Concessions One Private Limited and HC One Project Manager Private Limited have been acting as the new Investment Manager and Project Manager of the Trust effective from 23 November 2022 and 14 November 2022 respectively.

54 During the current year ended 31 March 2023, three of the project SPV's Viz. GEPL, DBCPL and UEPL has filed the petition with the Hon'ble National Company Law Tribunal , Mumbai Bench ('NCLT') for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPVs which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL, DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's. The final order for approving the capital reduction scheme in DBCPL was received on 27 February 2023 however, final order for approving the capital reduction scheme is awaited in GEPL and UEPL. Accordingly, the necessary impacts on account of capital reduction in DBCPL have been considered in these audited consolidated financial statements for the year ended 31 March 2023.

55 **Project manager and Investment manager fees**

(i) Project management fees

Pursuant to the Project Management Agreement dated 08 August 2022 with the erstwhile Project Manager i.e Virescent Renewable Energy Project Manager Private Limited, Project Manager was entitled to a consideration @ 10% markup over the actual cost incurred, on a half yearly basis to be borne by the project SPVs, for the performance of Management, Tolling and Operation and Maintenance Services. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ Nil (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) towards project manager fees paid to Virescent Renewable Energy Project Manager Private Limited who was Project Manager till 13 November 2022. Subsequently pursuant to the Project Management Agreement with the current project manager i.e. HC One Project Manager Limited dated 20 October 2022 , project manager shall be entitled to a consideration @ 10% markup over the actual cost incurred, on a half yearly basis , or on such other shorter basis as may be mutually agreed ,to be borne by the project SPVs, for the performance of Management, Tolling and Operation and Maintenance Services. Consolidated financial statement for the year ended 31 March 2023 includes amount of ₹ 53.55 Million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) toward project manager fees paid to HC One Project Manager Limited who is appointed as Project Manager w.e.f 14 November 2022.

(ii) Investment management fees

Pursuant to the Investment Management Agreement dated 06 December 2021 with the erstwhile Investment Manager i.e Virescent Infrastructure Investment Manager Private Limited, Investment Manager was entitled to fees @ 10% markup over the cost per annum. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ 2.36 Million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) toward Investment manager fees paid to Virescent Infrastructure Investment Manager who was Investment Manager till 22 November 2022. Subsequently, pursuant to the Investment Management Agreement with the Investment Manager i.e Highway Concession One Private Limited dated 20 October 2022 as amended, Investment Manager is entitled to fees @ 10% markup over the cost per annum. The Investment Management Fees shall be borne by the InvIT and the Special Purpose Vehicles of the InvIT ("SPVs') in the proportion of 20:80. Amongst the SPVs, the Fees would be allocated as mutually agreed with the SPVs. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ 109.25 million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) towards Investment Manager Fees to Highway Concession One Private Limited who is appointed as Investment Manager w.e.f 23 November 2022.

56 **Other statutory information**

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Group have not traded or invested in Cryptocurrency or Virtual Digital Currency during the financial year ended 31 March 2023.

(iii) The Trust has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ny or on behalf of the Trust (Unlimited Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iv) The Trust has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ny or on behalf of the Trust (Unlimited Beneficiaries) or
- Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vi) The Group does not have any transactions with struck - off companies.

(vii) The Group has not been declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulter issued by the Reserve Bank of India.

57 The consolidated financial statements have been approved by the Board of Directors of the Investment Manager to the Trust in its meeting held on 19 May 2023

58 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.

59 Previous year figures have been reclassified/regrouped wherever necessary to confirm to current year classification. The impact of the same is not material to the user of the consolidated financial statements

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

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

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer
0

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole time director and CEO

Place: Mumbai
Date: 19 May 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of H.G. Ateli Narnaul Highway Private Limited

Report on the audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS Financial Statements of **H.G. Ateli Narnaul Highway Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2023 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards(Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this matter

Responsibility of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 Ind AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 it is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") 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 Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 our 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. Under section 143(3)(i) of

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the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place 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 management.
- Conclude on the appropriateness of management'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 Company's 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 Ind AS 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in:

(i) planning the scope of our audit work and in evaluating the results of our work; and
(ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" which expresses an unmodified opinion.

g) With respect to the Other Matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has no pending litigation which would impact its financial position except those disclosed in Ind AS Financial Statements;

ii. The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

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vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March, 2023.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the Company has paid the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES
NEW DELHI
Chartered Accountants

G.K Agrawal
Partner
M No. 081603
Place: New Delhi
Date: 8th May 2023
UDIN: 23081603BGWKPF5955

Annexure 'A' to the Independent Auditor's Report of H.G. Ateli Narnaul Highway Private Limited for the Year ended as on 31st March, 2023

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date: -

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment, Right-of-use Assets and Intangible Assets:

   a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

   (B) The Company doesn't have Intangible Assets, hence, paragraph 3(i)(b) of the Order is not applicable to the Company

   b) The Property, Plant and Equipment have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification

   c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company

   d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year. Hence, reporting under Para 3(i)(d) is not applicable.

   e) There are no proceedings which have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under Para 3(i)(e) is not applicable.

ii. a) The Company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point in time, hence, paragraph 3(ii) of the Order is not applicable to the Company.

   b) The Company has not been sanctioned any working capital limits, from banks or financial institutions on the basis of security of current assets. Hence, reporting under Para 3(ii) (b) is not applicable.

iii. The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Hence, reporting under Para 3(iii) is not applicable.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore, the paragraph 3(iv) of the Order is not applicable to the Company.

v. The Company has not accepted deposits or amounts which are deemed to be deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

or any other relevant provisions of the Companies Act and the rules framed there under. Hence, reporting under Para 3(v) is not applicable.

vi. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company and we are of the opinion that prime-facia the prescribed records have been maintained. We have, however, not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

a. The Company has been generally regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. As on 31st March, 2023, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

b. There are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. In respect to the borrowings:

a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
c. The Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
d. On an overall examination of the Ind AS Financial Statements of the Company, funds raised on short term basis have, prima facie, not been used during the year for long-term purposes by the Company.
e. On an overall examination of the Ind AS Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
f. The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. a) The Company has not raised the money by way of initial public offer/ further public offer (including debt instruments) during the year.

b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under Para 3(x)(b) is not applicable.

xi. a) According to the information and explanations given to us by the management which have been relied by us, there were no frauds on or by the Company noticed or reported during the period under audit.

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company. Hence, reporting under Para 3(xii) is not applicable.

xiii. All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

xiv. a) In our opinion the company has an adequate internal audit system commensurate with the size and nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 is not applicable to the Company.

xvi.

a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Therefore, paragraph 3(xvi) (a) of the Order is not applicable to the Company.

b. The Company has not conducted any Non-Banking Financial or Housing Finance activities. Therefore, paragraph 3(xvi) (b) of the Order is not applicable to the Company.

c & d. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under Para 3(xvi) (c) & (d) is not applicable.

xvii. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial.

xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under this clause is not applicable.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS Financial Statements and further strengthened by financial support assurance provided by the Parent Company to meet its liabilities as and when they fall due and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. There is no amount pending to spend for CSR activities as at 31-03-2023 in terms of section 135 of the Companies Act 2013. Hence, reporting under this paras' 3 (xx) (a) & (b) is not applicable.

xxi. Paragraph 3(xxi)(a) of the Order is not applicable to the Company as the Ind Financial Statements under reporting are not consolidated Ind AS Financial Statements.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M No. 081603
Place: New Delhi
Date: 8th May 2023
UDIN: 23081603BGWKPF5955

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS Financial Statements of **H.G. Ateli Narnaul Highway Private Limited** ("the Company") as of 31st March, 2023 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Ind AS Financial Statements.

Meaning of Internal Financial Controls with reference to Ind AS Financial Statements

A Company's internal financial control with reference to Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial

GIANENDER & ASSOCIATES ★ NEW DELHI ★ Chartered Accountants reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS Financial Statements and such internal financial controls with reference to Ind AS Financial Statements were operating effectively as at 31st March, 2023, based on the internal control with reference to Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to Ind AS Financial Statements issued by the Institute of Chartered Accountants of India.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M No. 081603
Place: New Delhi
Date: 8th May 2023
UDIN: 23081603BGWKPF5955

H.G. Ateli Narnaul Highway Private Limited

(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

BALANCE SHEET as at 31-Mar-2023

(Currency: Indian Rupees in Million)

Particulars	Notes	As at 31-Mar-2023	As at 31-Mar-2022*	As at 01-Apr-2021*
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	3.71	3.90	4.10
Other Non-Current Financial Assets	4	3,455.22	3,659.69	2,613.28
Non-Current Tax Assets (Net)	5	59.50	60.59	47.99
Other Non-Current Assets	6	191.47	341.27	-
		3,709.90	4,065.45	2,665.37
Current Assets				
Financial Assets				
(i) Cash and Cash Equivalents	7	124.83	5.74	11.68
(ii) Bank Balances Other Than (i) Above	8	303.26	-	
(iii) Other Financial Assets	4	712.86	736.98	111.51
Other Current Assets	6	164.22	157.64	727.51
		1,305.17	900.36	850.70
Total Assets		**5,015.07**	**4,965.81**	**3,516.07**
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	9	952.11	952.11	952.11
Instruments Entirely Equity in Nature	10	283.32	283.32	58.77
Other Equity	11	392.89	189.74	89.73
		1,628.32	1,425.17	1,100.61
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	3,094.30	3,126.75	1,772.13
Deferred Tax Liabilities (Net)	15	34.02	44.63	19.66
		3,128.32	3,171.38	1,791.79
Current Liabilities				
Financial Liabilities				
(i) Borrowings	12	206.97	331.09	43.90
(ii) Trade Payables	13			
(a) Total outstanding dues of MSME		-	-	-
(b) Total outstanding dues other than (ii)(a) above		21.03	-	181.29
(iii) Other Financial Liabilities	14	3.20	4.97	188.77
Contract Liabilities	16	26.64	26.64	200.78
Other Current Liabilities	17	0.59	6.56	8.93
		258.43	369.26	623.67
Total Equity and Liabilities		**5,015.07**	**4,965.81**	**3,516.07**

** Restated (Refer Note 38).*

The notes referred above are an integral part of these financial statements

As per our report of even date attached

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

G.K. Agrawal
Partner
M.No.081603

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain
Chief Financial Officer

Ankita Mehra
Company Secretary
M.No.A33288

Date: 08-May-2023

Place: New Delhi

Place: Jaipur

H.G. Ateli Narnaul Highway Private Limited

(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

STATEMENT OF PROFIT AND LOSS for the period ended 31-Mar-2023

(Currency: Indian Rupees in Million)

Particulars	3M Mar-2023	3M Dec-2022	3M Mar-2022	FY 2022-23	FY 2021-22
INCOME					
Revenue from Operations	172.63	278.86	566.28	806.73	3,475.37
Other Income	4.77	2.57	-	7.63	0.95
Total Income	**177.40**	**281.43**	**566.28**	**814.36**	**3,476.32**
EXPENSES					
Civil Construction Costs	18.40	135.15	446.31	254.58	3,059.20
Employee Benefits Expenses	0.75	0.75	0.75	3.00	3.00
Finance Costs	69.62	69.84	72.06	266.66	259.38
Depreciation	0.05	0.05	0.05	0.19	0.20
Other Expenses	5.22	2.87	4.81	17.77	20.89
Total Expenses	**94.04**	**208.66**	**523.98**	**542.20**	**3,342.67**
Profit Before Tax	**83.36**	**72.77**	**42.30**	**272.16**	**133.65**
Tax Expenses					
Current Tax	59.68	(10.92)	0.21	79.61	8.67
Deferred Tax	(38.30)	29.25	10.44	(10.61)	24.97
	21.38	18.33	10.65	69.00	33.64
Profit for the period	**61.98**	**54.44**	**31.65**	**203.16**	**100.01**
Other Comprehensive Income (Net of Tax)	-	-	-	-	-
Total Comprehensive Income for the period	**61.98**	**54.44**	**31.65**	**203.16**	**100.01**
Earnings Per Share					
(Nominal Value of Share Rs.10 Each)					
Basic (Rs.)	0.65	0.57	0.33	2.13	1.05
Diluted (Rs.)	0.50	0.44	0.27	1.64	0.90

As per our report of even date attached

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

GIANENDER & ASSOCIATES ★ Chartered Accountants ★ NEW DELHI

G.K. Agrawal
Partner
M.No.081603

Date: 08-May-2023

Place: New Delhi

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain
Chief Financial Officer

Ankita Mehra
Company Secretary
M.No.A33288

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. ★ RAJASTHAN

Place: Jaipur

H.G. Ateli Narnaul Highway Private Limited

(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

STATEMENT OF PROFIT AND LOSS for the period ended 31-Mar-2023

(Currency: Indian Rupees in Million)

Particulars	Notes	FY 2022-23	FY 2021-22
INCOME			
Revenue from Operations	18	806.73	3,475.37
Other Income	19	7.63	0.95
Total Income		**814.36**	**3,476.32**
EXPENSES			
Civil Construction Costs	20	254.58	3,059.20
Employee Benefits Expenses	21	3.00	3.00
Finance Costs	22	266.66	259.38
Depreciation	23	0.19	0.20
Other Expenses	24	17.77	20.89
Total Expenses		**542.20**	**3,342.67**
Profit Before Tax		**272.16**	**133.65**
Tax Expenses	25		
Current Tax		79.61	8.67
Deferred Tax		(10.61)	24.97
		69.00	33.64
Profit for the period		**203.16**	**100.01**
Other Comprehensive Income (Net of Tax)		-	-
Total Comprehensive Income for the period		**203.16**	**100.01**
Earnings Per Share	33		
(Nominal Value of Share Rs.10 Each)			
Basic (Rs.)		2.13	1.05
Diluted (Rs.)		1.64	0.90

The notes referred above are an integral part of these financial statements

As per our report of even date attached

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M.No.081603

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain
Chief Financial Officer

Ankita Mehra
Company Secretary
M.No.A33288

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

Date: 08-May-2023

Place: New Delhi

Place: Jaipur

H.G. Ateli Narnaul Highway Private Limited

(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

STATEMENT OF CASH FLOWS for the period ended 31-Mar-2023

(Currency: Indian Rupees in Million)

Particulars	FY 2022-23	FY 2021-22*
Cash Flows from Operating Activities		
Profit before tax	272.16	133.65
Adjustment for:		
Interest income	(7.10)	(0.95)
Depreciation	0.19	0.20
Finance costs	266.66	259.38
	531.91	392.28
Working Capital Adjustments:		
(Increase)/Decrease in other non-current financial assets	204.47	(1,046.41)
(Increase)/Decrease in other non-current assets	149.80	(341.27)
(Increase)/Decrease in other current financial assets	24.12	(625.47)
(Increase)/Decrease in other current assets	(10.55)	560.12
Increase/(Decrease) in trade payables	21.03	(181.29)
Increase/(Decrease) in other current financial liabilities	(1.77)	(182.72)
Increase/(Decrease) in contract liabilities	-	(164.04)
Increase/(Decrease) in other current liabilities	(5.97)	(2.37)
Cash Generated from Operating Activities	**913.04**	**(1,591.17)**
Income tax paid (net)	(78.52)	(21.27)
Net Cash Generated from/ (used in) Operating Activities (A)	**834.52**	**(1,612.44)**
Cash Flow from Investing Activities		
Fixed Deposit (Net)	(303.26)	-
Interest received	7.10	0.95
Net Cash Generated from/ (used in) Investing Activities (B)	**(296.16)**	**0.95**
Cash Flow from Financing Activities		
Finance Cost	(264.65)	(268.34)
Proceeds from subordinate debts	-	224.55
Proceeds from long term borrowings	32.81	1,617.49
(Repayment) of long term borrowings	(111.60)	-
Proceeds from short term borrowings	219.40	31.85
(Repayment) of short term borrowings	(295.23)	-
Net Cash Generated from/ (used in) Financing Activities (C)	**(419.27)**	**1,605.55**
Net Increase in Cash and Cash Equivalents (A+B+C)	**119.09**	**(5.94)**
Opening Balance Cash and Cash Equivalents	5.74	11.68
Balance Cash and Cash Equivalents at period end	**124.83**	**5.74**

** Restated (Refer Note 38).*

Notes:

1. The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (Ind AS-7) 'Statement of Cash Flows'

2. Cash and Cash Equivalents Comprises of:

Balance with Banks:		
- Current Accounts	0.36	0.61
- Escrow Accounts	2.47	5.13
- Deposits with original maturity of less than three months	122.00	-
Cash and Cash Equivalents	124.83	5.74
Cash and Cash Equivalents in Statement of Cash Flow	**124.83**	**5.74**

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

Reconciliation of Cash Flows from Financial Activities (Ind AS-7)

Particulars	Borrowings	Subordinate Debt	Interest Payable	Total
Opening balance as on 01-Apr-2021	1,816.03	58.77	10.10	**1,884.90**
Finance cost during the period	-	-	259.38	**259.38**
Cash flows				
Received	1,649.34	224.55	-	**1,873.89**
Repayment	-	-	-	**-**
Finance cost paid	-	-	(268.34)	**(268.34)**
Non cash items				
Non cash adjustments	(7.53)	-	(1.14)	**(8.67)**
Closing Balance as on 31-Mar-2022	**3,457.84**	**283.32**	**-**	**3,741.16**
Opening balance as on 01-Apr-2022	3,457.84	283.32	-	**3,741.16**
Finance cost during the period	-	-	266.66	**266.66**
Cash flows				
Received	252.21	-	-	**252.21**
Repayment	(406.83)	-	-	**(406.83)**
Finance cost paid	-	-	(264.64)	**(264.64)**
Non cash items				
Non cash adjustments	(1.95)	-	(2.02)	**(3.97)**
Closing Balance as on 31-Mar-2023	**3,301.27**	**283.32**	**-**	**3,584.59**

The notes referred above are an integral part of these financial statements.

As per our report of even date attached.

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M.No.081603

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh

Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain

Mayank Jain
Chief Financial Officer

Ankita Mehra
Company Secretary
M.No.A33288

Date: 08-May-2023

Place: New Delhi

Place: Jaipur

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

H.G. Ateli Narnaul Highway Private Limited
(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

STATEMENT OF CHANGES IN EQUITY
(Currency: Indian Rupees in Million)

A Equity Share Capital

Particulars	No of Shares	As at 31-Mar-2023	No of Shares	As at 31-Mar-2022
Balance at the beginning of the reporting period	9,52,11,000	952.11	9,52,11,000	952.11
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	**9,52,11,000**	**952.11**	**9,52,11,000**	**952.11**
Changes in equity share capital during the period	-	-	-	-
Balance at the end of the reporting period	**9,52,11,000**	**952.11**	**9,52,11,000**	**952.11**

B Instrument Entirely Equity in Nature

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Unsecured loan from promoter*		
Opening balance	283.32	58.77
Add: Addition during the year	-	224.55
Total Instrument	**283.32**	**283.32**

* Unsecured loan is optionally convertible into fixed number of equity shares of Rs.10 each on term of the issuer.

C Other Equity

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Retained Earnings		
Balance at the beginning of the reporting period	189.73	89.73
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	**189.73**	**89.73**
Total comprehensive income for the period	203.16	100.01
Dividends	-	-
Transfer to retained earnings	-	-
Any other changes	-	-
Balance at the end of the reporting period	**392.89**	**189.74**

The notes referred above are an integral part of these financial statements.

As per our report of even date attached.

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M.No.081603

Date: 08-May-2023

Place: New Delhi

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh
Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain
Mayank Jain
Chief Financial Officer

Ankita Mehra
Ankita Mehra
Company Secretary
M.No.A33288

Place: Jaipur

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

H.G. Ateli Narnaul Highway Private Limited

(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023

Corporate and General Information

H.G Ateli Narnaul Highway Private Limited (HGANHPL-"The Company") is a Private Limited Company registered under the Company Act 2013. Its registered office is at 14, Panchwati Colony, Ratanada, Jodhpur (Rajasthan) -342001 India. The Company was incorporated on 04-Apr-2019.

The Company is a Special Purpose Vehicle (SPV) promoted by H.G. Infra Engineering Limited (HGIEL) for Construction of the proposed Narnaul Bypass (design length 24.0 km) and Ateli Mandi to Narnaul section of NH-11 from 43.445 km to 56.900 km (design length 14.0 km) as an economic corridor and a feeder route Pkg-II in the state of Haryana, on Hybrid Annuity Mode.

These financial statements were authorized to be issued by the board of directors on 08-May-2023.

Note 1: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

(i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

a) Certain financial assets and financial liabilities measure at fair value;

(iii) New and amended standards become effective during the period:

The following amendments to standards has become effective for the first time for their annual reporting period commencing April 1, 2022:

o Onerous Contracts- Cost of Fulfilling a Contract - Amendments to Ind AS 37
o References to the Conceptual Framework - Amendments to Ind AS 103
o Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16
o First Time Adoption of Indian Accounting Standards- Subsidiary as a first time adopter - Ind AS 101
o Fees in the '10 per cent' test for derecognition of financial liability - Ind AS 109 Financial Instruments
o Taxation in fair value measurements – Amendments to Ind AS 41

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Standards (including amendments) issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:

o Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements

o Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

o Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director of the Company has been identified as CODM and he assesses the financial performance and position of the Company, and makes strategic decisions. Refer Note 39 for segment information.

Operating cycle

Assets and liabilities are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

B Revenue recognition

(i) Service concession arrangement

Revenue from contracts with customers is recognised when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company assesses promises in the contract that are separate performance obligations to which portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from the customer in its capacity as an agent.

The company constructs the infrastructure (road) used to provide a public service and operates and maintains that infrastructure for a specified period of time. Under Appendix D to Ind AS 115- Revenue from contracts with Customers , this arrangement is accounted for based on the nature of the consideration. The intangible assets is used to the extent that the company receive the rights to charge the users of the public service. The financial assets is used when the company has an unconditional right to receive cash or other financial assets from or at the direction of the grantor of construction services.

Design-Build-Operate-Transfer (DBOT) contracts on hybrid annuity basis contain three streams of revenue- Construction revenue , Financing income and Operation & Maintenance (O&M) income. The construction stream of DBOT revenues are accounted for in the construction phase of DBOT, O&M income is recognised in the operating phase of DBOT, while finance income income is recognised over the concession period on the imputed interest method.

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Revenue related to construction services provided under the service concession arrangement is recognised based on stage of completion of the work performed. The stage of completion is assessed by reference to input method i.e. cost incurred till date in proportion to total estimated cost to complete the work.

Revenue from operation and maintenance activities are recognised at an amount for which it has right to consideration (i.e. right to invoice) from the customers that corresponds directly with the value of the performance completed to the date.

Contract Balances - Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets represent revenue recognized in excess of amounts billed and include unbilled receivables. Unbilled receivables, which represent an unconditional right to payment subject only to the passage of time, are reclassified to accounts receivable when they are billed under the terms of the contract.

Contract Balances - Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities represent amounts billed to clients in excess of revenue recognized to date and other advances received from customers.

Variable consideration

The nature of the company's contracts gives rise to several types of variable consideration, including claims, unpriced change orders, award and incentive fees, change in law, liquidated damages and penalties. The company recognizes revenue for variable consideration when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The company estimates the amount of revenue to be recognized on variable consideration using the expected value (i.e., the sum of a probability-weighted amount) or the most likely amount method, whichever is expected to better predict the amount.

The Company's claim for extra work, incentives and escalation in rates relating to execution of contracts are recognized as revenue in the year in which said claims are finally accepted by the clients. Claims under arbitration/ disputes are accounted as income based on final award. Expenses on arbitration are accounted as incurred.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Revenues are shown net of Goods & Service Tax, applicable discounts and allowances.

(ii) Interest income

Interest income is recognised using effective interest rate (EIR) method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liabilities.

(iii) Dividend income

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

(iv) Other income

All other income is accounted on accrual basis when no significant uncertainty exist regarding the amount that will be received.

C Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses / tax credits only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

D Leases

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

• where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

• uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Company, which does not have recent third party financing, and makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability
• any lease payments made at or before the commencement date less any lease incentives received
• any initial direct costs, and
• restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

E Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

F Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

G Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

H Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets:

Classification

The Company classifies its financial assets in the following measurement categories:
(i) those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed of in the Statement of Profit or Loss.

Subsequent measurement

After initial recognition, financial assets are measured at:

(i) amortized cost

Debt instruments

Subsequent measurement of debt instruments depends on the Company business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instrument in only one category as below:

(i) **Amortized Cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains / (losses). Impairment losses are presented as separate line item in the statement of profit and loss.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables (Including contract assets) only, the Company applies the simplified approach required by Ind AS 109, which requires lifetime ECL to be recognised as loss allowance.

Derecognition of Financial Assets

A financial asset is derecognized only when:

(i) the Company has transferred the rights to receive cash flows from the financial asset or

(ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Income Recognition

Interest income

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial Liabilities:

Initial recognition and measurement

Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue/origination of the financial liability.

Subsequent Measurement

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit and loss. Any gain or loss on derecognition is also recognized in statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

I Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023

J Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 company 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. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, rates and residual value

Depreciation is provided on a pro-rata basis on the Straight Line Method (SLM) over the estimated useful lives of the assets, based on technical evaluation done by management's expert, which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The management estimates useful lives of the tangible fixed assets as follows:

(i) Building 60 Years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

K Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

L Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

M Provisions and contingent liabilities

Provisions

Provisions are recognised when Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

N Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

O Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

P Employee Benefits

Contributions to defined contribution plans are recognised as expense on accrual basis when employees have rendered services and as when the contributions are due.

Past service costs are recognised in the statement of profit and loss on the earlier of:

• The date of the plan amendment or curtailment;
• The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under the head 'employee benefit expense' in the statement of profit and loss:

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• Service costs comprising current service costs, past service costs, gains and losses on curtailments and nonroutine settlements;

• Net interest expense or income.

Q Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in statement of profit and loss.

R Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

S Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

a) The profit attributable to owners of the company

b) By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

a) the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

b) the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

T Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Note 2: Critical estimates and judgements

Preparation of the financial statements requires use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgements 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. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

(i) Estimation of useful life of Property, plant and equipment

The company estimates the useful life of the Property, plant and equipment as mentioned in Note 1(J) above, which is based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life estimated, depending on technical innovations and competitor actions.

(ii) Estimation of fair value of level 3 financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer note 28 on fair value measurements where the assumptions and methods to perform the same are stated.

(iii) Revenue recognition

The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, recognized revenue and profit are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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H.G. Ateli Narnaul Highway Private Limited
(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023
(Currency: Indian Rupees in Million)

3 Property, Plant and Equipment

Particulars	Buildings	Total
GROSS CARRYING AMOUNT		
Opening Gross Carrying Amount as at 01-Apr-2021	-	-
Additions	4.24	4.24
Closing gross carrying amount	**4.24**	**4.24**
ACCUMULATED DEPRECIATION		
Opening Accumulated Depreciation	-	-
Depreciation charge during the period	0.34	0.34
Closing Accumulated Depreciation	**0.34**	**0.34**
Net Carrying Amount as on 31-Mar-2022	**3.90**	**3.90**
GROSS CARRYING AMOUNT		
Opening Gross Carrying Amount as at 01-Apr-2022	4.24	4.24
Additions	-	-
Closing gross carrying amount	**4.24**	**4.24**
ACCUMULATED DEPRECIATION		
Opening Accumulated Depreciation	0.34	0.34
Depreciation charge during the period	0.19	0.19
Closing Accumulated Depreciation	**0.53**	**0.53**
Net Carrying Amount as on 31-Mar-2023	**3.71**	**3.71**

The carrying amounts of all the assets has pledged as security for current and non-current borrowings. (Refer Note 12)

4 Other Financial Assets

Particulars	As at 31-Mar-2023	As at 31-Mar-2022*
Non-Current		
Service concession arrangement receivable from NHAI	3,455.22	3,659.69
Total Non-Current Financial Assets	**3,455.22**	**3,659.69**
Current		
Service concession arrangement receivable from NHAI	706.82	734.45
Interest accrued on fixed deposit	4.32	-
Deposits & Advances	1.72	2.53
Total Current Financial Assets	**712.86**	**736.98**

** Restated (Refer Note 38).*

5 Non-Current Tax Assets and Current Tax Liabilities (Net)

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Advance tax and TDS assets	139.11	69.26
Provision for tax	(79.61)	(8.67)
Total Non-Current Tax Assets and (Current Tax Liabilities) (Net)	**59.50**	**60.59**

6 Other Assets

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Non-Current		
Balance with government authorities:		
GST input credit	191.47	341.27
Total Other Non-Current Assets	**191.47**	**341.27**
Current		
Mobilisation advance given to HG Infra Engineering Limited (Holding Company)	29.84	29.84
Unamortised borrowing cost	-	3.97
Prepaid expenses	0.64	1.16
Balance with government authorities:		
GST cash credit	6.51	4.56
GST input credit	127.23	118.11
Total Other Current Assets	**164.22**	**157.64**

7 Cash and Cash Equivalents

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Balances with Banks		
In current accounts	0.36	0.61
In escrow accounts	2.47	5.13
Deposits with original maturity of less than three months	122.00	-
Total	**124.83**	**5.74**

Note: For charge created on the aforesaid assets (Refer Note 12)

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H.G. Ateli Narnaul Highway Private Limited
(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023
(Currency: Indian Rupees in Million)

8 Bank Balances Other Than Cash and Cash Equivalents

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Fixed Deposits	303.26	-
Total	**303.26**	**-**

Note- FDRs of Rs.303.26 Mn is earmarked.

9 Equity Share Capital

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Authorised		
9,60,00,000 Equity Shares of Rs.10 each *(PY 9,60,00,000 Equity Shares)*	960.00	960.00
Issued, Subscribed and Paid Up		
9,52,11,000 Equity Shares of Rs.10 each *(PY 9,52,11,000 Equity Shares)*	952.11	952.11
Total	**952.11**	**952.11**

Movement of Equity Share Capital outstanding at the beginning and at the end of the period

Particulars	As at 31-Mar-2023		As at 31-Mar-2022	
	Nos of Shares	Amount	Nos of Shares	Amount
Balance at the beginning of the reporting period	9,52,11,000	952.11	9,52,11,000	952.11
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	**9,52,11,000**	**952.11**	**9,52,11,000**	**952.11**
Changes in equity share capital during the period	-	-	-	-
Balance at the end of the reporting period	**9,52,11,000**	**952.11**	**9,52,11,000**	**952.11**

Particulars of Shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31-Mar-2023		As at 31-Mar-2022	
	Nos of Shares	% of Total	Nos of Shares	% of Total
Equity shares of Rs.10 each fully paid up held by				
HG Infra Engineering Limited (Holding Company)*	9,52,11,000	100.00%	9,52,11,000	100.00%

** Including 1 equity share held by nominee shareholder.*

Note: Out of above, 51% of shares have been pledged against borrowing. (Refer Note 12)

Shareholding of Promotors/ Holding Company

Name of Promoter	No of Shares	% of Total Share	% Change During Period
As at 31-Mar-2022			
HG Infra Engineering Limited (Holding Company)	9,52,11,000	100.00%	0.00%
Total	9,52,11,000	100.00%	0.00%
As at 31-Mar-2023			
HG Infra Engineering Limited (Holding Company)	9,52,11,000	100.00%	0.00%
Total	9,52,11,000	100.00%	0.00%

Terms & Rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

As per the records of the company, including its registers of shareholders/ member and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

10 Instrument Entirely Equity in Nature

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Unsecured loan from promoter*		
Opening balance	283.32	58.77
Add: Addition during the year	-	224.55
Total Instrument	**283.32**	**283.32**

* Unsecured loan is optionally convertible into fixed number of equity shares of Rs.10 each on term of the issuer.

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11 Other Equity

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Retained Earnings		
Balance at the beginning of the reporting period	189.73	89.73
Changes in accounting policy or prior period errors	-	-
Restated balance at the beginning of the reporting period	**189.73**	**89.73**
Total comprehensive income for the period	203.16	100.01
Dividends	-	-
Transfer to retained earnings	-	-
Any other changes	-	-
Balance at the end of the reporting period	**392.89**	**189.74**

Note: Retained earnings represents the amount that can be distributed by the Company as dividends considering the requirements of the Company Act, 2013. No dividends are declared or paid by the company during the year.

12 Borrowings

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Non Current Borrowings		
Secured:		
Term loan from banks	3,115.23	3,145.73
Unamortised borrowing cost*	(20.93)	(18.98)
Total Non-Current Borrowings	**3,094.30**	**3,126.75**
Current Borrowings		
Secured:		
Current maturities of long term borrowings	205.97	254.26
Unsecured:		
Loan from HG Infra Engineering Limited (Holding Company)	1.00	76.83
Total Current Borrowings	**206.97**	**331.09**

** The balance of amortised processing fess effect has been given.*

Security for Term Loan:

(i) A first charge on all the Borrower's tangible assets (present and future), intangible assets excluding project assets.
(ii) A first charge on all the Borrower's intangible assets.
(iii) A first charge over all the bank accounts of the Borrower.
(iv) A first charge or assignment by way of creation of secured interest over the rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under the project documents, clearances, letter of credit, guarantees, insurance contracts.
(v) Corporate guarantee of promoters.
(vi) Personal guarantees of personal guarantors.
(vii) Pledge and equitable assignment over 51% of each of the paid up and voting share capital.

Terms of Repayment:

Loan will be repaid in 26 half yearly instalments in accordance with the Amortisation Schedule set forth in Schedule V of the Loan Agreement post the moratorium period after COD. Repayment started from Oct-2022.

Interest Rate on Term Loan:

Interest Rate: 1 Year MCLR plus spread based on rating i.e. 7.40% paid during the period.

Terms of Unsecured Loan:

Loan received from holding company is interest free and repayable on demand.

13 Trade Payable

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Current		
(a) Total outstanding dues of micro, small and medium enterprises (refer note below)	-	-
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	21.03	-
(c) Retention Payable	-	-
Total Current Trade Payable	**21.03**	**-**

Trade Payable Ageing Schedule

Particulars	Outstanding for following periods from due date of payment				
	< 1 Year	1Y - 2Y	2Y - 3Y	> 3Year	Total
As at 31-Mar-2022					
Current					
(i) MSME	-	-	-	-	-
(ii) Others	-	-	-	-	-
(iii) Disputed dues - MSME	-	-	-	-	-
(iii) Disputed dues - others	-	-	-	-	-
As at 31-Mar-2023					
Current					
(i) MSME	-	-	-	-	-
(ii) Others	21.03	-	-	-	21.03
(iii) Disputed dues - MSME	-	-	-	-	-
(iii) Disputed dues - others	-	-	-	-	-

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The disclosure in respect of the amount payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statement as at 31-Mar-2023 based on the information received and available with the Company. On the basis of such information, no interest is payable to any micro, small and medium enterprises. Auditors have relied upon the information provided by the Company.

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in Note 29.

Of the above, trade payable to related parties are as below-

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Trade payable to related parties	21.03	-
Total	**21.03**	**-**

14 Other Financial Liabilities

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Current		
Other payables	3.20	4.97
Total Other Current Financial Liabilities	**3.20**	**4.97**

15 Deferred Tax Liabilities and (Assets)

A Deferred tax liabilities and (assets) at period end

Particulars	FY 2022-23	FY 2021-22
Deferred tax liability		
Temporary difference of loan processing fees amortisation	5.27	5.78
Depreciation as per books vs income tax	0.23	0.12
Receivable under service concession arrangement	29.11	39.61
	34.61	45.51
Deferred tax assets		
Temporary difference of preliminary expenses	(0.59)	(0.88)
	(0.59)	(0.88)
Net Deferred Tax (Assets)/ Liabilities	**34.02**	**44.63**

B Movement in temporary differences:

Particulars	Balance as at Start of the period	Recognised in P&L during the period	Recognised in OCI during the period	Balance as at End of the period
Deferred tax liabilities				
Temporary difference of loan processing fees	5.78	(0.51)	-	5.27
Depreciation as per books vs income tax	0.12	0.11	-	0.23
Receivable under service concession	39.61	(10.50)	-	29.11
	45.51	(10.90)	-	34.61
Deferred tax assets				
Temporary difference of preliminary expenses	(0.88)	0.29	-	(0.59)
	(0.88)	0.29	-	(0.59)
Net Deferred Tax (Assets)/ Liabilities	**44.63**	**(10.61)**	**-**	**34.02**

16 Contract Liabilities

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Advance from customers	26.64	26.64
Total	**26.64**	**26.64**

17 Other Liabilities

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Current		
Statutory Liabilities	0.59	6.56
Total Other Current Liabilities	**0.59**	**6.56**

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18 Revenue from Operations

Particulars	FY 2022-23	FY 2021-22
Civil construction revenue	87.96	2,533.54
Bonus Revenue	159.00	-
Change of scope work revenue	44.23	496.14
Utility work revenue	8.90	92.22
Finance income	476.04	353.47
Modification gain on SCA receivable	30.60	
Total	**806.73**	**3,475.37**

(a) Disaggregated Revenue Information

Having regard to the nature of contract with customer, there is only one type of category of revenue; hence disclosure of disaggregation of revenue is not given.

(b) Receivable under Concession Arrangement and Contract Balances

The company classifies the right to consideration in exchange for deliverables as either receivable or unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for such services is recognized as related services are performed. Revenue in excess of billings is recorded as unbilled revenue and is classified as financial asset for those cases as right to consideration is unconditional upon passage of time. Invoicing to the customer is based on milestone as defined in the contract.

(c) The Transaction Price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March 2023 are as follows:

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March 2023 is Rs. 2768.44 Mn. Out of this, the Company expect to recognize revenue around Rs. 79.75 Mn in next year and remaining thereafter. Remaining performance obligation estimates are subject to change and affected by several factors including terminations, change of scope of contracts, occurrence of same is expected to be remote.

(d) Reconciliation of the amount of revenue recognized in the Statement of Profit and Loss with contract price has not provided as there is no adjustment made with respect to contract price.

19 Other Income

Particulars	FY 2022-23	FY 2021-22
Interest income	7.10	0.95
Miscellaneous income	0.53	-
Total	**7.63**	**0.95**

20 Civil Construction Costs

Particulars	FY 2022-23	FY 2021-22
Civil subcontract charges	27.90	2,470.84
O&M subcontract charges	38.40	-
Bonus subcontract expenses	135.15	-
Change of scope work subcontract expenses	44.23	496.14
Utility work subcontract expenses	8.90	92.22
Total	**254.58**	**3,059.20**

21 Employee Benefits Expenses

Particulars	FY 2022-23	FY 2021-22
Salary, wages and bonus	3.00	3.00
Total	**3.00**	**3.00**

22 Finance Costs

Particulars	FY 2022-23	FY 2021-22
Interest on borrowings	259.70	243.37
Interest on client advance	-	0.62
Other borrowing cost	6.96	15.39
Total	**266.66**	**259.38**

23 Depreciation

Particulars	FY 2022-23	FY 2021-22
Depreciation & Amortisation	0.19	0.20
Total	**0.19**	**0.20**

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24 Other Expenses

Particulars	FY 2022-23	FY 2021-22
Insurance expenses	6.52	4.61
Legal and professional charges	1.39	2.46
Miscellaneous expenses	0.30	0.26
Independent engineers fees	7.74	12.22
Payment to auditors (refer note below)	0.13	0.14
CSR Expenses (refer note below)	1.69	1.20
Total	**17.77**	**20.89**

(a) Payment to Auditors

Particulars	FY 2022-23	FY 2021-22
Statutory audit fees	0.13	0.13
Other services - certificates	-	0.01
Total	**0.13**	**0.14**

(b) Corporate Social Responsibility (CSR) Expenses

Particulars	FY 2022-23	FY 2021-22
(i) Amount required to be spent by the Company during the year	1.69	1.20
(ii) Amount of expenditure incurred	1.69	1.20
(iii) Shortfall at the end of the year (Excess Spent)	0.00	0.00
(iv) Total of previous years shortfall	0.00	-
(v) Reason for shortfall*	-	-
(vi) Nature of CSR activities	1. Education 2. Assistance for setting up homes and shelters 3. Environmental sustainability and animal welfare	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	1.09 M paid to HG Foundation	NA
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately	NA	NA

25 Disclosure Pursuant to Ind AS-12 (Income Tax)

A Income Tax (Income)/ Expenses Recognised in the Statement of Profit and Loss

Particulars	FY 2022-23	FY 2021-22
Current tax		
Current tax on profit for the year	79.61	8.67
Deferred tax		
Origination and reversal of temporary differences (Refer note 15)	(10.61)	24.97
Income tax expenses recognised in statement of profit and loss	**69.00**	**33.64**

B Reconciliation of effective tax rate

Particulars	FY 2022-23	FY 2021-22
Profit before tax	**272.16**	**133.65**
Income tax expenses calculated @ 25.17% *(PY @ 25.17%)*	68.50	33.64
Effect of disallowed deduction under Income Tax Act	0.50	-
Tax Expenses	**69.00**	**33.64**

Pursuant to The Taxation Laws (Amendment) Ordinance 2019, tax rates have changed with effect from the assessment year beginning from 1st April, 2020 and accordingly, the company has opted for reduced rates prescribed under section 115 BAA of the Income tax Act. Consequent to this, the Company has recognised provision for taxation at the rate prescribed in the said Section.

