

Private and Confidential

30th August 2022

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

Sub: Executive Summary of Enterprise Valuation of three new Toll Road projects, pursuant to SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended.

Dear Sir,

We refer to our appointment letter dated 29th December 2020 wherein RBSA Valuation Advisors LLP (“RBSA” or “We” or “us”) was appointed by National Highways Infra Investment Managers Private Limited (“NHIIMPL”/ the “Investment Manager”), as an independent valuer, as per Regulation 2(zf) of the SEBI (Infrastructure Investment Trust) Regulations, 2014 (“SEBI InvIT Regulations”), for carrying out the valuation of National Highways Infra Projects Private Limited (“NHIPPL” or “SPV”).

National Highways Infra Trust (“NHIT” or the “Trust” or “InvIT”) is registered with the Securities and Exchange Board of India (“SEBI”) as an infrastructure investment trust under the SEBI InvIT Regulations. NHIIMPL is acting as Investment Manager to the Trust, NHAI is acting as Sponsor to the Trust, and IDBI Trusteeship Services Limited (“Trustee”) is acting as Trustee to the Trust, within the meaning of the SEBI InvIT Regulations. NHIPPL is a wholly owned subsidiary of NHIT. NHIPPL has been incorporated as a special purpose vehicle and currently encompass 5 Toll road projects. NHIPPL has entered into concession agreements with NHAI for the aforementioned 5 Toll road projects under the Toll, Operate and Transfer (“TOT”) model.

We understand that the management of NHIIMPL (the Management”) is evaluating a proposal to acquire additional three Toll road projects (together referred to as the “Specified Projects”/ “R2 Projects”) by NHIPPL, under the TOT model (the “Proposed Transaction”). It is envisaged that NHIPPL will enter into a concession agreement with NHAI for the Specified Projects if the Proposed Transaction is consummated.

The Specified Projects proposed to be acquired by NHIPPL on a TOT basis, in addition to the existing five projects, are as follows:

Sr. No.	Name of Section	NH	Total Length (Kms)	Toll Plaza	Start Kms	End Kms
1	Agra Bypass	NH-2 – NH-3	32.800	Raibha	176.800 KM of NH-2	13.030 KM of NH-3
2	Shivpuri to Jhansi	NH-27	75.300	Raksha	1305.000 KM of NH-27	1380.387 KM of NH-27
3	Borkhedi-Wadner-Deodhari-Kelapur	NH-44	138.150	Daroda and Kelapur	36.600 KM of NH-44	175.600 KM of NH-44

Source: Information provided by the Management



In connection with the Proposed Transaction, we have carried out the Fair Enterprise Valuation of the Specified Projects as of 31st July 2022 (“Valuation Date”).

We have analyzed the information provided by/ on behalf of the Investment Manager through broad inquiry, analysis and review but have not carried out a due diligence or audit of such information. We have relied on the explanations and information provided by/ on behalf of the Investment Manager. We have no present or planned future interest in the Sponsor, the SPV or the Investment Manager except to the extent of our appointment as an independent valuer. Our professional fees for the valuation are not contingent upon the values reported herein. Our valuation analysis should not be construed as an investment advice specifically, we do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

Our valuation analysis must be considered as a whole. Selecting portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. 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.

Our valuation conclusion included herein complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by SEBI there under.

Valuation Analysis

The Discounted Cash Flow (“DCF”) method under the Income Approach has been adopted for the Enterprise Valuation of the Specified Projects. Free Cash Flow to Firm method under DCF has been applied based on the projected financials of the Specified Projects provided by the Management of NHIIMPL (the “Management”). The Enterprise Value of the Specified Projects as of 31st July 2022 has been estimated assuming them to be collectively forming a business, on a ‘going concern value’ premise. The Enterprise Value has been computed by discounting the free cash flows to the firm until the end of the concession period of 20 years beginning from 1st October 2022, using a WACC of 10.60% computed as of 31st July 2022. Since the proposed effective implementation date is 1st October 2022, the cashflows have been discounted as of 30th September 2022.



Enterprise Valuation of the Specified Projects has been carried out considering *inter-alia* Traffic Study and Technical Reports of independent consultants, Business plan/ Projected financial statements of the Specified Projects and other information provided by/ on behalf of the Management, industry analysis and other relevant factors and is estimated at INR 2,825 Crore as at 31st July 2022.

This letter should be read in conjunction with our detailed Report for the valuation of the Specified Projects, including the Assumptions and Limiting Conditions stated therein.

Thanking You

For **RBSA Valuation Advisors LLP**,
(RVE No.: IBBI/RV-E/05/2019/110)



Name: Ravishu Vinod Shah

Designation: Partner

Asset Class: Securities or Financial Assets (RV No.: IBBI/RV/06/2020/12728)

Date: 30th August 2022

Place: Mumbai

