

Date: 16.02.2026

To, The Corporate Relations Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	To, The Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
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Subject: Valuation Report of National Highways Infra Trust (NHIT) for the Round 5 Roads

Dear Sir/Ma'am,

We refer to our intimation dated 02nd February, 2026, wherein we had informed that the Board of Directors ("Board") of National Highways Infra Investment Managers Private Limited ("NHIIMPL"), acting in its capacity as the Investment Manager to National Highways Infra Trust ("NHIT"), inter alia, took note of the value determined by the Valuer for Round 5 Roads namely;

- (i) Amravati-Chikhali-Tarsod and
- (ii) Gundugolanu-Chinna Avutapalli.

Pursuant to Regulation 21(6) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("InvIT Regulations"), read with circulars and guidelines issued thereunder, please find attached the valuation report prepared by the Independent valuer, M/s Ernst & Young Merchant Banking Services LLP, in respect of the Round 5 roads for the purpose of the proposed acquisition of the Round 5 assets.

The said valuation report determines the enterprise value of the Round 5 roads at Rs. 6,220.90 crores.

The valuation report is enclosed herewith as **Annexure I**.

You are requested to take the same on your record.

For National Highways Infra Investment Managers Private Limited
(Acting as an Investment Manager to National Highways Infra Trust)

Gunjan Singh
Company Secretary and Compliance Officer

Enclosed: As Above



Ernst & Young Merchant Banking Services LLP
Registered Valuer
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03 February 2026

To,

National Highways Infra Investment Managers Private Limited

G-5 & 6, Sector-10, Dwarka
Delhi, 110075

Re: Report on Valuation of Specified Asset of National Highways Infra Trust as at 28 February 2026 as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (“SEBI InvIT Regulations”)

Dear Sir/Madam,

In accordance with instructions of National Highways Infra Investment Managers Private Limited (“Client” or “you” or “NHIIMPL” or “Investment Manager”) on behalf of National Highways Infra Trust (“NHIT” or “InvIT” or the “Trust”), Ernst & Young Merchant Banking Services LLP (“EYMBSELLP”) have performed the work set out in our Letter of Award dated 09 August 2024 (“Engagement Agreement”). We are pleased to present the following report (“Report”) in connection with the Enterprise Valuation of Specified Asset (defined later on page 5) (“Specified Asset” or “InvIT Asset”) as at 28 February 2026 (“Valuation Date”).

It may be noted that for carrying out the valuation, we have relied upon information provided by the management of NHIIMPL and NHIT (“Management”). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

EYMBSELLP has been appointed by National Highways Infra Investment Managers Private Limited as an independent valuer as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars, notifications and guidelines issued thereunder (“SEBI InvIT Regulations”), to undertake an independent Enterprise Valuation of the Specified Asset of NHIT (defined later on page 5) (“Specified Asset” or “InvIT Asset”) as on 28 February 2026 for their internal management analysis, disclosure to unit holders and regulatory filings under Chapter V Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations (“Purpose”). This Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address various aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Please note that the Report must be read in conjunction with the Statement of limiting conditions contained in Section 4 of this Report. This letter, the Report and the summary of valuation included herein can be provided to the 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 in connection with the specified Purpose. The valuation analysis should not be construed as an investment advice; specifically, EYMBSLLP does not express any opinion on the suitability or otherwise of entering any financial or other transaction with the Trust.

The valuation conclusion included here-in, and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by Securities and Exchange Board of India ("SEBI") thereunder.

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

Yours faithfully,



Nilesch Jain

Partner

Membership No. IBBI/RV/05/2024/15540

Ernst & Young Merchant Banking Services LLP

Registration No. IBBI/RV-E/05/2021/155

LLPIN: AAO-2287

Date: 03 February 2026

Report No.: EYMBS/RV/2025-26/165

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I. Executive Summary

National Highways Infra Trust (“NHIT” or “InvIT” or the “Trust”) is registered as an infrastructure investment trust with Securities and Exchange Board of India (“SEBI”) pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended (“the SEBI InvIT Regulations”). It was registered on October 28, 2020 [Registration No.: IN/InvIT/20-21/0014].