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26 Related Party Transactions

A Related Parties with whom the Company had transactions during the period

(a) Holding Company:
H.G. Infra Engineering Limited

(b) Key Management Personnel (KMP):
Mr Girish Pal Singh - Managing Director
Mr Harendra Singh - Director
Mr Manjit Singh - Independent Director
Mr Onkar Singh - Independent Director
Ms Nisha Singh - Additional Non Executive Director
Mr Virendra Sonawat - Chief Financial Officer (Left)
Mr Mayank Jain - Chief Financial Officer
Ms Ankita Mehra - Company Secretary
Mr Hodal Singh - Relative of Director
Mr Vijendra Singh - Relative of Director

(c) Other Related Parties:
H.G. Foundation

B Related Party Transactions with Holding Company and KMPs

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of the Company's transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence is as follows:

Transaction with related party:

Nature of Transaction	Amount FY 2022-23	Amount FY 2021-22
Loan Received		
(i) H.G. Infra Engineering Limited	219.40	32.93
Loan Repaid		
(i) H.G. Infra Engineering Limited	295.23	-
Instrument Entirely Equity in Nature		
(i) H.G. Infra Engineering Limited	-	224.55
Civil Construction/O&M Costs (Net of Tax)		
(i) H.G. Infra Engineering Limited	254.58	3,249.40
Mobilisation Advance Recovered (Gross)		
(i) H.G. Infra Engineering Limited	-	381.33
CSR Expenses		
(i) H.G. Foundation	1.09	-
Rent Paid		
(i) Hodal Singh	0.14	0.13
Guarantee Commission (Net of Taxes)		
(i) H.G. Infra Engineering Limited	3.39	2.51
Sitting Fees		
(i) Mr Harendra Singh	0.04	0.04
(ii) Ms Nisha Singh	0.04	-
(iii) Mr Onkar Singh	0.03	0.04
(iii) Mr Manjit Singh	0.01	
Short Term Employee Benefits		
(i) Mr Girish Pal Singh	3.00	3.00
Guarantees given/ (returned)		
(i) H.G Infra Engineering Limited (Corporate Guarantee) (ii) Mr Harendra Singh (Personal Guarantee) (iii) Mr Girish Pal Singh (Personal Guarantee) (iv) Mr Hodal Singh (Personal Guarantee) (v) Mr Vijendra Singh (Personal Guarantee)	(738.30)	-

Outstanding balances:

Nature of Transaction	As at 31-Mar-2023	As at 31-Mar-2022
Instrument Entirely Equity in Nature		
(i) H.G. Infra Engineering Limited	283.32	283.32
Loan Payable		
(i) H.G. Infra Engineering Limited	1.00	76.83
Trade Payable		
(i) H.G. Infra Engineering Limited	21.03	-
Mobilisation Advance (Gross)		
(i) H.G. Infra Engineering Limited	29.84	29.84
Other Payable		
(i) H.G. Infra Engineering Limited	0.89	-
Guarantees given on behalf of Company		
(i) H.G Infra Engineering Limited (Corporate Guarantee) (ii) Mr Harendra Singh (Personal Guarantee) (iii) Mr Girish Pal Singh (Personal Guarantee) (iv) Mr Hodal Singh (Personal Guarantee) (v) Mr Vijendra Singh (Personal Guarantee)	3,321.20	4,059.50

Note- No amount pertaining to related parties have been written off/ written back during the period

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27 Disclosure pursuant to Para 6 of appendix D of Ind AS 115 for Service Concession Agreements

Nature of Entity	Description of the Arrangement	Significant Terms of the Arrangement	Financial Assets as at period end
H.G. Ateli Narnaul Highway Private Limited	The Company is formed as a special purpose vehicle (SPV) for Construction of the proposed Narnaul Bypass (design length 24.0 km) and Ateli Mandi to Narnaul section of NH-11 from 43.445 km to 56.900 km (design length 14.0 km) as an economic corridor and a feeder route Pkg-II in the state of Haryana, on Hybrid Annuity Mode, which shall be partly financed by the concessionaire who shall recover its investment and costs through annuity payments and O&M payment to be made by the authority, in accordance with the terms and conditions set forth in this concession agreement entered into.	**Period of Concession:** 2020-2037 **Remuneration:** 40% during construction period and balance 60% in biannual annuity in 15 years as per concession agreement **Investment grant from concession grantor:** No **Infrastructure return at the end of concession period:** Yes **Investment and renewal obligation:** Nil **Re-pricing dates:** No **Basis upon which re-pricing or re-negotiation is determined:** NA **Premium payable to granter:** Nil **BPC:** 952.11 Crore **O&M Payment:** 5 Crore per year **Bonus:** If COD achieved on or more than 30 (thirty) days prior to the SCOD, bonus will be equal to 0.5% (Zero point five per cent) of 60 % (Sixty per cent) of the BPC for the first 30 (thirty) days by which COD shall precede the SCOD and thereafter the said bonus shall be calculated on the pro-rata basis for each day preceding the said 30 (thirty) days period. **Termination:** Default made as specified in CA except caused by force measure event, by concessionaire not cured in 60 days and by authority not cured in 90 days, contract will be terminated.	4,162.04

28 Fair Value Measurements

A Accounting Classification and Fair Values

Particulars	FVTPL	FVOCI	Amortised Cost	Total	Fair Value			
					Level-1 Quoted Price in Active Markets	Level-2 Significant Observable Inputs	Level-3 Significant Observable Inputs	Total
As at 31-Mar-2022*								
Cash and cash equivalents			5.74	**5.74**			5.74	**5.74**
Bank balances other than cash and cash equivalents			-	**-**			-	**-**
Other financial assets			4,396.67	**4,396.67**			4,396.67	**4,396.67**
Total Financial Assets	-	-	**4,402.41**	**4,402.41**	-	-	**4,402.41**	**4,402.41**
Borrowings-Banks			3,381.01	**3,381.01**			3,399.99	**3,399.99**
Borrowings-Others			76.83	**76.83**			76.83	**76.83**
Trade payable			-	**-**			-	**-**
Other financial liabilities			4.97	**4.97**			4.97	**4.97**
Total Financial Liabilities	-	-	**3,462.81**	**3,462.81**	-	-	**3,481.79**	**3,481.79**
As at 31-Mar-2023								
Cash and cash equivalents			124.83	**124.83**			124.83	**124.83**
Bank balances other than cash and cash equivalents			303.26	**303.26**			303.26	**303.26**
Other financial assets			4,168.08	**4,168.08**			4,168.08	**4,168.08**
Total Financial Assets	-	-	**4,596.17**	**4,596.17**	-	-	**4,596.17**	**4,596.17**
Borrowings-Banks			3,300.27	**3,300.27**			3,321.20	**3,321.20**
Borrowings-Others			1.00	**1.00**			1.00	**1.00**
Trade payable			21.03	**21.03**			21.03	**21.03**
Other financial liabilities			3.20	**3.20**			3.20	**3.20**
Total Financial Liabilities	-	-	**3,325.50**	**3,325.50**	-	-	**3,346.43**	**3,346.43**

** Restated (Refer Note 38).*

Note:

i) The carrying amount of financial assets and liabilities are considered to be the same as their fair values due to the current and short term nature of such balances and no material differences in the values.

B Measurement of fair values (Levels 1,2 and 3)

Level:1

It includes investment in equity shares and mutual fund that has a quoted price and which are actively traded on the stock exchange. It has been valued using the closing price as at the reporting period on the stock exchange.

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 and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level:3

These instruments are valued based on significant unobservable inputs whereby future cash flows are discounted using appropriate discount rate.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

29 Financial Instruments Risk Management Objective and Policies

The Company's activities expose it to variety of financial risks: credit risk, liquidity risk and market risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Company's financial liabilities comprise mainly of borrowings, trade and other payables. The Company's financial assets comprise mainly of cash & cash equivalents and other receivables.

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i) **Credit Risk**

Credit risk is the risk that a counterparty will not meet the obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily other financial assets including deposits with banks. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The carrying amount of following financial assets represents the maximum credit exposure.

Other Financial Assets

This comprises mainly of financial assets receivable - Service concession arrangement receivable from NHAI. The management is of the view that those financial assets are not impaired as the customer is government corporation where no credit risk is perceived. Further the management does not anticipate a significant loss on account of the time value of money.

Finally, the Company's exposure to credit risk on its operating activities has led to no major reconsideration of the Expected Credit Losses on customers at end of March, 2023.

ii) **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Carrying Amount	Contractual Cash Flows			
		Total	Less than 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities as at 31-Mar-2022					
Borrowings-Banks	3,381.01	3,399.99	254.26	1,114.71	2,031.02
Borrowings-Others	76.83	76.83	76.83	-	-
Trade payables	-	-	-	-	-
Other current financial liabilities	4.97	4.97	4.97	-	-
Total	**3,462.81**	**3,481.79**	**336.06**	**1,114.71**	**2,031.02**
Non-derivative financial liabilities as at 31-Mar-2023					
Borrowings-Banks	3,300.27	3,321.20	205.97	971.48	2,143.75
Borrowings-Others	1.00	1.00	1.00	-	-
Trade payables	21.03	21.03	21.03	-	-
Other current financial liabilities	3.20	3.20	3.20	-	-
Total	**3,325.50**	**3,346.43**	**231.20**	**971.48**	**2,143.75**

iii) **Market Risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prises - will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risks. Thus, our exposure to marked risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in foreign currency revenues and costs.

(a) Currency Risk

The functional currency of the Company is Indian Rupees (Rs). The Company is not exposed to foreign currency risk.

(b) Price Risk

The Company is not exposed to any price risk.

(C) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest risk arises to the Company mainly from long term borrowings with variable rates. The Company measures risk through sensitivity analysis. Currently, lending by commercial banks is at variable rates only, which is the inherent business risk.

The Company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Term loan from banks - variable rate borrowings	3,321.20	3,399.99

Sensitivity analysis based on average outstanding term loan borrowings:

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Increase or decrease in interest rate by 100 basis point*	33.21	34.00

** Profit will increase in case of decrease in interest rate and vice versa*

30 Capital Management

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company manages the capital structure by balanced mix of debt and equity. The Company's capital structure is influenced by the changes in regulatory framework, government policies, available options of financing and the impact of the same on the liquidity position.

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

ATELI NARNAUL HIGHWAY PVT. LTD. H.G. RAJASTHAN

H.G. Ateli Narnaul Highway Private Limited
(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023
(Currency: Indian Rupees in Million)

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Total borrowings	3,322.20	3,476.82
Less: Cash and cash equivalents	(124.83)	(5.74)
Adjusted Net Debts	**3,197.37**	**3,471.08**
Equity share capital	952.11	952.11
Instruments entirely equity in nature	283.32	283.32
Other equity	392.89	189.74
Total Equity	**1,628.32**	**1,425.17**
Adjusted Net Debt to Equity Ratio	**1.96**	**2.44**

31 Assets pledged/ hypothecated/ mortgaged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are as follows:

Particulars	As at 31-Mar-2023	As at 31-Mar-2022*
Non-Current Assets		
Property, Plant and Equipment	3.71	3.90
Service concession arrangement receivable from NHAI	3,455.22	3,659.69
Advance tax and TDS assets	59.50	60.59
Receivable from Govt authorities	191.47	341.27
Current Assets		
Service concession arrangement receivable from NHAI	706.82	734.45
Deposits & Advances	1.72	2.53
Advance to contractor	29.84	29.84
Receivable from Govt authorities	133.74	122.67
Cash & Bank balance	428.09	5.74
Total Assets pledged/ hypothecated/ mortgaged as security	**5,010.11**	**4,960.68**

Note: Amount of assets pledged are carrying values

** Restated (Refer Note 38).*

32 Contingent Liabilities and Commitments

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Contingent Liabilities		
The Company has no contingent or conditional Liabilities of any kind arising from or in connection with any transaction or a line of business by the Company.	-	-
Commitments for Project EPC Work		
Awarded EPC Contract	8,010.00	8,010.00
Less: Cost incurred till date	(8,010.00)	(7,978.76)
Less: Mobilization advance	-	(29.84)
Commitments for Project EPC Work not provided for	-	**1.40**

33 Earning Per Share

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
Face value per equity share (in Rs)	10.00	10.00
(a) Profit for the period attributable to equity shareholders (in Mn)	203.16	100.01
(b) Number of equity shares at the beginning of the period	9,52,11,000	9,52,11,000
(c) Equity shares issued during the period	-	-
(d) Number of equity shares at the end of the period	9,52,11,000	9,52,11,000
(e) Weighted average number of equity shares for calculating basic EPS	9,52,11,000	9,52,11,000
(f) Weighted average number of equity shares for calculating diluted EPS	12,35,42,864	11,11,95,242
Earnings Per Shares (in Rs)		
Basic earning per share (a/e)	2.13	1.05
Diluted earning per share (a/f)	1.64	0.90

Note:

Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific share are outstanding as a proportion of total number of days during the year/ period.

34 Foreign Currency Transactions

Particulars	As at 31-Mar-2023	As at 31-Mar-2022
(i) Expenditure in foreign currency	-	-
(ii) CIF value of import	-	-
(iii) FOB value of export	-	-
(iv) Earnings in foreign exchange	-	-
(v) Remittance in foreign exchange	-	-

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

35 Disclosure for Ind AS-116 "Leases"

Total amount of lease payments towards short term leases is Rs.0.14 Mn *(PY Rs.0.13 Mn)* and shown as expense in the profit & Loss statement.

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

36 Disclosure Pursuant to Ind AS-19 "Employee Benefits"

Disclosure under Ind AS-19 is not applicable on the company.

37 Impairment of Financial Assets

The credit risk on the financial assets has not increased since the initial recognition, therefore company measure the loss allowance for the financial assets at an amount equal to 12 month expected credit losses. Since the financial assets are expected to be realised within the contractual period of the invoice raised, as such, there is no ECL (expected credit loss) envisaged in the value of financial assets under SCA (Service Concession agreement) by the management.

H.G. Ateli Narnaul Highway Private Limited
(Wholly Owned Subsidiary of H.G. Infra Engineering Limited)

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31-Mar-2023
(Currency: Indian Rupees in Million)

38 Restatement of Figures

As at 31-Mar-2023, the Company has assessed its collection plan (which is contractually recoverable from the respective customers in next 12 months for the work already done upto the reporting date and recognised as revenues in the books) and accordingly, classified the financial asset, related to "Receivables under service concession agreement with National Highway Authorities of India", between current and non-current assets. Whereas as at 31-Mar-2022, the Company classified its financial asset based on anticipated collections in next 12 months (pertaining to work already done upto 31-Mar-2022 as well as expected work to be delivered in next 12 months) resulting into misclassification between current financial asset and non-current financial asset as at 31-Mar-2022. Due to this, the Company has restated the current financial assets and non-current financial assets considering the expected collections in next 12 months from 31-Mar-2022 pertaining to the work done and corresponding revenues recognised by then only.

Furthermore, there is no impact of the said reclassification on the Statement of Profit and Loss of the Company as at 31-Mar-2022 and 01-Apr-2021. The balance sheet as at 01-Apr-2021 has also been restated to correct the impact of aforementioned reclassification as on such date.

The impact of reclassification is tabulated below:

Balance Sheet Caption	Nomenclature in the Notes	Balance Sheet as at 31-Mar-2022	Restated Balance Sheet as at 31-Mar-2022	Net Impact	Balance Sheet as at 01-Apr-2021	Restated Balance Sheet as at 01-Apr-2021	Net Impact
Other non-current financial assets	Service concession arrangement receivable from NHAI	3,603.89	3,659.69	55.80	1,584.51	2,613.28	1,028.77
Other current financial assets	Service concession arrangement receivable from NHAI	790.25	734.45	(55.80)	1,140.03	111.26	(1,028.77)
Total Assets		**4,394.14**	**4,394.14**	**0.00**	**2,724.54**	**2,724.54**	**-**

39 Segment Reporting

Basis for Segmentation

In accordance with the requirements of Ind AS-108 'Segment Reporting', the Company is primarily engaged in a business of civil construction and has no other primary reportable segments. The Managing Director of the Company allocate the resources and assess the performance of the Company, thus he is the Chief Operating Decision Maker (CODM). The CODM monitors the operating results of the business as single segment, hence no separate segment needs to be disclosed.

Information About Geographical Areas

As the Company operates in India only, hence no separate geographical segment is disclosed.

Information About Major Customers

Revenue of the Company derived from single customer (NHAI) which amounts to 10% or more of the Company's revenue.

40 Ratio

Particulars	Items Considered for Numerator and Denominator	As at 31-Mar-2023	As at 31-Mar-2022*	Variation	Reasons
Current Ratio	Current Assets / Current Liabilities	5.05	2.44	107.13%	FDR Increased
Debt-Equity Ratio	Total Debt / Shareholder's Equity	2.03	2.43	-16.44%	
Debt Service Coverage Ratio	(Profit After Tax + Non-cash operating expenses + Interest + other adjustments) / (Debt Principal + Interest)	0.69	1.41	-50.79%	Debt Principal amount paid during the financial year
Return on Equity Ratio	(Profit After Tax - Preference Dividend, if any) / Average Shareholder's Equity	13.31%	7.92%	68.03%	
Inventory Turnover Ratio	Cost of Goods Sold OR Sales / Average Inventory	NA	NA	-	
Trade Receivable Turnover Ratio	Net Credit Sales / Average Trade Receivables	NA	NA	-	
Trade Payable Turnover Ratio	Net Credit Purchases / Average Trade Payables	24.21	33.75	-28.26%	Trade payable and Civil construction cost decreased
Net Capital Turnover Ratio	Net Sales / Average Working Capital	1.02	9.17	-88.85%	Revenue from operation decreased and FDR increased in current assets
Net Profit Ratio	Net Profit / Net Sales	24.95%	2.88%	767.16%	Revenue from Bonus, Finance income and Interest Income increased
Return on Capital Employed	Profit Before Interest & Taxes / Capital Employed (Net Worth of shareholders + Borrowings + DTL)	10.86%	7.98%	36.10%	Revenue from Bonus, Finance income and Interest Income increased
Return of Investment	Income on Investment / Investment	NA	NA	-	

** Restated (Refer Note 38).*

41 Events Occurring after the Balance Sheet date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 08-May-2023 there were no subsequent events to be recognized or reported that are not already disclosed.

42 Other Notes

a) The Company does not have any transaction to which the provision of Ind AS-2 relating to "Valuation of Inventories" applies.

b) In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

c) There were no litigation pending against the company which could be materially impact its financial position as at the end of the year.

d) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

e) During the previous year, the Company has received the PCOD/COD and the management has revised their estimates of Operation & Maintenance and Major Maintenance cost as per the technical evaluation and the same has been considered while recognizing the finance income on receivable from NHAI under Service Concession Agreement in the book of accounts.

H.G. ATELI NARNAUL HIGHWAY PVT. LTD.

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

43 Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company has term loan borrowings from banks and financial institutions on the basis of security as referred in Borrowing Security Clause including current assets. The required periodic information has been complied by the Company which are in agreement with the books of accounts.

(iii) Wilful defaulter

None of the entities in the Company has been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

The notes referred above are an integral part of these financial statements

As per our report of even date attached

For **Gianender & Associates**
Chartered Accountants
Firm's Reg. No.004661N

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

G.K. Agrawal
Partner
M.No.081603

Date: 08-May-2023

Place: New Delhi

For and on behalf of the Board of Directors
H.G. Ateli Narnaul Highway Private Limited
CIN: U45500RJ2019PTC064538

Harendra Singh
Director
DIN.00402458

Girish Pal Singh
Managing Director
DIN.00487476

Mayank Jain
Chief Financial Officer

Ankita Mehra
Company Secretary
M.No.A33288

Place: Jaipur

H.G. ATELI NARNAUL HIGHWAY PVT. LTD. RAJASTHAN

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 Unitholders at the office of the Highways Trust at Mumbai, from 10:00 A.M. to 5:00 P.M., from the date of the Letter of Offer until the Bid/Issue Closing Date, on Working Days.

A. Material Contracts

1. The Trust Deed, between the Sponsor, Erstwhile 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 October 20, 2022;

3. The Project Management Agreement, amongst the Trustee, Investment Manager, Project Manager and the Project SPVs dated October 20, 2022;

4. 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;

5. Concession Agreement executed between NHAI and BSCPL Godhra Tollways Limited dated February 25, 2010, together with any amendments or supplements thereto;

6. 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;

7. Concession Agreement executed between NHAI and Nirmal Bot Limited dated May 4, 2007, together with any amendments or supplements thereto;

8. Concession Agreement executed between NHAI and Shillong Expressway Private Limited dated July 14, 2010, together with any amendments or supplements thereto;

9. Concession Agreement executed between NHAI and GMR Ulundurpet Expressways Private Limited dated April 19, 2006, together with any amendments or supplements thereto;

10. Concession Agreement executed between NHAI and ANHPL dated May 27, 2019, together with any amendments or supplements thereto;

11. Certified copy of the Memorandum and Articles of Association of the Investment Manager as amended from time to time; and

12. Share purchase agreement dated May 3, 2023 entered into between Highways Trust (represented by its Trustee), H.G. Infra Engineering Limited, the Target SPV, the Future SPVs and the Investment Manager.

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 July 6, 2023 authorising this Issue;

3. The resolution of the Board dated July 6, 2023 approving this Draft Letter of Offer and resolution of the InvIT Committee dated July 7, 2023 approving this Draft Letter of Offer.

4. Consents received from (i) the Auditor; (ii) Valuer; (iii) Technical 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. Audited Consolidated Financial Statement and the Audited Combined Financial Statement of the Highways Trust along with the audit reports, dated May 19, 2023 and July 6, 2023, respectively;

6. Statement of tax benefits dated July 3, 2023;

7. In-principle listing approval dated [●] issued by NSE;

8. Tripartite Agreement dated March 7, 2022 among the Investment Manager (on behalf of the Highways Trust), NSDL and the Registrar;

9. Tripartite Agreement dated February 25, 2022 among the Investment Manager (on behalf of the Highways Trust), CDSL and the Registrar; and

10. SEBI interim observation letter dated [●] and SEBI final observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer 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 Letter of Offer 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 Letter of Offer 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

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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. Neeraj Sanghi
CEO cum Whole Time Director

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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

Ms. Ami Vinoo Momaya
Non-executive Director

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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. Janakiraman Subramanian
Independent Director

Sd/-

Date: July 7, 2023

Place: Chengalpattu

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 Letter of Offer 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 Letter of Offer 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. Manish Agarwal
Independent Director

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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

Ms. Sudha Krishnan
Independent Director

Sd/-

Date: July 7, 2023

Place: Delhi

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 Letter of Offer 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 Letter of Offer 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**

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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

Sd/-

Date: July 7, 2023

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 Letter of Offer 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 Letter of Offer 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

Sd/-

Date: July 7, 2023

Place: Singapore

ANNEXURE I – ANHPL VALUATION REPORT

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Prepared for:
Highways Infrastructure Trust ("the Trust")

Highway Concessions One Private Limited
("the Investment Manager")

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

Fair Enterprise Valuation

Valuation Date: 31st March 2023

Mr. S Sundararaman,
Registered Valuer,
IBBI Registration No - IBBI/RV/06/2018/10238

RV/SSR/R/2024/12

Date: 01st July 2023

Highways Infrastructure Trust
2nd Floor, Piramal Tower,
Peninsula Corporate Park,
Lower Parel, Mumbai – 400 013.

Highway Concessions One Private Limited
(acting as the Investment Manager to Highways Infrastructure Trust)
316-317, 'C' Wing, Kanakia Zillion,
L.B.S. Road, BKC Annex,
Kurla (West), Mumbai – 400 070

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 16th May 2023 as an independent valuer, as defined under Regulation 2(zzf) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 by Highway Concessions One Private Limited ("HC One" or "the Investment Manager") acting as the investment manager for Highways Infrastructure Trust ("the Trust" or "Highways InvIT"), as approved by the Board in their meeting held on May 19, 2023 for the purpose of the financial valuation of the Special Purpose Vehicle proposed to be acquired, named as H.G. Ateli Narnaul Highway Private Limited ("ANHPL" or the "SPV"). The SPV is to be valued in accordance with the Master Circular for Infrastructure Investment Trusts vide circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/53 dated April 26, 2022 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV as defined hereinafter on a going concern basis as at 31st March 2023 ("**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 have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified. My team and I have no present or planned future interest in the Trust, the SPV or the Investment Manager except to the extent of this appointment as an independent valuer and the fee for this Valuation Report ("**Report**") which is not contingent upon the values reported herein. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

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

Following Special Purpose Vehicle is proposed to be transferred to the Trust:

Sr. No.	Name of the SPV	Term
1	H.G. Ateli Narnaul Highway Private Limited	ANHPL

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

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

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

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

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

The valuation provided by RV and the valuation conclusion are included herein 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.

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: 2023.07.01 18:23:28 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWHH1037

Contents

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
Cr	Crores
CTM	Comparable Transactions Multiples
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31st March
GQ	Golden Quadrilateral
HAM	Hybrid Annuity Model
ANHPL	H.G. Ateli Narnaul Highway Private Limited
ICDS	Income Computation and Disclosure Standards
Ind AS	Indian Accounting Standards
INR	Indian Rupees
Investment Manager/HC One	Highway Concessions One Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometers
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NS-EW	North- South and East-West Corridors
O&M	Operation & Maintenance
PPP	Public Private Partnership
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SH	State Highway
Sponsor/ Galaxy	Galaxy Investments II Pte. Ltd.
SPV	Special Purpose Vehicle
The Trustee	Axis Trustee Services Limited

1. Executive Summary

1.1. Background

1.1.1. Galaxy Investments II Pte. Ltd. (“**"the Sponsor"** or “**Galaxy**”) has sponsored 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 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.

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$ 510 billion of assets under management as of 31st March 2023 that offers alternative asset management as well as capital markets and insurance solutions.

1.1.4. Axis Trustee Services Limited (“**the Trustee**”) has been appointed as the Trustee of the Highways InvIT. Highway Concessions One Private Limited ("**HC One**" 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	Galaxy Investments II Pte. Ltd.	3,76,47,288	100.0 %
2	Vidyadhar S. Dabholkar*	1	0.0 %
	Total	**3,76,47,289**	**100.0 %**

Source: Investment Manager

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

1.1.6. I understand that the Investment Manager and the Trustee of the Trust is desirous of undertaking financial valuation of the SPV. In this regards, I have been mandated to determine the fair enterprise value of the SPV as defined in the Letter in accordance with the SEBI InvIT Regulations and in this context would like me to carry out valuation of SPV as on 31st March 2023.

1.1.7. **Financial Asset to be Valued**

The financial asset under consideration are valued at Enterprise Value of the following:

Sr. No.	Name of the SPV	Term
1	H.G. Ateli Narnaul Highway Private Limited	ANHPL

(Hereinafter referred to as “**the SPV**”)

1.1.8. **Proposed Transaction**

I understand that the Trust is contemplating to acquire 100% equity stake / economic interest in the SPV from the existing respective shareholders (“**Proposed Transaction”)**

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1.2. Purpose and Scope of Valuation

Purpose of Valuation

1.2.1 The InvIT, acting through the Trustee, is deliberating to initiate a Rights Issue and the proceeds from such issue shall be utilised for discharging part consideration of the Proposed Transaction.

1.2.2 In accordance with the Master Circular for Infrastructure Investment Trusts vide circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/53 dated 26th April, 2022 read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended and circulars issued by SEBI from time to time, where an SPV is proposed to be acquired through the use of proceeds of the rights issue, the Trust is required to disclose the details of the SPV, including the Valuation Summary/ Report in the letter of offer (and any drafts) to be filed by the Trust with the SEBI, stock exchanges or other regulatory authorities.

1.2.3 I understand that the Investment Manager is proposing to undertake a fair enterprise valuation of the SPV as on 31st March 2023 for the aforementioned purpose.

1.2.4 In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPV as per the SEBI InvIT Regulations as at 31st March 2023.

1.2.5 Registered Valuer declares that:

i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

ii. The RV is independent and has prepared the Valuation Report ("the Report") on a fair and unbiased basis;

iii. RV has valued the SPV in accordance with Valuation Standards issued by the Institute of Chartered Accountants of India;

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

Scope of Valuation

1.2.6 **Nature of the Asset to be Valued**

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

1.2.7 **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 SPV 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.

1.2.8 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 SPV is 31sr March 2023 ("**Valuation Date**"). The attached Report is drawn up by reference to accounting and financial information as on 31st March 2023. The RV is not aware of any other events having occurred since 31st March 2023 till date of this Report which he deems to be significant for his valuation analysis.

1.2.9 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 SPV 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 the SPV 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	The revenue of the SPV is mainly derived from the annuity fees and O&M payments that is typically pre-determined with the relevant government authority and cannot be modified to reflect prevailing circumstances, other than annual adjustments to account for inflation and interest rate changes as applicable, as specified in the concession agreements. Accordingly, since the SPV is generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me the financial projections for the balance tenor of the 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 SPV are not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm ("**FCFF**") has been used for the purpose of valuation of the SPV. In order to arrive at the fair EV of the SPV under the DCF Method, I have relied on Audited Financial Statements as at 31st March 2023 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPV provided to me by the Investment Manager as at the Valuation Date.

The discount rate considered for the SPV for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("**WACC**") for the SPV. As the SPV under consideration has executed projects under the HAM 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 reverts to the government entity that granted the concession by the SPV. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

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

Sr. No.	SPV	WACC	Fair EV (INR Mn)	Adjusted Fair EV (INR Mn)
1	ANHPL	7.49%	5,039	5,472
Total			**5,039**	**5,472**

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. Expenses by increasing / decreasing it by 20%

1. Fair Enterprise Valuation Range based on WACC parameter (0.5%)

INR Mn

Sr. No.	SPV	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	ANHPL	7.99%	4,918	7.49%	5,039	6.99%	5,165
	Total		**4,918**		**5,039**		**5,165**

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	ANHPL	8.49%	4,802	7.49%	5,039	6.49%	5,296
	Total		**4,802**		**5,039**		**5,296**

3. Fair Enterprise Valuation Range based on Expenses parameter (20%)

INR Mn

Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	ANHPL	4,770	5,039	5,314
	Total	**4,770**	**5,039**	**5,314**

The above represents reasonable range of fair enterprise valuation of the SPV.

2. Procedures adopted for current valuation exercise

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

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

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

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

2.2.3. Discussions with the Investment Manager on:

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

2.2.4. Undertook industry analysis:

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

2.2.5. Analysis of other publicly available information;

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

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

2.2.8. Determination of fair EV of the SPV.

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3. Overview of Sponsor, InvIT and SPV

3.1. The Trust

3.1.1. Galaxy Investments II Pte. Ltd. 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.

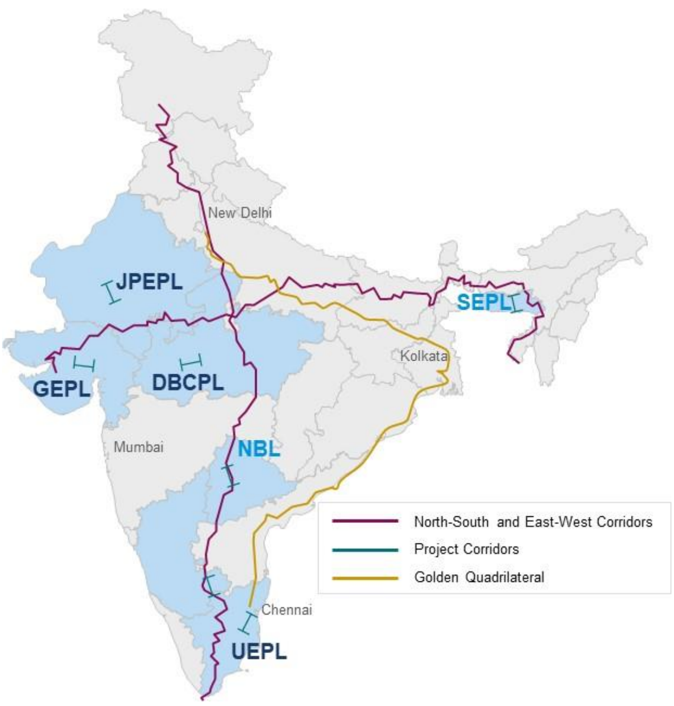
3.1.2. Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

3.1.3. Founded in 1976, KKR is a leading global investment firm, with US$510 billion in assets under management as of March 31, 2023, that offers alternative asset management as well as capital markets and insurance solutions.

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

Sr. No.	SPV	Acquisition Date	Acquisition Cost (INR Mn)
1	NBL	23-Aug-2022	354
2	SEPL	23-Aug-2022	356
3	DBCPL	23-Aug-2022	12,969
4	GEPL	23-Aug-2022	11,167
5	JPEPL	23-Aug-2022	3,863
6	UEPL	23-Aug-2022	3,005

3.1.5. A map depicting the respective location of the existing project SPVs of the Trust is provided below:



Background of the SPV

3.4. <u>H.G. Ateli Narnaul Highways Private Limited ("ANHPL")</u>

3.4.1. 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 ANHPL are as follows:

Parameters	Details
Total Length	191.24 Lane Kms
Nos. of Lanes	4/6
NH / SH	NH 11
State Covered	Haryana
Area (Start and End)	Narnaul Bypass and Ateli Mandi to Narnaul
Bid Project Cost	INR 9,521 Mn
PPP Model	HAM
Project Type	HAM
Concession Granted by	NHAI
PCOD Date	11-Mar-22
COD Date	11-Mar-22
Nos. of Annuities	30
Total Annuity Amount	~6,370 Mn
Construction Period	910 days from Appointed date
Operational Period	15 years from PCOD date

Source: Investment Manager

3.4.3. The Project Road includes Ateli Mandi to Narnaul section of NH-11 which starts from Ch. 43+445m and ends at Ch. 56+900 (Design Length 14 km) & Narnaul Bypass ((Design Length 28.000 km) in the state of Haryana. The Project Road is a section which is heading towards the Industrial town of Narnaul. The Project Road has a length of 40.81 km.

Sr. No.	Salient Features	Units
1	Total Length of the Project Highway	40.81 Km (6 Lane – 14Km & 4Lane – 28.81 Km)
2	Total length of Service Roads	62.07 Km
3	Widening	0.00 Km
4	New Alignment including bypass	23.85 Km
5	Approaches to underpasses	16.96 Km
6	No of Bypass Roads	5 Nos.
7	Flexible Pavement for Main carriageway	40.06 Km
8	Toll Plaza	NIL
9	Bus Bays / Bus Shelters	13 Nos.
10	Truck Lay Bays	2 Nos.
11	No of Rest Areas	NIL
12	Major Junction	3 Nos.
13	Minor Junctions	31 Nos.
14	No of Vehicular underpasses	16 Nos.
15	Vehicle overpass	1 Nos.
16	No of Subways	1 Nos.
17	No of Flyovers	3 Nos.
18	Pedestrian/Cattle Underpass	19 Nos.
19	Railway Over Bridge	1 Nos.
20	Major Bridges	1 Nos.
21	Minor Bridges	5 Nos.
22	Box/Slab Culverts	61 Nos.
23	Pipe Culverts	2 Nos.

Source: Investment Manager

3.4.4. The shareholding of ANHPL as on Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	H.G. Infra Engineering Limited	9,52,10,999	100.00%
2	Mr. Girishpal Singh	1	0.00%
	Total	**9,52,11,000**	**100.00%**

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 for ANHPL on 22nd June 2023.Following are the pictures of the plant site:

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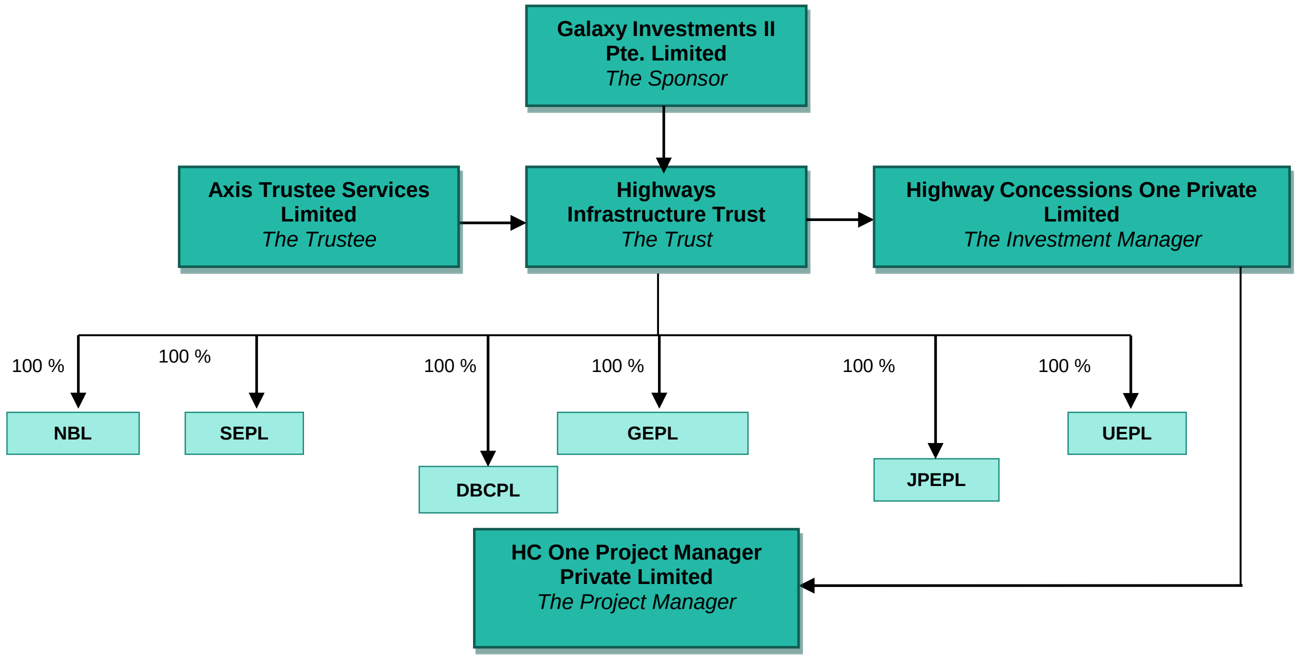
4. Structure of the Trust as at 31st March 2023

4.1. Following is the Structure of the Trust as at 31st March 2023.



Source: Investment Manager

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5. Overview of the Industry

5.1 Introduction

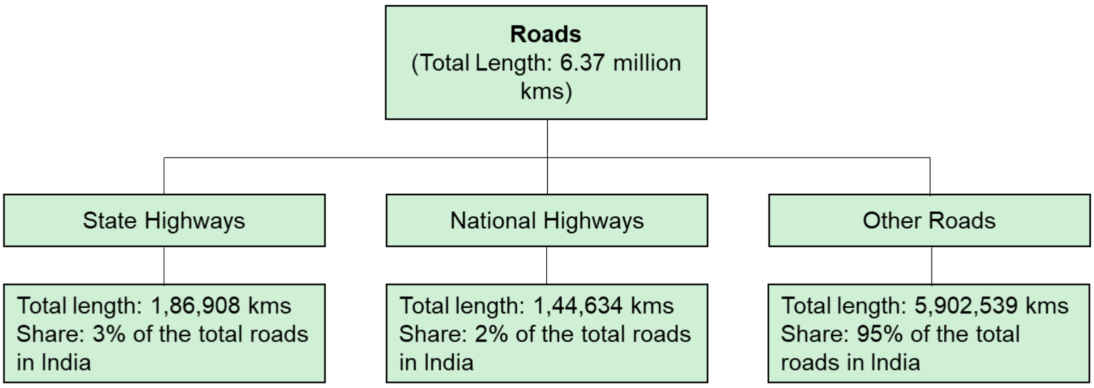
5.1.1 The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.

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.

5.2 Road Network in India

5.2.1 India has the second largest road network in the world, spanning over 6.37 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, February 2023

5.2.2 Out of this around 1.41 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 1.89 km of roads per square kilometer of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

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.

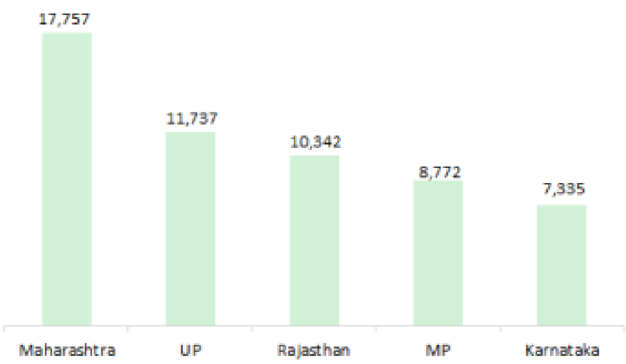
5.3.2 The National Highways Authority of India ("**NHAI**") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("**NHDP**").

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, Bharatmala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

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 maintained/ developed 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)



Source: MoRTH, Government of India.

5.4 Trend of Road and Highways Construction

5.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14.

5.4.2 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 83,677 km of national highways at an estimated cost of Rs 10.63 trillion (US$ 130 billion) after factoring in cost escalations up to December 2021 and is 99% higher than the initial estimates owing to substantial rise in land acquisition cost, and steep increase in input costs.

5.4.3 India has become the fastest highway developer in the world with 28.64 kms of highways built each day in 2021-22 and plans to construct 18,000 kilometres of national highways in 2022-23 at a record speed of 50 kms per day.

5.4.4 Under the Union Budget 2023-24, the Government of India has allocated Rs. 270,000 crore (US$ 33 billion) to the Ministry of Road Transport and Highways.

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

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

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

5.4.8 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).

5.4.9 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati Shakti Portal.

5.4.10 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US$ 26.20 billion) for the next 3 years.

5.4.11 The Ministry of Road Transport and Highways awarded road projects with a total length of 12,731 kms in FY22 as against 10,964 km in FY 21.

5.4.12 In FY 22, 10,457 kms of highways have been constructed against 13,298 kms of highway constructed in FY 21 across India.

5.4.13 The Government of India has allocated Rs. 111 lakh crore (US$ 13.14 billion) under the National Infrastructure Pipeline for FY 2019-25. The Roads sector is expected to account for 18% capital expenditure over FY 2019-25.

5.4.14 NHAI is planning to raise Rs. 40,000 crore (US$ 5.72 billion) to monetise its highway assets through Infrastructure Investment Trust (InvIT). The InvIT of NHAI, National Highways Infra Trust, has raised more than Rs 10,200 crore from foreign and Indian institutional investors till December 2022.

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

Details of national highways awarded (by NHAI) and constructed in India (KMs):

5.5 Implementation of important projects and expressways:

5.5.1 <u>Bharatmala Pariyojna</u>

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

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

Component	Length (Km)	Cost (INR Cr)
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

The completion cost of Phase-I is now estimated 10.63 trillion (US$ 130 billion) after factoring in cost escalations up to December 2021 and is 99% higher than the initial estimates owing to substantial rise in land acquisition cost, and steep increase in input costs. It is expected to be completed in FY2028, a delay of six years from the initial envisaged completion date of FY2022. During the last seven years, around 60% (20,632 km vs 34,800 km) of highway length has been awarded as of December 2021, and ~23% of the total length completed till March 2022

5.5.2 Char Dham Vikas Mahamarg Pariyojna:

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

5.5.3 Eastern peripheral and western peripheral expressway

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

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.

e. In the Union Budget of 2022-23, the increase in Budget was a whopping 68% compared to the last year and the government plans to complete 25,000 kilometres of National highways.

5.6 Opportunities in road development & maintenance in India

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

b. The Government aims to construct 65,000 kms of national highways at a cost of Rs. 5.35 lakh crore (US$ 741.51 billion).

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

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

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

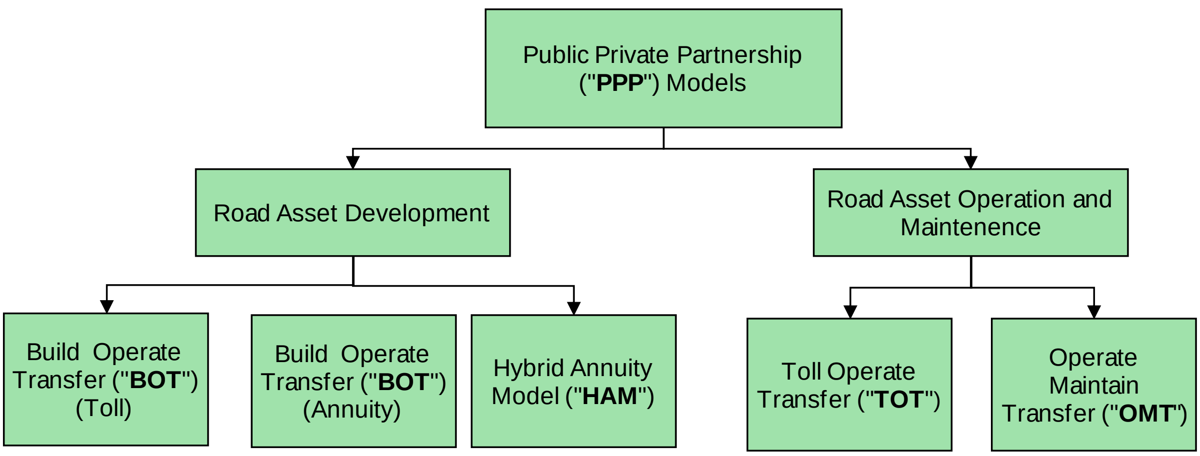
f. In February 2022, NHAI rolled out a plan to construct 5,795 kilometres of highways that will connect 117 districts. The plan was worth Rs. 1 trillion (US$ 13.09 billion).

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

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

NHAI is planning to award 500 km of the 6,500 km target for FY23 through BOT mode. It may give minimum toll revenue guarantee to make it easier for contractors to bid for BOT projects.

5.7.2 In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires. According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.



5.7.3 **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 right to collect toll on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.
- **HAM**
  - Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

5.8 Government Investment in the Sector

5.8.1 Under Union Budget 2023-24, the Government of India has allocated Rs. 270,000 crore (US$ 33 billion) to the Ministry of Road Transport and Highways.

5.8.2 During 2019-23, NHAI is expected to generate Rs. 1 trillion (US$ 14.30 billion) annually from toll and other sources.

5.8.3 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 have been transferred to the NHAI InvIT.

5.9 Growth Drivers

5.9.1 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. Domestic sales of passenger vehicles, three-wheelers and two-wheelers, reached 3,069,499, 260,995, and 13,466,412 units, respectively, in FY22. 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.

5.9.2 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. Under the Union Budget 2023-24, the Government of India has allocated Rs. 270, 000 crore (US$ 33 billion) to the Ministry of Road Transport and Highways.

5.9.3 Policy Support :

100% FDI is allowed under automatic route subject to applicable laws and regulations, standardized process for bidding and tolling. Under Union Budget 2022-23, allocation to the rural roads construction scheme PMGSY raised by 36 per cent to Rs 19,000 crore for the fiscal year 2022-23. Government of India has set up India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects.

5.10 Challenges & Issues in the Sector

5.10.1 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.

5.10.2 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.

5.10.3 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.

5.10.4 Financing road construction projects :

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

5.10.5 Climate Change

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

5.11.1 Economy and cost effectiveness :

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

5.11 Recent Initiatives by Government

5.11.1 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.

5.11.2 FASTag – Electronic Toll Collection

National Electronic Toll Collection (NETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology. India saw a 46 per cent growth in electronic toll collection through FASTags on highways in FY 22 from INR 34,778 Crores in FY 21 to INR 50,855 Crores in FY22. In 2021, the total amount collected through electronic toll was Rs 34,778 crore. Similarly, the number of FASTag transactions also witnessed a growth of around 48 per cent in 2022 as compared to that in 2021. The number of FASTag transactions in 2021 and 2022 was 219 crore and 324 crore, respectively.

5.11.3 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.

5.11.4 Rural development

Under the Union Budget 2022-23, the Government of India allocated Rs. 19,000 (US$ 2.37 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY), a 36% rise over the earlier estimate of INR 15,000 in Union Budget 2021-22. Under the 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).

5.11.5 Improve safety standards

In October 2021, the government announced rules to improve road safety, such as fixed driving hours for commercial truck drivers and a mandate to install sleep detection sensors in commercial vehicles. In October 2020, a memorandum of understanding (MoU) has been signed with the National Highways Authority of India (NHAI) by Guru Nanak Dev University (GNDU) to conduct advanced research on various aspects, including highway architecture, protection and revitalisation. The GNDU will undertake studies on ~137 km length of the National Highways passing through Pathankot, Gurdaspur and Amritsar districts.

5.11.6 Portfolios in roads & highways sector

In October 2020, the National Investment and Infrastructure Fund (NIIF) is making progress towards integrating its road and highway portfolio. The NIIF has acquired Essel Devanahalli Tollway and Essel Dichpally Tollway through the NIIF master fund. These road infra-projects will be supported by Athaang Infrastructure, NIIF's proprietary road network, assisted by a team of established professionals with diverse domain expertise in the transport field.

5.11.7 International Tie-ups

In December 2020, the Ministry of Road Transport and Highways signed an MoU with the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology of the Republic of Austria on technology cooperation in the road infrastructure sector.

5.11.8 Encourage private funding to reduce finance constraints

- From April 2000 to September 2022, the construction sector in India attracted 26 billion U.S. dollars in foreign direct investments (FDI) for construction development. Another 28 billion U.S. dollars went into construction activities. Maif 2 Investments India Pvt. Ltd. became the first-largest foreign investment in Indian roads sector under toll-operate-transfer (TOT) mode worth Rs. 9,681.5 crore (US$ 1.50 billion).
- In October 2020, the Asian Development Bank (ADB) and the Government of India signed a US$ 177 million loan to upgrade 450 kms of state highways and major district roads in Maharashtra.
- In January 2021, the Government of India and New Development Bank (NDB) signed two loan agreements for US$ 646 million for upgrading the state highway and district road networks in Andhra Pradesh.
- In August 2020, the Government of India revised the Model Concession Agreement for BOT projects to plug delays by imposing a deadline on the NHAI and incentivising timely work by concessionaires.
- According to revised norms, the NHAI will have to hand over 90% of the project land (vacant and ready to build) to private developers, thus creating a more market-friendly sector and attracting more private players.

Sources: IBEF Roads Report, February 2023; KPMG Report - Roads and Highway Sector; ICRA reports, website of 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 SPV.

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

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

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

7. Conclusion on Valuation Approach

7.1. 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 SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

7.2. 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.

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Cost Approach

The existing book value of EV of the SPV comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the Audited financial statements as at 31st March 2023 prepared as per Indian Accounting Standards (Ind AS) are as under :

SPV	Book EV (INR Mn)
ANHPL	4,487
Total	**4,487**

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

Market Approach

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

Income Approach

The SPV operates under a HAM based concession agreement with NHAI.

Currently, the SPV is completed and generating revenue. The revenue of the SPV is based on tenure, annuity and O&M payments, operations and other factors that are unique to the SPV. The revenue of the SPV is mainly derived from the annuity payments (annuity fees), interest income on balance annuity payments (which is linked to bank rate) and O&M payments (adjusted for inflation), that is defined under respective Concession Agreement for operation period.

The annuity fees are typically pre-determined with the relevant government authority (NHAI in this case) and cannot be modified to reflect prevailing circumstances. Interest on balance annuity payments are linked to bank rate, which is changed by RBI based on prevailing market conditions. The rights in relation to the underlying assets of the SPV shall be transferred after the expiry of the Concession Period. Accordingly, since the SPV are generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me with the financial projections of the SPV for the balance tenor of the concession agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise

8. Valuation of the SPV

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

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

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

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

Valuation

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

<u>Key Assumptions:</u>

8.4.1. **Revenue cash flows**

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

Payment from NHAI during the Construction Period:

The SPV was eligible to receive 40% of the Bid Project Cost, adjusted for the price index multiple, in 5 installments of 8% each during the construction period. I have been represented by the Investment Manager that the SPV has received the agreed portion of the inflation adjusted bid project cost (of 40%) as per the respective concession agreement. Hence, no further cash flow receipts are attributable towards this segment of cash flows.

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

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

b. **Interest**: As per the concession agreements, the SPV is entitled to receive interest on reducing Balance Completion Cost equal to applicable Bank Rate (as decided by the Monetary Policy Committee and published by the Reserve Bank of India) + 3.00% spread.

Such interest is due and payable along with each of the biannual installments as mentioned above; and

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

Following table summarizes the payment received by the SPV from NHAI till the Valuation Date, and balance number of biannual NHAI payments expected to be received:

INR in Mn	ANHPL
First NHAI Payment Amount	423
Second NHAI Payment Amount	479
Total NHAI Payments received till March 2023	**902**
No. of NAHI Payements Received till Valuation date	**2**
No. of NHAI Payments to be Received	**28**

*NHAI Payment amount (includes Annuity, O&M Payment and Interest on Annuity net of deductions.

8.4.2. **Expenditure:**

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

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

These are routine costs incurred every year. These costs are related to the normal wear and tear of the road and hence involve repairing the patches damaged mainly due to heavy traffic movement. O&M Costs also includes staff salaries, project management fees, professional fees, insurance, security expenses, electricity, etc. The primary purpose of these expenses is to maintain the road as per the specifications mentioned in the respective concession agreement. SPV is responsible for carrying out operation and maintenance activities at its 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 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.

The Investment Manager has provided the estimated O&M costs for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the respective SPV prepared by the external professional agency (Resotech Consulting Services Private Limited) for estimating major maintenance expenses and O&M Costs for the projected period.

I understand from the Investment Manager that after acquisition of the SPV, the Project Manager of the Trust will be supervising and managing the operations & maintenance of the Project Road, which will be undertaken through the O&M contractors at the SPV level.

Major Maintenance and Repairs Costs ("MMR Costs")

Estimating the MMR Costs

Major maintenance expenses will be incurred on periodic basis. These are the costs incurred to bring the road assets back to its earlier condition or keep the road assets in its normal condition as per the concession agreement terms. These expenses are primarily related to the construction or re-laying of the top layer of the road. Accordingly, such costs include considerable amounts of materials and labour.

The Investment Manager has provided the estimated MMR cost for the projected period and I have corroborated the said expenses with the Technical Due Diligence report of the respective SPV prepared by the external professional agency (Resotech Consulting Services Private Limited) for estimating major maintenance expenses and O&M Costs for the projected period.

Capital Expenditure ("Capex"): As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operation & Maintenance expenditure and Major Maintenance and Repairs expenditure for the projected period.

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

8.4.4. **Working Capital:**

The Investment Manager has provided projected financial information on biannual basis for the SPV. The biannual period are based on the annuity dates of the SPV. The amount of O&M expenses payable to O&M Contractor by the SPV on the basis of its O&M Agreements is also due and payable on the basis of the annuity amount and date on which annuities are received. Hence, for the SPV where annuity payments are material component of revenue, there are no receivables and payables estimated to be outstanding at their respective annuity dates during the biannually prepared projected period. Other working capital items outstanding as at the Valuation Date mainly represents the advance income tax, GST input tax (and cash) credit, prepaid expenses, etc. that are separately adjusted in the calculation of the enterprise values of the SPV. The Investment Manager has provided projected Working Capital information for the SPV. I have relied on the same.

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

i. **On Annuity:** As per the Annexure IV of the Policy circular of Ministry of Road Transport & Highways as on 23rd December 2022, SPV are eligible to claim reimbursement of GST on annuity, considering change in law, after adjusting GST input credit lying with the SPV.

ii. **On Interest on Annuity:** As per the Ministry of Finance circular dated 17th June 2021, GST will be applicable on annuity (deferred payments) paid for construction of roads i.e. annuity plus interest, additionally Ministry of Road Transport & Highways issued clarification dated 17th June 2021 that the SPV will be eligible to claim reimbursement of GST on interest.

iii. **Change in GST rates:** Ministry of Finance vide notification no. 03/2022 dated 13th July 2022, increased the GST rates applicable on road construction services from 12% to 18%. As per the Policy circular of Ministry of Road Transport & Highways as on 23rd December 2022, the above increase in GST rates are eligible for reimbursement from NHAI as it is considered as change in law (i.e. change of rate).

8.5. Impact of Ongoing Litigation on Valuation

As on 31st March 2023, there are no ongoing litigations.

8.6. Calculation of Weighted Average Cost of Capital for the SPV

8.6.1. Cost of Equity:

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

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

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

Wherein:
K(e) = cost of equity
Rf = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPV based on the above calculation (Refer Appendix 2).

8.6.2. **Risk Free Rate:**

I have applied a risk free rate of return of 7.17% on the basis of the zero coupon yield curve as on 31st March 2023 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited.

8.6.3. **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.

8.6.4. **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 SPV for an appropriate period.

For the valuation of the SPV, I find it appropriate to consider the beta of MEP Infrastructure Developers Limited, Bharat Road Network Limited and IRB InvIT fund for an appropriate period. The beta so arrived, is further adjusted based on the factors of mentioned SPV like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

I have further unlevered the beta of such companies based on market debt-equity of the 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 HAM based projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

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

8.6.5. **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 the SPV, considering the length of the explicit period for the SPV, and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSRP for the SPV.

8.6.6. **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 as 8.4%, as represented by the Investment Manager.

8.6.7. **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 SPV.
(Refer Appendix 2 for detailed workings).

8.6.8. **Cash Accrual Factor (CAF):**

The Cash Accrual Factor refers to the duration between the Valuation date and the point at which each cash flow is expected to accrue

8.7. At the end of the agreed concession period, the rights in relation to the underlying assets, its operations, the obligation to maintain the road reverts to the government authority that granted the concession. Hence, the SPV is 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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9. Valuation Conclusion

9.1. 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.

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

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

INR Mn

SPV	End of Projected Period	Approximate Balance Period	Enterprise Value	Adjusted Enterprise Value
ANHPL	10 March 2037	~13 Years 11 Months	5,039	5,472
Total			**5,039**	**5,472**

(Refer Appendix 1 for detailed workings)

9.4. 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.

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

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

9.7. 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.

9.8. 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. 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.	SPV	WACC + 0.5%	EV	Base WACC	EV	WACC - 0.5%	EV
1	ANHPL	7.99%	4,918	7.49%	5,039	6.99%	5,165
	Total		**4,918**		**5,039**		**5,165**

2. Fair Enterprise Valuation Range based on WACC parameter (1.0%)

INR Mn

Sr. No.	SPV	WACC + 1.0%	EV	Base WACC	EV	WACC - 1.0%	EV
1	ANHPL	8.49%	4,802	7.49%	5,039	6.49%	5,296
	Total		**4,802**		**5,039**		**5,296**

3. Fair Enterprise Valuation Range based on Expenses parameter (20%)

INR Mn

Sr. No.	SPV	EV at Expenses + 20%	EV at Base Expenses	EV at Expenses - 20%
1	ANHPL	4,770	5,039	5,314
	Total	**4,770**	**5,039**	**5,314**

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10. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

10.1 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 SPV are as follows:

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

Limitations

10.2 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.

10.3 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.

10.4 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.

10.5 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 SPV

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

The list of sanctions/ approvals obtained by the SPV till the date of this Report is provided in Appendix 3.1. As informed by the Investment Manager, there are no applications for government sanctions/ licenses by the SPV for which approval is pending as on 31st March 2023.

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

The Investment Manager has confirmed that the SPV are not required to take any periodic clearances and hence there are no up to date/ overdue periodic clearances as on 31st March 2023.

C. Statement of assets included:

The details of assets in INR Mn of the SPV as at 31st March 2023 are as mentioned below:

Sr. No.	SPVs	Net Fixed Assets	Non Current Assets	Current Assets
1	ANHPL	4	3,706	1,305
	Total	**4**	**3,706**	**1,305**

Source: Investment Manager

** Non-Current Assets for Annuity SPV includes Non-Current Financial Assets in the form of Annuity Receivable from respective counterparties.*

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

I have been informed that maintenance is regularly carried out by SPV in order to maintain the working condition of the assets.

Forecasted major repairs

INR Mn

SPV	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31
ANHPL	18	-	-	16	-	-	992	-

SPV	FY 32	FY 33	FY 34	FY 35	FY 36	FY 37
ANHPL	-	15	-	-	542	-

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 SPV (InvIT assets).

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

As informed by the Investment Manager, there are no material litigations including tax disputes as on 31st March 2023.

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.

11. 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:

11.1. Audited Financial Statements of the SPV for Financial Year ("FY") ended 31st March 2021, 31st March 2022 and 31st March 2023.

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

11.3. Details of projected Major Maintenance & Repairs (MMR) Expenditure and Capital Expenditure (Capex);

11.4. Technical Due Diligence Study Report dated 31st May, 2023 prepared by Resotech Consulting Private Limited for the SPV;

11.5. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 31st March 2023;

11.6. Concession Agreement of the SPV with the respective authority;

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

11.8. Shareholding pattern as on 31st March 2023 of the SPV and other entities mentioned in this Report;

11.9. Management Representation Letter by the Investment Manager dated 27th June 2023;

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

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

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.

12. Exclusions and Limitations

12.1. 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.

12.2. 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 March 2023 ("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.

12.3. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPV till 31st March 2023. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 31st March 2023 and the Report Date and that no material changes have occurred in the operations and financial position between 31st March 2023 and the Report date.

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

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

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

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

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

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

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

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

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

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

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

12.15. My conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.

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

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

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

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

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

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

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

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

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

12.25. **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.

12.26. 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: 2023.07.01 18:24:37 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No.: IBBI/RV/06/2018/10238
Asset Class: Securities or Financial Assets
Place: Chennai
UDIN: 23028423BGYWHH1037

Appendix 1 – Valuation of SPV as on 31st March 2023

Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MMR	Major Maintenance and Repair Expenses
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 – Valuation of ANHPL as on 31st March 2023 under the DCF Method

WACC **7.49%** **INR Mn**

Period	Financial Income	Changes in Financial Asset	O&M Income	Total Inflow from NHAI	Routine O&M Exp	Cash EBITDA	MME	Capex	Wcap	Tax	FCFF	CAF	DF	PVFCFF
	A	B	C	D=A+B+C	F	G=D-F	H	I	J	K	L=G-H-I-J-K		M	N=L*M
Sep-23	811	-393	45	463	44	419	-		(66)	76	409	0.48	0.97	395
Mar-24	245	149	63	457	44	413	18		(62)	74	384	0.98	0.93	357
Sep-24	237	180	41	458	40	418	-		(66)	72	411	1.48	0.90	370
Mar-25	226	184	41	451	40	411	-		(65)	69	406	1.98	0.87	352
Sep-25	218	192	43	453	43	410	-		(64)	69	406	2.48	0.84	340
Mar-26	206	197	43	446	42	404	-		(3)	66	341	2.98	0.81	275
Sep-26	197	205	46	448	45	403	-		-	65	338	3.48	0.78	263
Mar-27	185	194	63	441	45	396	16		-	62	318	3.98	0.75	239
Sep-27	175	218	49	442	48	395	-		-	60	334	4.48	0.72	242
Mar-28	163	225	49	437	48	389	-		-	57	332	4.98	0.70	232
Sep-28	151	234	52	437	51	386	-		-	56	330	5.48	0.67	222
Mar-29	138	241	51	430	50	380	-		-	52	327	5.98	0.65	212
Sep-29	126	-771	1,075	430	54	377	992		120	58	(793)	6.48	0.63	(497)
Mar-30	166	204	54	424	53	371	-		(58)	48	381	6.98	0.60	230
Sep-30	156	210	58	424	57	367	-		(57)	46	379	7.48	0.58	221
Mar-31	144	216	58	418	57	361	-		(5)	42	324	7.98	0.56	182
Sep-31	133	223	61	417	60	357	-		-	40	317	8.48	0.54	172
Mar-32	121	230	61	412	60	352	-		-	37	315	8.98	0.52	165
Sep-32	109	236	65	410	64	346	-		-	34	312	9.49	0.50	157
Mar-33	96	228	80	404	64	340	15		-	31	294	9.98	0.49	143
Sep-33	84	249	69	402	68	334	-		-	28	306	10.49	0.47	143
Mar-34	70	257	69	396	67	328	-		-	25	304	10.98	0.45	137
Sep-34	57	260	73	390	72	318	-		-	22	296	11.49	0.44	129
Mar-35	43	261	73	377	71	305	-		-	18	287	11.98	0.42	121
Sep-35	29	271	77	377	76	301	-		-	15	286	12.49	0.41	116
Mar-36	14	-269	635	380	76	304	542		51	15	(305)	12.99	0.39	(119)
Sep-36	29	259	82	369	80	289	-		(44)	8	325	13.49	0.38	123
Mar-37	15	273	68	356	66	289	-		(37)	4	322	13.99	0.36	117
Enterprise Value														**5,039**
Adjustments:														
Cash & Cash Equivalents														434
Adjusted Enterprise Value														**5,472**

Appendix 2 – Weighted Average Cost of Capital of the NHAI AnnuitySPV as on 31st March 2023

Particulars	ANHPL	Remarks
Risk Free Rate (Rf)	7.17%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st March 2023 of Government Securities having maturity period of 10 years, as quoted on the website of Clearing Corporation of India Ltd (CCIL)
Equity Risk Premium (ERP)	7.00%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (relevered)	0.45	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Base Cost of Equity	**10.31%**	**Base Ke = Rf + ERP * β**
Company Specific Risk Premium (CSRP)	0.00%	Based on SPV specific risk(s)
Adjusted Cost of Equity (Ke)	**10.31%**	**Adjusted Ke = Rf + ERP * β + CSRP**
Pre-tax Cost of Debt (Kd)	8.40%	As represented by the Investment Manager
Tax rate of SPV	25.17%	Tax Rate Applicable to SPVs is considered
Post-tax Cost of Debt	**6.29%**	**Post-tax Kd = Pre-tax Kd * (1-Tax rate)**
Debt / (Debt + Equity)	70%	Debt : Equity ratio computed as [D/(D+E)] is considered as 70%
WACC	**7.49%**	**WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]**

Appendix 3 – ANHPL: Summary of approval and licences

Sr. No.	Description of the permits	Issuing Authority	Validity
1	NOC for town Planning from Gram Panchayat/ Distance Certificate	Senior Town Planner, Department of Town & Country Planning, Haryana	19-May-22
2	Permisision of State government for drawing water from river/reservoir	Executive Engineer, Public Health Engg. Divn., Panchkula	31-Dec-20
3	Permission for setting up of Plant, installation of crushers, camp, stockyard, etc.	Gram Panchayat, Ateli, Mahendragarh District (Haryana)	NA
4	Permission for power supply	Dakshin Haryana Bijli Vitran Nigam Limited	Lifetime
5	Consent for Establishment and Operation of Plants from Pollution Control Boards	Regional Officer, Haryana State Pollution Control Board	31-Dec-22
6	Permission of Village Panchayat and state government to borrow earth	Mining Officer, Mining & Geology Department	18-Apr-21
7	Permission of state government for cutting of trees	Ministry of Environment, Forest and Climate Change	NA
8	Registration under the Legal Metrology Act, 2009 and respective state government rules for weigh-in-motion and road weigh bridge.	Inspector Legal Metrology, Narnaul	NA
9	Inspection Certificate for Static Weight Bridge at various Toll Plazas (Legal Metrology)	Officer, Legal Metrology	NA
10	Inspection Certificate for WIM installed at various Toll Plazas	Officer, Legal Metrology	NA
11	License for Generator (from Electrical Inspector), if any	Chartered Electrical Safety Engineer	NA
12	Labour licenses (issued by local Labour Commissioner)	Office of Licensing Officer, Contract Labour (Regulation and Abolition) Central Rules, 1971	24-Aug-23
13	License for Building & Other Construction activities (Office of the Regional Labour)	Office of Senior Town Planning,Gurugram	NA

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.

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Indore 452 018 (M.P.) Telefax : 0731-4006024. e-mail : contact@resotechindia.com
Website: www.resotechindia.com GSTIN:23AADCR9601G1ZL

RCSPL/HIT/TDD-HARYANA/23-24/075 Date: 31.05.2023

To,
Highways Infrastructure Trust
2nd Floor, Piramal Tower
Peninsula Corporate Park
Lower Parel
Mumbai 400 013,
Maharashtra, India

Sub:-Consultancy Services for Technical Due Diligence for "Narnaul Bypass (design length 24.0 km) & Ateli Mandi to Narnaul section of NH-11 from km 43.445 to Km 56.900 (design length 14.0 km) in the state of Haryana on Hybrid Annuity Mode".

Ref.: Work order No. HIT/Tech/2022-23/024 dated 08.02.2023

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.

Rishy.

RAJNISH MISHRA
DIRECTOR

HIGHWAYS INFRASTRUCTURE TRUST

TECHNICAL DUE DILIGENCE SERVICES

FOR

"CONSTRUCTION OF NARNAUL BYPASS & ATELI MANDI TO NARNAUL SECTION OF NH-11 FROM KM 43.445 TO KM 56.900 AS AN ECONOMIC CORRIDOR & FEEDER ROUTE IN THE STATE OF HARYANA ON HYBRID ANNUITY MODE"

TECHINICAL DUE DILIGENCE REPORT

MAY - 2023

Submitted By

RESOTECH CONSULTANCY SERVICES PVT. LTD.

58, Shri Mangal Nagar, Near Elite Anmol, Bicholi Hapsi Road, Indore 452018 (M.P.), Phone: 0731-4006024

Email: contact@resotechindia.com

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RESOTECH

1.1 BACKGROUND

National ***Highways Authority of India (NHAI)*** has completed the "Construction of proposed Narnaul Bypass (design length 24.0 km) & Ateli Mandi to Narnaul section of NH-11 from km 43.445 to Km 56.900 (design length 14.0 km) as an Economic Corridor & Feeder route in the state of of Haryana on Hybrid Annuity Mode". This Project was awarded to ***M/s H.G. Infra Engineering Ltd., Jodhpur*** by NHAI on 28.02.2019 for a Concession Period of 15years. ***M/s H.G. Infra Engineering Ltd.*** has incorporated the SPV ***M/s H.G. Ateli Narnaul Highway Pvt. Ltd.*** to act as the Concessionaire for the project. The Concession Agreement was signed on 27th May 2019 and the COD was issued on 11th March 2022.

M/s Resotech Consultancy Services Pvt. Ltd. has been engaged as Technical/Engineering Due Diligence Advisor for ***M/s Highway Concession One Pvt. Ltd. ("HC")*** for thepurpose of carrying out a Technical Due Diligence for the said Project.

1.2 PROJECT ROAD DESCRIPTION

The Project Road includes Ateli Mandi to Narnaul section of NH-11 which starts from Ch. 43+445 and ends at Ch. 56+900 (Design Length 14 km) & Narnaul Bypass ((Design Length 28.000 km) in the state of Haryana. The Project Road is a section which is heading towards the Industrial town of Narnaul. The Project Road has a length of 40.81 km. The location map of the project road is shown in fig. 1.1 below:

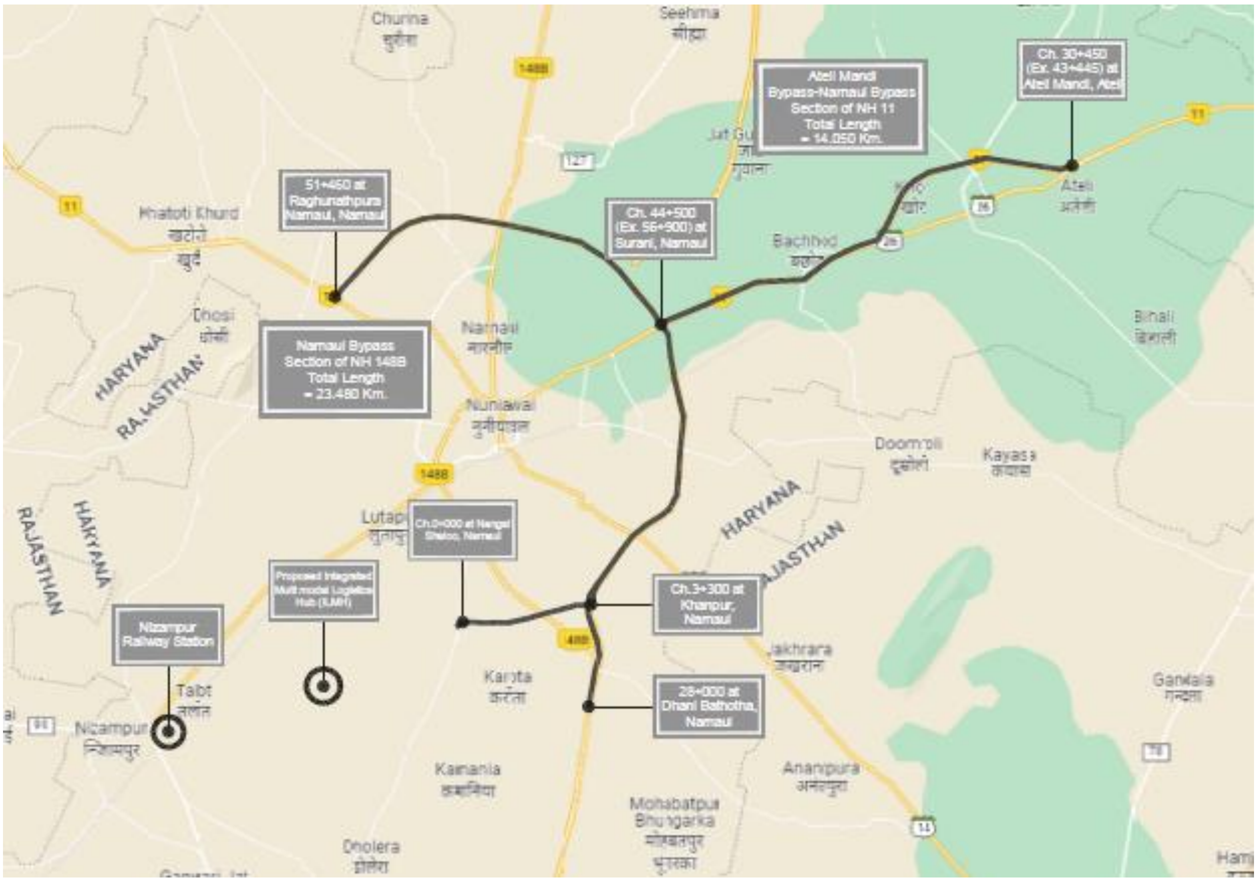

Fig 2.1: Project Road Map

1.3 SALIENT FEATURES OF THE PROJECT

Some of Sailent details of the Project as per the CA are mentioned in the Table 1.1 below:

Table 2.1: Salient features of the project

S. NO	PARAMETER	DESCRIPTION
A.	**Basic Details**	
1	Project Name	Construction of Narnaul Bypass & Ateli Mandi to Narnaul section of NH-11 from Km 43.445 to km 56.900 as an Economic Corridor & Feeder Route in the state of Haryana on Hybrid Annuity mode
2	State	Haryana
3	Client	National Highways Autority of India
4	Highway	NH -148 B & NH-11
5	Concession Period	15 years
6	Effective Length of the Project	40.810 km
B.	Contract Details	
1	Concessionaire	M/s. H.G.Ateli Narnaul Highway Private Limited
2	EPC Contractor	M/s H.G. Infra Engineering Limited
3	Bid Price	871.28 Cr.
4	Bid Project Cost	952.11 Cr.
5	Estimated Bid Project Cost	765.50 Cr.
6	First year O&M cost	5.00 Cr.
7	LOA	27.05.2019
8	Appointed Date	28.02.2020
9	Construction Duration	910 days
10	Construction Completion Certificate	11.03.2022
11	Concession Period End	10.03.2037
C.	Project Details	
1	Roadway	1. Six Lane with paved shoulder- 14.00 km; Four lane with paved shoulder-9.46 km (Narnaul Bypass) 2. Four lane with paved shoulder-14.05 km (Ateli-Narnaul feeder road) 3. Four lane with paved shoulder-3.30 km (ILMH feeder road)
2	Pavement Type	Flexible
3	Service Road/Slip Road	50.280 km
4	Railway Over Bridge	01 no.
5	Flyover	03 nos.
6	Vehicular Underpass	16 nos. (including Vehicular Overpass–1 no. & LVUP-1 no.)
7	Pedestrain Underpass	16 nos.
8	Major Bridge	01 no.
9	Minor Bridge	05 nos.
10	Culverts	Box Culverts - 61 nos. (including cross road culverts – 16 nos.)
11	Major Junctions	02 nos.
12	Minor Junctions	Nil
13	Rest Area cum Truck Lay Bye	02 nos. both side at Ch. 32+000
14	Bus Bay	13 nos.

1.4 SCOPE OF WORK FOR THE STUDY

1.4.1 GENERAL

a. Review of all documents related to Project including but not limited to Concession Agreement, Supplementary agreements, provisional completion certificates, punch list items completion certificate, clearances, monthly IE reports, correspondence etc.

b. Review of Change of Scope/ other Claims submitted and to be submitted to Authority / IC, comment on the veracity of the same and approval status.

c. Highlight any non-compliance of the terms of the CA or O&M manual and IC inspection reports etc.

d. Review of any pending issues related to Utility shifting, maintenance etc. in accordance with the Concession Agreement.

e. Comment on issues including any balance work that may have a potential impact on the maintenance costs going forward and which may warrant a one-time expense in future.

f. In general review the ATMS/HTMS and the hardware installed therein and comments on the adequacy and level of maintenance of the same to meet the requirement under CA.

g. Review of As-Built drawings.

h. Determine the appropriate level and frequency of routine and major maintenance activities required to keep the road assets in good condition and to meet the performance and O&M standards, specifications and requirements.

i. Review the major maintenance work undertaken, and prepare projections for future major maintenance expenses (incl. any hand-back requirements), so as to ensure compliance with the terms of CA.

j. Review of condition of SPV assets including all equipment and vehicles etc.

k. Report on balance acquisition of land if any and possibility of acquisition.

l. Report on current encroachments on the project stretch and future expected problems due to the same.

m. Report on the possibility of project augmentation.

n. Report on hydrological conditions of adjoining water bodies, rivers etc. and possibility of damage to project due to flood situations.

o. Review of all documents related to construction of project including correspondence exchanged between NHAI, IE, Concessionaire, pavement design report, mix design report for all layers, quality control and quality assurance plan, Work Programme, Methodology, O&M manual, design of structures, IC inspection repots etc.

1.4.2 ASSESSMENT OF ASSET CONDITION

a. Assessment of road assets in conformance with specifications, standards and codes stipulated in CA and O&M manual etc.

b. A detailed inventory survey of road assets including main carriageway, structures, service roads, lightings, drains, slope protection works, retaining walls, bus bays, bus shelters, truck lay byes, O&M center, road furniture including signages, MBCB, guard rails etc. other safety measures, plantation, vehicles and other objects.

c. Assessment of condition of the structures including but not limited to visual inspections of bearings, expansion joints, superstructure, substructures, foundations, associated components, pre-stress anchorages (if any), review of geotechnical assumptions, perform geotechnical due diligence, review as-built design and assess design assumptions and provide a detailed report thereon.

d. Assessment of condition of the road pavement including but not limited to visual inspections of the pavement, review as-built design and assess design assumptions and provide a detailed report thereon.

e. Assessment of physical dimensions/ condition of the infrastructure to determine useful lives of the materials and equipment requiring rehabilitation and/or replacement.

f. Assesssment of physical dimensions/condition of the infrastructure to determine useful lives of the materials and equipment requiring useful lives of the material and equipment requiring rehabilitation and/or replacement.

g. Assessment of variation/COS orders on the project, if any, and evaluate their impact on expenditure, time to completion, future O&M obligations.

h. Comments on the pavement crust composition (Design vs Actual) for Rigid/Flexible pavement as the case may be.

i. Recommendations for any major repair/ rehabilitation and strengthening based on the condition survey and design reports.

j. To provide a detail photographic report of the infrastructure assets and its condition to withstand till end of concession period. Suggestion and cost evaluation for any additional repair / rectification / modification required.

k. Review and reporting on (i) Quality (ii) Safety (iii) Environmental (iv) Timelines/Progress (v) Cost.

1.4.3 INVESTIGATIONS TO BE CARRIED OUT

a. Assessing maintenance needs and its valuation according to the level of deterioration.

b. Evaluation of overall condition of flexible pavement including PQC/ BT at toll plaza, BC, DBM, Base/Sub base and sub grade and drainage condition survey.

c. Carry out visual condition survey for rigid (toll plaza) and flexible pavement.

d. Carryout FWD test for entire road length along outer and inner lane to ascertain the adequacy of the pavement structure for expected traffic loads.

e. Carry out NSV in each lane of carriageway and carry out any other test required for Flexible pavement/Rigid pavement.

f. Carryout Axle load survey at Toll Plaza locations for the assessment of axle loading pattern and estimation of VDF. Assessment of traffic loading in terms of MSA based on VDF as obtained and Traffic Projection and comment on the road construction and design on the basis of the Traffic Volume Count (3 days).

g. NDT test on Major/Minor bridges if any required based on visual observations.

h. Carry out drainage survey to asses any potential future problems which will cause by moisture and runoff.

1.4.4 O&M ASSESSMENT AND SUBMISSION OF REPORTS

a. To Develop a detailed O&M cost forecast for each year of the concession period and a detailed major maintenance cost forecast along with estimation of costs towards handover requirements.

b. Provide detailed Due Diligence Report.

CHAPTER 2.0: DOCUMENT REVIEW

2.1 PROVISIONAL CERTIFICATE:

The Provisional Certificate for the Project was issued by IE with effect from 11.03.2022 vide letter dated 31.03.2022. The balance works were listed in the punch list Annexure -A & B. The Annexure-A contained the list of minor works to be completed within 90 days while Annexure-B contained balance works to be completed within 90 days of handing over of the land.The punch list-A contained minor items like kerb painting, completion of boundary wall gaps, repairing of chute drains, cleaning of drain, side slope, crash barrier painting, construction of median wall, providing high mast light etc. The details of items in annexure-B of punch list are provided the table no. 2.1 below:

Table 2.1: punch list for balance works to be completed within 90 days of handing of land

S. NO.	DESCRIPTION	STATUS AS ON 07.06.2022
1.0	Balance Length of Main Carriage Way	
A	40+000 to 40+500 LHS (U-turn _Loop Area) Narnaul Bypass	Complete
B	40+530 to 40+719 RHS (U-turn _Loop Area)- Narnaul Bypass	Complete
C	40+719 to 40+950 RHS (U-turn _Loop Area)- Narnaul Bypass	Complete
D	52+260 to 52+380 RHS (Trumpet RAMP-MCW)- Narnaul Bypass	Complete
E	0+000 to 0+900 BHS (ILMH)	Complete
2.0	Balance Length of Service Road	
A	51+380 to 51+460 LHS (NBP)	Complete
3.0	Balance (0.900km) for Road Sign, Marking pending in ILMH, UTURN, TRUMPET	
A	0+000 to 0+900 BHS (ILMH)	Complete

2.2 COMPLETION CERTIFICATE

The appointed date for the project was 28/02/2020 with stipulated date of completion as 25/08/2022 the date of completion has been extended to 21/11/2022 vide NHAI letter dated 25/01/2021 and extension of time was approved up to 26/12/2022 vide NHAI letter dated 13/11/2022

However , subsequent to completion of all balance items of work by the Concessionaire, the Completion Certificate for the project was issued for complete length of 40.810 Km by the IE Vide letter dated 09.09.2022.

2.3 BONUS ON EARLY COMPLETION:

NHAI has accorded the approval for bonus payment vide their letter dated 13.11.2022. The days for early computation of bonus have been worked out to 168. Extension of time have been approved 26.12.2022. The amount of Bonus worked out as per clause 23.5 has been worked out and recommended as Rs 18.87 Cr by the IE to the Authority vide dated 22.11.2022.

2.4 REVIEW OF CONCESSION AGREEMENT

Our observations on the significant relevant provisions of the Concession Agreement are brought out in the sub paras below.

2.4.1 SPECIFIC COMMENTS ON ARTICLES OF CONCESSION AGREEMENT

The Project has been provisionaly completed and is presently under the Operation & Maintenance Period. We have reviewed the major provisions of the Concession Agreement, and our specific comments on the same are indicated in table 2.2 below:

Table 2.2: Comments on Concession Agreement

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
1	Recital A	Scope of project	Construction of proposed Narnaul Bypass (design length 24.0 km) & Ateli Mandi to Narnaul section of NH-11 from km 43.445 to Km 56.900 (design length 14.0 km) as an Economic Corridor & Feeder route in the state of Haryana on Hybrid Annuity Mode which shall be partly financed by the Concessionaire who shall recover its investments and costs through payments to be made by the Authority in accordance with the terms and conditions of the Concession Agreement.	Construction work was completed, and COD was issued on 11.03.2022. The project is now in the O&M phase.
2	Recital E	Incorporation of Special Purpose Vehicle (SPV)	The sole purpose of the Concessionaire is to exercise the rights and perform its obligations and liabilities under the Concession Agreement.	The Concessionaire, ***M/s H.G. Ateli Narnaul Highway Pvt. Ltd*** was incorporated, exclusively for the project as a limited liability company under the Companies Act 2013 and has entered into the Concession Agreement with the Authority.
3	Article 3, clause 3.1,	Grant of concession, the concession period	Grant of the concession includes the exclusive right, license, and authority to construct, operate and maintain the Project (the "Concession.") during	The Appointed Date was 28.02.2020. Construction period commenced from the Appointed Date and the Operation period of 15 years commenced from COD i.e 11.3.2022

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			the Construction period of 910 days and Operation Period of 15 years commencing from the Commercial Operation Date.	
4	Schedule G	Project Completion Schedule	Project Milestone -I /II/III shall occur on the date falling on the 225th/ 450th / 675th day from the Appointed Date, respectively. The scheduled completion Date shall occur on the 910th day from the Appointed Date. Upon extension of any or all of the aforesaid Project Milestones or the scheduled 4 laning Date, the Project Completion Schedule shall be deemed to have been amended accordingly.	Project Milestone I, II & III were achieved before the scheduled dates. The scheduled 4 laning was achieved within the rescheduled timeline.
5	4.2,4.3	Damages for delay by the Authority/Concessionaire	For the default of the Authority to procure fulfillment of any or all the Conditions Precedent outlined in Clause 4.1.2, the Authority shall pay to the Concessionaire damages in an amount calculated at the rate of 0.2% of the Performance Security for each day's delay until the fulfilment of such Conditions Precedent, subject to a maximum limit equal to the amount of bid security and upon reaching such limit the Concessionaire may terminate the agreement For the default of the Concessionaire to procure fulfilment of any or all the Conditions Precedent outlined in Clause 4.1.3, damages to be paid by the	No such damages have been imposed.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			Concessionaire to the Authority shall be calculated @ 0.3% of the performance Security for each day if delay subject to a maximum limit equal to the amount of bid security and upon reaching such limit the Authority may terminate the agreement	
6	5.1.2	Applicable laws and permits	The Concessionaire shall comply with all Applicable Laws and Applicable Permits.	The Concessionaire shall be responsible for procuring and renewing all applicable licenses and permits required to execute works during the Construction and O&M period.
7	5.2.4	Substitution agreement provision	The Concessionaire shall procure that each of the project Agreements contains provisions that entitle the Authority and / or Lender's Representative to step into such Agreement in substitution of the Concessionaire in the event of termination or suspension.	The Authority or Lender's Representative can substitute the Concessionaire, if so required, by exercising this provision as per the terms and conditions of the Concession Agreement.
8	5.2.5	Selection / Replacement of EPC Contractor and an O & M Contractor	The Selection / Replacement of EPC Contractor and an O & M Contractor shall be subject to prior approval of the Authority.	The approval of the Authority shall be limited to national security and public interest perspective only.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
9	5.3, 7.1 (k)	Obligation related to Change in Ownership	The Concessionaire shall not undertake or permit any change in ownership except with the prior approval of the Authority. It shall at no time undertake or permit any Change in Ownership except in accordance with the provisions of Clause 5.3 and that the selected bidder, together with its Associates, hold not less than 51% of its issued and paid-up Equity as on the date of the Concession Agreement.	Acquisition of 25% or more equity of the Concessionaire and/or acquisition of any control directly or indirectly of the Board of Directors shall constitute a Change in Ownership. The requirement of the Authority's approval is limited to national security and public interest perspectives only. Default from the Concessionaire in complying with this clause entitles the Authority to terminate the Concession Agreement.
10	5.7	Branding of Project Highway	The Project Highway or any part thereof shall not be branded in any manner to advertise, display or reflect the name or identity of the Concessionaire or its shareholders.	The Project Highway shall be known, promoted, displayed, and advertised by the name of Construction of proposed Narnaul Bypass (Design Length 24 km) & Ateli Mandi to Narnaul section of NH-11 from km 43.445 to km 56.900 (Design length 14 km)
11	8.1.5	Project risk	Except as otherwise provided in this Agreement, all risks relating to the Project and performance of it's obligations shall be borne by the Concessionaire.	The Authority shall not be liable in any manner for risks, or consequences thereof, which are not explicitly attributed to the Authority in the Concession Agreement.
12	9.4 and 9.5	Deemed Performance Security	These Clauses are deleted in this Agreement	
13	10.3.2 and 10.4	Procurement of the site	It is the Authority's Obligation to grant vacant access and Right of Way such that the Appendix (Containing those parts of the Site to which vacant access and Right of Way has not been granted to the Concessionaire) shall not include land which shall prevent the Concessionaire from	The work has been completed in the entire length.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			undertaking construction of the Project to the extent of at least 80 % of the length, on or prior to the Appointed Date. The site provided by the Authority is to be free from all encumbrances and occupations.	
14	10.3.6, 1.3 of Sch A	Procurement of Additional land	If required the Authority shall procure the additional land needed for Toll Plazas, Traffic Aid Posts, Medical Aid Posts, underpasses, and overpasses or construction of works specified in the Change of Scope.	Upon acquisition, such land shall form part of the site and vest in the Authority.
15	11.2	Shifting of obstructing utilities	The Concessionaire shall undertake to shift utilities that causes or shall cause a material adverse effect on the construction, operation, or maintenance of the Project Highway.	The cost of such shifting shall be borne by the Authority / the entity owning such utility. The Concessionaire shall not be held responsible for failure to meet any obligation on account of any delay is shifting of the utilities if the delay is on the part of the entity owning the utility.
16	11.3	New utilities	The Concessionaire shall allow access to, and use the Site to lay telephone lines, water pipes, electric cables, or other public utilities as per the conditions specified by the Authority.	Where such access or use causes any financial loss to the Concessionaire, it may require the user of the Site to pay compensation or damages as per Applicable Laws.
17	11.4	Felling of Trees	Authority shall assess the Concessionaire in obtaining the Applicable Permit for felling of trees	The cost of felling of such trees shall be borne by the Authority. The Concessionaire shall not be held responsible for failure to meet any obligation on account of any delay in felling of the trees for reasons beyond the control of the Concessionaire.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
18	12.2	Drawings	The Concessionaire shall prepare and submit all drawings specified in Sch. H for review of the Independent Engineer. Within 90 days of COD the Concessionaire shall submit complete set of As Built Drawings to the Authority and the IE.	Any review of drawings by the IE or it's failure to review the drawings shall not relieve the Concessionaire of it's obligations and liabilities under the Agreement.
19	12.3	Construction of The Project	The Concessionaire shall undertake Construction of the project as specified in Schedule B and Schedule C and in conformity with the Specifications and Standards set forth in Schedule D on or after the Appointed Date. The 910th day from the Appointed Date shall be the Scheduled Completion Date.	The Concessionaire shall construct the Project in accordance with Project Completion Schedule as per Sch G and in case of any delays in achieving any milestone beyond a period of 90 days the Concessionaire shall pay Damages to the Authority at the rate of 0.1 % of the Performance Security for each day of delay. However, such damages shall be refunded by the Authority if the Concessionaire is able to complete the project before the Scheduled Completion Date.
20	12.4	Maintenance during the construction period	During the Construction Period, the Concessionaire shall maintain the existing Project Highway to ensure that the road is in pothole free condition	The Concessionaire shall bear the cost of Maintenance. For Failure on the part of the Concessionaire to meet the obligations the Authority may recover damages @ 0.2 % of the Performance Security for each day of delay.
21	14.2 and 14.3	Completion Certification and Provisional Certificate	The Completion Certificate shall be issued to the Concessionaire by the IE on completion of Construction works and on determining the Tests for Completion to be successful. A provisional certificate may be issued even though certain works are yet to be completed. The	Provisional Certificate and Completion Certificate was issued on 11.3.2022.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			list of outstanding items of work shall be appended thereto in the form of a Punch List. The Provisional Certificate can only be issued if the Concessionaire has completed construction of 100 % of the site made available to the Concessionaire up to 182 days from the Appointed Date.	
22	14.4	Completion of Punch List items	All items in the Punch List shall be completed by the Concessionaire within 90 days. This period can be extended for a maximum further period of 120 days. Failure on the part of the Contractor to complete the works shall entitle the Authority to terminate the Contract.	If any item of work mentioned in Punch List is delayed beyond the maximum specified period for reasons solely attributable to the Authority the completion date shall be decided by the IE as per good industry practice and for the purpose of damages the Provisional completion date shall be deemed to be the Date of Completion for such item of work.
23	15.1	Commercial Operation Date (COD)	The project shall be deemed to be complete when a Completion Certificate or a Provisional Certificate is issued. This date shall be the Commercial Operation Date of the project.	The Concessionaire shall be entitled to demand and collect Annuity payments in accordance with the provisions of the agreement on the COD. The COD as per the Provisional Certificate is 11.03.2022
24	16	Change of scope	If the Authority requires the provision of additional works and services not included in the project's scope, the Authority shall issue a change of scope notice.	Any Change of Scope shall be made according to Article 16 of the Concession Agreement. The costs thereof shall be expended by the Concessionaire and reimbursed by the Authority.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
25	16.2.3	Fixing Time and cost for COS implementation	IE shall assist the parties in agreeing upon the time and costs for implementing any change of scope. On reaching an agreement, COS Order shall be issued by the Authority requiring the Concessionaire to proceed with the performance thereof.	In the event, Parties are unable to agree; the Authority may require the Concessionaire to proceed with the performance pending resolution of the dispute.
26	16.3.1	Payment for change of scope	Within 7 days of issuing a Change of Scope Order, the Authority shall make an advance payment to the Concessionaire in a sum equal to 20% (twenty percent) of the cost of Change of Scope.	In the event of a Dispute, 20% (twenty percent) of the cost as assessed by the Independent Engineer shall be paid in advance. The advance payment made shall be settled with bills for payment regarding the work in progress or completed works.
27	16.4.2	Limit on Change of Scope order	The Concessionaire shall be entitled to nullify any Change of Scope Order if it causes the cumulative costs relating to all the Change of Scope Orders to exceed 10% of the Bid Project Cost in any continuous period of 3 years immediately preceding the date of such Change of Scope Order or if such cumulative costs exceed 25% of the Bid Project Cost at any time during the Concession Period.	The Cumulative Cost of the positive change of scope order approved by the Authority is Rs 86.44 Cr (9.1 % of the Bid Project cost approx.).
28	16.5	Power of the Authority to undertake works	After giving notice to the Concessionaire and considering its reply, the Authority may award any works or services contemplated under Change of Scope to any person based on open competitive bidding.	The Concessionaire shall have the option of matching the first ranked bid in terms of the selection criteria, subject to payment of 2% of the bid amount to the Authority. The option can be exercised only if the Concessionaire has participated in the bidding process and does not exceed the first ranked bid by more than 10%

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
29	16.6	Reduction in Scope of the project	In the event, the Concessionaire cannot complete any Construction Works on account of Force Majeure or for reasons solely attributable to the Authority, then the total cost of reduced scope shall be determined by the Authority as under: i) The IE shall determine the civil cost of reduced scope as per SOR applicable on Bid Due Date. ii) The Civil cost shall be determined by 1.06 to arrive at estimated cost of reduced scope. iii) The estimated cost shall be multiplied by the ratio of Bid Project Cost and Estimated Project Cost to arrive at the Total cost of reduced scope.	The Bid Project Price shall be reduced by the Total Cost of Reduced Scope and all references to the Bid Project Cost would mean the revised Bid Project Cost . There is no revision in the Bid Project Cost.
30	16.7	Effect of Change in Scope on the O & M Costs	If the Change in Scope leads to change in the length of the Project Highway , the O & M Payment shall be reduced or increased in proportion to the reduction or increase in the length .	There is no reduction in the length of the Project Highway.
31	18.1	Safety Requirement	The Concessionaire shall comply with the Safety Requirements specified in Schedule L . The Authority shall appoint an experienced and qualified firm or organization (the "Safety Consultant") to carry out a safety audit of the Project Highway in accordance with the Safety Requirements. It shall take all other actions necessary to secure compliance with	All costs and expenses arising out of or relating to Safety Requirements for works and services covered under the Agreement shall be borne by the Concessionaire. Cost for additional provisions will be covered by Change of Scope.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			the Safety Requirements.	
32	21	Independent Engineer	The Authority shall appoint and Engineering Consultancy Firm to act as the Independent Consultant/ Independent Engineer. As per Clause 3.1 of Sch M, the payments to the IE on account of fees and expenses not exceeding 3 % of the Bid Project Cost shall borne equally by the Authority and the Concessionaire.	The detailed Terms of Reference for the Independent Engineer have been specified in Sch N of the Concession Agreement
33	22.1.1	Financial Close	The Concessionaire shall achieve Financial Close within 150 days from the date of signing of the Concession Agreement and in the event of a delay, it shall be entitled to a further period not exceeding 120 days, subject to payment of damages at the rate of 0.05 % of the Performance Security for each day of delay. A further period of 95 days shall be provided subject to payment of damages at the rate of 1 % of the Performance Security for each day of delay.	The damages payable under this clause shall be in addition to the Damages if any payable under Clause 4.3.
34	23.1	Bid Project Cost	The Bid Project Cost specified in this clause in inclusive of the cost of construction , interest during construction , working capital , physical contingences and all other costs and expenses and charges for and in respect of construction of the project but excludes additional costs on account of variation in Price Index, COS, Change in Law, Force Majeure or breach of this	The Bid Project Cost as on Bid Date shall be deemed to be Rs 952.11 Cr as against the Estimated Project Cost of Rs 765.50 Cr.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			Agreement payable to the Contractor as per the Agreement.	
35	23.2.1	Adjusted Bid Project Cost	The Bid Project Cost specified in Clause 23.1 shall be revised from time to time to reflect the variation in Price Index occurring after the Reference Index immediately preceding the Bid Date.	The Effect of price variation on the payments to be made to the Concessionaire under the Agreement is covered under this clause.
36	23.3, 23.4 and 23.6	Payment of Bid Project Cost	40 % of the Bid Project Cost adjusted for the Price Index Multiple shall be due and payable to the Concessionaire in 5 equal monthly instalments of 8 % each during the construction period on achieving the following payment milestones: PM -I : 20 % physical progress PM-II: 40% physical progress PM-III : 60 % physical progress PM- IV: 75 % physical progress PM-V: 90 % physical progress The remaining Bid Project Cost adjusted for Price Index Multiple shall be due and payable in 30 biannual instalments commencing from 180th day of COD as percentages of Completion cost remaining to be paid on COD as specified in Clause 23.6.3. The Completion cost is the Bid Project Cost adjusted for variation in Price Index Multiple.	Interest shall be due and payable to the Concessionaire on the reducing balance of Completion Cost at an interest rate equal to the applicable Bank Rate plus 3 %. Interest would be calculated on simple interest basis only.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
37	23.5	Bonus on Early Completion	If COD is achieved on or more than 30 days prior to the Scheduled Completion Date the Concessionaire shall be entitled to a Bonus of 0.5 % of 60% of Bid Project Cost for the first 30 days and thereafter calculated on pro rata basis for each additional day.	Payment of Bonus for early Completion as per this Clause has been worked out to Rs 18.87 Cr for 168 days.
38	23.7	O & M Payment	O & M payments due and payable to the Concessionaire as per amount quoted in the O & M Bid shall paid in 2 equal biannual payment . The O & M Payments shall be adjusted by the Price Index Multiple.	As per the Financial Bid , the first year O & M Cost quoted is Rs 5 Cr. Any O & M expense in excess of the O& M payment shall be borne by the Concessionaire
39	23.9	Treatment of Incomplete works	In the event the COD occurs upon issuance of a Provisional Certificate, the Annuity payments and the O & M payments shall be made as if all works have been completed. The remaining works shall be completed by the Concessionaire within the period specified in the Agreement. In case the Authority determines that any incomplete works are not required to be completed for any reason it will modify the Scope of work in accordance with Article 16 and the Completion Cost , Annuity Payments and O & M Payments shall be reduced on account of the Change of Scope.	All works have been completed.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
40	25	Escrow Account	The Concessionaire shall open an Escrow Account with a Bank before the Appointed Date which will be operated in accordance with the terms of Escrow Agreement to be entered into amongst the Concessionaire, the Authority, the Escrow Bank, and the Senior Lenders through the Lender's Representative.	All funds related to the Financial Package , all payments by the Authority and all revenues from or in respect of the Project shall be deposited in the Escrow Account. All project related expenses shall be withdrawn from the Escrow Account only.
41	26.1	Insurance during Concession Period	The Concessionaire shall affect and maintain at its own cost, during the Construction Period and the Operation Period, such insurances for such maximum sums as may be required under the Financing Agreements, the Applicable Law, and as may be necessary for mitigating the risks that may devolve on the Authority as a consequence of any act or omission of the Concessionaire during the Construction Period.	The Concessionaire shall procure that the Authority shall be a co insured in each insurance policy and that the insurer shall pay the proceeds of insurance into the Escrow Account. Concessionaire to further indemnify the Authority from and against all losses and claims arising from the Concessionaire's failure to comply with conditions imposed by the insurance policies.
42	27.2	Appointment of auditors	The Concessionaire shall appoint and have during the subsistence of this Agreement as its Statutory Auditors, a firm chosen by it from the mutually agreed list of five reputable firms of chartered accountants (the "Panel of Chartered Accountants") prepared in accordance with criteria given in Schedule P.	The Concessionaire shall bear all fees and expenses of the Statutory Auditors.
43	28.1	Force Majeure	Force Majeure shall mean occurrence in India of any or all non-political event, Indirect Political Event and Political event, if it affects a party's	Upon occurrence of any Force Majeure event after the Appointed date but before the COD, the Construction period and the Project Completion Schedule

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			performance to meet its obligations under the Concession Agreement.	shall be extended by a period equal to the duration for which such Force Majeure event subsists. If such event occurs after the COD the Concessionaire shall be entitled to receive Annuity Payments plus interest payable as per the Agreement. Upon occurrence of a non-political event the Parties shall bear their respective Force Majeure costs. Upon occurrence of an indirect political event all Force Majeure costs not exceeding the insurance cover for such event shall be borne by the Concessionaire and one half of any excess amount shall be reimbursed by the Authority to the Concessionaire. Upon occurrence of a Political event all Force Majeure costs shall be reimbursed by the Authority to the Concessionaire
44	30	Suspension of Concessionaire's Rights	In case of a Concessionaire's Default the Authority may suspend all rights of the Concessionaire under the Agreement and exercise such rights itself or authorise any other person to exercise the same on its behalf during the period of suspension.	The period of suspension shall not exceed 180 days and this period may be further increased by 90 days upon written request from the Concessionaire and the Lender's Representative. At any time during the suspension the Lender's Representative shall be entitled to substitute the Concessionaire in accordance with the Substitution Agreement. The Authority shall withhold the termination for the maximum period allowed for Suspension.
45	31	Termination	On occurrence of a default , if the Concessionaire fails to cure the default within the cure period of 60	Upon termination on account of Concessionaire's default during the Operation Period the Authority shall pay to the Concessionaire 65

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
			days the Concessionaire shall be deemed to be in default of the Agreement , and the Authority shall be entitled to terminate the agreement by issuing a termination notice as per Clause 31.1.2 On occurrence of a default , if the Authority fails to cure the default within the cure period of 90 days the Authority shall be deemed to be in default of the Agreement , and the Concessionaire shall be entitled to terminate the agreement by issuing a termination notice as per Clause 31.2.2	% of the sum of Annuity payments remaining to be paid including interest thereupon up to the Transfer Date. Upon termination during the Construction period the Termination Payment shall be based on the Payment Milestone achieved as specified in Clause 31.3.2. The Termination payment to be paid by the Authority on account of Authority's default have been specified in Clause 31.3.3.
46	33	Defect Liability After Termination	The Concessionaire shall be responsible for all defects and deficiencies in the Project for a period of 120 days after Termination.	Specified amount shall be retained in the Escrow Account for rectification of the Defects for a period of 120 days after Termination.
47	35	Change in Law	If, as a result of Change in Law, the Concessionaire suffers/benefits from an increase in costs or reduction/increase in net after-tax return or other financial burden/gains, an amendment to the Concession Agreement is contemplated so as to place the Concessionaire in the same financial position.	This will be applicable only if the aggregate financial effect exceeds the higher of Rs 1.53 Crore or 2 % of the total Annuity Payments in any Accounting year. The Clauses 35.1 & 35.2 shall be restricted to changes in Law directly affecting the Concessionaire's cost of performing its obligations under the Concession Agreement.

SL. No.	ARTICLE & CLAUSE NO.	SUBJECT	INFORMATION IN BRIEF	REMARKS
48	38.1	Dispute resolution	Any dispute, difference, or controversy arising under or out of or in relation to this Agreement between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth in Clause 38.2. Any Dispute which is not resolved by conciliation shall be referred to the Arbitration Tribunal in accordance with Clause 38.3	The procedure for Dispute resolution has been clearly specified.
49	41.9	Entire Agreement	This Agreement and the Schedules together constitute a complete and exclusive statement of the terms of the agreement between the Parties, and no amendment or modification hereto shall be valid and effective unless such modification or amendment is agreed to in writing by the Parties and duly executed by persons especially empowered in this behalf by the respective Parties.	This is a standard clause used in Agreements.

2.4.2 O&M REQUIREMENT

Since the Project has been completed provisionally and is presently under the Operation Period, we have separately reviewed the provisions of Article 17 (Operation & Maintenance), Article 19 (Monitoring of O&M), Article 20 (Regulation & Management) and Schedule-K of the Concession Agreement, which pertains to the Operation and Maintenance requirements, and our observations on some of the important clauses there in have been brought out in **Table 2.3** below:

Table 2.3: Comments on O & M requirement as per Concession Agreement

SL. NO	ARTICLE/CLAUSE	SUBJECT	INFORMATION IN BRIEF	REMARKS
1	17.1	O&M Obligations of the Concessionaire	During the Operation Period, the Concessionaire shall operate and maintain the Project Highway in accordance with the Concession Agreement.	The Operation and Maintenance can either be done by the Concessionaire itself or through the O&M Contractor.
2	17.2	Maintenance Requirements	The Concessionaire shall procure that at all times during the Operation Period; the Project Highway conforms to the maintenance requirements set forth in Schedule K.	It needs to be ensured by the Concessionaire.
3	17.3	Maintenance Manual	No later than 90 days prior to the Scheduled Four Laning Date, the Concessionaire shall, in consultation with the Independent Engineer, evolve a repair and maintenance manual for the regular and preventive maintenance of the Project Highway.	The Maintenance Manual shall be revised and updated once every 3 (three) years, and the provisions of this Clause 17.3 shall apply, mutatis mutandis, to such revision.
4	17.4	Maintenance Programme	On or before COD and no later than 45 days prior to the beginning of each Accounting Year during the Operation Period, the Concessionaire shall provide its proposed annual programme of preventive, urgent, and other scheduled maintenance.	The Concessionaire may modify the Maintenance Programme as may be reasonable.
5	17.8	Damages for breach of maintenance obligations	In the event that the Concessionaire fails to repair or rectify any defect or deficiency set forth in the Maintenance Requirements within the period specified therein, the Authority shall be entitled to recover Damages, to be calculated and paid for each day of delay at the higher of (a) 2% of the Performance Security and (b) 0.1% of the cost of such repair or rectification as estimated by IE.	In case of any Dispute in the amount of damages determined the Dispute Resolution Procedure shall apply.
6	17.9	Authority's right to take remedial measures	In the event, the Concessionaire does not maintain and/or repair the Project Road in conformity with the Maintenance Requirements and fails to commence remedial works within 15 days; the Authority shall be entitled to undertake such remedial measures at the risk and cost of the Concessionaire and to recover its cost	In addition to recovery of the aforesaid cost, a sum equal to 20% of such cost shall be paid by the Concessionaire to the Authority as Damages. The Authority shall have the right to recover the cost and damages directly from the Escrow Account.

SL. NO	ARTICLE/CLAUSE	SUBJECT	INFORMATION IN BRIEF	REMARKS
			from the Concessionaire.	
7	19.2	Inspection	The Independent Engineer shall inspect and make a report stating in reasonable detail the defects or deficiencies, if any, on the Project Highway with reference to Maintenance Requirements, Maintenance Manual, the Maintenance Programme, and Safety Requirements.	IE shall inspect the Project Highway at least once a month.
8	19.3	Tests	The Concessionaire shall carry out all the tests specified by the IE for determining that the Project Highway conforms to the Maintenance Requirement and furnish the results of such tests forthwith to the Independent Engineer.	One-half of the costs incurred on such tests, and to the extent certified by the Independent Engineer as reasonable, shall be reimbursed by the Authority to the Concessionaire.
9	20.7	Recurring expenditure on Police assistance	On or before the Scheduled Four-Laning Date, the Concessionaire shall provide to the State Police Department one Jeep or similar vehicle, at each toll plaza, in good working condition along with chauffeurs for round the-clock patrolling.	The operating costs of such vehicle, including the salaries and allowances of the chauffeurs, shall be met by the Concessionaire.
10	20.8	Recurring expenditure on Medical Aid Posts	For providing emergency medical aid during the Operation Period, the Concessionaire shall aid in setting up and operating a medical aid post at each of the Toll Plaza with round-the-clock ambulance services for victims of accidents on the Project Highway.	The Concessionaire shall at its own cost at each of the toll plazas shall: - (i)construct and maintain a building for medical aid posts (ii) provide one Ambulance with chauffeurs for round the clock services, including the salaries and allowances of the drivers (iii) meet operating expenses (iv)Reimburse the pay and allowances of up to 2 (two) medical personnel deployed exclusively for the Medical Aid Posts and ambulance.
11	Schedule K, clause 2 & 4	Repair /rectification of defects and deficiencies	The Concessionaire's obligations regarding Maintenance Requirements shall include repair and rectification of the defects and deficiencies specified in Annex - I of this Schedule - K within the time limit set forth therein.	The Concessionaire shall be entitled to an extension of time if the nature and extent of any defect justify more time for its repair. The IE shall determine such additional time.

SL. NO	ARTICLE/CLAUSE	SUBJECT	INFORMATION IN BRIEF	REMARKS
12	Schedule K, Clause 7	Divestment requirement	All defects and deficiencies specified in this Schedule-K shall be repaired and rectified by the Concessionaire so that the Project Highway conforms to the Maintenance Requirements on the Transfer Date.	To be ensured by the Concessionaire
13	Schedule K, Clause 8	Display of Schedule - K	The Concessionaire shall display a copy of this Schedule-K at the Toll Plazas along with the Complaint Register stipulated in Article 40.	To be ensured by the Concessionaire.
14	Schedule K -Annexure I	Maintenance Requirement Criteria	Roughness By Bump Integrator (Max. Permissibility)	Not Exceeding 2750 mm/Km
			Potholes / km(max)	NIL
			Percent Cracking	Cracked area< 5 % of the pavement in a stretch of 1 km
			Rutting	Rutting exceeding 10mm in not more than 2 % of the road surface in a stretch of 1 km (measured with 3 m straight edge)
			Ravelling/Stripping of bitumen surface	Not exceeding 10 sqm
			Damage to pavement edges	Not exceeding 10 cm
			Variation in the prescribed slope of camber /cross fail	Not exceeding 2 %
			Embankment slope	Variation not more than 15%
			Edge drop at shoulders	Not exceeding 40 mm
			All other defects or deficiencies in functionality of sign boards, ATMS etc	To be rectified within the period specified in the Annexure I

2.4.3 CONCLUSIONS ON OBSERVATIONS ON CONCESSION AGREEMENT

The Concession Agreement is based on a standard form of agreement that has been used for several other similar projects of NHAI.

The Concession Agreement is comprehensive and covers almost all the issues concerned with the Construction and Operation of the Project. Areas of concern observed during the review of the Concession Agreement have been pointed out.

2.5 REVIEW OF EPC AGREEMENT

EPC Agreement was signed on 17/01/2020 between Concessionaire and HG_Infra Engineering Pvt Ltd. The comments on the major relevant provisions have been brought out in Table 2.4 below.

Table 2.4: Comments on EPC Agreement

SR. NO.	ARTICLE NO.	SUBJECT	INFORMATION IN BRIEF
1	Recital-C	Terms and conditions	EPC Contractor was appointed to execute the Works on EPC basis for completion of the works in accordance with the terms and conditions of the EPC contract and the Concession Agreement.
2	Recital-D		the EPC Contractor agreed to carry out and complete the work and remedy the defects there in on the terms and conditions of the Contract.
3	Recital-E		The EPC contract shall be read in conjunction with the concession agreement. The EPC contractor is to undertake the work such that the client is not in breach of any of its obligation under the concession agreement timing to the contractor performance of its obligations under the EPC contract
4	Clause (II) of Agreement	Contract Price	the work shall be executed on lump sum basis for an amount Rs. 801 Cr. Inclusive of 12% GST
5	Clause(III) of Agreement	Validity of Contract	The contract shall remain in force and effect either till the parties perform all their respective obligation or is terminated by any of the parties as per contract.
6	Clause(9.1) of GCC	Liquidated damages	EPC contractor shall be liable for liquidated damages equivalent to loss incurred by the concessionaire/authority for delay in completion of the project, If the damages are due to default of EPC contractor.
7	Supplementary Agreement-1 (Dated-04/10/2021)	Modification in provision	Provision relating to inconsistent Provisions and jurisdiction of the court were added/modified.
8	Supplementary Agreement-2 (Dated-04/05/2022)	Modification in provision	Provision relating to sharing of bonus amount received from Authority was modified.

2.6 CHANGE OF SCOPE ORDER

The details of various COS approved till date are mentioned in table 2.5 below:

Table 2.5: Details of COS

COS PROPOSAL	CONCESSIONAIRE COS PROPOSAL AMOUNT. RS	IE FORWARDED AMOUNT TO NHAI	APPROVAL STATUS
COS-1	Final proposal of Rs. 78,42,69,942/- vide latter No. 506 dated 19.02.2021 for obtaining COS order.	Rs. 78,13, 73,142/- Vide letter No 1544 dated 01.03.2021	1. NHAI Accorded Final Approval of Rs.74,73,83,410 Vide Letter PIU/EC/PKG-II/IE/2020-21/1075 dated 23.03.2021 2. The same has been confirmed by IE Vide DCS(JV)-GEAS /Narnaul-Ateli/PKG -02/IE/2020-21/452 dated 23.03.2021
COS-02	The (2nd) second proposal for COS-02 was submitted by the Concessionaire on 22.02.2022 for Final Approval	Rs. 21,84,00,974/- Positive COS and Rs. 10,12,94,640 negative Variation against the approved COS-I, vide letter No. 2374. dated 28.02.2022	1. NHAI Accorded Final Approval of Rs.21,84,00,974 Positive COS-2 and Rs. 10,12,94,640 negative Variation against the approved COS-I, Vide Letter PIU/EC/PKG-II/IE/2021-22/1680 dated 17.03.2022 2. The same has been confirmed by IE Vide DCS(JV)-GEAS /Narnaul-Ateli/PKG -02/IE/2021-22/963 dated 21.03.2022

CHAPTER 3.0: REVIEW OF DESIGNS AND AS BUILT DRAWINGS

3.1 REVIEW OF DESIGNS AND AS-BUILT DRAWINGS

The As-built drawings for the Project Highway have been reviewed by us in order to ascertain whether the provision of the Technical Schedules and the Specifications have been followed during the construction of the Project Road. The details of the as built drawings are summarized in Table 3.1 and observations on the same are brought out in the subparas below:

Table 3.1: Details of As Built Drawings Reviewed

S. NO.	DESCRIPTION
1	As Built Plan and Profile Drawings (for Main carriageway and Service Road)
2	Approved Typical Cross Sections
3	Drawings of Structures
4	Junction drawing
5	Toll Plaza Drawings
6	Project Faculties like Bus Bay, Truck Lay Bye, Rest Area etc.
7	Miscellaneous like Drain section. Pedestrian Guard Rails, RCC Crash Barrier, New Jersey Crash Barrier, Noise Barrier etc.

3.2 AS-BUILT DRAWINGS OF HIGHWAYS

Our observations on the development provisions mentioned in the Technical Schedules of Concession Agreement viz a viz the As- Built Drawings have been presented in **Table 3.2** below.

Table 3.2: Review of As-built Drawings for Highways

<table>
<tr><th>S. NO.</th><th>NAME OF ITEM</th><th colspan="6">AS PER SCHEDULE</th><th colspan="5">AS PER AS -BUILT DRAWING</th><th>REMARKS</th></tr>
<tr><td>1</td><td>Project Length</td><td colspan="6">40.810 km
(Narnaul Bypass section= 23.46 km from design Ch. 28+000 to Ch.51+460; NH-11 Feeder Route= 14.050 km from design Ch.30+450 to Ch. 44+500; ILMH Feeder Route=3.300 km from design Ch. 0+000 to 3+300)</td><td colspan="5">40.810 km
(Narnaul Bypass section Six lane from design Ch. 28+000 to Ch.42+000 & Four lane from design Ch. 42+000 to Ch.51+460; NH-11 Feeder Route Four lane from design Ch.30+450 to Ch. 44+500; ILMH Feeder Route Four lane from design Ch. 0+000 to 3+300)</td><td rowspan="4"></td></tr>
<tr><td>2</td><td>Design Speed</td><td colspan="6">100 Kmph</td><td colspan="5">100 Kmph (for Main Carriageway) &
40 Kmph (for Interchange Ramps/Loops)</td></tr>
<tr><td>3</td><td>Horizontal Curve</td><td colspan="6" rowspan="2">As per IRC: SP 84 - 2018</td><td colspan="5" rowspan="2">Design is within the limits</td></tr>
<tr><td>4</td><td>Vertical Curve</td></tr>
<tr><td rowspan="15">5</td><td rowspan="15">Length of Service Road/Slip Road</td><td>S. No.</td><td>From</td><td>To</td><td>Width(m)</td><td>Length (m)</td><td>Side</td><td>From</td><td>To</td><td>Side</td><td>Width(m)</td><td>Length (m)</td><td rowspan="15"></td></tr>
<tr><td colspan="6">Narnaul bypass (Economic Corridor)</td><td colspan="5">Narnaul bypass (Economic Corridor)</td></tr>
<tr><td>1</td><td>28+000</td><td>42+000</td><td>7</td><td>14000</td><td>BS</td><td>28+000</td><td>38+130</td><td>BS</td><td>7</td><td>10130</td></tr>
<tr><td>2</td><td>45+100</td><td>46+300</td><td>7</td><td>1200</td><td>BS</td><td>38+270</td><td>41+500</td><td>BS</td><td>7</td><td>3230</td></tr>
<tr><td>3</td><td>50+900</td><td>51+460</td><td>7</td><td>560</td><td>BS</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="6">Ateli-Narnaul (Feeder Road NH-11)</td><td colspan="5">Ateli-Narnaul (Feeder Road NH-11)</td></tr>
<tr><td>4</td><td>30+450</td><td>32+20</td><td>7</td><td>1750</td><td>BS</td><td>30+450</td><td>44+500</td><td>BS</td><td>7.5</td><td>14050</td></tr>
<tr><td>5</td><td>33+000</td><td>34+200</td><td>7</td><td>1200</td><td>BS</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>6</td><td>36+800</td><td>43+230</td><td>7</td><td>6430</td><td>BS</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td colspan="3">Sub- total (in m)</td><td>25140</td><td>BS</td><td colspan="5">ILMH Feeder Route</td></tr>
<tr><td></td><td colspan="3">Total length (in m)</td><td>50280</td><td></td><td>0+240</td><td>0+880</td><td>LHS</td><td>3.5</td><td>640</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>0+240</td><td>1+780</td><td>RHS</td><td>3.5</td><td>1540</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td colspan="3">Total length (in m)</td><td colspan="2">57000</td></tr>
<tr><td colspan="11"></td></tr>
<tr><td rowspan="3">6</td><td rowspan="3">Design of pavement</td><td rowspan="2">Sl. no</td><td rowspan="2">Pavement Layer</td><td rowspan="2">Thickness LHS MCW</td><td rowspan="2">Thickness RHS MCW</td><td colspan="2" rowspan="2">Thickness SR</td><td rowspan="2"></td><td colspan="4">Pavement Layer Thickness</td><td rowspan="3"></td></tr>
<tr><td colspan="2">LHS MCW</td><td>RHS MCW</td><td>SR</td></tr>
<tr><td colspan="6">Narnaul bypass (90 MSA for MCW & 10 MSA SR)</td><td colspan="5">Narnaul bypass (150 MSA/90 MSA for LHS MCW 90 MSA for RHS MCW & 10 MSA SR)</td></tr>
</table>

S. NO.	NAME OF ITEM	AS PER SCHEDULE					AS PER AS -BUILT DRAWING						REMARKS
							Layer	150 MSA	60 MSA	90 MSA	60 MSA	10 MSA	
		1	BC	50 mm	50 mm	40mm	BC	50mm	50mm	50mm	50mm	40mm	
		2	DBM	120mm	120mm	60mm	DBM	120mm	100mm	120mm	100mm	60mm	
		3	WMM	250mm	250mm	250mm	WMM	250mm	250mm	250mm	250mm	250mm	
		4	GSB	200mm	200mm	200mm	GSB		200mm	200mm	200mm	200mm	
		5	CTSB				CTSB	200mm					
		6	SG	500mm	500mm	500mm	SG	500mm	500mm	500mm	500mm	500mm	
		Ateli-Narnaul					Ateli-Narnaul						
		1	BC	50 mm	40mm	40mm	Layer	150 MSA		60 MSA			
		2	DBM	100mm	60mm	60mm	BC	50mm		50mm		40mm	
		3	WMM	250mm	250mm	250mm	DBM	120mm		100mm		60mm	
		4	GSB	200mm	200mm	200mm	WMM	250mm		250mm		250mm	
		5	CTSB				GSB			200mm		200mm	
		6	SG	500mm	500mm	500mm	CTSB	200mm					
							SG	500mm		500mm		500mm	
		ILMH					ILMH						
		1	BC	50 mm	50 mm	40mm	BC	50mm		50mm		40mm	
		2	DBM	120mm	120mm	60mm	DBM	100mm		100mm		60mm	
		3	WMM	250mm	250mm	250mm	WMM	250mm		250mm		250mm	
		4	GSB	200mm	200mm	200mm	GSB	200mm		200mm		200mm	
		5	SG	500mm	500mm	500mm	SG	500mm		500mm		500mm	
7	Major junction	02 nos.					02 nos.						Nos. are based on the as built drawings made available. However, at site 03 nos. & 31 nos major and minor junctions were found.
8	Minor Junctions	Nil					10 Nos.						
9	Railway Over bridge	01 no.					01 no.						

S. NO.	NAME OF ITEM	AS PER SCHEDULE	AS PER AS -BUILT DRAWING	REMARKS
10	Flyover	03 nos.	03 nos.	
11	Overpass	01 nos.	01 nos.	
12.a	Vehicular Underpass	14 nos.	14 nos.	
12. b	Light Vehicular Underpass	01 no.	3 nos. (2 nos. under COS)	
13	Pedestrian Underpass	16 nos.	20 nos. (including 2 nos. subways)	
14	Major Bridge	01 no.	01 no.	
15	Minor Bridge	05 no.	05 nos.	
16	Culvert	Box Culvert 61 nos. (i.e. MCW-45 nos. & cross road-16 nos.)	51 nos *	Nos. are based on the as built drawings made available. However, at site 61 nos. culvert were found.
17	Bus Bay/Bus Shelter	13 nos.	13 nos.	
18	Rest Area cum Truck Lay Bye	02 Nos. (at Ch. 32+000)	02 nos.	

3.3 PAVEMENT DESIGN REVIEW

3.3.1 REVIEW OF PAVEMENT DESIGN REQUIREMENTS AS PER SCHEDULE

The Project Road consist of Six and Four lane Flexible pavement in various sections of the project road as mentioned in Table 3.3 below which are to be designed for the minimum MSA as mentioned below:

1. Flexible Pavement for the Main carriageway (Economic Corridor) – 90 MSA
2. Flexible Pavement for the Main carriageway (Feeder Route) – 60 MSA
3. Flexible pavement on the Service Road and Cross road – 10 MSA

Table 3.3.: Project Road sections as per the CA

Sr. No	Section	Existin Chainage		Design Chainage		Length (Km)	Proposal	
		From	To	From	To			
1	Proposed Narnaul Bypass	-	-	28.000	42.000	14.000	6-Lane	Economic Corridor
		-	-	42.000	51.460	9.460	4-Lane	Feeder Route
2	Connectivity of ILMH to proposed Narnaul Bypass	-	-	0.000	3.300	3.300	4-Lane	
3	NH-11: Start of Ateli mandi Bypass - Narnaul Bypass Crossing	43+445	50+400	30.450	38.000	7.55*	4-Lane	
		50+400	51+000	38.000	38.750	0.750	4-Lane	
		51+000	53+900	38.750	41.400	2.65**	4-Lane	
		53+900	56+900	41.400	44.500	3.100	4-Lane	

Minimum Pavement Composition specified in the Schedule B are brought out in Table 3.4 below

Table 3.4.: Pavement Composition for main carriageway and service road as per the CA

COMPOSITION OF PAVEMENT	MAIN CARRAIGEWAY		SERVICE ROAD	UNIT
	Economic Corridor	Feeder Road		
Bituminous Concrete (BC) – VG 40	50	50	40	mm
Dense Bituminous Macadam (DBM)	120	100	60	mm
Wet Mix Macadam (WMM)	250	250	250	mm
Granular Sub Base (GSB)	200	200	200	mm
Subgrade (SG)	500	500	500	mm

3.3.2 REVIEW OF FLEXIBLE PAVEMENT REQUIREMENTS AS PER AS BUILT DRAWING

The details of the pavement composition adopted as seen in the as built drawing are as under. The design life of the pavement is 20 years and CBR adopted is 13% for Main Carraigeway& 10% for Service Road. The MSA and VDF considered in the base year (2019) and traffic are brought out in Tables 3.5 to 3.8:

Table 3.5: Pavement crust details (adopted) as per as built drawing

DIRECTION	ADOPTED MSA FOR MCW	FLEXIBLE PAVEMENT THICKNESS (MM)				
		BC	DBM	WMM	GSB	CTSB
Ateli - Narnaul						
30+450 to 44+500 LHS	60 MSA	50	120	150		
30+450 to 44+500 RHS	150 MSA	50	100	250	200	200
	150 MSA	50	140	250	200	
Narnaul Bypass						
	MSA	BC	DBM	WMM	GSB	
28+000 to 42+000 LHS	150 MSA	50	140	250	200	
	150 MSA	50	120	250		200
28+000 to 42+000 RHS	90 MSA	50	120	250	200	
42+000 to 51+460	60 MSA	50	100	250	200	
Connectivity of ILMH to proposed Narnaul Bypass						
0+000 to 3+300	60 MSA	50	100	250	200	
Service Roads	10 MSA	40	60	250	200	

Table 3.6: Traffic number (ADT-2019) as per Traffic report

Categories	A	B	C	D	E	F	G	H
2- Wheeler	1912	1929	1912	1929	1912	1929	1912	1929
3- Wheeler	45	41	45	41	45	41	45	41
Passenger Car	861	884	861	884	861	884	861	884
Mini Bus	11	11	11	11	11	11	11	11
Standard Bus	78	74	78	74	78	74	78	74
	373	363	373	363	373	363	373	363
2- axle Trucks	84	88	84	88	84	88	84	88
3- axle Trucks	245	263	245	263	245	263	245	263
MAV	366	389	366	389	366	389	366	389
Oversized Vehicles	0	0	0	0	0	0	0	0
HCm/EME	0	0	0	0	0	0	0	0
Tractors	66	76	66	76	66	76	66	76
Total Non-motorized vehicals	18	19	18	19	18	19	18	19
Total traffic	4060	4138	4060	4138	4060	4138	4060	4138

Table 3.7 : Details of VDF for the base year 2019 as per the Traffic report

SL. NO.	LOCATIONS	DIRECTION	VEHICLE CODE				
			BUS	LCV	2 AXLE	3 AXLE	MULTI - AXLE
1	Km 28+000	A.Nangal Chaudharay to Narnaul	0.86	1.27	4.06	6.69	15.53
		B. Narnaul to Nangal Chaudharay	1.11	0.64	6.03	7.24	15.09
2	Km 33+000	C. Nangal Chaudharay to Mandana	1.23	0.24	1.58	3.62	10.07
		D. Mandana to Nangal Chaudharay	0.93	0.37	3.14	1.24	6.35
3	Km 45+700	E. Mahendragarh to Narnaul	1.17	1.01	1.68	1.95	7.26
		F. Narnaul to Mahendragarh	1.37	0.86	4.88	12.22	17.59
4	Km 51+000	G. Narnaul to Sighana	1.23	0.75	3.86	5.41	14.55
		H. Sighana to Narnaul	1.26	0.55	1.84	10.66	14.99

Table 3.8 : Details of MSA for the base year 2019 as per the Traffic reportfor the Concession Period

YEAR	STANDARD BUS	LCV	2- AXLE	3- AXLE	MAV	MSA	DIRECTION
2019	51	218	53	158	234		Km 28+000 Nangal Chaudharay to Narnaul
	53	224	51	147	220		Km 28+000 Narnaul to Nangal Chaudharay
	12	97	2	3	6		Km 33+000 Nangal Chaudharay to Mandana
	11	93	1	3	7		Km 33+000 Mandana to Nangal Chaudharay
	118	467	65	507	588	118	Km 45+700 Mahendragarh to Narnaul
	121	461	69	412	451	121	Km 45+700 Narnaul to Mahendragarh
	72	281	16	32	68		Km 51+000 Narnaul to Sighana
	71	267	13	44	70		Km 51+000 Sighana to Narnaul
2021	57	247	60	177	262	2.14	Km 28+000 Nangal Chaudharay to Narnaul
	59	254	57	164	246	2.00	Km 28+000 Narnaul to Nangal Chaudharay
	13	110	2	3	7	0.05	Km 33+000 Nangal Chaudharay to Mandana
	12	105	1	3	8	0.04	Km 33+000 Mandana to Nangal Chaudharay
	132	529	73	567	658	2.44	Km 45+700 Mahendragarh to Narnaul
	135	523	78	460	505	5.66	Km 45+700 Narnaul to Mahendragarh
	80	319	18	36	76	0.62	Km 51+000 Narnaul to Sighana
	79	303	15	49	78	0.62	Km 51+000 Sighana to Narnaul
2036	130	639	145	400	590	54.48	Km 28+000 Nangal Chaudharay to Narnaul
	136	656	139	372	555	50.94	Km 28+000 Narnaul to Nangal Chaudharay
	31	284	5	8	15	1.19	Km 33+000 Nangal Chaudharay to Mandana
	28	272	3	8	18	1.03	Km 33+000 Mandana to Nangal Chaudharay
	302	1368	177	1284	1484	62.4	Km 45+700 Mahendragarh to Narnaul
	309	1351	188	1043	1138	144.03	Km 45+700 Narnaul to Mahendragarh
	184	823	44	81	172	16.03	Km 51+000 Narnaul to Sighana
	182	782	35	111	177	16.03	Km 51+000 Sighana to Narnaul

3.3.3 CONCLUSIONS ON PAVEMENT DESIGN

The Pavement Design of the Flexible and Rigid Pavements has been done in accordance with the relevant codes and also satisfying the provisions laid down in the Concession Agreement. The pavement design has been carried out for a Design MSA much higher than minimum MSA specified in the CA.

3.4 STRUCTURES

3.4.1 FLYOVER

The as built drawings of 3 nos. Flyover on the project road have been reviewed, the details of which are mentioned in Table 3.9 below.

Table 3.9: Details of Flyover

S.No.	Location	Chainage	Span Arrangement	Vertical Clearance	Overall Length	Overall Width	Carriageway Width	Type of Sub Structure	Type of Super Structure	Type of Bearing	Type of Expansion Joint
1	NH-148 B	39+910	3 X 35	9	112	25	2 X 9.5	RCC Circular Pier Ø1.5(ABT-1.2)	PSC I GIRDER	Elastomer Bearing	STRIP SEAL
2	NH-148 B	51+460	2 X 30	5.5	60	25	2 X 10	RCC Circular Pier Ø1.5(ABT-1.2)	PSC I GIRDER	Elastomer Bearing	STRIP SEAL
3	ILMH	03+300	2 X 30(SK-30.07)	5.5	60	25	2 X 10	RCC Circular Pier Ø1.8	PSC I-Girder	Elastomer Bearing	STRIP SEAL

3.4.2 OVERPASS

The as built drawings of 1 no. Overpass on the project road have been reviewed, the details of which are mentioned in Table 3.10 below.

Table 3.10: Details of Overpass

S. NO.	LOCATION	CHAINAGE	SPAN ARRANGE MENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGE WAY WIDTH	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING	TYPE OF EXPANSION JOINT
1	NH-148 B	41+000	2 X 30	5.5	61	32	2 X 13.5	RCC Circular Pier Ø1.5(2 X 1.2)	PSC I GIRDER	Elastomer Bearing	STRIP SEAL

3.4.3 MAJOR BRIDGE

The as built drawings of 1 no. Major Bridge on the project road have been reviewed, the details of which are mentioned in Table 3.11 below.

Table 3.11: Details of Major Bridge

S.NO.	LOCATION	CHAINAGE	SPAN ARRANGE MENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGE WAY WIDTH	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING	TYPE OF EXPANSION JOINT
1	ILMH	2+130	3 X 35	9	112	25	2 X 9.5	RCC Circular Pier Ø2.00	PSC I GIRDER	Elastomer Bearing	STRIP SEAL

3.4.4 RAILWAY OVER BRIDGE

The as built drawings of 1 nos. ROB on the project road have been reviewed, the details of which are mentioned in Table 3.12 below.

Table 3.12: Details of ROB

S. NO.	LOCATION	CHAINAGE	SPAN ARRANGE MENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGE WAY WIDTH	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING	TYPE OF EXPANSION JOINT
1	NH-148B	38+200	1 X 19.5+1 X 18+1 X 36+1 X 24+1 X 19.5	8.43	117	33.6	2 X 12.5	RCC Circular Pier Ø1.80	PSC I GIRDER	Elastomer Bearing-Pot-PTFE	Strip Seal / Modular Type

3.4.5 VEHICULAR UNDERPASSES

The as built drawings of 14 nos. Vehicular Underpasses on the project road have been reviewed and details are mentioned in Table 3.13 below.

Table 3.13: Details of VUPs

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH	FOUNDATION TYPE	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING
NARNAUL BYPAS												
1	29+030	LHS	VUP	2 X 20	5.5	41.8	14.5	13.5	Open	Rcc box type	BOX TYPE	NO
		RHS			5.5	41.8	14.5	13.5	Open	Rcc box type	BOX TYPE	NO
2	33+130	LHS	VUP	2 X 30	5.5	61	14.5	13.5	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
		RHS			5.5	61	14.5	13.5	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
3	36+170	LHS	VUP	1x30	5.5	30.05	14.5	13.5	Open	RCC Circular Pier Ø1.2	PSC I-Girder	Elastomer Bearing
		RHS			5.5	30.05	14.5	13.5	Open	RCC Circular Pier Ø1.2	PSC I-Girder	Elastomer Bearing
4	40+470	LHS	VUP	1x30	5.5	30.05	11	1 X 10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
		RHS		1x30	5.5	30.05	11	1 X 10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
5	43+570	LHS	VUP	1 X 30(30.20)	5.5	1 X 30.05	11	10	Open	RCC Circular	PSC I-Girder	Elastomer Bearing

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH	FOUNDATION TYPE	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING
										Pier Ø1.5		
		RHS			5.5	1 X 30.05	11	10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
6	45+695	LHS	VUP	2 X 30	5.5	61	11	10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
		RHS			5.5	61	11	10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
7	47+780	LHS	VUP	1 X 30(30.20)	5.5	1 X 30.05	11	10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
		RHS			5.5	1 X 30.05	11	10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
ATELI-NARNAUL												
8	31+135	BHS	VUP	1 X 30	5.5	30.05	2x 11	2 X 10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
9	33+590	BHS	VUP	1x30	5.5	30.05	2x 11	2 X 10	Open	RCC Circular Pier Ø1.8	PSC I-Girder	Elastomer Bearing
10	36+220	BHS	VUP	1x30	5.5	30.05	2x 11	2 X 10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
11	37+520	BHS	VUP	1x30	5.5	30.05	2x 11	2 X 10	Open	RCC Circular Pier Ø1.5	PSC I-Girder	Elastomer Bearing
12	40+110	BHS	VUP	1 X 20	5.5	20.05	2x 11	2 X 10.5	Open	Rcc box type	BOX TYPE	NO

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH	FOUNDATION TYPE	TYPE OF SUB STRUCTURE	TYPE OF SUPER STRUCTURE	TYPE OF BEARING
13	42+345	BHS	VUP	1 X 20	5.5	20.05	2x 11	2 X 10.5	Open	Rcc box type	BOX TYPE	NO
						ILMH						
14	1+760	BHS	VUP	2 X 20	5.5	41.8	25	2 X 10	5.5	RCC Abut.	Integral	1+760

3.4.6 LIGHT VEHICULAR UNDERPASSES

Theas built drawings of 3 nos. Light Vehicular Underpasses on the project road have been reviewed and all the structures are Box type, the details of which are mentioned in Table 3.14 below.

Table 3.14: Details of LVUPs

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH	SUB STRUCTURE
				NARNAUL BYPASS/ATELI-NARNAUL					
1	30+230	LHS	LVUP	1x12.0x4	4	13.4	14.5	13.5	Box Type
2	34+460	LHS	LVUP	1x12	4	13.4	14.5	13.5	Box Type
3	50+324	BHS	LVUP	1 X 12(SK-12.167)	4	13.4	2 X 11	2 X 10	Box Type

3.4.7 PEDESTRIAN UNDERPASSES

The as built drawings of 20 nos. Pedestrian Underpasses (including 02 nos. Subways) which are all Box type strucutres on the project road have been reviewed, the details of which are mentioned in Table 3.15 below.

Table 3.15: Details of PUP

S.NO.	DESIGN CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH	SUB STRUCTURE
NARNAUL BYPASS									
1	28+770	BHS	PUP	1X 7	3	7.9	32	2 X 13.5	Box Type
2	29+310	BHS	PUP	1X 7	3	7.9	32	2 X 13.5	Box Type
3	32+780	BHS	PUP	1X 7	3	7.9	32	2 X 13.5	Box Type
4	33+420	BHS	PUP	1X 7	3	7.9	32	2 X 13.5	Box Type
5	43+240	BHS	PUP	1X 7	4.5	7.9	25	2 X 10	Box Type
6	43+890	BHS	PUP	1X 7	4.5	7.9	25	2 X 10	Box Type
7	45+495	BHS	PUP	1X 7	3	7.9	25	2 X 10	Box Type
8	46+590	BHS	Subway	1 X 4.8 X 2.75	5.5	5.5	26	2 X 9.5	Box Type
9	47+390	BHS	PUP	1X 7	4.5	7.9	25	2 X 10	Box Type
10	47+990	BHS	PUP	1X 7	4.5	7.9	25	2 X 10	Box Type
11	48+600	BHS	PUP	1 X 7	4	7.9	25	2 X 10	Box Type
ATELI-NARNAUL									
1	32+330	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
2	33+230	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
3	33+860	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
4	35+900	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
5	36+540	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
6	42+020	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
7	42+570	BHS	PUP	1 X 7	3	7.9	25	2 X 10	Box Type
8	39+255	BHS	Subway	1 X 4.8 X 3.0	3	5.7	55	2 X 9.5	Box Type
ILMH									
1	00+880	BHS	PUP	1 X 7	4	7.9	24	2 X 10	Box Type

3.4.8 MINOR BRIDGES

The as built drawings of 5 nos. Minor bridges on the project road have been reviewed, the details of which are mentioned in Table 3.16 below.

Table 3.14: Details of Minor Bridge

S.No.	Location	Chainage	Span Arrangement	Vertical Clearance	Overall Length	Carriageway Width	Foundation Type	Type of Super Structure
1	NH-148B	42+150	2 X 30	5.28	60	9.5	Open foundation	RCC Girder +Deck Slab
2	NH-148B	41+650	2 X 3.94	3.4	10.7	2 X 11		
3	NH-148B	45+455	2 X 6.5	-	14.5	2 X 11	Box type	Box type
4	NH-148B	51+363	1 X 7.5	11.72(8.5)	16	2 X 9.5	Box type	Box type
5	NH-148B	51+647	2 X 8	18.1(24.632)	22	2 X 13	Box type	Box type

3.4.9 CULVERTS

There total 51 nos. of culverts on the project road as per the as built drawing, the details of which are mentioned in in Table 3.17 below:

Table 3.167: Details of Culvert

S.NO.	CHAIN AGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGE MENT	OVERALL LENGTH	OVERALL WIDTH
NARNAUL BYPASS						
1	30+000 & 30+045	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	54
2	31+200 & 31+500	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	70
3	32+810 & 32+600	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	55
4	35+810 & 35+770	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	56
5	37+685 & 37+686	BHS	Box Culvert	1 X 1.5 X 1.5	2	61

S.NO.	CHAIN AGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGE MENT	OVERALL LENGTH	OVERALL WIDTH
6	28+870 & 39+102	BHS	Box Culvert	1 X 1.5 X 1.5	2	65
7	40+760 & 40+532	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	54
8	46+835 & 46+844	BHS	Box Culvert	1 X 1.5 X 1.5	2	26
9	47+633 & 47+640	BHS	Box Culvert	1 X 1.5 X 1.5	2	26
11	31+450	BHS	Box Culvert	1 X 3 X 3	3.6	69.37
12	32+280	BHS	Box Culvert	1 X 3 X 2	3.6	SK(94.1)60
13	35+100 & 35+070	BHS	Box Culvert	1 X 3 X 2	3.6	61.5

S.NO.	CHAIN AGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGE MENT	OVERALL LENGTH	OVERALL WIDTH
14	36+552 & 36+528	BHS	Box Culvert	1 X 3 X 2	3.6	55.9
15	37+405	BHS	Box Culvert	1 X 5 X 1.5	5.7	54
16	41+200 & 41+232	BHS	Box Culvert	1 X 3 X 2	3.6	54
17	45+515 & 45+518	BHS	Box Culvert	1 X 5 X 2	5.7	54
19	50+496	BHS	Minor Bridge (Skew 510)	1 X 5.035(8)	9.58	30
20	40+230	BHS	Box Culvert	1 X 4	4.7	32
21	43+210 & 43+310	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	26
22	43+910 & 43+956	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	26
23	46+255 & 44+906	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	29
24	41+240 & 47+700	BHS	Box Culvert	1 X 3 X 2	3.6	50.5

S.NO.	CHAIN AGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGE MENT	OVERALL LENGTH	OVERALL WIDTH
25	48+210 & 47+426	BHS	Box Culvert	1 X 1.5 X 1.5	1.9	26
26	49+222 & 49+230	BHS	Box Culvert	1 X 5 X 2	5.7	26
ILMH						
1	0+900	BHS	Box Culvert	1x2.0x3.0	3.6	65.366
2	1+700 & 1+645	BHS	HPC	1 x 1.2	-	62.5
3	1+700 & 1+670	BHS	Box Culvert (Cushion)			
4	1+820	BHS	Box Culvert (Cushion)	1 x 3.0 x 2.0	3.9	59.8
5	2+425	BHS	Box Culvert (Cushion)	1 X 3.0 X 3.0	3.6	36.99
6	2+930	BHS	Box Culvert	1 x 3.0 x 2.0	3.7	55.5

3.5 CONCLUSIONS ON REVIEW OF DESIGNS AND DRAWINGS

On the basis of the review of Designs and As-built drawings for the Project it is observed that the drawings and designs are as per the requirements of the CA.

CHAPTER 4.0:EXISTING INVENTORY & CONDITION SURVEY

4.1 PROJECT DETAILS

The Project Road includes Ateli Mandi to Narnaul section of NH-11 which starts from Ch. 43+445 and ends at Ch. 56+900 (Design Length 14 km) & Narnaul Bypass (Design Length 28.000 km) in the state of Haryana. The 3.3 km long stretch for connectivity to ILMH is also included in the scope of work.

The road traverses through plain terrain and is designed for 100 kmph speed. The major details of the Project are presented in **Table 4.1** below.

Table 4.1: Major Details of Project Road

SL. NO	PARAMETER	DESCRIPTION
1.	Main Carriageway Details	**40.810 km** (Narnaul Bypass section Six lane from design Ch. 28+000 to Ch.42+000 & Four lane from design Ch. 42+000 to Ch.51+460; NH-11 Feeder Route Four lane from design Ch.30+450 to Ch. 44+500; ILMH Feeder Route Four lane from design Ch. 0+000 to 3+300)
2.	Service Road/Slip Road (7.0m/3.5m)	62.070 km (excluding taper length)
3.	ROB	01 no.
4.	Flyover	03 nos.
5.	Overpass	01 no.
6.	VUP	VUPs - 13 nos.
7.	Underpasses	LVUPs - 03 nos, Subway-1 no. and PUPs -19 nos.
8.	Major Bridges	01 nos.
9.	Minor Bridges	05 nos.
10.	Culverts	61 nos. (Box Culverts) & Additional 02 nos. HPCs (including 1 no. HPC buried)
11.	Bus Bays	13 nos.
12.	Truck Lay Byes	02 nos. (both sides)
13.	Major Junctions	03 nos.
14.	Minor Junctions	31 nos.

4.2 OVERVIEW OF ROAD ASSETS AND APPURTENANCES

Detailed inspection of the site was carried out by our team of Engineers in January 2022 for assessment of status and condition of various Road Assets and Appurtenances. Inventories of various road assets and structures were prepared.

Status of various road furniture items, painting, road markings, safety fixtures, way-side amenities and toll plazas with respect to the provisions of Concession Agreement and their condition were checked. Assessment of condition of various assets was made on the basis of visual inspections. Overall the Project Road conforms to the specifications laid down in Concession Agreement. The PQC on the Main Carriageway is showing signs of early distresses. Some road furniture items and signages etc are found to be damaged or missing. The summarised details in respect of inventory/condition survey of road assets for the Project are presented in subsequent para. below. It was observed that the repair works on the Main carriageway were under progress and renewal of the Road Marking, Road Studs and Painting of the Kerb and Crash Barrier was under progress.

4.2.1 HIGHWAY INVENTORY

The basic dimensional parameters for the Project Road were observed and noted for every 100m interval. Details pertaining to the Carriageway widths, shoulders, Embankment heights, Median type, Slope protection, land use, etc. were noted. This information has been presented in **Table 4.2** along with the representative photographs of each 10 km stretch of the project road is shown in **Figures** below.

Narnaul Bypass

Fig 4.1: Section at Ch 28+000 RHS

Fig 4.2: Section at Ch 28+000 LHS

Fig 4.3: Section at Ch 28+500 LHS

Fig 4.4: Section at Ch 30+100 LHS

Fig 4.5: Section at Ch 30+500 RHS

Fig 4.6: Section at Ch 30+700 LHS

Fig 4.7: Section at Ch 32+100 RHS

Fig 4.8: Section at Ch 33+100 LHS

Fig 4.9: Section at Ch 33+400 RHS

Fig 4.10: Section at Ch 34+000 LHS

Fig 4.11: Section at Ch 34+300 RHS

Fig 4.12: Section at Ch 35+500 LHS

Fig 4.13: Section at Ch 35+950 RHS

Fig 4.14: Section at Ch 36+500 LHS

Fig 4.15: Section at Ch 36+100 RHS

Fig 4.16: Section at Ch 37+000 LHS

Fig 4.17: Section at Ch 38+400 RHS

Fig 4.18: Section at Ch 39+400 LHS

Fig 4.19: Section at Ch 41+300 RHS

Fig 4.20: Section at Ch 41+620 LHS

Fig 4.21: Section at Ch 42+100 LHS

Fig 4.22: Section at Ch 42+300 RHS

Fig 4.23: Section at Ch 46+500 RHS

Fig 4.24: Section at Ch 48+500 RHS

Fig 4.25: Section at Ch 49+000 LHS

Fig 4.26: Section at Ch 50+500 RHS

Fig 4.27: Section at Ch 51+200 RHS

Ateli to Narnoul

Fig 4.28: Section at Ch 44+900 RHS

Fig 4.29: Section at Ch 44+700 LHS

Fig 4.30: Section at Ch 44+000 RHS

Fig 4.31: Section at Ch 43+800 LHS

Fig 4.32: Section at Ch 43+800 RHS

Fig 4.33: Section at Ch 43+900 RHS

Fig 4.34: Section at Ch 45+900 LHS

Fig 4.35: Section at Ch 45+800 RHS

Fig 4.36: Section at Ch 45+300 RHS

Fig 4.37: Section at Ch 46+900 LHS

Fig 4.38: Section at Ch 46+500 RHS

Fig 4.39: Section at Ch 46+400 LHS

Fig 4.40: Section at Ch 47+900 LHS

Fig 4.41: Section at Ch 47+700 LHS

Fig 4.42: Section at Ch 47+000 RHS

Fig 4.43: Section at Ch 48+900 LHS

Fig 4.44: Section at Ch 48+900 RHS

Fig 4.45: Section at Ch 48+000 LHS

Fig 4.46: Section at Ch 50+900 LHS

Fig 4.47: Section at Ch 50+900 RHS

Fig 4.48: Section at Ch 50+000 RHS

Fig 4.49: Section at Ch 51+900 RHS

Fig 4.50: Section at Ch 51+800 LHS

Fig 4.51: Section at Ch 51+600 RHS

Fig 4.52: Section at Ch 51+900 RHS

Fig 4.53: Section at Ch 51+800LHS

Fig 4.54: Section at Ch 51+400 RHS

Fig 4.55: Section at Ch 54+900 RHS

Fig 4.56: Section at Ch 54+600 RHS

Fig 4.57: Section at Ch 54+600 LHS

Fig 4.58: Section at Ch 54+100 RHS

Fig 4.59: Section at Ch 56+400 RHS ILMH

Fig 4.60: Section at Ch 56+100 RHS

Fig 4.61: Section at Ch 0+100 LHS

Fig 4.62: Section at Ch 0+100 RHS

Fig 4.63: Section at Ch 0+100 LHS

Fig 4.64: Section at Ch 0+100 RHS

Fig 4.65: Section at Ch 0+210 LHS

Fig 4.66: Section at Ch 1+000 LHS

Fig 4.67: Section at Ch 1+000 RHS

Fig 4.68: Section at Ch 0+800 RHS

Fig 4.69: Section at Ch 1+000 LHS

Fig 4.70: Section at Ch 1+000 LHS

Fig 4.71: Section at Ch 1+200 LHS

Fig 4.72: Section at Ch 1+200 RHS

Fig 4.73: Section at Ch 1+330 LHS

Fig 4.74: Section at Ch 1+330 RHS

Fig 4.75: Section at Ch 1+330 RHS

Fig 4.76: Section at Ch 1+500 LHS

Fig 4.77: Section at Ch 1+400 BHS

Fig 4.78: Section at Ch 1+330 LHS

Fig 4.79: Section at Ch 2+500 RHS

Fig 4.80: Section at Ch 2+500 LHS

Fig 4.81: Section at Ch 2+900 RHS

Fig 4.82: Section at Ch 3+250 LHS

Fig 4.83: Section at Ch 3+250 RHS

Fig 4.84: Section at Ch 2+900 BHS

Table 4.2: Details of Main Carriageway Inventory

CHAINAGE		MCW WIDTH(M)	MEDIAN WIDTH	MCW WIDTH(M)	EARTHEN SHOULDER (WIDTH)		EMBANKMENT HEIGHT		SLOPE PROTECTION (LENGTH & HEIGHT)	
FROM	TO	LHS		RHS	LHS MCW(M)	RHS MCW(M)	LHS(M)	RHS(M)	LHS	RHS
ATELI-NARNAUL										
30.450	30.500	9.1	4	9.1	1.8	1.9	2.81	2.9		
30.500	31.000	9.1	4	9.1	1.8	1.9	2.81	2.9		
31.000	31.400	10	4	10	0	0	Structure	Structure		
31.400	31.900	10	4	10	0	0	Structure	Structure		
31.900	32.100	9.1	4	9.1	1	1	3	3		
32.100	32.400	10	4	10	0	0	Structure	Structure		
32.400	32.900	10	4	10	0	0	Structure	Structure		
32.900	33.400	9.1	4	9.1	1	1	1.88	1.8		
33.400	34.400	10	4	10	0	0	Structure	Structure	650	650
34.400	35.400	9.1	4	9.1	2	2	1.91	1.75		
35.400	36.400	9.1	4	9.1	2	2	1.89	1.99		
36.400	37.000	10	4	10	0	0	Structure	Structure		
37.000	37.400	9.1	4	9.1	2.5	1.7	2	1.84		

CHAINAGE		MCW WIDTH(M)	MEDIAN WIDTH	MCW WIDTH(M)	EARTHEN SHOULDER (WIDTH)		EMBANKMENT HEIGHT		SLOPE PROTECTION (LENGTH & HEIGHT)	
					LHS MCW(M)	RHS MCW(M)				
FROM	TO	LHS		RHS			LHS(M)	RHS(M)	LHS	RHS
37.400	38.400	10	4	10	0	0	Structure	Structure	480	480
38.400	39.400	9.1	4	9.1	2.5	2.5	1.51	1.51		
39.400	40.000	9.1	4	9.1	2.5	2.5	1.83	2.32		
40.000	40.400	10	4.2	10	0	0	Structure	Structure	240	240
40.400	40.900	10	4.2	10	0	0	Structure	Structure	300	300
40.900	41.400	9.1	4	9.1	2.5	2.5	1.5	1.4		
41.400	42.200	9.1	4	9.1	2.5	2.5	2.6	2.5		
42.200	42.400	10	4	10	0	0	Structure	Structure	150	150
42.400	43.400	10	4	10	0	0	Structure	Structure	600	600
43.400	43.800	9.1	4	9.1			2.43	1.77		
43.800	44.300	9.1	4	9.1	2.5	2.5	0.3	0.3		
44.300	44.500	9.1	4	9.1	2.5	2.5	Structure	Structure		
NARNAUL BYPASS										
28.000	28.500	12.5	3.8-4	12.5	2	2	1.9-2.2	1.9-2.2		
28.500	29.000	13.5	4	13.5			Structure	Structure		
29.000	29.500	13.5	4	13.5			Structure	Structure		
29.500	29.900	12.5	4	12.5	1.5	1.5	2.7-3	4-4.5		
29.900	30.700	13.5	4	13.5			Structure	Structure		
30.700	31.000	12.5	4	12.5	1.5	1.5				
31.000	32.000	12.5	4	12.5	1.5	1.5	2.0-4	2.3-4		
32.000	32.600	12.5	4	12.5	1.5	1.5	1.8-2.2	2-2.5		
32.600	33.000	13.5	4	13.5			Structure	Structure		
33.000	33.700	13.5	4	13.5			Structure	Structure		
33.700	34.000	12.5	4	12.5	1.5	1.5	1-1.5	1-1.4		
34.000	35.000	13.5	4	13.5			Structure	Structure		
35.000	35.700	12.5	4	12.5	1.5	1.5	2.3-2.5	2.2-2.5		
35.700	36.000	13.5	4	13.5			Structure	Structure		
36.000	36.600	13.5	4	13.5			Structure	Structure		
36.600	37.000	12.5	4	12.5	1.5	1.5	1.5	1.5		
37.000	37.700	12.5	4	12.5	1.5	1.5	2	2		

CHAINAGE		MCW WIDTH(M)	MEDIAN WIDTH	MCW WIDTH(M)	EARTHEN SHOULDER (WIDTH)		EMBANKMENT HEIGHT		SLOPE PROTECTION (LENGTH & HEIGHT)	
					LHS MCW(M)	RHS MCW(M)				
FROM	TO	LHS		RHS			LHS(M)	RHS(M)	LHS	RHS
37.700	38.000	13.5	4	13.5			Structure	Structure		
38.000	38.600	13.5	4	13.5			Structure	Structure		
38.600	39.000	12.5	4	12.5	1.5	1.5	2	1.9		
39.000	40.000	13.5	4	13.5			1.5	1.5		
40.000	40.400	13.5	4	13.5			Structure	Structure		
40.400	41.000	12.5	4	12.5	1.5	1.5	1.8	1.5		
41.000	42.000	12.5	4	12.5	1.5	1.5	2-2.6	1.6-2.3		
42.000	42.600	9.4	4	9.4			1.7-5	1.7-5		
42.600	43.000	9.1	4	9.1			1.9	1.9		
43.000	44.000	9.1	4	9.1			4.8	4.9		
44.000	45.000	9.1	4	9.1			1.5-3.2	1.4-4		
45.000	46.000	9.1	4	9.1			Structure	Structure	500	500
46.000	47.000	9.1	4	9.1	2-1.5	2-1.5	1.5	1.5	200	200
47.000	47.300	9.1	4	9.1			1.5	1.5		
47.300	48.000	9.2	4	9.2			Structure	Structure		
48.000	49.000	9.2	4	9.2			2.5-4.0	2.5-4.0		
49.000	50.000	9.2	4	9.2			1.5-4.9	1.4-5		
50.000	51.000	9.2	4	9.2			1.6-5.1	1.5-5		
ILMH										
0.000	0.700	9.1	3.9	8.8	2.5	2.5	0.8	0.8		
0.700	1.000	9.1	3.8	8.8	--	--	1.5	1.5		
1.000	1.500	9.1	3.8	9.1	--	--	1.85	1.85		
1.500	1.900	9.1	3.8	9.1	--	--	Structure	Structure	230	230
1.900	2.000	9.1	3.8	9.1	--	--	6	6		
2.000	3.000	9.1	3.8	9.1	--	--	3.38	3.38		
3.000	3.300	9.1	3.8	9.1	--	--	Structure	Structure	300	300

4.2.2 PAVEMENT CONDITION

The pavement is found to be in Good /Fair condition at some locations. The summarised details in this regards as obtained from NSV are provided in Table 5.1 to 5.3 below. Representative photographs showing the Pavement Condition are peresented in Figures below.

Fig 4.85: Ch 28+100 LHS

Fig 4.86: Ch 28+200 RLHS

Fig 4.87: Ch 32+500 LHS

Fig 4.88: Ch 35+300 RHS

Fig 4.89: Ch 37+400 RHS

Fig 4.90: Ch 38+600 LHS

Ateli to Narnaul

Fig 4.91: Ch 44+300 RHS

Fig 4.92: Ch 44+230 LHS

Fig 4.93: Ch 43+600 LHS

Fig 4.94: Ch 43+900 LHS

Fig 4.95: Ch 46+900 LHS

Fig 4.96: Ch 46+100 LHS

Fig 4.97: Ch 47+200 LHS

Fig 4.98: Ch 47+780 RHS

Fig 4.99: Ch 49+900 LHS

Fig 4.100: Ch 51+900 RHS

Fig 4.101: Ch 52+900 RHS

Fig 4.102: Ch 56+990 RHS

ILMH

Fig 4.103: Ch 0+100 RHS

Fig 4.104: Ch 1+000 LHS

Fig 4.105: Ch 1+200 RHS

Fig 4.106: Ch 1+330 RHS

Fig 4.107: Ch 2+500 RHS

Fig 4.108: Ch 2+500 LHS

4.2.3 SERVICE ROADS/ SLIP ROADS

Total length of Service roads/ Slip roads as per inventory is 64.170 Km (including taper length). Representative Photographs of some of the Service roads/Slip Roads sections are presented in **Figures** below. The details of the service road are bought out in **Table 4.4** below.

Fig 4.109: Service road at Ch 28+500 LHS

Fig 4.110: Service road at Ch 29+450 LHS

Fig 4.111: Service road at Ch 29+450 RHS

Fig 4.112: Service road at Ch 31+940 LHS

Fig 4.113: Service road at Ch 31+950 RHS Ateli- Narnaul

Fig 4.114: Service road at Ch 35+950 RHS

Fig 4.115: Service road at Ch 44+040 RHS

Fig 4.116: Service road at Ch 43+700 RHS

Fig 4.117: Service road at Ch 47+540 RHS

Fig 4.118: Service road at Ch 49+830 RHS

Fig 4.119: Service road at Ch 50+160 LHS

Fig 4.120: Service road at Ch 51+700 LHS

Fig 4.121: Service road at Ch 53+650 LHS

Fig 4.122: Service road at Ch 55+200 RHS

Fig 4.123: Service road at Ch 56+100 LHS

ILMH

Fig 4.124: Service road at Ch 1+200 RHS

Fig 4.125: Service road at Ch 1+200 LHS

Fig 4.126: Service road at Ch 1+420 RHS

Table 4.3: Details of Service Road/ Slip Road

CHAINAGE		SIDE	LENGTH (M)	WIDTH (M)	DRAIN CUM FOOTPATH		SEPARATOR		CONDITION OF SR	ENTRY / EXIT (TAPER LENGTH)		ROAD MARKING
FROM	TO	LHS			LHS	RHS	LHS	RHS		LHS	RHS	
Ateli- Narnaul												
30.450	44.450	LHS	14000	7.50	Yes		Yes		Fair	-	-	Fair
30.450	44.450	RHS	14000	7.50		Yes		Yes	Fair	100	220	Fair
Narnaul bypass												
28+000	42+000	LHS	14000	7.50		Yes		Yes	Fair	360		Fair
28+000	42+000	RHS	14000	7.50	Yes		Yes		Fair		370	Fair
44+920	46+550	RHS	1630	7.50		Yes		Yes	Fair	180	230	Fair
44+920	46+550	LHS	1630	7.5	Yes		Yes		Fair	230	180	Fair
47+100	49+050	RHS	1950	7					Fair			Fair
50+570	51+000	RHS	430	7.5		Yes		Yes	Fair		210	Fair
50+570	51+000	LHS	430	7.5	Yes		Yes		Fair	210		Fair
ILMH												
0+250.0	0+880.0	LHS	630	7	-	-	Embankment Slope	Embankment Slope	Fair	Direct Entry /Exit Via Side Road	Direct Entry /Exit Via Side Road	NO
0+250.0	0+1720.0	RHS	1470	7	-	-	Embankment Slope	Embankment Slope	Fair	Direct Entry /Exit Via Side Road	Direct Entry /Exit Via Side Road	NO
		Total (in m)	**64170**						**Total Taper length (in m)**	**890**	**1210**	

4.2.4 JUNCTIONS

There are 3 Nos. of Major junctions on the Project Road and 31 Minor Junctions which are in good condition. The details of the Major junction are furnished in Table 4.5 below. Representative photographs of some of the Junctions are presented in **Figures** below.

ATELI- Narnaul

Fig 4.127: Junction at Ch 44+040 RHS

Fig 4.128: Junction at Ch 44+040 RHS

Fig 4.129: Junction at Ch 45+350 RHS

Fig 4.130: Junction at Ch 50+160 RHS

Fig 4.131: Junction at Ch 52+680 RHS

Fig 4.132: Junction at CH 52+900 LHS

Fig 4.133: Junction at Ch 54+050 RHS

Fig 4.134: Junction at Ch 54+050 RHS

Fig 4.135: Junction at Ch 54+050 RHS

Fig 4.136: Junction at Ch 54+050 LHS

Fig 4.137: Junction at Ch 55+200 RHS

Fig 4.138: Junction at Ch 55+200 RHS

Fig 4.139: Junction at Ch 55+200 RHS

Fig 4.140: Junction at Ch 55+200 RHS

Fig 4.141: Junction at Ch 52+680 RHS

NARNAUL BYPASS

Fig 4.142: Junction at Ch 29+030 LHS

Fig 4.143: Junction at Ch 29+030 LHS

Fig 4.144: Junction at Ch 30+280 RHS

Fig 4.145: Junction at Ch 30+250 LHS

Fig 4.146: Junction at Ch 33+620 RHS

Fig 4.147: Junction at Ch 33+160 LHS

Fig 4.148: Junction at Ch 33+160 RHS

Fig 4.149: Junction at Ch 36+160 RHS

Fig 4.150: Junction at Ch 41+220 LHS

Fig 4.151: Junction at Ch 41+220 LHS

Fig 4.152: Junction at Ch 45+970 RHS

Fig 4.153: Junction at Ch 45+710 RHS

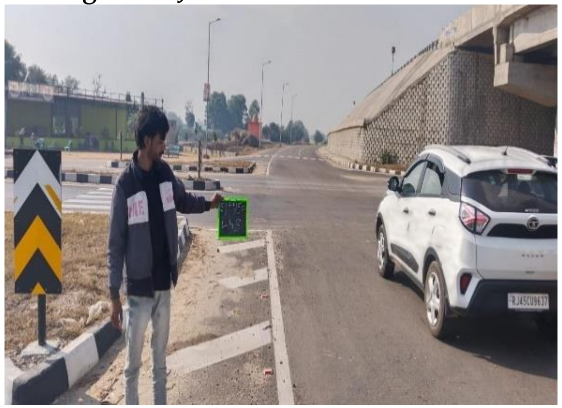

Fig 4.154: Junction at Ch 51+450 LHS

Fig 4.155: Junction at Ch 51+450 LHS

Fig 4.156: Junction at Ch 51+450 LHS

Table 4.4: Details of Major Junctions of Ateli to Narnaul

S. NO	CHIANGE	TYPE (X/T/Y)	SIDE	PAVEMENT TYPE	PAVEMENT CONDITION	WIDTH (in m) MOUTH OF JUNCTION	WIDTH (in m) ROAD WIDTH	CHANNELIZING ISLAND NUMBER OF ISLAND	CONDITION	TURNING LANES (m) WIDTH LHS	TURNING LANES (m) WIDTH RHS	AUXILARY LANE (m) ENTRY L	AUXILARY LANE (m) ENTRY W	AUXILARY LANE (m) EXIT L	AUXILARY LANE (m) EXIT W	ROAD MARKING	NAME OF VILLAGE
1	34.540	X	RHS	B.T.	Good	28.0	6.60	2	Fair	0+3.50	0+3.50	70	3.5	90	3.5	Yes	Kanina
	34.540	X	LHS	B.T.	Good	28.0	7.20	2	Fair	0+3.50	0+3.50	70	3.5	90	3.5	Yes	Ateli

S. NO	CHIANGE	TYPE	SIDE	PAVEMENT		WIDTH (in m)		CHANNELIZING ISLAND	CONDI TION	TURNING LANES (m)		AUXILARY LANE (m)				ROAD MAR KING	NAME OF VILLAGE
		(X/T/Y)		TYPE	CONDI TION	MOUTH OF JUNCTION	ROAD WIDTH	NUMBER OF ISLAND		WIDTH		ENTRY		EXIT			
										LHS	RHS	L	W	L	W		
2	38.450	T	LHS	B.T.	Good	15	6	3	Fair	0+3.50	0+3.50	70	3.5	80	3.5	Yes	
3	42.200	T & Y	RHS	B.T.	Good	17	7	1	Fair	0+3.50	0+3.50	60	5	80	3.5	Yes	

Table 4.5: Details of Minor Junctions of Ateli Narnaul

S. NO.	CHAINAGE	TYPE	SIDE	PAVEMENT		WIDTH (in m)		TAPER	CHANNELIZING ISLAND		ROAD MARKING	NAME OF VILLAGE
		(X/T/Y)		TYPE	CONDITION	MOUTH OF JUNCTION	ROAD WIDTH	LENGTH (in m)	NUMBER OF ISLAND	CONDITION		
1	31.040	T	RHS	B.T.	Fair	13	5	11.80			Yes	Salim Pur
2	32.930	T	LHS	B.T.	Poor	12	3.70	8.40			Yes	Dhanunda
3	31.700	T	LHS	B.T.	Fair	103	9.00	30.80			Yes	Ateli
4	32.950	T	RHS	B.T.	Fair	14	3.00	10.50			Yes	Salim Pur
5	34.960	T	LHS	B.T.	Fair	55	6.00	24.60			Yes	Ateli
6	34.960	Y	RHS	B.T.	Fair	49	9.00	16.40			Yes	BandarGarh
7	37.160	+	LHS	B.T.	Poor	5.40	5.40				No	Khor
8	37.160	+	RHS	B.T.	Poor	9.5	5.40	11.10			No	Tigra
9	39.100	T	LHS	B.T.	Fair	32.00	4.60	19.10			Yes	Bhilwada
10	38.700	Y	LHS	B.T.	Fair	52.00	9.70	26.80			Yes	
11	41.050	T	LHS	B.T.	Fair	2X7.50+1X9.30	6.20		2.00	Fair	Yes	
12	41.050	R	RHS	B.T.	Fair	2X7.50+1X9.30	6.20	16.40	2.00	Fair	Yes	
13	32.140	T	LHS	B.T.	Good	31	7.5	80		Fair	Yes	Ateli
14	39.680	Y	RHS	B.T.	Good	2 x 7.50	6			Fair	Yes	Ateli

Table 4.6: Details of Minor Junctions of Narnaul Bypass

S. NO.	CHAINAGE	TYPE	SIDE	PAVEMENT		WIDTH		TAPER	AUXILARY LANE				ROAD MARKING	NAME OF VILLAGE
		(X/T/Y)		TYPE	CONDITION	MOUTH OF JUNCTION	ROAD WIDTH	LENGTH	ENTRY		EXIT			
									LENGTH	WIDTH	LENGTH	WIDTH		
1	28+380	Y	LHS	C.C.	Fair	18	8	0.00					Fair	Narnual
2	29+030	+	RHS	B.T.	Fair	78	4.20	22.00					Fair	Chhoti Dhani
3	30+280	T	RHS	B.T.	Fair	36	5.50	12.00						Khanpur
4	30+250	T	LHS	B.T.	Fair	24	4.00	12.10					Fair	Dhani Batola
5	33+160	+	LHS	B.T.	Fair	54	6.00	24.00	50	0+4.0	40	0+4.0	Fair	Kojinda
	33+160	+	RHS	B.T.	Fair	44	4.20	18.80					Fair	Mandhana
6	33+630	T	LHS	B.T.	Fair	40.00	4.10	22.00					Fair	Nirpur
	33+620	T	RHS	B.T.	Fair	41	5.00	21.60					Fair	
7	36+160	+	RHS	B.T.	Fair	44.00	5.00	24.70					Fair	Bhushan Kalan
	36+160	+	LHS	B.T.	Fair	36.00	4.10	28.00	90	0+4.0	40	0+4.0	Fair	Kadipuri
8	41+220	T	LHS	B.T.	Fair	12.40	3.50	9.40					Fair	Nirpur
9	41+250	T	RHS	B.T.	Fair	18.40	4.20	11.80					Fair	Saloni
10	43+550	+	LHS	B.T.	Poor	4.00	4.00						No	Bargota
	43+550	+	RHS	B.T.	Poor	4.00	4.00						No	Khutba Pur
11	43+900	+	LHS	B.T.	Poor	4.00	4.00						No	
	43+900	+	RHS	B.T.	Poor	4.00	4.00						No	
12	49+050	T	RHS	B.T.	Fair	6.00	4.00						Yes	Gahli
13	50+340	+	LHS	B.T.	Fair	3.20	3.20						No	
	50+340	+	RHS	B.T.	Fair	3.20	3.20						No	
14	47+800	x	LHS	B.T.	Poor	4.00	4.00						No	
	47+800	X	RHS	B.T.	Poor	4.00	4.00						No	Mandana
15	47+280	T	RHS	B.T.	Fair	7.50	4.50	4.50					Poor	

Table 4.7: Details of Minor Junctions of ILMH Road

<table>
<tr><th rowspan="3">S. NO.</th><th rowspan="3">CHAINAGE</th><th>TYPE</th><th rowspan="3">SIDE</th><th colspan="2">PAVEMENT</th><th colspan="2">WIDTH</th><th rowspan="3">TAPER LENGTH</th><th rowspan="3">ROAD MARKING</th></tr>
<tr><th rowspan="2">(X/T/Y)</th><th rowspan="2">TYPE</th><th rowspan="2">CONDITION</th><th rowspan="2">MOUTH OF JUNCTION</th><th rowspan="2">ROAD WIDTH</th></tr>
<tr></tr>
<tr><td rowspan="2">1</td><td rowspan="2">0+210</td><td rowspan="2">X</td><td>LHS</td><td>Flexible</td><td>FAIR</td><td>18.0</td><td>5.0</td><td>15.0</td><td>Fair</td></tr>
<tr><td>RHS</td><td>Flexible</td><td>FAIR</td><td>16.0</td><td>5.0</td><td>13.0</td><td>Fair</td></tr>
<tr><td rowspan="2">2</td><td rowspan="2">0+880</td><td rowspan="2">X</td><td>LHS</td><td>Rigid</td><td>FAIR</td><td>7.0</td><td>3.0</td><td>5.0</td><td>Fair</td></tr>
<tr><td>RHS</td><td>Rigid</td><td>FAIR</td><td>7.5</td><td>3.0</td><td>6.0</td><td>Fair</td></tr>
</table>

4.2.5 MEDIAN OPENINGS

The details of Median Openings are furnished in **Table 4.7** below. Representative photographs of some of the Median Opening are presented in **Figures** below.

Table 4.8: Details of Median Opening in ILMH Road

<table>
<tr><th colspan="2">CHAINAGE</th><th rowspan="2">MEDIAN WIDTH (M)</th><th colspan="2">MEDIAN OPENING</th><th colspan="2">STORAGE LANE</th><th colspan="3">KERB</th></tr>
<tr><th>FROM</th><th>TO</th><th>LENGTH(M)</th><th>WIDTH(M)</th><th>LENGTH(M)</th><th>WIDTH(M)</th><th>KERB HEIGTH(M)</th><th>LENGTH(M)</th><th>CONDITION</th></tr>
<tr><td>0.195</td><td>0.225</td><td>5.0</td><td>26.0</td><td>4.0</td><td>NO</td><td>NO</td><td>220</td><td>-</td><td>FAIR NEW, NO PAINTING</td></tr>
<tr><td>1.300</td><td>1.400</td><td>5</td><td>11.3</td><td>4</td><td></td><td></td><td>Damaged</td><td>Damaged</td><td>Unauthorized</td></tr>
</table>

4.2.6 BUS BAYS AND TRUCK LAY BYE

There are 13 nos. of Bus Bays and 2 nos. of Truck Lay Bye. Details are brought out in **Table 4.10** below. Representative photographs of some of the BusBays/Bus Shelters are presented in **Figures** below.

Narnaul Bypass

Fig 4.157: Busbay at 31+400 LHS

Fig 4.158: Busbay at 31+450 LHS

Fig 4.159: Busbay at 32+900 LHS

Fig 4.160: Busbay at 35+950 RHS

Fig 4.161: Busbay at 36+290 LHS

Fig 4.162: Busbay at 46+740 RHS

Ateli to Narnaul

Fig 4.163: Busbay at 47+150 RHS

Fig 4.164: Busbay at 47+150 RHS

Fig 4.165: Busbay at 47+150 LHS

Fig 4.166: Busbay at 47+150 LHS

Fig 4.167: Busbay at 53+650 RHS

Fig 4.168: Busbay at 56+100 RHS

Table 4.9: Details of Bus Bays & Truck lay bye

S. NO.	CHAINAGE	BUS BAY/TRUCK LAY BYE	SIDE	LENGTH (M)	PAVED WIDTH (M)	PAVEMENT TYPE	CONDITION OF PAVEMENT	ROAD MARKING CONDITION	SEPARATOR		PASSENGER SHELTER TYPE (RCC/STEEL)	TAPER LENGTH (IN M)		LIGHTING			OTHER FACILITES
									TYPE/ WIDTH	CONDITION		ENTRY	EXIT	TYPE	NUMBER OF POLES	NUMBER OF LAMPS	
Ateli- Narnaul																	
1	34.150	Bus Bay	LHS	210	7.00	B.T.	Fair	No	N.P.		Steel (Damaged)	100	90	Single Arm	2	2	
2	34.150	Bus Bay	RHS	210	7.00	B.T.	Fair	No	YES - 1.20 M	Fair	Steel	100	90	Single Arm	2	2	
3	40.650	Bus Bay	LHS	210	7.00	B.T.	Fair	No	YES - 1.20 M	Fair	Steel	100	90	Single Arm	2	2	
4	40.650	Bus Bay	RHS	210	7.00	B.T.	Fair	No	N.P.		Steel	100	90	Single Arm	2	2	
5	43.100	Bus Bay	LHS	180	7.00	B.T.	Fair	No	N.P.		Steel	80	80	Single Arm	2	2	
6	43.100	Bus Bay	RHS	180	7.00	B.T.	Fair	No	N.P.		Steel	80	80	Single Arm	2	2	
Narnaul Bypass																	
1	31+400	Bus Bay	LHS	180	7.20	B.T.	Fair	Fair	N.P.		STEEL	100	60	Single Arm	4	4	
2	32+000	Truck Lay By	LHS	260	7.20	B.T.	Fair	Fair	YES - 1.20 M	Fair	RCC	60	60	Single Arm	12	12	
3	32+000	Truck Lay By	RHS	260	7.20	B.T.	Fair	Fair	YES - 1.20 M	Fair	RCC	60	60	Single Arm	12	12	
4	32+900	Bus Bay	LHS	180	7.20	B.T.	Fair	Fair	N.P.		STEEL	100	60	Single Arm	2	2	
5	33+430	Bus Bay	RHS	210	7.20	B.T.	Fair	Fair	N.P.		STEEL	100	80	Single Arm	2	2	
6	35+950	Bus Bay	RHS	180	7.20	B.T.	Fair	Fair	N.P.		STEEL	100	60	Single Arm	2	2	
7	36+290	Bus Bay	LHS	180	7.20	B.T.	Fair	Fair	N.P.		STEEL	100	60	Single Arm	2	2	
8	46+740	Bus Bay	LHS	220	7.20	B.T.	Fair	Fair	N.P.		STEEL	140	60	Single Arm	2	2	1 Pole Damaged

S. NO.	CHAINAGE	BUS BAY/TRUCK LAY BYE	SIDE	LENGTH (M)	PAVED WIDTH (M)	PAVEMENT TYPE	CONDITION OF PAVEMENT	ROAD MARKING CONDITION	SEPARATOR		PASSENGER SHELTER TYPE (RCC/STEEL)	TAPER LENGTH (IN M)		LIGHTING			OTHER FACILITES
									TYPE/ WIDTH	CONDITION		ENTRY	EXIT	TYPE	NUMBER OF POLES	NUMBER OF LAMPS	
9	46+740	Bus Bay	RHS	220	7.20	B.T.	Fair	Fair	N.P.		STEEL	140	60	Single Arm	2	2	

4.2.7 DRAIN

Details of Drains constructed on the Project road have been brought out in Tables 4.11 to 4.13. Representative photographs of some of the Drains are presented in **Figures** below.

Narnaul Bypass

Fig 4.169: Drain at Ch 29+000

Fig 4.170: RCC Toe Drain at Ch 30+500

Fig 4.171: RCC Drain at Ch 31+950 RHS

Fig 4.172: RCC Toe Drain at Ch 32+130 RHS

Fig 4.173: Drain at Ch 32+000

Fig 4.174: RCC Toe Drain at Ch 41+300 RHS

Fig 4.175: RCC Toe Drain at Ch 46+600 RHS

Fig 4.176: RCC Drain at Ch 49+050 RHS

Ateli- Narnaul

Fig 4.177: RCC Drain at Ch 51+300

Fig 4.178: Drain at Ch 43+8730 RHS

Fig 4.179: RCC Toe Drain at Ch 47+140 LHS

Fig 4.180: RCC Drain at Ch 48+130 LHS

Fig 4.181: RCC Toe Drain at Ch 50+700 RHS

Fig 4.182: Drain at Ch 52+680 RHS

Fig 4.183: RCC Toe Drain at Ch 52+550 RHS

Fig 4.184: RCC Toe Drain at Ch 55+030 LHS

Fig 4.185: RCC Drain at Ch 49+850 RHS ILMH

Fig 4.186: RCC Drain at Ch 47+260

Fig 4.187: Drain at C 1+000 RHS

Fig 4.188: RCC Toe Drain at Ch 1+000

Fig 4.189: RCC Drain at Ch 1+420 RHS

Fig 4.190: RCC Toe Drain at Ch 1+600 RHS

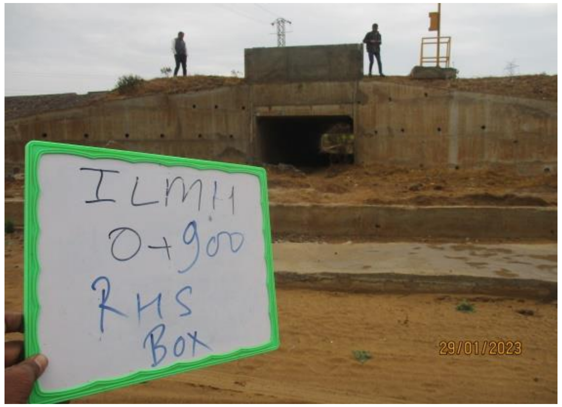

Fig 4.191: Drain at Ch 0+900

Table 4.10: Details of Drain Ateli -Narnaul

CHAINAGE		DRAIN LINED/UNLINED (CONDITION)		CHAINAGE		MEDIAN DRAIN
FROM	TO	LHS	RHS	FROM	TO	
30.445	31.000	170	170	30.445	31.000	
31.000	32.000	1000	1000	31.000	32.000	400
32.000	33.000	1000	1000	32.000	33.000	570
33.000	34.000	1000	1000	33.000	34.000	90
34.000	35.000	1000	1000	34.000	35.000	480
35.000	36.000	130	130	35.000	36.000	
36.000	37.000	0	150	36.000	37.000	
37.000	38.000	280	1000	37.000	38.000	20
38.000	39.000	1000	1000	38.000	39.000	940
39.000	40.000	1000	1000	39.000	40.000	
40.000	41.000	1000	1000	40.000	41.000	550
41.000	42.000	1000	1000	41.000	42.000	460
42.000	43.000	1000	1000	42.000	43.000	
43.000	44.000	1000	1000	43.000	44.000	

CHAINAGE		DRAIN LINED/UNLINED (CONDITION)		CHAINAGE		MEDIAN DRAIN
FROM	TO	LHS	RHS	FROM	TO	
44.000	44.500	350	350	44.000	44.500	

Table 4.11: Details of Drain Narnaul Bypass

CHAINAGE (KM)		RCC COVERED DRAIN	
FROM	TO	LHS	RHS
28.300	29.000	640	630
29.000	30.000	1000	1000
30.000	30.800	800	780
30.800	31.400	600	
31.400	32.000	600	600
32.000	33.000	1000	1000
33.000	34.000	1000	1000
34.000	35.000	1000	1000
35.000	36.000	1000	1000

CHAINAGE (KM)		RCC COVERED DRAIN	
FROM	TO	LHS	RHS
36.000	37.000	1000	1000
37.000	38.000	1000	1000
38.000	39.000	1000	1000
39.000	40.000	1000	1000
40.000	41.000	1000	1000
41.000	41.500	300	420
45.000	46.000	900	900
46.000	46.400	320	320
50.700	51.000	220	220

Table 4.12: Details of Drain ILMH

CHAINAGE (KM)		RCC COVER DRAIN		TRANSVERSE DRAIN MEDIAN		CHHUTE DRAIN	
		LHS	RHS	LHS	RHS	LHS	RHS
FROM	TO	LENGTH	LENGTH	LENGTH	LENGTH	NUMBERS	NUMBERS
0.380	1.720	-	-	-	-	67	67
0.900	1.080	-	180	-	-	-	-
1.420	1.650	-	230	-	-	-	-
1.850	2.100	-	-	-	-	12	12
2.250	3.300	-	-	-	-	53	53

4.2.8 SIGN BOARDS

The details in respect of the sign boards installed on Project Road are brought out in **Tables 4.14 to 4.16**. Representative photographs of some of the Sign Boards are presented in **Figures** below.

Fig 4.192: Sign Board at 28+300 LHS

Fig 4.193: Sign Board at Ch 28+100 LHS

Fig 4.194: Sign Board at Ch 28+500 LHS

Fig 4.195: Sign Board at Ch 30+700 LHS

Fig 4.196: Sign Board at Ch 30+840 LHS

Fig 4.197: Sign Board at Ch 32+130 RHS

Fig 4.198: Sign Board at Ch 33+630 LHS

Fig 4.199: Sign Board at Ch 34+000 RHS

Fig 4.200: Sign Board at Ch 39+030 LHS

Fig 4.201: Sign Board at Ch 44+800 LHS

Fig 4.202: Sign Board at Ch 45+740 RHS

Fig 4.203: Sign Board at Ch 50+520 LHS

Table 4.13: Details of Sign Boards Ateli Narnaul

S. NO.	SIGN BOARDS	30.445-31.000	31.000-32.000	32.000-33.000	33.000-34.000	34.000-35.000	35.000-36.000	36.000-37.000	37.000-38.000	39.000-40.000	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-44.500
1	Informatory/Village name/Place	--	1	1	--	--	--	--	1	--	**1**	--	--	--	**1**
2	Chevron	--	--	7	--	--	--	--		**16**	**6**	**11**	**13**	**10**	--
3	Route marker	--	3	--	--	--	--	3	1	**1**	**4**		**1**	**1**	**2**

S. NO.	SIGN BOARDS	30.445-31.000	31.000-32.000	32.000-33.000	33.000-34.000	34.000-35.000	35.000-36.000	36.000-37.000	37.000-38.000	39.000-40.000	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-44.500
4	T/Y/+/Staggered	--	1	--	--	--	--	--	--	--	--	--	--	--	--
5	U-Turn	--	1	1	2	4	--	--	--	**1**	--	**1**	--	--	**2**
6	Object Hazard Marker/ Caution	3	5	5	--	5	2	2	4	**2**	**4**	**5**	**4**	**5**	**2**
7	Delineators	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8	Gap in median	--	--	--	--	--	--	--	--	--	--	--	--	--	--
9	Solar Blinker	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10	Left/ Right Hand Curve	--	--	--	--	--	--	--	--	--	--	--	--	--	--
11	Helpline No./Emergency	--	--	--	--	--	--	--	--	--	--	--	--	--	--
12	Overhead gantry	--	--	--	--	--	--	--	--	--	--	**1**	--	**1**	--
13	Cantilever gantry		--	--	--	--	1	--	1	--	--	--	--	--	--
14	Petrol Pump	--	--	--	--	--	--	--	--	--	--	--	--	--	--
15	Toll Plaza sign board	--	--	--	--	--	--	--	--	--	--	--	--	--	--
16	Speed Breaker/Rumble strip	--	--	--	2	1	--	--	--	--	--	--	--	--	**2**
17	Toll rates/ Exempted vehicle	--	--	--	--	--	--	--	--	--	--	--	--	--	--
18	Pedestrian crossing	--	1	1	3	8	--	--	--	**1**	**1**	**1**	--	**1**	**1**
19	Guard Stones/Bollards	--	--	--	--	--	--	--	--	--	--	--	--	--	--
20	Speed limit/Go Slow	--	2	1	--	3	--	1	--	**1**	--	**1**	**1**	--	**2**
21	No Entry	--	--	--	--	--	--	--	--	--	--	--	--	--	--
22	Truck Lay bye	--	--	--	--	--	--	--	--	--	--	--	--	--	--
23	Bus Stop/Bay/Shelter	--	--	--	--	2	--	--	--	--	--	--	--	**1**	**1**
24	No Overtaking	--	--	--	--	--	--	--	--	--	--	--	--	--	--
25	No Stopping/ No Parking	--	--	--	--	--	--	--	--	--	--	--	--	--	--
26	Lane	--	2	--	--	--	1	--	1	--	**1**	--	--	--	--

S. NO.	SIGN BOARDS	30.445-31.000	31.000-32.000	32.000-33.000	33.000-34.000	34.000-35.000	35.000-36.000	36.000-37.000	37.000-38.000	39.000-40.000	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-44.500
	Merging/Narrow Road/Road widens/SR														
27	**Electric line**	--	--	--	--		--	--	--	--	--	--	--	--	--
28	**stop/give way**	--	--	--	--	1	--	--	--	--	**1**	--	**1**	--	--
29	**Accident Prone zone**	--	--	--	--	--	--	--	--	--	--	--	--	--	--
30	**Narrow culvert**	--	--	--	--	--	--	--	--	--	--	--	--	--	--
31	**Keep left/right/ Move either side**	--	--	--	--	--	--	--	--	--	--	--	--	--	--
32	**KM Stone**	--	--	--	--	--	--	--	--	--	--	--	--	--	--
33	**Anti-Glare**	--	--	--	--	--	--	--	--	--	--	--	--	--	--
34	**VMS**	2	--	--	--	--	--	--	--	--	--	--	--	--	--
35	**Height Restricted**	--	--	--	2	5	--	--	--	--	--	--	--	**2**	**3**
36	**Other**	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Table 4.14: Details of Sign Boards Narnaul Bypass

S. NO.	SIGN BOARDS	28.000-29.000	29.000-30.000	30.000-31.000	31.000-32.000	32.000-33.000	33.000-34.000	34.000-35.000	35.000-36.000	36.000-37.000	37.000-38.000	38.000-39.000	39.000-40.000
1	Informatory/Village name/Place	1	--	1	--	--	3	--	--	3	--	--	--
2	Chevron	--	--	18	2	--	--	17	--		--	--	10
3	Route marker	1	1	--	--	1	1	2	--	2	--	--	2
4	T/Y/+/Staggered	1	1	--	--	--	2	--	--	2	--	--	--
5	U-Turn	2	2	--	--	1	1	1	--	1	1	--	--
6	Object Hazard Marker/ Caution	1	10	1	5	3	8	2	2	--	4/2	--	6
7	Delineators	--	--	--	--	--	--	--	--	--	--	--	--
8	Gap in median	--	--	--	--	--	--	--	--	--	--	--	--
9	Solar Blinker	--	--	--	--	--	--	--	--	--	--	--	--
10	Left/ Right Hand Curve	--	--	--	1	--	1	--	--	--	--	--	1
11	Helpline No./Emergency	--	--	--	--	--	--	--	--	--	--	--	--
12	Overhead gantry	1	--	--	--	--	--	--	--	--	--	--	--

S. NO.	SIGN BOARDS	28.000-29.000	29.000-30.000	30.000-31.000	31.000-32.000	32.000-33.000	33.000-34.000	34.000-35.000	35.000-36.000	36.000-37.000	37.000-38.000	38.000-39.000	39.000-40.000
13	Cantilever gantry	--	--	1	--	--	1	--	1	--	--	1	--
14	Petrol Pump	--	--	--	--	--	--	--	--	--	--	--	--
15	Toll Plaza sign board	--	--	--	--	--	--	--	--	--	--	--	--
16	Speed Breaker/Rumble strip	--	1	--	--	1	--	--	--	--	--	--	--
17	Toll rates/ Exempted vehicle	--	--	--	--	--	--	--	--	--	--	--	--
18	Pedestrian crossing	4	3	1	--	2	3		--	--	--	--	--
19	Guard Stones/Bollards	--	--	--	--	--	--	--	--	--	--	--	--
20	Speed limit/Go Slow	3	2	--	2	2	--	--	--	2	3	--	--
21	No Entry	--	--	--	--	--	--	--	--	--	--	--	--
22	Truck Lay bye	--	--	--	1	1	--	--	--	--	--	--	--
23	Bus Stop/Bay/Shelter	--	--	--	1	1	1	--	--	--	--	--	--
24	No Overtaking	--	--	--	--	--	--	--	--	--	--	--	--
25	No Stopping/ No Parking	--	--	--	--	--	--	--	--	--	--	--	--
26	Lane Merging/Narrow Road/Road widens/SR	--	--	--	--	--	--	2	--	--	--	--	3
27	Electric line	--	--	--	--	--	--	--	--	--	--	--	--
28	stop/give way	--	--	--	--	--	--	--	--	--	--	--	--
29	Accident Prone zone	--	--	--	--	--	--	--	--	--	--	--	--
30	Narrow culvert	--	--	--	--	--	--	--	--	--	--	--	--
31	Keep left/right/ Move either side	--	--	--	--	--	--	--	--	--	--	--	--
32	KM Stone	--	--	--	--	--	--	--	--	--	--	--	--
33	Anti-Glare	--	--	--	--	--	--	--	--	--	--	--	--
34	VMS	2	--	--	--	--	--	--	--	2	--	--	1
35	Height Restricted	1	2	--	--	2	2	2	--	1	--	--	--
36	Other	1	1	--	--	--	2	--	--	1	--	--	--

S. NO.	SIGN BOARDS	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-45.000	45.000-46.000	46.000-47.000	47.000-48.000	48.000-49.000	49.000-50.000	50.000-51.000
1	Informatory/Village name/Place	--	2	1	--	--	3	--	--	1	--	--
2	Chevron	--	1	--	--	--		--	--	--	--	--
3	Route marker	3	2	1	--	--	2	1	--	--	--	1

S. NO.	SIGN BOARDS	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-45.000	45.000-46.000	46.000-47.000	47.000-48.000	48.000-49.000	49.000-50.000	50.000-51.000
4	T/Y/+/Staggered	--	--	--	--	--	1	--	--	--	--	--
5	U-Turn	1	--	--	--	--	2	--	--	--	--	--
6	Object Hazard Marker/ Caution	1	5	2	2	2	6	4	2	--	--	3
7	Delineators	--	--	--	--	--	--	--	--	--	--	--
8	Gap in median	--	--	--	--	--	--	--	--	--	--	--
9	Solar Blinker	--	--	--	--	--	--	--	--	--	--	--
10	Left/ Right Hand Curve	--	1	--	--	--	--	--	--	--	--	--
11	Helpline No./Emergency	--	--	--	--	--	--	--	--	--	--	--
12	Overhead gantry	1	--	--	--	--	--	--	--	--	--	--
13	Cantilever gantry	--	1	1	--	--	--	1	--	--	--	1
14	Petrol Pump	--	--	--	--	--	--	--	--	--	--	--
15	Toll Plaza sign board	--	--	--	--	--	--	--	--	--	--	--
16	Speed Breaker/Rumble strip	--	--	--	--	--	--	--	--	--	--	--
17	Toll rates/ Exempted vehicle	--	--	--	--	--	--	--	--	--	--	--
18	Pedestrian crossing	--	1	--	--	--	4	--	--	--	--	--
19	Guard Stones/Bollards	--	--	--	--	--	--	--	--	--	--	--
20	Speed limit/Go Slow	1	3	1	--	2	3	1	--	2	--	4
21	No Entry	--	--	--	--	--	--	--	--	--	--	--
22	Truck Lay bye	--	--	--	--	--	--	--	--	--	--	--
23	Bus Stop/Bay/Shelter	--	--	--	--	--	--	--	--	1	--	--
24	No Overtaking	--	--	--	--	--	--	--	--	--	--	--
25	No Stopping/ No Parking	--	--	--	--	--	--	--	--	--	--	--
26	Lane Merging/Narrow road/Road widens/SR	--	2	--	--	--	--	1	--	--	--	1
27	Electric line	--	--	--	--	--	--	--	--	--	--	--
28	stop/give way	--	--	--	--	--	2	--	--	--	--	--
29	Accident Prone zone	--	--	--	--	--	--	--	--	--	--	--
30	Narrow culvert	--	--	--	--	--	--	--	--	--	--	--
31	Keep left/right/ Move either side	--	--	--	--	--	--	--	--	--	--	--
32	KM Stone	--	--	--	--	--	--	--	--	--	--	--
33	Anti-Glare	--	--	--	--	--	--	--	--	--	--	--
34	VMS	--	--	--	--	--	--	--	--	--	--	2

S. NO.	SIGN BOARDS	40.000-41.000	41.000-42.000	42.000-43.000	43.000-44.000	44.000-45.000	45.000-46.000	46.000-47.000	47.000-48.000	48.000-49.000	49.000-50.000	50.000-51.000
35	Height Restricted	--	3	--	--	--	4	2	--	--	--	--
36	Other	--	2	--	--	--	1	--	--	--	--	1

Table 4.15: Details of Sign Boards ILMH

S. NO.	SIGN BOARDS	0.000-1.000	1.000-2.000	2.000-3.000	3.000-3.300
1	Informatory/Village name/Place	--	--	--	--
2	Chevron	--	--	--	3
3	Route marker	--	--	1	--
4	T/Y/+/Staggered	--	--	--	--
5	U-Turn	--	--	--	--
6	Object Hazard Marker/ Caution	--	--	1	--
7	Delineators	--	--	--	--
8	Gap in median	--	--	--	--
9	Solar Blinker	--	--	--	--
10	Left/ Right Hand Curve	--	1	1	1
11	Helpline No./Emergency	--	--	--	--
12	Overhead gantry	1	--	--	--
13	Cantilever gantry	--	--	--	--
14	Petrol Pump	--	--	--	--
15	Toll Plaza sign board	--	--	--	--
16	Speed Breaker/Rumble strip	--	--	--	--
17	Toll rates/ Exempted vehicle	--	--	--	--
18	Pedestrian crossing	--	--	--	--

S. NO.	SIGN BOARDS	0.000-1.000	1.000-2.000	2.000-3.000	3.000-3.300
19	Guard Stones/Bollards	--	--	--	--
20	Speed limit/Go Slow	1	1	2	
21	No Entry	--	--	--	--
22	Truck Lay bye	--	--	--	--
23	Bus Stop/Bay/Shelter	--	--	--	--
24	No Overtaking	--	--	--	--
25	No Stopping/ No Parking	--	--	--	--
26	Lane Merging/Narrow Road/Road widens/SR	--	--	1	--
27	Electric line	--	--	--	--
28	stop/give way	--	--	--	--
29	Accident Prone zone	--	--	--	--
30	Narrow culvert	--	--	--	--
31	Keep left/right/ Move either side	--	--	--	--
32	KM Stone	--	--	--	--
33	Anti-Glare	--	--	--	--
34	VMS	--	--	1	--
35	Height Restricted	--	--	--	--
36	Other	--	--	--	--

4.2.9 SAFETY BARRIERS

The details of the Safety Barrier which includes Metal Beam Crash Barriers, New Jersey Crash Barrier (NJB) and RCC Crash Barrier are furnished in **Table 4.17** below. At some of the locations the MBCB were damaged, Paint of the RCC Crash Barrier and NJB has faded. Representative photographs of some of the safety barriers are presented in **Figures** below.

Narnaul Bypass

Fig 4.204: RCC crash barriers at Ch 28+400 RHS

Fig 4.205: RCC crash barriers at Ch 28+400 LHS

Fig 4.206: RCC crash barriers at Ch 30+300 RHS

Fig 4.207: MBCB at Ch 42+700 LHS

Fig 4.208: MBCB at Ch 42+700

Fig 4.209 MBCB at Ch 48+800 RHS

Fig 4.210: MBCB 48+500 RHS

Fig 4.211: MBCB at Ch 50+340 RHS

Fig 4.212: MBCB Ch 51+300 LHS

Table 4.16: Details of Safety Barrier

CHAINAGE		MBCB		CRASH BARRIER		MBCB SERVICE ROAD	
FROM	TO	LHS	RHS	LHS	RHS	LHS	RHS
Ateli- Narnaul							
30.445	31.000	0	0	170	170		
31.000	32.000	0	0	1000	1000		
32.000	33.000	0	0	1000	1000		
33.000	34.000	0	0	930	900		
34.000	35.000	718	718	82	82		
35.000	36.000	0	0	0	0		
36.000	37.000	213	223	7	7		
37.000	38.000	711	711	59	59		
38.000	39.000	900	900	0	0		
39.000	40.000	0	0	0	0		
40.000	41.000	340	340	0	0		
41.000	42.000	399	399	0	0		
42.000	43.000	155	155	15	15		
43.000	44.000	556	556	44	44		

CHAINAGE		MBCB		CRASH BARRIER		MBCB SERVICE ROAD	
FROM	TO	LHS	RHS	LHS	RHS	LHS	RHS
44.000	44.500	55	55				
Narnaul Bypass							
28.000	29.000			640	630		
29.000	30.000			1000	1000		
30.000	31.000			1000	980	600	
31.000	32.000			1000	600		
32.000	33.000			1000	1000		
33.000	34.000			700	700		
34.000	35.000	200		1000	1000		
35.000	36.000			900	900		
36.000	37.000			1000	1000		
37.000	38.000			1000	1000		
38.000	39.000			840	840		
39.000	40.000			300	300		
40.000	41.000			1000	1000		
41.000	42.000	100	100	300	420		
42.000	43.000	880	880				
43.000	44.000	1000	1000				
44.000	45.000	1000	1000				
45.000	46.000	718	718	92	92		
46.000	47.000	310	310	46	46		
47.000	48.000	958	958	42	42		
48.000	49.000	985	985	15	15		
49.000	50.000	1000	1000				
50.000	51.000	1000	1000				
ILMH							
1330.0	2120.0	790.0	790.0	-	-		
2230.0	2500.0	270.0	270.0	-	-		
2900.0	3300.0	400.0	400.0	-	-		

4.2.10 LIGHTING

Details of Lighting provided at Service Road/Slip Roads, Truck Lay Byes, Bus Bays and Major junctions on the Project Road are furnished in **Table 4.18** below. Representative photos of same are shown in **Figures** below.

Narnaul bypass

Fig 4.213: Lighting at Ch. 29+630 RHS

Fig 4.214: Lighting at Ch. 29+630 LHS

Fig 4.215: Lighting Ch. 30+900 LHS

Fig 4.216: Lighting at Ch. 30+840 LHS

Fig 4.217: Lighting at Ch.42+000

Fig 4.218: Lighting at Ch.51+000

Table 4.17: Details of Lighting

CHAINAGE		SIDE	LIGHTING		
FROM	TO		TYPE	NUMBER OF POLES	NUMBER OF LAMPS
Narnaul Bypass					
29.900	30.160	BHS	Single Arm	16	16
30.600	31.000	Median	Double Arm	18	36
31.000	31.600	Median	Double Arm	24	48
31.080	31.300	LHS	Single Arm	6	6
31.080	31.300	RHS	Single Arm	5	5
31.300	32.200	BHS	Single Arm	12	12
37.500	39.000	LHS	Single Arm	29	29
37.500	39.000	RHS	Single Arm	53	53
37.500	38.000	Median	Double Arm	21	42
38.000	39.000	Median	Double Arm	31	62
39.000	40.000	Median	Double Arm	36	72
40.000	41.000	LHS	Single Arm	36	36
40.000	41.000	RHS	Single Arm	55	55
40.000	41.000	Median	Double Arm	40	80
41.000	41.100	Median	Double Arm	4	8
50.500	51.000	Median	Double Arm	17	34
50.760	51.300	BHS	Single Arm	36	36
ILMH					
2900	3300	Median	Double Arm	24	48
2900	3300	BHS	Single Arm	36	36

4.2.11 KM STONES

The details of KM Stones and Hectometer stones on the Project Road are provided in **Table 4.19.** Representative photos of same are shown in **Figures** below.

Narnaul Bypass

Fig 4.219: KM Stones at Ch 35+000

Fig 4.220: KM Stones at Ch 37+000

Fig 4.221: KM Stones at Ch 49+000

Table 4.18: Details of KM & HM Stones

CHAINAGE		KM STONE		CHAINAGE		HECTOMETER STONE	
FROM	TO	LHS	RHS	FROM	TO	LHS	RHS
ATELI-NARNAUL BYPASS							
30.445	32.000	1	1	30.445	32.000	2	2
32.000	33.000	1	1	32.000	33.000	4	4
33.000	34.000	1	1	33.000	34.000	3	3
34.000	35.000	1	1	34.000	35.000	4	4
35.000	36.000	1	1	35.000	36.000	4	4
36.000	37.000	1	1	36.000	37.000	4	4
37.000	38.000	1	1	37.000	38.000	4	4
38.000	39.000	1	1	38.000	39.000	4	4
39.000	40.000	1	1	39.000	40.000	3	3
40.000	41.000	1	1	40.000	41.000	4	4
41.000	42.000	1	1	41.000	42.000	4	4
42.000	43.000	1	1	42.000	43.000	4	4
43.000	44.000	1	1	43.000	44.000	3	3
44.000	44.500			44.000	44.500	2	2

CHAINAGE		KM STONE		CHAINAGE		HECTOMETER STONE	
FROM	TO	LHS	RHS	FROM	TO	LHS	RHS
NARNAUL BYPASS							
28.000	29.000	1	1	28.000	29.000	4	4
29.000	30.000	1	1	29.000	30.000	4	4
30.000	31.000	1	1	30.000	31.000	4	4
31.000	32.000	1	1	31.000	32.000	4	4
32.000	33.000	1	1	32.000	33.000	4	4
33.000	34.000	1	1	33.000	34.000	4	4
34.000	35.000	1	1	34.000	35.000	4	4
35.000	36.000	1	1	35.000	36.000	4	4
36.000	37.000	1	1	36.000	37.000	4	4
37.000	38.000	1	1	37.000	38.000	4	4
38.000	39.000	1	1	38.000	39.000	3	3
39.000	40.000	1	1	39.000	40.000	4	4
40.000	41.000	1	1	40.000	41.000	4	4
41.000	42.000	1	1	41.000	42.000	4	4
42.000	43.000	1	1	42.000	43.000	4	4
43.000	44.000	1	1	43.000	44.000	3	3
44.000	45.000	1	1	44.000	45.000	4	4
45.000	46.000	1	1	45.000	46.000	4	4
46.000	47.000	1	1	46.000	47.000	4	4
47.000	48.000	1	1	47.000	48.000	3	3
48.000	49.000	1	1	48.000	49.000	4	4
49.000	50.000	1	1	49.000	50.000	4	4
50.000	51.000	1	1	50.000	51.000	4	4
ILMH							
0	1	1	1	0	1	3	3
1	2	1	1	1	2	3	3
2	3	1	1	2	3	3	3
3	3.3			3	3.3		

4.2.12 CAMERA, SOS, SOLAR PANEL

The details of Cameras, SOS Boxes and Solar Panels installed on the Project Road are brought out in **Tables 4.20 to 4.22**.

NARNAUL BYPASS

Fig 4.222: Camera with solar panel at Ch 28+100

Fig 4.223: Camera with solar panel at Ch 33+000

Fig 4.224: Camera with solar panel at Ch 36+100

Fig 4.225: SOS Box at 29+800 LHS

Fig 4.226: SOS Box at 33+900 RHS

Fig 4.227: SOS Box at 45+500 LHS

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Fig 4.228: Camera with solar panel at Ch 44+900

Fig 4.229: Camera with solar panel at Ch 56+230

Fig 4.230: Camera with solar panel at Ch 51+400

Fig 4.231: SOS Box at 44+230 LHS

Fig 4.232: SOS Box at 50+500 RHS

Fig 4.233: SOS Box at 46+500 RHS

ILMH

Fig 4.234: Camera with solar panel at Ch 2+250

Fig 4.235: Camera with solar panel at Ch 2+250

Fig 4.236: Camera with solar panel at Ch 2+250

Fig 4.237: SOS Box at 0+900 LHS

Fig 4.238: SOS Box at 2+500 RHS

Fig 4.239: SOS Box at 2+400BHS

Table 4.19: Details of Camera

CHAINAGE		CAMERA WITH SOLAR PANEL
FROM	TO	
ATELI-NARNAUL		
30.700	30.800	1
30.900	31.000	1
34.400	34.500	1

CHAINAGE		CAMERA WITH SOLAR PANEL
FROM	TO	
34.900	35.000	1
37.000	37.100	1
38.400	38.500	1
39.700	39.800	1

CHAINAGE		CAMERA WITH SOLAR PANEL
FROM	TO	
43.200	43.300	1
44.300	44.400	1
NARNAUL BYPASS		
28.100	28.200	1
30.500	30.600	1
31.600	31.700	1
33.000	33.100	1
36.000	36.100	1
36.100	36.200	1
38.000	38.100	1

CHAINAGE		CAMERA WITH SOLAR PANEL
FROM	TO	
39.800	39.900	1
40.400	40.500	1
40.900	41.000	1
42.000	42.100	1
43.500	43.600	1
47.700	47.800	1
50.400	50.500	1
ILMH		
3.000	3.300	2

Table 4.20: Details of SOS BOX

CHAINAGE		SOS WITH SOLAR PANEL	
FROM	TO	LHS	RHS
ATELI-NARNAUL			
31.200	31.300	1	1
33.500	33.600	1	1
35.500	35.600	1	1
37.500	37.600	1	1
41.700	41.800	1	1
NARNAUL BYPASS			
28.300	28.400	1	1
29.800	29.900	1	1
32.300	32.400	1	1
33.900	34.000	1	1

CHAINAGE		SOS WITH SOLAR PANEL	
FROM	TO	LHS	RHS
36.900	37.000	1	1
38.800	38.900	1	1
40.500	40.600	1	1
42.600	42.700	1	1
44.500	44.600	1	
46.500	46.600	1	1
48.500	48.600	1	1
50.600	50.700	1	1
ILMH			
0.000	1.000	1	1
2.000	3.000	1	1

Table 4.21: Details of Solar Panel Ateli Narnaul

CHAINAGE		NOS.
FROM	TO	
30.900	31.000	1
31.200	31.300	2
33.500	33.600	2
34.400	34.500	1
34.900	35.000	1
35.500	35.600	1

CHAINAGE		NOS.
FROM	TO	
37.000	37.100	1
37.500	37.600	2
38.400	38.500	1
39.700	39.800	1
41.700	41.800	2
43.200	43.300	1

4.2.13 PLANTATION

The details of planation provided on the Project road are brought out **Table 4.23** and representative photographs are presented below

Narnaul Bypass

Fig 4.240 Plantation at 28+000

Fig 4.241: Plantation at 30+000

Fig 4.242: Plantation at 32+500 RHS

Fig 4.243 Plantation at 48+500 LHS

Fig 4.244: Plantation at 49+000

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Fig 4.245: Plantation at 51+300

Fig 4.246: Plantation at 43+900

Fig 4.247: Plantation at 45+500

Fig 4.248: Plantation at 46+700 RHS

Fig 4.249: Plantation at 48+000 LHS

Fig 4.250: Plantation at 52+700 ILMH

Fig 4.251: Plantation at 53+900

Fig 4.252: Plantation at 0+100

Fig 4.253: Plantation at 0+200

Fig 4.254: Plantation at 1+000 RHS

Fig 4.255: Plantation at 2+500 LHS

Fig 4.256: Plantation at 2+400

Fig 4.257: Plantation at 0+000

Table 4.22: Details of Plantation

CHAINAGE		NUMBER OF ROWS	NUMBER OF PLANTS
FROM	TO		
ATELI-NARNAUL BYPASS			
30.445	31.000	Single row	200
31.000	32.000	Single row	400
32.000	33.000	Single row	300
33.000	34.000	Single row	200
34.000	35.000	Single row	200
35.000	36.000	Single row	50
36.000	37.000	Single row	100
37.000	38.000	Single row	150
38.000	39.000	Single row	150
39.000	40.000	Single row	100
40.000	41.000	Single row	200
41.000	42.000	Single row	200
42.000	43.000	Single row	200
43.000	44.000	Not	0

CHAINAGE		NUMBER OF ROWS	NUMBER OF PLANTS
FROM	TO		
		provided	
44.000	44.500	Single row	200
NARNAUL BYPASS			
28.000	29.000	Single row	100
29.000	30.000	No	
30.000	31.000	Single row	400
31.000	32.000	Single row	100
32.000	33.000	Single row	600
33.000	34.000	Single row	1000
34.000	35.000	No	No
35.000	36.000	Single row	1000
36.000	37.000	Single row	1000
37.000	38.000	Single row	10
38.000	39.000	No	
39.000	40.000	Single row	600

CHAINAGE		NUMBER OF ROWS	NUMBER OF PLANTS
FROM	TO		
40.000	41.000	Single row	100
41.000	42.000	No	
42.000	43.000	Single row	500
43.000	44.000	Single row	700
44.000	45.000	No	
45.000	46.000	No	
46.000	47.000	Single row	200
47.000	48.000	No	
48.000	49.000	Single row	700

CHAINAGE		NUMBER OF ROWS	NUMBER OF PLANTS
FROM	TO		
49.000	50.000	Single row	1000
50.000	51.000	No	
ILMH			
0.000	1.000	2	500
1.000	2.000	2	500
2.000	3.000	2	500
3.000	3.300	2	400

4.3 OVERVIEW OF STRUCTURES

Detailed inventory of structures has been carried out. It is found that most of the structures are in Good condition with requirement pertaining to routine maintenance and cleaning. The summarized details of the Inventory & Condition Survey for various structures are brought out in subsequent paras.

4.3.1 MAJOR BRIDGES

4.3.1.1 MAJOR BRIDGE STRUCTURE DETAILS

There is 1 no. Major Bridge on the Project Road. The details of these are furnished in Table 4.24 below. The condition survey of these bridges on both LHS/RHS carriageways was conducted by visual inspection.

Table 4.23: Details of Major Bridges in ILMH

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	2+130	LHS	Major Bridge	3x34	6.5	104.5	26.7	9.2
		RHS		3x34	6.5	104.5	26.7	9.1

4.3.1.2 OBSERVATION ON THE CONDITION OF THE MAJOR BRIDGES

Repesentative photographs of the Major bridges are shown in Figures below. Requirement of some minor repairs have been identified after general visual observation. The details are brought out in **Table 4.25.**

Fig 4.258: MJB at Ch. 2+130

Fig 4.259: MJB at Ch. 2+130

Fig 4.260: MJB at Ch. 2+130 LHS

Fig 4.261: MJB at Ch. 2+130 RHS

Fig 4.262: MJB at Ch. 2+130 LHS

Fig 4.263: MJB at Ch. 2+130

Table 4.24: Observation and Recommendation of Major Bridges in ILMH

S.NO	CHAINAGE	SIDES	OBSERVATION	RECOMMENDATION
1	2+130	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	

4.3.2 MINOR BRIDGES

4.3.2.1 MINOR BRIDGE STRUCTURE DETAILS

There are 5 numbers of Minor Bridges on the Project Road. Details for the Minor Bridges are furnished in **Table 4.26** below.

Table 4.25: Details of Minor Bridges Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	41+620 Canal Crossing Skew)	BHS	MNB (Box Type	2x5.0	3.80	10	56	2x12.5
2	42+160	LHS	MNB	2x30.0	4.80		0.00	9.40/Good
		RHS			4.80		0.00	9.40/Good
3	45+470 Canal Crossing Skew)	BHS	MNB (Box Type	2x6.50	3.90	13	56	2x9.2
4	51+363	BHS	MNB	2x10		10	36.5	2x9
5	51+647	BHS	MNB	2x10		10	36.5	2x9

4.3.2.2 OBSERVATION ON THE CONDITION OF THE MINOR BRIDGES

Repesentative photographs of the Minor bridges are shown in Figures below. The condition of the Minor Bridges are found to be Good . Details are brought out in **Table 4.27.**

Fig 4.264: MNB at Ch.41+620 LHS

Fig 4.265: MNB at Ch 41+620 LHS

Fig 4.266: MNB at Ch. 41+620 RHS

Fig 4.267: MNB at Ch. 42+160 RHS

Fig 4.268: MNB Ch. 42+160

Fig 4.269: MNB at Ch. 42+160 LHS

Fig 4.270: MNB at Ch. 45+470 LHS

Fig 4.271: MNB at Ch. 45+470 LHS

Fig 4.272: MNB at Ch. 45+470 LHS

Fig 4.273: MNB at Ch. 45+470 RHS

Fig 4.274: MNB at Ch. 45+470 RHS

Fig 4.275: MNB at Ch. 45+470 RHS

Table 4.26: Observation and Recommendation of Minor Bridges on Narnaul Bypass

S.NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	41+620	LHS	i) Boulders are blocking one span opening. Ii) Mud is deposited blocking the flow of path. Iii) MBCB is not continuous and gap in between crash barrier and MBCB is seen.	i) Boulders should be removed from the site so that it doesn't obstruct the flow of water. Ii) Cleaning of mud deposited is required. Iii) Safety barrier should be provided.

S.NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
		RHS	i) Structure condition is satisfactory.	
2	42+160	LHS	i) Structure condition is satisfactory.	
		RHS	i) Honey combing is visible in cantilever slab provided for footpath. Ii) Crack is visible in cc pitching.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
3	45+470	LHS	i) Honey combing is visible is crash barrier. Ii) Construction joint is visible in between side wall and wing wall. Iii) CC Pitching is not provided in one of the side walls.	i) Grouting is recommended to fill the crack using GP-2 grouting compound. Ii) CC Pitching should be provided to resist the soil.
		RHS	i) Structure condition is satisfactory.	
4	51+363	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
5	51+647	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	

4.3.3 GRADE SEPARATOR

There are 14 nos. VUPs (including 1 no. VOP), 4 nos LVUPs (including 1 subway) and 19 PUPs on the project road and are in good condition. The details of the structures and observations on the condition are brought out in **Tables 4.28 to 4.42** below.

Table 4.27: Details of Vehicular Underpasses in Ateli Narnaul

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT (in m)	VERTICAL CLEARANCE (in m)	OVERALL LENGTH (in m)	OVERALL WIDTH (in m)	CARRIAGEWAY WIDTH (in m)
1	31.217	BHS	VUP	1x30.0	5.50	30	2x11	2x10
2	33.617	BHS	VUP	1x30.0	5.50	30	2x11	2x10
3	36.237	BHS	VUP	1x30.0	5.50	30	2x11	2x10
4	37.527	BHS	VUP	1x30.0	5.50	30	2x11	2x10
5	40.127	BHS	VUP	1x28.80	5.50	28.8	2x11	2x10
6	42.307	BHS	VUP	1x28.80	5.50	28.8	2x11	2x10

Table 4.28: Details of Vehicular Underpasses in Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT (in m)	VERTICAL CLEARANCE (in m)	OVERALL WIDTH (in m)	CARRIAGEWAY WIDTH (in m)
1	29+030	LHS	VUP	2x20	5.50	14.50	13.50
		RHS				14.50	13.50
2	33+160	LHS	VUP	2x30.0	6.00	14.50	13.50
		RHS				14.50	13.50
3	36+160	LHS	VUP	2x20	5.50	14.50	13.50
		RHS		2x20	5.50	14.50	13.50
4	41+00	BS	VOP	2x30.0	5.50	14.50	13.5
5	43+550	LHS	VUP	1x30	5.50	11	9.40
		RHS			5.50	11	9.40
6	45+740	LHS	VUP	2x30.0	5.50	11	9.20
		RHS			5.50	11	9.20
7	47+800	LHS	VUP	1x30.0	5.50	11	9.20
		RHS			5.50	11	9.20

Table 4.29: Details of Vehicular Underpasses in ILMH

S.NO.	CHAINAGE	TYPE OF STRUCTURE	SIDE	SPAN ARRANGEMENT (in m)	VERTICAL CLEARANCE (in m)	OVERALL LENGTH (in m)	OVERALL WIDTH (in m)	CARRIAGEWAY WIDTH (in m)
1	1+760	VUP	LHS	2x25	5.5	42	24.2	9.5
			RHS		5.5	42		9.8

NARNAUL BYPASS

Fig 4.276: VUP at Ch 30+840 RHS

Fig 4.277: VUP at Ch. 30+840

Fig 4.278: VUP at Ch. 45+140 LHS

Fig 4.279: VUP at Ch. 45+140 RHS

Fig 4.280: VUP at Ch. 45+140

Fig 4.281: VUP at Ch.46+130

Fig 4.282: VUP at Ch. 51+450 RHS

Fig 4.283: VUP at Ch. 51+450 RHS

Fig 4.284: VUP at Ch. 51+450 RHS

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Fig 4.285: VUP at Ch. 47+540 RHS

Fig 4.286: VUP at Ch. 47+540 LHS

Fig 4.287: VUP at Ch. 47+540 LHS

Fig 4.288: VUP at Ch.50+160 RHS

Fig 4.289: VUP at Ch.50+160 RHS

Fig 4.290: VUP at Ch.50+160 LHS

Fig 4.291: VUP at Ch.50+160 LHS

Fig 4.292: VUP at Ch 51+450 RHS

Fig 4.293: VUP at Ch 51+450 LHS

Fig 4.294: VUP at Ch 51+450 RHS

Fig 4.295: VUP at Ch 51+450 LHS

Fig 4.296 VUP at Ch. 54+050 LHS

Fig 4.297: VUP at Ch. 54+050 LHS

Fig 4.298: VUP at Ch. 54+050 RHS

Fig 4.299: VUP at Ch. 54+050 RHS

Fig 4.300: VUP at Ch. 56+230 LHS

Fig 4.301: VUP at Ch. 56+230 RHS ILMH

Fig 4.302: VUP at Ch. 56+230 LHS

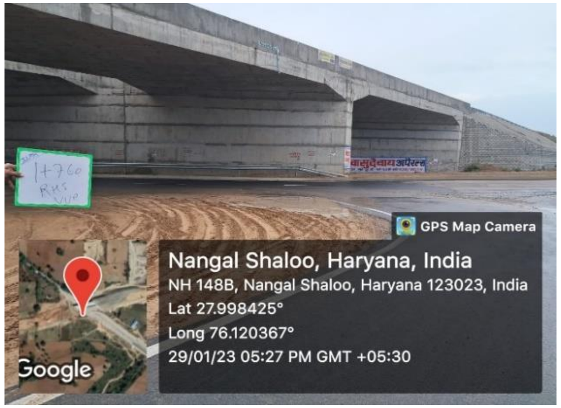

Fig 4.303: VUP at Ch 1+760 RHS

Fig 4.304: VUP at Ch 1+760 RHS

Fig 4.305: VUP at Ch 1+760 LHS

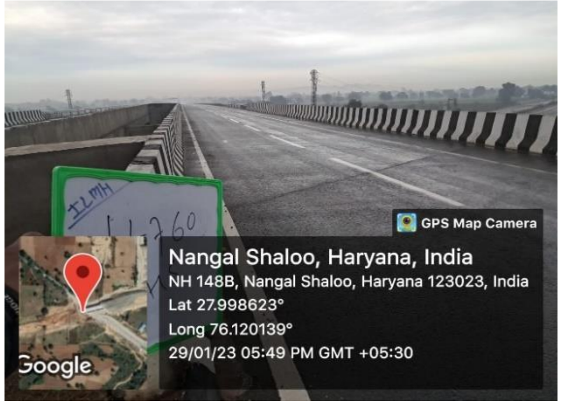

Fig 4.306: VUP at Ch 1+760 LHS

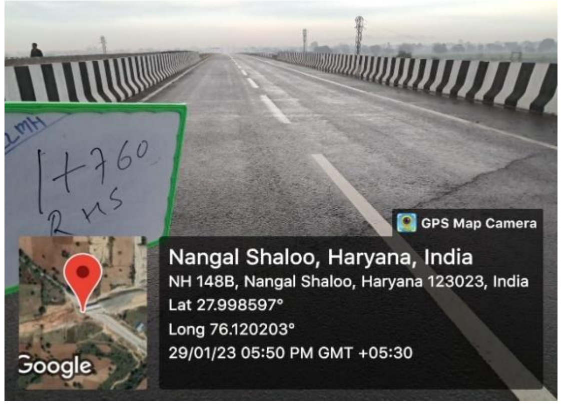

Fig 4.307: VUP at Ch 1+760 RHS

Table 4.30: Observation and Recommendation of VUP Ateli Narnaul

SNO.	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	31.217	LHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion is require for its proper functioning.
		RHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
2	33.617	LHS	i) Structure conition is fair.	
		RHS	i) Structure conition is fair.	
3	36.237	LHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
		RHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
4	37.527	LHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
		RHS	i) Expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
5	40.127	LHS	i) Structure conition is fair.	
		RHS	i) Structure conition is fair.	
6	42.307	LHS	i) Cracks in median wall.	i) Cracks should be fill with suitable filler.
		RHS	i) Structure conition is fair.	

Table 4.31: Observation and Recommendation of VUP Narnaul Bypass

S.NO	CHAINAGE	SIDE	TYPE OF STRUCTURE	OBSERVATION	RECOMMENDATION
1	29+030	LHS	VUP	i) Structure condition is fair.	
		RHS		i) Structure condition is fair.	

S.NO	CHAINAGE	SIDE	TYPE OF STRUCTURE	OBSERVATION	RECOMMENDATION
2	33+160	LHS	VUP	i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
		RHS		i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
3	36+160	LHS	VUP	i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
		RHS		i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
4	43+550	LHS	VUP	i) Structure condition is fair.	
		RHS		i) Cracks in CC pitching is seen. ii) Cleaning of expansion joint (Nos. 3) is required.	i) Cracks should be fill by grouting. ii) Cleaning of expansion joint is required.
5	45+740	LHS	VUP	i) Gap between expansion joint is filled by dust. Ii) Reinforcement of slab is exposed in median opening side.	i) Cleaning of expansion joint is required. Ii) Reinforcement coming out sould be cut to protect from rusting.
		RHS		i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
6	47+800	LHS	VUP	i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
		RHS		i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is required.
7	41+000		VOP	Structure condition is fair.	

Table 4.32: Observation and Recommendation of VUPs Narnaul Bypass

SNO.	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	1+760	LHS	i) Structure condition is satisfactory	
		RHS	i) Structure condition is satisfactory	

Table 4.33: Details of LVUP Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (MCW)
1	30+250	LHS	LVUP	1x12.0x4	12	32	13.50
		RHS			12		13.50
2	34+480	LHS	LVUP	1x12.0x4	12	32	13.50
		RHS			12		13.50
3	46+580	BHS	Subway	1x5.0x3	5	25	2x9.1
4	50+340	BHS	LVUP	1x12.0x4	12	2 x 11	2x9.2

Fig 4.308: LVUP at Ch. 30+250 RHS Narnaul Bypass

Fig 4.309: LVUP at Ch. 34+480 RHS Narnaul Bypass

Fig 4.310: LVUP at Ch. 46+580 LHS Narnaul Bypass

Table 4.34: Observation and Recommendation of Underpasses in Narnaul Bypass

S.NO.	CHAINAGE	TYPE OF STRUCTURE	SIDE	OBSERVATION	RECOMMENDATION
1	30.250	LVUP	LHS	i) Crack is visible in median wall due to the construction joint.	
			RHS	i) Crack is visible in median wall due to the construction joint.	
2	34.480	LVUP	LHS	i) Crack is visible in median wall due to the construction joint.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
			RHS	i) Crack is visible in median wall due to the construction joint.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
3	46.580	PUP	LHS	i) Construction joint is visible in btween crash barrier of PUP and the crash barrier running along with the MCW.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
			RHS	i) Structure condiiton is satisfactory.	
4	50.340	LVUP	LHS	i) Crack is visible in median wall due to the construction joint.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
			RHS	i) Structure condiiton is satisfactory.	

Table 4.35: Details of Pedestrain Underpasses Ateli Narnaul

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (LHS)	CARRIAGEWAY WIDTH (RHS)
1	32.207	BHS	PUP	1X7.0x3	7	25.00	10	10
2	33.217	BHS	PUP	1X7.0x3	7	25.00	10	10
3	33.857	BHS	PUP	1X7.0x3	7	25.00	10	10
4	35.907	BHS	PUP	1X7.0x4	7	25.00	10	10
5	36.557	BHS	PUP	1X7.0x4	7	25.00	10	10
6	42.037	BHS	PUP	1X7.0x3	7	25.00	10	10
7	42.587	BHS	PUP	1X7.0x3	7	25.00	10	10

Table 4.36: Details of Pedestrain Underpasses Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (MCW)
1	28+820	BHS	PUP	1x7.0x3	7	32.00	2x13.5
2	29+350	BHS	PUP	1x7.0x3	7	32.00	2x13.5
3	32+780	BHS	PUP	1x7.0x3	7	32.00	2x13.5
4	33+430	BHS	PUP	1x7.0x3	7	32.00	2x13.5
5	43+240	BHS	PUP	1x7.0x4	7	25.00	2x9.3
6	43+900	BHS	PUP	1x7.0x4	7	25.00	2x9.2
7	45+500	BHS	PUP	1x7.0x4	7	25.00	2x9.2
8	45+970	BHS	PUP	1x7.0x4	7	25.00	2x9.2
9	47+380	BHS	PUP	1x7.0x4	7	25.00	2x9.2
10	48+000	BHS	PUP	1x7.0x4	7	25.00	2x9.2
11	48+600	BHS	PUP	1x7.0x4	7	25.00	2x9.2

Table 4.37: Details of Pedestrain Underpasses ILMH

S.NO.	CHAINAGE	TYPE OF STRUCTURE	SIDE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	0+880	CUP	LHS	1X7.0	3.5	24.7	2X9.1

Fig 4.311: PUP at Ch. 29+350 RHS

Fig 4.312: PUP at Ch. 29+350 RHS

Fig 4.313: PUP at Ch.29+350 LHS

Fig 4.314: LVUP at Ch.30+250 RHS

Fig 4.315: LVUP at Ch.30+250 RHS

Fig 4.316: LVUP at Ch.30+250 RHS

Fig 4.317: Subway 46+580 LHS

Fig 4.318: Subway at Ch. 46+580 LHS

Fig 4.319: Subway at Ch. 46+580

Fig 4.320: PUP at Ch. 32+207 RHS

Fig 4.321: Subway at Ch. 32+207

Fig 4.322 PUP at Ch. 47+140 LHS

Fig 4.323: PUP at Ch. 47+140 RHS

Fig 4.324: PUP at Ch. 47+780 LHS

Fig 4.325: PUP at Ch. 47+780 RHS

Fig 4.326: PUP at Ch. 49+830 LHS

Fig 4.327: PUP at Ch. 49+830 RHS

Fig 4.328: PUP at Ch.50+480 RHS

Fig 4.329: PUP at Ch.50+480 LHS

Fig 4.330: PUP at Ch.50+480 RHS

Fig 4.331: PUP at Ch.55+960 RHS

Fig 4.74: PUP at Ch 55+960 LHS

Fig 4.332: PUP at Ch 56+510 RHS

Fig 4.333: PUP at Ch 56+510 LHS

Fig 4.334: PUP at Ch 56+510 RHS

Fig 4.335: PUP at Ch 56+510 LHS

ILMH

Fig 4.336: CUP at Ch.0+880 LHS

Fig 4.337: CUP at Ch.0+880 RHS

Fig 4.338: CUP at Ch.0+880 LHS

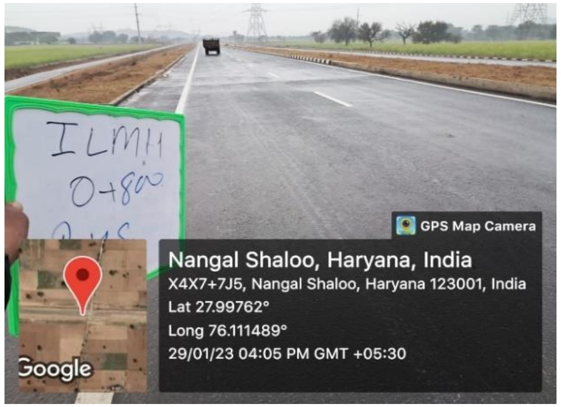

Fig 4.339: CUP at Ch.0+880 RHS

Fig 4.340: CUP at Ch.2+425 RHS

Fig 4.341: CUP at Ch.2+425 LHS

Fig 4.342: CUP at Ch.2+425

Table 4.38: Observation and Recommendation of PUP in Ateli Narnaul

SNO.	CHAINAGE	DESIGN CHAINAGE	TYPE OF STRUCTURE	OBSERVATION	RECOMMENDATION
1	46+130	32+207	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
2	47+140	33+217	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
3	47+780	33+857	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
4	49+830	35+907	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
5	50+480	36+557	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
6	55+960	42+037	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	
7	56+510	42+587	LHS	i) Structure condition is fair.	
			RHS	i) Structure condition is fair.	

Table 4.39: Observation and Recommendation of PUP in Narnaul Bypas

SNO.	CHAINAGE	TYPE OF STRUCTURE	SIDE	OBSERVATION	RECOMMENDATION
1	28.820	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
2	29.350	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
3	32.780	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
4	33.430	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Construction joint crack is visible in between the crash barrier of the PUP and the precast panel.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
5	43.240	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
6	43.900	PUP	LHS	i) Structure condiiton is satisfactory.	

SNO.	CHAINAGE	TYPE OF STRUCTURE	SIDE	OBSERVATION	RECOMMENDATION
			RHS	i) Structure condiiton is satisfactory.	
7	45.500	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
8	45.970	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	
9	47.380	PUP	LHS	i) Construction joint is visible between the side wall and the wing wall of the structure.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
			RHS	i) Structure condiiton is satisfactory.	
10	48.000	PUP	LHS		
			RHS		
11	48.600	PUP	LHS	i) Structure condiiton is satisfactory.	
			RHS	i) Structure condiiton is satisfactory.	

Table 4.40: Observation and Recommendation of PUP in ILMH

SNO.	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	0+880	LHS		
		RHS	i) Soil erosion is visible	i) Compaction is required

4.3.4 FLYOVER

There are 3 Flyovers on the Project Road . The details and observations on the condtion are brought out in **Tables 4.43 to 4.46.** Representative photographs are also presented below.

Table 4.41: Details of Flyover on the Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	39+950	LHS	Flyover	2x30.0	5.50	60	14.50	13.50/good
		RHS			5.50	60	14.50	13.50/good
2	51+460	LHS	Flyover	2x30	5.5	60	11	10
		RHS			5.5	60	11	10

Table 4.42: Details of Flyover on the ILMH

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	3+300	LHS	Flyover	2x30	6.5	60	11	10
		RHS			6.5	60	11	10

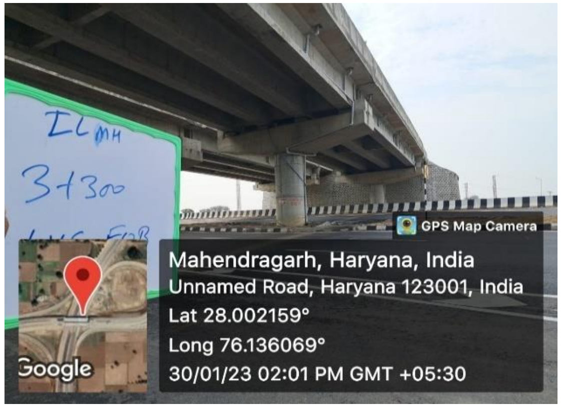

Fig 4.343: Flyover at Ch. 3+300 LHS

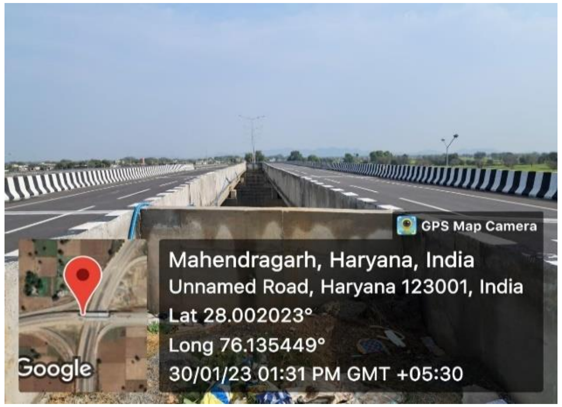

Fig 4.344: Flyover at Ch. 3+300

Fig 4.345: Flyover at Ch. 3+300 LHS

Fig 4.346: Flyover at Ch. 3+300

Fig 4.347: Flyover at Ch. 3+300

Fig 4.348: Flyover at Ch. 3+300 LHS

Table 4.43: Observation and Recommendation of Flyover in Narnaul Bypass

SNOS.	CHAINAGE	SIDE	TYPE OF STRUCTURE	OBSERVATION	RECOMMENDATION
1	39+950	LHS	Flyover	i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is require.
		RHS		i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is require.
2	51+460	LHS	Flyover	i) Gap between expansion joint is filled by dust.	i) Cleaning of expansion joint is require.
		RHS		i) Gap between expansion joint is filled by dust. ii) Drainage spout is blocked by dust.	i) Cleaning of expansion joint is require. Ii) Cleaning of drainage spout

Table 4.44: Observation and Recommendation of Flyover in ILMH

CHAINAGE	SIDES	OBSERVATION	RECOMMENDATION
3+300	LHS	i) Structure condition is satisfactory	
	RHS	i) Structure condition is satisfactory	

4.3.5 RAILWAY OVER BRIDGE(ROB)

There is one ROB on the Project road and the details are brought out in Table 4.47 and 4.48. Photographs are also presented below.

Table 4.45: Details of ROB on Narnaul Bypass

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	VERTICAL CLEARANCE	OVERALL WIDTH	CARRIAGEWAY WIDTH
1	38+200	BHS	ROB	2x21.0+2x25+1x37	8.50	14.50	13.50/good

Fig 4.349: ROB at Ch 38+200 RHS

Fig 4.350: ROB at Ch 38+200 RHS

Fig 4.351: ROB at Ch 38+200 LHS

Fig 4.352: ROB at Ch 38+200 LHS

Fig 4.353: ROB at Ch 38+200 RHS

Fig 4.354: ROB at Ch 38+200 RHS

Fig 4.355: ROB at Ch 38+200 LHS

Fig 4.356: ROB at Ch 38+200 RHS

Fig 4.357: ROB at Ch 38+200 LHS

Table 4.46: Observation and Recommendation of ROB in Narnaul Bypass

CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
38+200	LHS	i) Dust is deposited in between expansion joint gap.	i) Cleaning of expansion is recommended.
	RHS	i) Dust is deposited in between expansion joint gap.	i) Cleaning of expansion is recommended.

4.3.6 CULVERTS

The total 63 number of culverts are there on the Project Road.

4.3.6.1 CULVERT STRUCTURE DETAILS

The total 46 numbers of culverts on the Project Road are summarized in Table 4.49 below.

Table 4.47: Details of Culverts on the Project Road

S. NO.	TYPE OF STUCTURE	NUMBER
1	Box Culvert	MCW – 45 nos. & Cross road – 16 nos.
2	Hume Pipe Culvert	2 (including 1 no. buried)

4.3.6.2 OBSERVATIONS IN RESPECT OF BOX CULVERTS

Most of the culverts are in good condition some repair/maintenance work are required to be carried out on some culverts. The details of culverts are summaried in **Table 4.50 to 4.57.** In most of the culvert it is observed that general cleaning of vegetation and garbage from the water way is required. In some structures it is found that Object Hazard Markers are missing. There are 16 nos. of Box culverts on the side road which are in fair condition.

Table 4.48: Details of Box Culverts Ateli Narnaul

S.NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (LHS)	CARRIAGEWAY WIDTH (RHS)
1	31.717	BHS	Box Culert	1x3.0x3.6	3	47.10	9.10	9.10
2	31.927	BHS	Box Culert	1X1.50x3.6	1.5	48	10.00	10.00
3	32.547	BHS	Box Culert	1x3.0x4.1	3	47.40	2x10	10.00
4	33.157	BHS	Box Culert	1X1.50x2.6	1.5	59.3	10.00	10.00
5	34.077	BHS	Box Culert	1x3.0x3.2	3	55.80	9.10	9.10
6	35.747	BHS	Box Culert	1X1.50x2.2	1.5	25.6	9.10	9.10
7	36.837	BHS	Box Culert	1X1.50x2.3	1.5	48.4	9.10	9.10
8	37.727	BHS	Box Culert	1X1.50x2.1	1.5	54.7	10.00	10.00
9	39.007	BHS	Box Culert	1X1.50x2.4	1.5	50.6	9.20	9.10
10	39.227	BHS	Box Culert	1x5.0x3	5	52.00	9.10	9.10
11	39.567	BHS	Box Culert	1X1.50x2.4	1.5	53.2	9.10	9.10
12	40.437	BHS	Box Culert	1X1.50x2.1	1.5	57.7	10.00	10.00
13	41.107	BHS	Box Culert	1x3.0x3.6	3	51.6	9.10	9.10
14	41.477	BHS	Box Culert	1x5.0x2	5	56.00	9.10	9.10
15	42.557	BHS	Box Culert	1X1.50x2.8	1.5	52.85	9.10	9.10

Table 4.49: Details of Box Culverts Narnaul Bypass

S. NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (MCW)
1	30+090	BHS	Box Culvert	1x1.50x1.8	1.5	55.8	2x13.5
2	31+500	BHS	Box Culvert	1x1.50x2.9	1.5	53.8	2x12.5
3	32+600	BHS	Box Culvert	1x1.50x2.4	1.5	56.6	2x13.5
4	35+770	BHS	Box Culvert	1x1.50x2.3	1.5	56.8	2x13.5

S. NO.	CHAINAGE	SIDE	TYPE OF STRUCTURE	SPAN ARRANGEMENT	OVERALL LENGTH	OVERALL WIDTH	CARRIAGEWAY WIDTH (MCW)
5	37+700	BHS	Box Culvert	1x1.50x2.6	1.5	56.6	2x13.5
6	39+100	BHS	Box Culvert	1x1.50x2.1	1.5	68	2x13.5
7	40+530	BHS	Box Culvert	1x1.50x2.4	1.5	52.4	2x13.5
8	46+830	BHS	Box Culvert	1x1.50x2.2	1.5	25.5	2x9.1
9	47+430	BHS	Box Culvert	1x1.50x0	1.5	33	2x9.1
10	29+450	BHS	Box Culvert	1x3.0x2.1	3	55.8	2x13.5
11	31+460	BHS	Box Culvert	1x3.0x3.2	3	55.9	2x12.5
12	32+320 (Canal Crossing) SKew	BHS	Box Culvert	1x3.0x2.4	3	-	2x12.5
13	35+070	BHS	Box Culvert	1x3.0x2.9	3	56.7	2x13.5
14	36+520	BHS	Box Culvert	1x3.0x2.4	3	57.2	2x13.5
15	37+400	BHS	Box Culvert	1x5.0x3	5	55.8	2x12.5
16	41+230	BHS	Box Culvert	1x3.0x3.4	3	54.4	2x12.5
17	45+530 Canal Crossing Skew)	BHS	Box Culvert	1x5.0x2.6	5	56	2x9.2
18	46+580 (Canal Crossing)	BHS	Box Culvert	1x5.0x2.8	5	25.4	2x9.2
19	50+520 (Canal Crossing)	BHS	Box Culvert	1x7.0x3.2	7	-	2x9.2
20	40+230	BHS	Box Culvert	1x4x3	4	32	2x13.5
21	43+956	BHS	Box Culvert	1x1.5x1.5	1.5	34.1	2x9.1
22	44+906	BHS	Box Culvert	1x1.5x1.6	1.5	28.11	2x9.1
23	47+700	BHS	Box Culvert	1x1.5x1.5	1.5	50	2x9.1
24	49+222 & 49+230	BHS	Box Culvert	1x5	5	25.4	2x9.2

Table 4.50: Details of Box Culverts ILMH

SNO	CHAINAGE	SIDES	TYPE OF STRUCTURES	SPAN ARRANGEMENT	OVERALL LENGTH OF STRUCUTRE	OVERALL WIDTH OF STRUCUTRE	CARRIAGE WAY WIDTH
1	0+900	BHS	Box Culvert	1x3x2	3	25.4	2x9.1
2	1+645	BHS	HPC	1x1200	-	54.5	2x9.8
3	1+700	**Burried Only Top Slab Seen at Site**					
4	1+820	BHS	Box Culvert	1x3	3	60	9.5+9.8
5	2+425	BHS	Box Culvert	1x3.0	3	36	2X9.1
6	2+930	BHS	Box Culvert	1x3	3	55	2x9.1

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Fig 4.358: Box Culvert at Ch 31+460 LHS

Fig 4.359: Box Culvert at Ch 31+460 RHS

Fig 4.360: Box Culvert at Ch 31+500 RHS

Fig 4.361: Box Culvert at Ch 43+480 RHS

Fig 4.362: Box Culvert at Ch 43+480 LHS

Fig 4.363: Box Culvert at Ch 45+640 RHS

Fig 4.364: Box Culvert at Ch 45+850 RHS

Fig 4.365: Box Culvert at Ch 45+850 LHS

Fig 4.366: Box Culvert at Ch 47+080 RHS

Fig 4.367: Box Culvert at Ch 47+080 LHS

Fig 4.368: Box Culvert at Ch 49+670 RHS

Fig 4.369: Box Culvert at Ch 49+670 LHS

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Fig 4.370: Box Culvert at Ch 46+470 RHS

Fig 4.371: Box Culvert at Ch 46+470 LHS

Fig 4.372: Box Culvert at Ch 48+000 RHS

Fig 4.373: Box Culvert at Ch 48+000LHS

Fig 4.374: Box Culvert at Ch 50+760 RHS

Fig 4.375: Box Culvert at Ch 50+760 LHS

Fig 4.376: Box Culvert at Ch 51+650 RHS

Fig 4.377: Box Culvert at Ch 52+930 RHS

Fig 4.378: Box Culvert at Ch 53+150 LHS

Fig 4.379: Box Culvert at Ch 53+490 LHS

Fig 4.380: Box Culvert at Ch 54+360 LHS ILMH

Fig 4.381: Box Culvert at Ch 55+030 LHS

Fig 4.382: Box Culvert at Ch 0+900 RHS

Fig 4.383: Box Culvert at Ch 1+700 LHS

Fig 4.384: Box Culvert at Ch 1+700 LHS

Fig 4.385: Box Culvert at Ch 1+800 LHS

Fig 4.386: Box Culvert at Ch 2+930 LHS

Fig 4.387: Box Culvert at Ch 2+930 RHS

Table 4.51: Observations and Recommedation for Box Culverts in Ateli Narnaul

S. NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	31.717	LHS	i) Structure condition is fair.	
		RHS	i) Structure condition is fair.	
2	31.927	LHS	i) Structure condition is fair.	
		RHS	i) Structure condition is fair.	
3	32.547	LHS	i) Solid waste and soil is deposited obstruct the flow of water.	i) Cleaning is required for the adequate flow of water.
		RHS	i) Soil is deposited around the opening.	i) Soil should be removed.
4	33.157	LHS	i) Structure condition is fair.	
		RHS	i) Honeycombing is visible in crash barrier and in wing wall.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
5	34.077	LHS	i) Solid waste is dumped. Ii) Honey combing is visible in crash barrier.	i) Removal of solid waste is required.
		RHS	i) Soil is deposited in the opening which obstruct the flow of waterway.	i) Cleaning is required for the adequate flow of water.
6	35.747	LHS	i) Structure condition is fair.	
		RHS	i) Structure condition is fair.	
7	36.837	LHS	i) Structure condition is fair.	
		RHS	i) Structure condition is fair.	
8	37.727	LHS	i) Soil is deposited around opening . ii) Honey combing is visibe in crash barrier.	
		RHS	i) Opening is blocked by sand bags.	i) Sand bags should be remove to clear the flow of water.
9	39.007	LHS	i) Structure condition is fair.	
		RHS	i) Solid waste is dumped. Ii) Honey combing is visible in crash barrier and is return wall.	i) Soil should be remove.
10	39.227	LHS	i) Soil is deposited around the opening. ii) Reinforcement bar of slab is exposed in median side.	i) Cleaning is require for the adequate flow of water. ii) Exposed reinforce bar should be cut.
		RHS	i) Structure condition is fair.	
11	39.567	LHS	i) Structure condition is fair.	
		RHS	i) Dense vegetation. ii) Solid waste is dumped	i) Vegetation growing around should be clean. ii) Solid waste should be remove.
12	40.437	LHS	i) Construction material is dumped.	i) Grouting is recommended to fill the crack using GP-

S. NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
			ii) Gap is visible between side wall and return wall.	2 grouting compound.
		RHS	i) Honeycombing is visible in crash barrier.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
13	41.107	LHS	i) Structure condition is fair.	
		RHS	i) Structure condition is fair.	
14	41.477	LHS	i) Structure condition is fair.	
		RHS	i)Dense vegetation. ii) OHM sign board is damaged. iii) Honeycombing is visible in crash barrier.	i) Vegetation growing around should be clean.
15	42.557	LHS	i) Dense vegetation.	i) Vegetation growing around should be clean.
		RHS	i) The opening is blocked by bricks	i) Bricks should be removed.

Table 4.52: Observations and Recommedation for Box Culverts in Narnaul Bypass

S.NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
1	29+450	LHS	i) Structure condition is satisfactory.	
		RHS	i) Construction joint is visible between wing wall and side wall of culvert.	i) Grouting is recommended to fill the crack.
2	30+090	LHS	i) Soil is deposited near opening of the culvert.	i) Soil deposited should be remove to clear the path of flow.
		RHS	i) Structure condition is satisfactory.	
3	31+460	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
4	31+500	LHS	i) Object hazard sign board pole is provided but sign is missing	i) Sign board should be provided as per provision.
		RHS	i) Structure condition is satisfactory.	
5	32+320	LHS	i)Honey combing is visible in top slab.	i) Grouting is recommended.
		RHS	i)Honey combing is visible in crash barrier. Ii) CC pitching seems damage.	i) Grouting is recommended.
6	32+600	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
7	35+070	LHS	i) Honey combing is visible in top slab and in crash barrier.	i) Grouting is recommended.
		RHS	i) Opening is 90% blocked by soil.	i) Soil should be removed from the opening.
8	35+770	LHS	i)Honeycombing is visible in wing wall. ii) Dense Vegetation.	i)Grouting is recommended. ii) Cleaning of vegetation is require.
		RHS	i) Structure condition is satisfactory.	

S.NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
9	36+520	LHS	i) Honeycombing is visible in toe wall.	i) Grouting is required.
		RHS	i) Honeycombing is visible in toe wall.	i) Grouting is required.
10	37+400	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
11	37+700	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
12	39+100	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
13	40+230 (Subway)	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
14	40+530	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
15	41+230	LHS	i) Construction joint is visible between wing wall and side wall of culvert. ii) Honeycombing is visible in toe wall.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
		RHS	i) Construction joint is visible between wing wall and side wall of culvert.	i) Grouting is recommended to fill the crack using GP-2 grouting compound.
16	43+956	LHS	i) Water Logging.	
		RHS	i) Honey combing is visible in wing wall.	
17	44+906	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
18	45+530	LHS	i) The bottom of the crash barrier is uplifted due to which reinforcement is exposed. ii) Painting and sign board is not done yet. iii) Mud is filled which is blocking the 50% of the opening.	i)Painting and sign board should be done as per provision. ii) Mud should be removed from the culvert for ease in flow of canal water. iii) Filler should be use in crash barrier so that the reinforcement is not exposed to atmosphere.
		RHS	i) Mud is filled which is blocking the 50% of the opening.	i) Mud should be removed from the culvert for ease in flow of canal water.
19	46+830	LHS	i) Opening is blocked by soil and concrete waste. ii) Honey comb is visible in toe wall.	i) Cleaning of opening is require. ii) Grouting is recommended.
		RHS	i) Honeycombing is visible in side walls.	i) Grouting is recommended.
20	47+430	LHS	i) Soil is deposited near opening of the culvert.	i) Cleaning of deposited soil is required.
		RHS	i) Soil is deposited near opening of the culvert.	i) Cleaning of deposited soil is required.
21	47+700	LHS	i) Structure condition is satisfactory.	

S.NO	CHAINAGE	SIDE	OBSERVATION	RECOMMENDATION
		RHS	i) Structure condition is satisfactory.	
22	50+520	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	

Table 4.53: Observations and Recommedation for Box Culverts in ILMH

SNO.	CHAINAGE	SIDES	OBSERVATION	RECOMMENDATION
1	0+900	LHS	i) Soil is dumped which is blocking the opening of the culvert.	i) Removal of soil is recommended.
		RHS	i) Structure condition is satisfactory.	
2	1+700	LHS	i) Structure buried in soil.	
		RHS	i) Structure buried in soil.	
3	1+820	LHS	i) Honey combing is visible in wing wall.	i) Grouting is required.
		RHS	i) Honey combing is visible in wing wall.	i) Grouting is required.
4	2+425	LHS	i) Structure condition is satisfactory.	
		RHS	i) Structure condition is satisfactory.	
5	2+930	LHS	i) Honey combing is visible in wing wall.	i) Grouting is required.
		RHS	i) Honey combing is visible in wing wall.	i) Grouting is required.

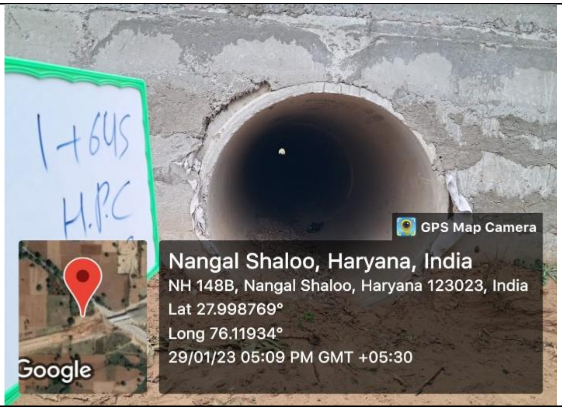

Fig 4.388: HPC at Ch 1+645

Fig 4.389: HPC at Ch 1+645

Fig 4.390: HPC at Ch 1+645

Table 4.54: Observations and Recommedation for Hume Pie Culverts in ILMH

CHAINAGE	SIDES	OBSERVATION	RECOMMENDATION
1+645	RHS	i) Boundary wall is constructed which block the flow of water. ii) Honey combing is visible in return wall.	i) Opening should be provided through boundary wall. ii) Grouting is required.

CHAPTER 5.0:FIELD INVESTIGATIONS

5.1 NETWORK SURVEY VEHICLE (NSV)

5.1.1 ROUGHNESS MEASUREMENT STUDIES

As part of the Technical Due Diligence studies, NSV survey was conducted on all Six/four lanes of the Project Road from Design Ch 28+000 to Ch 51+450 (Narnaul bypass NH-148 B); Existing Ch. 43+445 to Ch. 56+900 (Ateli-Narnaul section of NH-11) in the month Jan 2023. The Km wise Roughness Index values are summarized in Tables 5.1 & Table 5.2 below:

Table 5.1: Roughness Index Km wise of Ateli Narnaul

CHAINAGE		ROUGHNESS					
FROM	TO	L1	L2	AVERAGE	R1	R2	AVERAGE
43000.00	44000.00	929.37	1197.21	1063.29	1126.39	1171.54	1148.96
44000.00	45000.00	937.46	1413.07	1175.27	1334.83	1294.36	1314.60
45000.00	46000.00	1154.21	1262.39	1208.30	1138.41	1214.60	1176.50
46000.00	47000.00	1038.16	1022.54	1030.35	902.19	1006.20	954.20
47000.00	48000.00	950.73	1069.47	1010.10	1225.96	1347.83	1286.90
48000.00	49000.00	910.26	1217.63	1063.95	1679.49	1545.27	1612.38
49000.00	50000.00	906.59	1059.77	983.18	1254.04	1158.72	1206.38
50000.00	51000.00	1219.90	1342.48	1281.19	1621.60	1695.96	1658.78
51000.00	52000.00	1272.28	1303.51	1287.90	1386.17	1570.15	1478.16
52000.00	53000.00	1158.72	1263.15	1210.94	1439.25	1038.90	1239.08
53000.00	54000.00	1039.65	999.53	1019.59	1360.09	1085.91	1223.00
54000.00	55000.00	1263.91	1275.32	1269.62	1393.08	1263.91	1328.50
55000.00	56000.00	1028.49	1466.26	1247.37	1255.55	1247.96	1251.76
56000.00	56900.00	1109.88	1313.43	1211.66	1294.36	1126.39	1210.37
Average Value (in mm/km)		1065.69	1228.98	1147.34	1315.10	1269.12	1292.11
Minimum Value (in mm/km)		906.59	999.53	983.18	902.19	1006.20	954.20
Maximum Value (in mm/km)		1272.28	1466.26	1287.90	1679.49	1695.96	1658.78

Table 5.2: Roughness Index Km wise of Narnaul Bypass

CHAINAGE		ROUGHNESS							
LHS	RHS	L1	L2	L3	LHS	R1	R2	R3	RHS
28000	29000	1658.34	1253.28	1339.42	1417.01	1814.07	1112.13	1504.94	1477.05
29000	30000	1698.31	1268.48	1477.08	1481.29	1553.04	1221.42	1366.99	1380.48
30000	31000	1418.45	1111.38	1221.42	1250.42	1224.45	1260.87	1266.20	1250.51
31000	32000	1377.72	1241.89	1137.66	1252.42	930.84	1427.69	1390.01	1249.51
32000	33000	1025.51	1027.74	1173.80	1075.68	954.41	1208.55	1297.41	1153.46
33000	34000	1439.25	1208.55	1315.72	1321.18	1326.42	1327.18	1308.09	1320.56
34000	35000	1387.70	1152.70	1241.13	1260.51	1275.32	890.47	1036.67	1067.49
35000	36000	1230.51	1138.41	1206.28	1191.73	1217.63	1151.19	1329.48	1232.77
36000	37000	1457.00	1127.89	1106.88	1230.59	1295.89	1059.77	1334.83	1230.16
37000	38000	1088.91	902.19	969.92	987.01	1200.99	883.88	1113.63	1066.16
38000	39000	1506.49	1348.60	1409.22	1421.44	1562.37	1004.72	1773.82	1446.97
39000	40000	1265.44	1105.38	1445.42	1272.08	1374.65	962.53	1275.32	1204.17
40000	41000	1207.04	954.41	1136.15	1099.20	1698.31	964.01	1273.80	1312.04
41000	42000	1382.33	971.40	1196.45	1183.39	1702.23	1354.73	1367.75	1474.90
42000	43000	1049.33	1132.39		727.24	1555.38	1286.74		947.37

CHAINAGE		ROUGHNESS							
LHS	**RHS**	**L1**	**L2**	**L3**	**LHS**	**R1**	**R2**	**R3**	**RHS**
43000	44000	1251.00	1475.53		908.84	1648.95	1516.56		1055.17
44000	45000	986.19	1054.55		680.25	1367.75	1177.57		848.44
45000	46000	1096.39	1379.26		825.22	1203.25	1377.72		860.33
46000	47000	1137.66	1164.75		767.47	1194.94	1421.53		872.16
47000	48000	1152.70	1248.72		800.47	1420.76	1570.15		996.97
48000	49000	1167.01	1231.27		799.43	1184.36	1301.23		828.53
49000	50000	1024.02	1054.55		692.86	1047.84	1062.75		703.53
50000	51000	1108.38	1225.21		777.86	1110.63	1257.83		789.49
51000	51500	1300.46	1215.36		838.61	1736.02	1802.22		1179.41
Average Value (in mm/km)		1267.34	1166.41	1241.18	1052.59	1358.36	1233.48	1331.35	1122.82
Minimum Value (in mm/km)		986.19	902.19	969.92	680.25	930.84	883.88	1036.67	703.53
Maximum Value (in mm/km)		1698.31	1475.53	1477.08	1481.29	1814.07	1802.22	1773.82	1477.05

As per Schedule-K of the Concession Agreement, wherever the roughness value exceeds 2750 mm/Km, rectification may be required. From the above Table, it can be seen that the roughness values are within the acceptable limit in the entire project length.

5.1.2 PAVEMENT CONDITION

The details of pavement distresses as per the NSV Survey in January-2023 are summarized in Table no 5.3 & Table 5.4 below.

Table 5.3: Pavement Condition of Ateli Narnaul

CHAINAGE		CRACKING AREA(SQ.M)		CRACKING AREA %		RAVELLING AREA(SQ.M)		RAVELLING AREA %		RUTTING DEPTH		PATCHING AREA(SQ.M)		PATCHING AREA%	
FROM	TO	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS
43000	44000	0	0	0	0	0	0	0	0	4.165	4.71	0	0	0	0
44000	45000	0	0	0	0	0	0	0	0	3.7	5.09	0	0	0	0
45000	46000	0	0.0265	0	0.001514	0	0	0	0	3.38	4.245	0	10.2305	0	0.5846
46000	47000	0	0	0	0	0	0	0	0	4.08	3.885	0	0	0	0
47000	48000	0	0	0	0	7.0365	0	0.402086	0	3.93	4.105	0	0	0	0
48000	49000	0	0	0	0	1.45125	0	0.082929	0	4.285	4.36	0	0	0	0
49000	50000	0	0	0	0	2.74475	7.65875	0.156843	0.437643	4.92	3.645	0.15275	0	0.008729	0
50000	51000	0	0	0	0	4.83425	0	0.276243	0	4.66	4.315	0.947	0	0.054114	0
51000	52000	0	0	0	0	0.71575	0	0.0409	0	5.1	5.56	0	0	0	0
52000	53000	0	0	0	0	4.2275	0.113	0.241571	0.006457	3.105	5.42	0	0	0	0
53000	54000	0	0	0	0	0	0	0	0	2.9	6.38	1.5625	0	0.089286	0
54000	55000	0	0	0	0	0	0.64425	0	0.036814	3.53	6.57	0	0	0	0
55000	56000	0	0	0	0	0	0	0	0	3.225	6.575	0	0	0	0
56000	57000	0	0	0	0	0	0	0	0	2.96	6.76	1.21175	0	0.069243	0
Average =		**0**	**0.001893**	**0**	**0.000108**	**1.500714**	**0.601143**	**0.085755**	**0.034351**	**3.852857**	**5.115714**	**0.27671429**	**0.73075**	**0.015812**	**0.041757**

Table 5.4: Pavement Condition of Narnaul Bypass

CHAINAGE		CRACKING AREA(SQ.M)		CRACKING AREA %		RAVELLING AREA(SQ.M)		RAVELLING AREA %		RUTTING DEPTH		PATCHING AREA(SQ.M)		PATCHING AREA%	
FROM	TO	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS	LHS	RHS
28000	29000	0	0	0	0	0	0	0	0	4.783333	4.116667	0	0	0	0
29000	30000	0	0	0	0	0	0	0	0	4.216667	4.516667	0	0	0	0
30000	31000	0	0.057	0	0.003257	0	0	0	0	4.766667	3.816667	26.472	0	1.512686	0
31000	32000	0	0	0	0	3.560667	0	0.203467	0	4.85	4.1	0	0	0	0
32000	33000	0	0	0	0	0	0	0	0	4.6	3.883333	23.13233333	0	1.321848	0
33000	34000	0	0	0	0	0	0	0	0	5.116667	4.833333	0	0	0	0
34000	35000	0	0	0	0	0	0	0	0	4.25	4.783333	0	0	0	0
35000	36000	0	0	0	0	3.715667	0	0.212324	0	5.166667	4.466667	4.674666667	0	0.267124	0
36000	37000	0	0	0	0	0	0	0	0	5.7	4.016667	0	0	0	0
37000	38000	0	0	0	0	0	0	0	0	5.85	3.8	0.719	0	0.041086	0
38000	39000	0	0	0	0	0	0	0	0	6.533333	4.7	0	0	0	0
39000	40000	0	0	0	0	0	0	0	0	5.016667	3.3	0	0	0	0
40000	41000	0	0	0	0	0	0	0	0	4.55	3.616667	3.758166667	0	0.214752	0
41000	42000	0	0	0	0	4.403	0	0.2516	0	4.083333	3.65	0	0	0	0
42000	43000	0	0	0	0	0	0	0	0	4.325	7.075	0	15.91375	0	0.909357
43000	44000	0	0	0	0	4.2235	0	0.241343	0	5.4	7.025	6.0015	0	0.342943	0
44000	45000	0	0	0	0	0	0	0	0	4.875	7.8	0	0	0	0
45000	46000	0.0235	1.25275	0.001343	0.071586	0	0	0	0	4.325	4.275	13.18	11.46875	0.753143	0.655357
46000	47000	0	0	0	0	6.824	2.26325	0.389943	0.129329	3.525	3.95	21.443	10.632	1.225314	0.607543
47000	48000	0	0.27175	0	0.015529	0	1.5405	0	0.088029	3.875	3.55	4.5675	0	0.261	0
48000	49000	0	0	0	0	0	0	0	0	3.275	3.2	17.2165	0	0.9838	0
49000	50000	0	0	0	0	0	0	0	0	3.825	3.525	24.319	0	1.389657	0
50000	51000	0.11975	0	0.006843	0	0	0	0	0	3.45	3.825	28.9075	0	1.651857	0
Averege =		0.006228	0.068761	0.000356	0.003929	0.988123	0.16538	0.056464	0.00945	4.624275	4.427174	7.582224638	1.652804348	0.43327	0.094446

From the above table it can be seen that pavement is showing some distresses. However, the pavement can be said to be broadly satisfying the performance standards as the defects are within the specified limits. The defects observed could be taken care of under Routine Maintenance.

5.2 CLASSIFIED TRAFFIC VOLUME COUNT

5.2.1 LOCATIONS AND PERIOD OF THE TRAFFIC SURVEY

3-Days Classified Traffic Volume Count was conducted at Km 28+000 (Narnaul Bypass) on Project Road. The details of study period for the Classified Traffic Volume Count survey conducted on Project Road is presented in **Table 5.5.**

Table 5.5: Traffic Survey Location and Period of Study NH-148B

S. NO.	DESCRIPTION	DESIGN CHAINAGE	PERIOD
1.	3 Days 24 hours Classified Traffic Volume Count	Km 28+000	04-01-23 to 06-01-23 Time 12:00 PM

5.2.2 PCU EQUIVALENCE FACTORS

The PCUs adopted for the analysis are as per the IRC - 64 "Capacity of Rural Roads". The PCU factors for different vehicle type are presented in **Table 5.6**.

Table 5.6: Passenger Car Unit Equivalence Factors

VEHICLE CATEGORY	VEHICLE TYPE	PCU FACTOR
Passenger Vehicles	Bus	3
	Mini Bus	1.5
	Car/Jeep/Van/Tata Magic	1
	Two Wheelers	0.5
	Auto Rickshaws	1
Non-Motorized Vehicles	Hand / Animal Drawn	6
	Cycle	0.5
Goods Vehicles	Loading Van	1
	LCV	1.5
	Truck 2 Axle	3
	Truck 3 Axle	3
	Truck 4-6 Axle	4.5
	Oversized Vehicle 7 or More Axle	4.5
	Tractor	1.5
	Tractor with Trailer	4.5
	HCM/Earth Moving Machinery	4.5
Toll Exempt Vehicles	Bus	3
	Car / Jeep	1
	2A Trucks	3
	3A Trucks	3

5.2.3 AVERAGE DAILY TRAFFIC (ADT)

3 Days CTVC Studies was done at the Km 28+000 on NH-148B from 4-01-2023 to 6-01-2023. We have computed the Average Daily Traffic (ADT) by taking arithmetic mean of the Daily Traffic for all the three days of traffic counting. The arithmetic mean for all categories has been calculated accordingly. The ADT for the counting location for 3 days is furnished in **Table 5.7** below.

Table 5.7: Average Daily Traffic (ADT) in Numbers, NH-148B

VEHICLE TYPE			REWARI TO NARNAUL	NARNAUL TO REWARI
Tollable	Passenger Vehicles	Bus	69	79
		Mini Bus	17	14
		Car/Jeep/Van/Tata Magic	1768	1731
	Goods Vehicles	Loading Van	537	461
		LCV	243	237
		Truck 2 Axle	110	142
		Truck 3 Axle	213	207
		Truck 4-6 Axle	739	742
		Oversized Vehicle 7 or More Axle	0	1
		HCM/Earth Moving Machinery	3	1
Non - Tollable	Goods Vehicles	Tractor with Trailer	37	24
		Tractor	3	4
	Passenger Vehicles	Two Wheelers	1229	1153
		Auto Rickshaws	60	48
	Non Motorized Vehicles	Hand /Animal Drawn	3	1
		Cycle	11	11
Toll Exempt	Passenger Vehicles	Bus	3	1
		Car/Jeep/Van/Tata Magic	2	3
	Goods Vehicles	Truck 2 Axle	0	0
		Truck 3 Axle	0	0
Vehicles			**5046**	**4859**
PCUs			**8090**	**7956**
Tollable Vehicles			**3699**	**3614**
Tollable PCU			**7213**	**7200**

5.3 AXLE LOAD SURVEY

5.3.1 LOCATIONS AND PERIOD OF THE TRAFFIC SURVEY

24 Hours Axle Load Survey has been done at two locations on Project Road. The list of locations and respective study periods for the Axle load survey conducted on Project Road is presented in **Table 5.8.**

Table 5.8: Traffic Survey Location and Period of Study NH-148B

S. NO.	DESCRIPTION	DESIGN CHAINAGE	PERIOD
1.	24 hours Axle Load Survey	Km 27+800	04-01-23 to 05-01-23 Time 3:00 PM

5.3.2 AVERAGE DAILY TRAFFIC (ADT)

The Average Daily Traffic (ADT) figures as per the CTVC count in the month of Jan. 2023, which is summarized below in **Table 5.9.**

Table 5.9: Average Daily Traffic (ADT) in Numbers

S.NO.	VEHICLE TYPE	ADT IN NUMBERS AT CHAINAGE 27+800
1	Bus	148
2	Mini Bus	30
3	LCV	480
4	2A	252
5	3A	420
6	4-6 A	1481

5.3.3 VEHICLE DAMAGE FACTOR (VDF)

The Vehicle Damage Factors for each class of vehicles as worked out from the Axle load survey for the locations at km 27+800 have been brought out in Table 5.10.

Table 5.10: VDF at Ch. 27+800

S. NO.	MODE	DIRECTION	
		NARNAUL - KOTPUTLI	KOTPUTLI - NARNAUL
1	Bus	0.23	0.23
2	LCV	0.19	0.71
3	2 Axle Trucks	2.99	1.65
4	3 Axle Trucks	3.28	3.65
5	4 Axle Trucks	6.87	4.60
6	5 Axle Trucks	7.19	9.91
7	6 Axle Trucks	6.59	9.51

5.3.4 ANALYSIS OF OVERLOADED VEHICLES AS PER AXLE LOAD SURVEY

The analysis of overloading of various categories of vehicles for the survey location are furnished in following sub-paras.

5.3.4.1 PATTERN OF OVERLOADED VEHICLES AT KM 27+800

There is no overloading in 2 Axle & 3 Axle trucks but it is seen in the 4-6 Axle category. Category wise analysis of overloading pattern is brought out in **Table 5.11** to **Table 5.13** below.

Table 5.11: Overloading Pattern of 2A Trucks in different weight range at 27+800, NH 148B

NARNAUL - KOTPUTLI			KOTPUTLI - NARNAUL		
WEIGHT RANGE (IN TONNE)	NO. OF 2 AXLE	PERCENTAGE OF 2 AXLE	WEIGHT RANGE (IN TONNE)	NO. OF 2 AXLE	PERCENTAGE OF 2 AXLE
< 20	4	100.00	< 20	6	100.00
20-25	0	0.00	20-25	0	0.00
25-30	0	0.00	25-30	0	0.00
>30	0	0.00	>30	0	0.00
Total	**4**	**100.00**	**Total**	**6**	**100.00**

Table 5.12: Overloading Pattern of 3A Trucks in different weight range at 27+800, NH 148B

NARNAUL - KOTPUTLI			KOTPUTLI - NARNAUL		
WEIGHT RANGE (IN TONNE)	NO. OF 3 AXLE	PERCENTAGE OF 3 AXLE	WEIGHT RANGE (IN TONNE)	NO. OF 3 AXLE	PERCENTAGE OF 3 AXLE
< 25	12	100.00	< 25	6	100.00
25-30	0	0.00	25-30	0	0.00
30-35	0	0.00	30-35	0	0.00
35-45	0	0.00	35-45	0	0.00
45-55	0	0.00	45-55	0	0.00
>55	0	0.00	>55	0	0.00
Total	**12**	**100.00**	**Total**	**6**	**100.00**

Table 5.13: Overloading Pattern of MAV in different weight range at 27+800, NH 148B

NARNAUL - KOTPUTLI			KOTPUTLI - NARNAUL		
WEIGHT RANGE (IN TONNE)	NO. OF MAVS	PERCENTAGE OF MAVS	WEIGHT RANGE (IN TONNE)	NO. OF MAVS	PERCENTAGE OF MAVS
< 35	64	63.37	< 35	38	36.89
35-45	11	10.89	35-45	17	16.50
45-55	18	17.82	45-55	17	16.50
55-60	2	1.98	55-60	12	11.65
> 60	6	5.94	> 60	19	18.45
Total	**101**	**100.00**	**Total**	**103**	**100.00**

5.3.5 AXLE LOAD SPECTRUM

Axle load spectrum for the survey location at km 27+800 has been presented in table no. 5.14.

Table 5.14: Axle Load Spectrum at 27+800, NH 148B

REAR SINGLE AXLE		REAR TANDEM AXLE		REAR TRIDEM AXLE	
LOAD GROUP (KN)	NUMBERS	LOAD GROUP (KN)	NUMBERS	LOAD GROUP (KN)	NUMBERS
185-195	1	380 - 400	0	530-560	0
175-185	3	360 - 380	1	500-530	0
165-175	1	340 - 360	0	470-500	1
155-165	3	320 - 340	1	440-470	1
145-155	5	300 - 320	0	410-440	4
135-145	11	280 - 300	0	380-410	6
125-135	13	260 - 280	5	350-380	1
115-125	23	240 - 260	8	320-350	11
105-115	26	220 - 240	17	290-320	12
95-105	21	200 - 220	22	260-290	14
85-95	22	180 - 200	13	230-260	11
< 85	133	< 180	113	< 230	24
	262		180		85

5.3.6 COMMODITY TYPE CLASSIFICATION

Commodity type classification for the survey location at km 27+800 have been presented in table no. 5.15.

Table 5.15: Commodity Type Details at 27+800, NH 148B

COM. TY.	DESCRIPTION	LCV	2-AXLE	3-AXLE	4-6 AXLE	TOTAL	%
1	Empty	10	2	4	39	**55**	21.4%
2	Buildings Materials	2	0	2	39	**43**	16.7%
3	Iron and steel	0	2	4	12	**18**	7.0%
4	Foods & Agriculture Products	2	5	12	23	**42**	16.3%
5	Timber/wood	2	0	0	2	**4**	1.6%
6	Coal	0	1	0	0	**1**	0.4%
7	Minerals	0	0	0	0	**0**	0.0%

COM. TY.	DESCRIPTION	LCV	2-AXLE	3-AXLE	4-6 AXLE	TOTAL	%
8	Petroleum	1	3	0	3	**7**	2.7%
9	Gas	3	3	7	5	**18**	7.0%
10	Chemical/fertilizer/medicine	1	2	0	0	**3**	1.2%
11	Machinery part/Electric item	0	0	0	2	**2**	0.8%
12	Automobile	0	3	2	3	**8**	3.1%
13	Clothes & Textiles	3	12	15	26	**56**	21.8%
14	Others	0	0	0	0	**0**	0.0%
TOTAL		**24**	**33**	**46**	**154**	**257**	**100.0%**

Fig 5.1: Axle Load Survey at Ch- 27+800

Fig 5.2: FWD Survey

Fig 5.3: NSV Survey

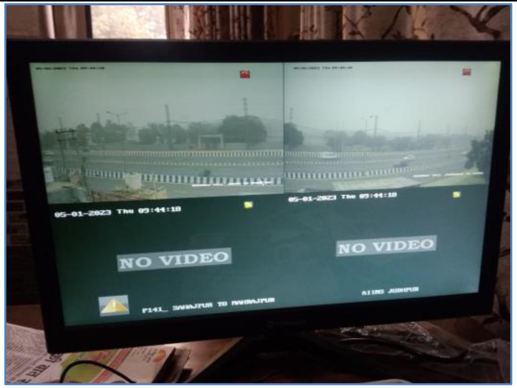

Fig 5.4: CTVC survey at Ch- 28+000

5.4 FALLING WEIGHT DEFELCTOMETER TEST

5.4.1 DESIGN MSA CALCULATIONS

The 3 days AADT figures considered for calculation of Design MSA and the VDF values obtained from Axle load survey are presented in Table 5.16 below and the Design MSA projected for and of concession period with a traffic growth rate of 5 % are brought out in Table 5.17 to 5.21 below.

Table 5.16: VDF and ADT for the Year 2022-23

CATEGORY	DIRECTION	BUS	MINI BUS	LCV	TRUCKS		
					2-AXLE	3-AXLE	4-6-AXLE
VDF	NARNAUL-KOTPUTLI	0.23	0.23	0.19	2.99	3.28	6.88
	KOTPUTLI-NARNAUL	0.23	0.23	0.71	1.65	3.65	8.01
ADT		**136**	**28**	**442**	**232**	**386**	**1363**
VDF	NARNAUL-ATELI	0.23	0.23	0.19	2.99	3.28	6.88
	ATELI-NARNAUL	0.68	0.68	2.20	0.26	0.46	8.16
ADT		**309**	**17**	**176**	**66**	**99**	**1080**

Table 5.17: Design MSA Ateli to Narnaul

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS				HCM/ EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
					2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE						
VDF		**0.24**	**0.24**	**0.63**	**0.58**	**0.21**	**0.34**	**0.34**	**0.34**					
2022-23	1.00	**309**	**17**	**176**	**66**	**99**	**1080**	**0**	**2**	1749	56188	21070	**21070**	**0.0**
2023-24	2.00	324	18	185	69	104	1134	0	2	1836	235988	88496	**109565.933**	**0.1**
2024-25	3.00	341	19	194	73	109	1191	0	2	1928	247788	92920	**202486.272**	**0.2**
2025-26	4.00	358	20	204	76	115	1250	0	2	2025	260177	97566	**300052.628**	**0.3**

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS				HCM / EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
					2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE						
VDF		**0.24**	**0.24**	**0.63**	**0.58**	**0.21**	**0.34**	**0.34**	**0.34**					
2026-27	5.00	376	21	214	80	120	1313	0	2	2126	273186	102445	**402497.302**	**0.4**
2027-28	6.00	394	22	225	84	126	1378	0	3	2232	286845	107567	**510064.209**	**0.5**
2028-29	7.00	414	23	236	88	133	1447	0	3	2344	301187	112945	**623009.462**	**0.6**
2029-30	8.00	435	24	248	93	139	1520	0	3	2461	316247	118593	**741601.978**	**0.7**
2030-31	9.00	457	25	260	98	146	1596	0	3	2584	332059	124522	**866124.119**	**0.9**
2031-32	10.00	479	26	273	102	154	1675	0	3	2713	348662	130748	**996872.368**	**1.0**
2032-33	11.00	503	28	287	108	161	1759	0	3	2849	366095	137286	**1134158.03**	**1.1**
2033-34	12.00	528	29	301	113	169	1847	0	3	2991	384400	144150	**1278307.97**	**1.3**
2034-35	13.00	555	31	316	119	178	1940	0	4	3141	403620	151357	**1429665.41**	**1.4**
2035-36	14.00	583	32	332	124	187	2037	0	4	3298	423801	158925	**1588590.73**	**1.6**
2036-37	15.00	612	34	348	131	196	2138	0	4	3463	444991	166872	**1755462.31**	**1.8**

Table 5.18: Design MSA Narnaul to Ateli

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS				HCM / EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
					2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE						
VDF		**0.68**	**0.68**	**2.20**	**0.26**	**0.46**	**8.16**	**4.5**	**4.5**					
2022-23	1.00	**309**	**17**	**176**	**66**	**99**	**1080**	**0**	**2**	1749	866460	324922	**324922**	**0.3**
2023-24	2.00	324	18	185	69	104	1134	0	2	1836	3639130	1364674	**1689596.26**	**1.7**
2024-25	3.00	341	19	194	73	109	1191	0	2	1928	3821087	1432908	**3122503.86**	**3.1**
2025-26	4.00	358	20	204	76	115	1250	0	2	2025	4012141	1504553	**4627056.84**	**4.6**
2026-27	5.00	376	21	214	80	120	1313	0	2	2126	4212748	1579781	**6206837.46**	**6.2**
2027-28	6.00	394	22	225	84	126	1378	0	3	2232	4423386	1658770	**7865607.12**	**7.9**
2028-29	7.00	414	23	236	88	133	1447	0	3	2344	4644555	1741708	**9607315.26**	**9.6**
2029-30	8.00	435	24	248	93	139	1520	0	3	2461	4876783	1828794	**11436108.8**	**11.4**
2030-31	9.00	457	25	260	98	146	1596	0	3	2584	5120622	1920233	**13356342**	**13.4**
2031-32	10.00	479	26	273	102	154	1675	0	3	2713	5376653	2016245	**15372586.9**	**15.4**
2032-33	11.00	503	28	287	108	161	1759	0	3	2849	5645486	2117057	**17489644.1**	**17.5**

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS				HCM / EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
					2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE						
VDF		**0.68**	**0.68**	**2.20**	**0.26**	**0.46**	**8.16**	**4.5**	**4.5**					
2033-34	12.00	528	29	301	113	169	1847	0	3	2991	5927760	2222910	**19712554**	**19.7**
2034-35	13.00	555	31	316	119	178	1940	0	4	3141	6224148	2334055	**22046609.5**	**22.0**
2035-36	14.00	583	32	332	124	187	2037	0	4	3298	6535355	2450758	**24497367.8**	**24.5**
2036-37	15.00	612	34	348	131	196	2138	0	4	3463	6862123	2573296	**27070664**	**27.1**

Table 5.19: Design MSA Narnaul to Kotputli

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS				HCM / EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
					2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE						
VDF		**0.23**	**0.23**	**0.19**	**2.99**	**3.28**	**6.88**	**6.88**	**6.88**					
2022-23	1.00	**136**	**28**	**442**	**232**	**386**	**1363**	**1**	**4**	2592	1048590	314577	**314577**	**0.3**
2023-24	2.00	143	29	464	244	406	1431	1	4	2721	4404076	1321223	**1635799.65**	**1.6**
2024-25	3.00	150	31	487	256	426	1503	1	4	2857	4624280	1387284	**3023083.58**	**3.0**
2025-26	4.00	157	32	511	269	447	1578	1	5	3000	4855494	1456648	**4479731.7**	**4.5**
2026-27	5.00	165	34	537	282	470	1657	1	5	3150	5098268	1529481	**6009212.24**	**6.0**
2027-28	6.00	173	36	564	296	493	1739	1	5	3308	5353182	1605955	**7615166.8**	**7.6**
2028-29	7.00	182	37	592	311	518	1826	1	5	3473	5620841	1686252	**9301419.09**	**9.3**
2029-30	8.00	191	39	621	327	544	1918	1	6	3647	5901883	1770565	**11071984**	**11.1**
2030-31	9.00	201	41	652	343	571	2014	1	6	3829	6196977	1859093	**12931077.1**	**12.9**
2031-32	10.00	211	43	685	360	599	2114	2	6	4021	6506826	1952048	**14883124.9**	**14.9**
2032-33	11.00	221	45	719	378	629	2220	2	7	4222	6832167	2049650	**16932775.1**	**16.9**
2033-34	12.00	232	48	755	397	661	2331	2	7	4433	7173776	2152133	**19084907.8**	**19.1**
2034-35	13.00	244	50	793	417	694	2447	2	7	4654	7532464	2259739	**21344647.2**	**21.3**
2035-36	14.00	256	53	833	438	729	2570	2	8	4887	7909088	2372726	**23717373.5**	**23.7**
2036-37	15.00	269	55	874	460	765	2698	2	8	5131	8304542	2491363	**26208736.1**	**26.2**

Table 5.20: Design MSA Kotputli to Narnaul

YEAR	C.P	BUS	MINI BUS	LCV	TRUCKS 2-AXLE	3-AXLE	4-6-AXLE	OS 7A OR MORE	HCM / EME	TOTAL VEH.	NO. OF STANDARD AXLES	DESIGN STANDARD AXLES	CUMULATIVE NO. OF STANDARD AXLES	DESIGN MSA
VDF		**0.23**	**0.23**	**0.71**	**1.65**	**3.65**	**8.01**	**8.01**	**8.01**					
2022-23	1.00	**136**	**28**	**442**	**232**	**386**	**1363**	**1**	**4**	2592	1195487	358646	**358646**	**0.4**
2023-24	2.00	143	29	464	244	406	1431	1	4	2721	5021043	1506313	**1864958.99**	**1.9**
2024-25	3.00	150	31	487	256	426	1503	1	4	2857	5272096	1581629	**3446587.68**	**3.4**
2025-26	4.00	157	32	511	269	447	1578	1	5	3000	5535700	1660710	**5107297.79**	**5.1**
2026-27	5.00	165	34	537	282	470	1657	1	5	3150	5812485	1743746	**6851043.42**	**6.9**
2027-28	6.00	173	36	564	296	493	1739	1	5	3308	6103110	1830933	**8681976.32**	**8.7**
2028-29	7.00	182	37	592	311	518	1826	1	5	3473	6408265	1922480	**10604455.9**	**10.6**
2029-30	8.00	191	39	621	327	544	1918	1	6	3647	6728678	2018604	**12623059.4**	**12.6**
2030-31	9.00	201	41	652	343	571	2014	1	6	3829	7065112	2119534	**14742593.1**	**14.7**
2031-32	10.00	211	43	685	360	599	2114	2	6	4021	7418368	2225510	**16968103.5**	**17.0**
2032-33	11.00	221	45	719	378	629	2220	2	7	4222	7789286	2336786	**19304889.4**	**19.3**
2033-34	12.00	232	48	755	397	661	2331	2	7	4433	8178751	2453625	**21758514.6**	**21.8**
2034-35	13.00	244	50	793	417	694	2447	2	7	4654	8587688	2576306	**24334821.1**	**24.3**
2035-36	14.00	256	53	833	438	729	2570	2	8	4887	9017073	2705122	**27039942.9**	**27.0**
2036-37	15.00	269	55	874	460	765	2698	2	8	5131	9467926	2840378	**29880320.7**	**29.9**

Thus, it is seen that the computed MSA value upto the end of operation period is worked out as for Ateli-Narnaul 1.8 MSA (LHS), 27.1 MSA (RHS); for Narnaul bypass 26.2 MSA (LHS) & 29.9 MSA (RHS) as compared to the design MSA considered in the pavement design for the project road.

5.4.2 CALCULATION OF REMAINING LIFE OF PAVEMENT

The Results of the FWD test are summarised in the **Table 5.22 and 5.27** below. The calculation of remaining life of the pavement has been done with 90% reliability.

Table 5.21: Remaining life of existing pavement LHS Ateli Narnaul

S. NO	EXISTING CHAINAGE		TOTAL LENGTH (KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)			OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
1	43.525	44.512	0.987	170.000	350.000	2234.6	117.3	122.5	0.0002319	0.0002603	13.5	251.4	13.5
2	44.512	45.505	0.992	170.000	350.000	2027.4	136.9	132.5	0.0002320	0.0002541	14.7	280.4	14.7
3	45.505	46.513	1.009	170.000	350.000	2196.3	164.3	144.4	0.0002060	0.0002336	21.7	410.7	21.7
4	46.513	47.485	0.971	170.000	350.000	2212.9	170.1	211.9	0.0001987	0.0001752	24.8	1513.2	24.8
5	47.485	48.514	1.030	170.000	350.000	1324.3	164.1	212.0	0.0002653	0.0001988	12.5	853.3	12.5
6	48.514	49.502	0.988	170.000	350.000	2200.1	171.9	127.2	0.0002036	0.0002549	22.7	276.5	22.7
7	49.502	50.507	1.005	170.000	350.000	2215.9	114.7	117.9	0.0002354	0.0002682	12.8	219.5	12.8
8	50.507	51.503	0.995	170.000	350.000	2166.0	98.5	114.6	0.0002509	0.0002732	10.2	201.9	10.2
9	51.503	52.529	1.026	170.000	350.000	2192.5	153.7	132.6	0.0002125	0.0002485	19.3	310.3	19.3
10	52.529	53.502	0.974	170.000	350.000	1556.6	138.7	140.2	0.0002670	0.0002619	10.6	244.5	10.6
11	53.502	54.505	1.003	170.000	350.000	1271.2	233.3	157.6	0.0002264	0.0002446	24.0	333.3	24.0
12	54.505	55.514	1.008	170.000	350.000	1668.0	100.3	105.0	0.0002945	0.0003165	6.8	103.6	6.8
13	55.514	56.515	1.001	170.000	350.000	2243.7	282.5	124.4	0.0001617	0.0002439	54.7	337.7	54.7

Table 5.22: Remaining life of existing pavement LHS Ateli Narnaul

S. NO	EXISTING CHAINAGE		TOTAL LENGTH (KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)			OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
1	57.005	56.002	1.003	150	450	2134.5	327.2	130.0	0.0001684	0.0001997	48.8	836.0	48.8
2	56.002	54.998	1.004	150	450	2123.8	264.4	109.3	0.0001899	0.0002330	30.7	415.5	30.7
3	54.998	54.003	0.995	150	450	1931.9	157.1	140.2	0.0002543	0.0002193	10.7	546.8	10.7
4	54.003	53.001	1.002	150	450	2075.2	270.9	117.8	0.0001893	0.0002227	31.7	510.0	31.7
5	53.001	52.008	0.993	150	450	2109.4	341.7	151.4	0.0001649	0.0001811	53.5	1302.2	53.5
6	52.008	51.009	0.999	150	450	2084.3	263.6	166.3	0.0001906	0.0001806	30.7	1318.7	30.7
7	51.009	50.000	1.009	150	450	1957.4	148.4	109.3	0.0002607	0.0002618	9.6	244.9	9.6
8	50.000	49.001	0.999	150	450	2096.1	143.4	108.9	0.0002551	0.0002595	9.8	254.9	9.8
9	49.001	47.998	1.003	150	450	2004.9	169.5	134.4	0.0002412	0.0002228	12.7	509.0	12.7
10	47.998	47.006	0.992	150	450	2106.5	376.2	138.2	0.0001560	0.0001861	66.4	1151.0	66.4

S. NO	EXISTING CHAINAGE		TOTAL LENGTH (KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)			OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
11	47.006	46.003	1.003	150	450	1340.6	108.6	115.3	0.0003656	0.0002789	3.6	183.9	3.6
12	46.003	45.009	0.994	150	450	2091.3	390.4	192.0	0.0001529	0.0001522	72.3	2864.2	72.3
13	45.009	44.005	1.004	150	450	1357.0	134.7	149.4	0.0003276	0.0002265	5.4	472.3	5.4
14	44.005	43.025	0.980	150	450	2093.4	372.7	130.6	0.0001573	0.0001927	64.7	982.8	64.7

Table 5.23: 15th percentile values of elastic modulus Narnaul Bypass (LHS Side)

S.NO	EXISTING CHAINAGE		TOTAL LENGTH(KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE
1	28.000	29.016	1.02	170	450	1889.4	294.6	112.5
2	29.016	30.052	1.04	170	450	1907.9	209.1	116.5
3	30.052	31.015	0.96	170	450	1784.8	184.0	117.6
4	31.015	32.015	1.00	170	450	2054.9	251.6	107.9
5	32.015	33.085	1.07	170	450	1872.3	224.6	118.9
6	33.085	34.062	0.98	170	450	2043.1	264.7	114.7
7	34.062	35.099	1.04	170	450	2043.1	238.8	113.8
8	35.099	36.015	0.92	170	450	1108.4	204.0	146.0
9	36.015	37.085	1.07	170	450	2013.4	202.9	130.0
10	37.085	38.054	0.97	170	450	2015.8	263.8	129.7
11	38.054	39.064	1.01	170	450	1303.9	97.5	111.8
12	39.064	40.058	0.99	170	450	1342.0	220.1	130.5
13	40.058	41.033	0.97	170	450	2053.4	269.2	147.9
14	41.033	42.000	0.97	165	450	2068.0	314.5	137.2
15	42.000	43.002	1.00	150	450	1804.6	203.4	107.7
16	43.002	44.015	1.01	150	450	1582.0	200.8	107.9
17	44.015	45.056	1.04	150	450	1582.0	193.8	115.1

S.NO	EXISTING CHAINAGE		TOTAL LENGTH(KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE
18	45.056	46.025	0.97	150	450	1378.3	163.8	112.1
19	46.025	47.025	1.00	150	450	1158.9	150.1	99.4
20	47.025	48.005	0.98	150	450	1429.1	225.7	114.6
21	48.005	49.005	1.00	150	450	1949.9	227.6	100.4
22	49.005	50.050	1.04	150	450	2059.0	180.7	100.4
23	50.050	51.542	1.49	150	450	2016.2	167.0	137.3

Table 5.24: 15th percentile values of elastic moduli Narnaul Bypass (RHS Side)

S.NO	EXISTING CHAINAGE		TOTAL LENGTH(KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE
1	51.499	50.521	0.98	150	450	1868.6	249.9	193.1
2	50.521	49.523	1.00	150	450	2124.9	177.9	169.0
3	49.523	48.521	1.00	150	450	2139.2	178.3	115.9
4	48.521	47.532	0.99	150	450	2119.2	259.4	164.0
5	47.532	46.525	1.01	150	450	2157.4	302.8	108.6
6	46.525	45.545	0.98	150	450	2099.9	104.6	169.0
7	45.545	44.562	0.98	150	450	2128.8	179.8	153.5
8	44.562	43.536	1.03	150	450	2031.8	338.6	152.8
9	43.536	42.512	1.02	150	450	1179.9	115.7	155.1
10	42.512	41.940	0.57	155	450	1000.3	155.4	134.7
11	41.521	40.721	0.80	170	450	1118.0	248.1	164.1
12	40.512	39.742	0.77	170	450	995.6	110.8	146.4
13	39.521	38.745	0.78	170	450	1207.5	193.1	185.4
14	38.500	37.716	0.78	170	450	1177.0	294.9	189.4
15	37.501	36.735	0.77	170	450	1290.0	327.3	175.3

S.NO	EXISTING CHAINAGE		TOTAL LENGTH(KM)	AVERAGE CRUST THICKNESS (MM)		15TH PERCENTILE E VALUE (MPA)		
	FROM	TO		BITUMINOUS LAYER	GRANULAR LAYER	BITUMINOUS LAYER	GRANULAR LAYER	SUBGRADE
16	36.503	35.736	0.77	170	450	1376.8	223.5	191.9
17	35.497	34.765	0.73	170	450	1096.3	293.8	197.8
18	34.489	33.752	0.74	170	450	1348.9	205.4	125.4
19	33.503	32.745	0.76	170	450	1747.2	345.0	105.8
20	32.501	31.725	0.78	170	450	1764.2	243.1	109.2
21	31.494	30.765	0.73	170	450	1244.7	114.2	135.1
22	30.502	29.765	0.74	170	450	1741.7	146.8	153.4
23	29.438	28.753	0.68	170	450	1889.2	327.6	142.5

Table 5.25: Remaining Life of the pavement and overlay requirement Narnaul Bypass (LHS Side)

S.NO	EXISTING CHAINAGE		OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
1	28.000	29.016	0.0001680	0.0002091	54.6	678.6	54.6
2	29.016	30.052	0.0002002	0.0002192	27.4	548.0	27.4
3	30.052	31.015	0.0002199	0.0002251	20.1	485.8	20.1
4	31.015	32.015	0.0001765	0.0002185	42.0	556.0	42.0
5	32.015	33.085	0.0001949	0.0002147	30.9	602.0	30.9
6	33.085	34.062	0.0001722	0.0002088	46.4	683.1	46.4
7	34.062	35.099	0.0001815	0.0002142	37.8	608.4	37.8
8	35.099	36.015	0.0002576	0.0002105	16.3	658.4	16.3
9	36.015	37.085	0.0001971	0.0002028	27.8	779.6	27.8
10	37.085	38.054	0.0001731	0.0001947	46.0	937.8	46.0
11	38.054	39.064	0.0003435	0.0002608	4.6	249.2	4.6
12	39.064	40.058	0.0002282	0.0002166	22.2	578.4	22.2
13	40.058	41.033	0.0001693	0.0001782	49.4	1401.1	49.4

S.NO	EXISTING CHAINAGE		OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
14	41.033	42.000	0.0001594	0.0001844	62.0	1199.9	62.0
15	42.000	43.002	0.0002345	0.0002564	15.5	269.2	15.5
16	43.002	44.015	0.0002513	0.0002629	13.3	240.3	13.3
17	44.015	45.056	0.0002556	0.0002540	12.4	280.9	12.4
18	45.056	46.025	0.0002974	0.0002723	7.8	204.9	7.8
19	46.025	47.025	0.0003383	0.0003084	5.4	116.6	5.4
20	47.025	48.005	0.0002467	0.0002515	15.6	293.8	15.6
21	48.005	49.005	0.0002138	0.0002576	20.8	263.6	20.8
22	49.005	50.050	0.0002327	0.0002668	14.3	224.8	14.3
23	50.050	51.542	0.0002420	0.0002196	12.5	543.5	12.5

Table 5.26: Remaining Life of the pavement and overlay requirement Narnaul Bypass (RHS side)

S.NO	EXISTING CHAINAGE		OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
1	51.499	50.521	0.0002059	0.0001677	25.0	1845.2	25.0
2	50.521	49.523	0.0002276	0.0001862	15.2	1148.2	15.2
3	49.523	48.521	0.0002288	0.0002418	14.8	351.2	14.8
4	48.521	47.532	0.0001891	0.0001822	31.3	1267.0	31.3
5	47.532	46.525	0.0001753	0.0002251	41.3	485.8	41.3
6	46.525	45.545	0.0002848	0.0001865	6.4	1139.8	6.4
7	45.545	44.562	0.0002268	0.0001993	15.4	843.6	15.4
8	44.562	43.536	0.0001651	0.0001816	54.9	1286.1	54.9
9	43.536	42.512	0.0003778	0.0002079	3.5	696.6	3.5
10	42.512	41.940	0.0003483	0.0002548	5.5	277.0	5.5
11	41.521	40.721	0.0001774	0.0001884	69.2	1088.6	69.2

S.NO	EXISTING CHAINAGE		OBTAINED STRAINS (THROUGH IITPAVE)		REMAINING LIFE OF EXISITNG PAVEMENT (MSA)		
	FROM	TO	FATIGUE STRAIN	RUTTING STRAIN	FATIGUE RESIDUAL LIFE	RUTTING RESIDUAL LIFE	REMAINING LIFE
12	40.512	39.742	0.0003736	0.0002245	4.2	491.7	4.2
13	39.521	38.745	0.0002558	0.0001762	15.6	1474.7	15.6
14	38.500	37.716	0.0002012	0.0001648	40.6	1997.1	40.6
15	37.501	36.735	0.0001819	0.0001673	55.5	1865.3	55.5
16	36.503	35.736	0.0002228	0.0001655	23.9	1959.1	23.9
17	35.497	34.765	0.0002071	0.0001620	38.5	2158.4	38.5
18	34.489	33.752	0.0002664	0.0002444	12.1	334.6	12.1
19	33.503	32.745	0.0001722	0.0002273	53.1	464.8	53.1
20	32.501	31.725	0.0002160	0.0002457	21.8	326.6	21.8
21	31.494	30.765	0.0003701	0.0002504	3.6	299.7	3.6
22	30.502	29.765	0.0002762	0.0002105	8.5	658.4	8.5
23	29.438	28.753	0.0001769	0.0001931	44.7	973.6	44.7

5.4.3 ASSESSMENT OF OVERLAY REQUIREMENTS - FALLING WEIGHT DEFLECTION (FWD) TEST

The result obtained from Falling Weight Deflectometer Test indicate that the residual life of the pavement for Ateli-Narnaul is in the range from 6.8 MSA – 54.7 MSA (LHS), 3.6 MSA – 66.4 MSA (RHS) as against design MSA considered in pavement design of 60 MSA (LHS) & 150 MSA (RHS). The residual life of the pavement for Narnaul bypass is in the range from 4.6 MSA – 62.0 MSA (LHS) & 3.5 MSA – 69.2 MSA (RHS) as against design MSA considered in pavement design of 150 MSA (LHS) & 90 MSA (RHS) . The computed MSA based on the CTVC and Axle load survey works out to much less than the design MSA considered. Although as per the design MSA of pavement design report there is a requirement of overlay in substantial length. However looking to the condition of the pavement observed on site and NSV result presently no requirement of overlay is being considered.

CHAPTER 6.0: COSTS

6.1 OPERATION & MAINTENANCE REQUIREMENTS

6.1.1 PERFORMANCE STANDARDS

The Concession Agreement does not specify any specific periodicity for carrying out major maintenance works or the periodic renewal of the pavements. The broad performance parameter have been specified in the Schedule K of the Concession Agreement.

Table 6.1: Performance standards details

S. NO.	PARAMETER	CRITERIA PRESCRIBED
1	Roughness By Bump Integrator (Max. Permissibility)	Not Exceeding 2750 mm/Km
2	Potholes / km(max)	NIL
3	Percent Cracking	Cracked area < 5 % of the pavement in a stretch of 1 km
4	Rutting	Rutting exceeding 10mm in not more than 2 % of the road surface in a stretch of 1 km (measured with 3 m straight edge)
5	Ravelling/Stripping of bitumen surface	Not exceeding 10 sqm
6	Damage to pavement edges	Not exceeding 10 cm
7	Variation in the prescribed slope of camber /cross fail	Not exceeding 2 %
8	Embankment slope	Variation not more than 15%
9	Edge drop at shoulders	Not exceeding 40 mm

6.1.2 BROAD STRATEGY

The overall future strategy suggested for major maintenance works are summarized in table 6.2 below:

Table 6.2: Details of major maintenance requirements

S. NO.	MAJOR MAINTENANCE MEASURES	
1	**Future Strategy For Micro Surfacing MCW**	14th year surface renewal carried out with Micro surfacing 80% of MCW & SR
2	**Future Strategy for BC overlay MCW**	8th year surface renewal carried out with 50mm BC overlay on 100% MCW and in 14th year 30mm BC overlay on 20% MCW

S. NO.	MAJOR MAINTENANCE MEASURES	
3	**Future Strategy for BC overlay SR**	8th year surface renewal carried out with 30mm BC overlay on 100% SR and in 14th year 30mm BC overlay on 20% SR

The year wise Major Maintenance (MM) requirement assessment has been summarized in table 6.3 below.

Table 6.3: Maintenance measures upto FY37 (end of operation period)

MAINTENANCE MEASURES (PERIOD)	MM qty. for 2023-24	MM qty. for 2026-27	MM qty. for 2029-30	MM qty. for 2032-33	MM qty. for 2035-36
Overlay 50mm BC (MCW)			100%		20%
Overlay 30mm BC (Junction/Truck Lay bye/Bus Bays/Ramps)			100%		20%
Micro Surfacing					80%

6.2 OPERATION AND MAINTENANCE COSTS

The costs for Routine Maintenance & Operations Costs and the Major Maintenance costs have been worked out based on the provisions of the CA and the assessment of the condition of the assets. The rates are based on the Haryana PWD Schedule of Rate for the year 2022. An escalation of 4.14% has been used for arriving at the Base Rates for the year 2023-24. The O& M costs and projections for the entire concession period have been summarised in Table no. 6.4 to 6.5.

Table 6.4: Yearly Operations and Routine Maintenance Costs

S. NO.	DETAILS	EXPECTED PER MONTH PER KM COST RS IN LAKH	TOTAL MONTHLY EXPENSE RS IN CR	TOTAL YEARLY EXP AT BASE YEAR PRICE OF 2023-24 (RS IN CR)
1	Operational Expense	0.99	0.40	4.85
2	Routine Maintenance Expense	0.53	0.21	2.57
		Total (incl. GST)		7.42

Table 6.5: O & M Cost Projection at 2023-24 Base Rate

S. NO	YEAR	MAJOR MAINTENANCE COSTS	ROUTINE OPERATIONS AND MAINTENANCE COST
1	2022-23		
2	2023-24	2.11	7.42
3	2024-25		7.42
4	2025-26		7.42
5	2026-27	1.77	7.42
6	2027-28		7.42
7	2028-29		7.42
8	2029-30	98.06	7.42
9	2030-31		7.42
10	2031-32		7.42
11	2032-33	1.32	7.42
12	2033-34		7.42
13	2034-35		7.42
14	2035-36	44.89	7.42
15	2036-37		7.42
	Total (incl. GST)	**148.15**	**103.87**

6.3 CONCLUSIONS ON O&M REQUIREMENTS

The O&M Costs and the Opex Projections for the Project Road have been worked out taking into consideration the requirements stipulated in the Concession Agreement, the present condition of the road, structure and other assets and the overall maintenance strategy. The costs cover all the requirements broadly and there does not appear to be any likelihood of any unforeseen major expenditure during the Concession Period.

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