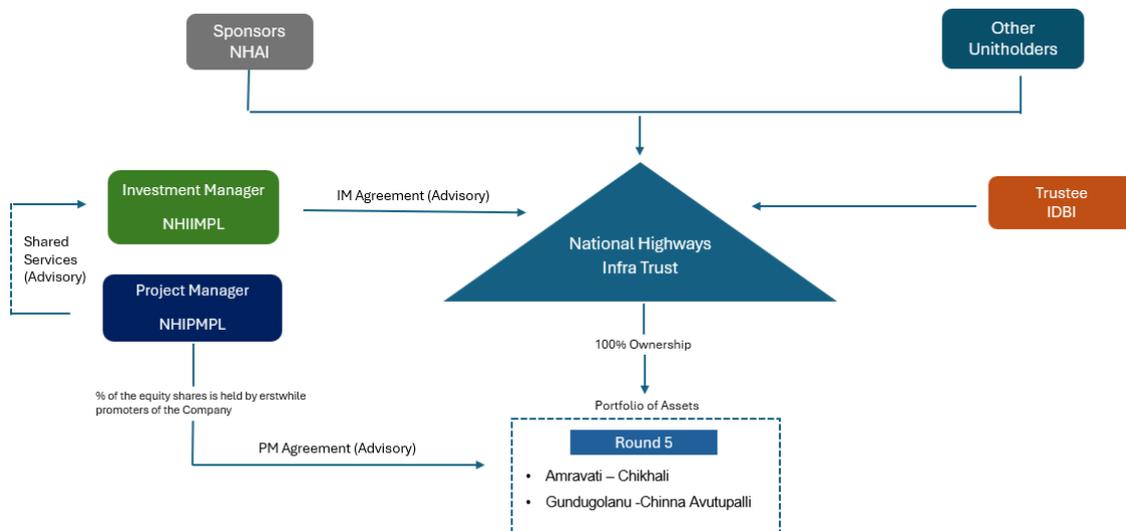
National Highways Infra Investment Managers Private Limited (“NHIIMPL” or “Investment Manager”) acts as the investment manager to the Trust. NHIIMPL is a private limited company incorporated on 25 July 2020 under the Companies Act, 2013 and is a wholly owned subsidiary of the Government of India acting through the Ministry of Road Transport & Highways (MoRTH).

National Highways Authority of India (“NHAI” or “Sponsor”) acts as the sponsor to the Trust. NHAI was set up by an act of the Parliament, NHAI Act, 1988 “An Act to provide for the constitution of an Authority for the development, maintenance and management of national highways and for matter connected therewith or incidental thereto”.

IDBI Trustee Services Limited (“IDBI” or “Trustee”) acts as the trustee to the Trust. IDBI holds registration under SEBI regulations as a debenture trustee. IDBI was jointly established by IDBI Bank, LIC, and GIC to provide corporate and other trusteeship services and is located in Mumbai, India.

National Highways Infra Project Managers Private Limited (“NHIPMPL” or “Project Manager”) was incorporated as a private limited company on 9 March 2021 under the Companies Act 2013. The Project Manager is a wholly owned subsidiary of NHAI and undertakes operations and maintenance of the Specified Assets, including making arrangements for maintenance of the assets held by the Trust.

The following chart represents the structure of the Trust:



Source: [About us - National Highways Infra Trust](#)

We understand that NHIT is proposing to acquire Round 5 Assets (“R5” or “InvIT Asset” or “Specified Asset”) which have an aggregate length of 310 kms (1,348 lane kms) spread across 2 states from NHAI in a related party transaction (“Proposed Transaction”). In this regard, valuation of the Specified Asset is required as at Valuation Date for internal management analysis, disclosures to unit holders if required, any corporate action and/or regulatory filings as per SEBI InvIT Regulations (“Purpose”).




R5 has entered into concession agreements with NHAI to operate, maintain and transfer two toll road projects, under the Toll, Operate and Transfer (“TOT”) model (together referred to as the “R5 Projects” and individually referred to as the “Project”).

The following is the list of the R5 Projects:

1. Amravati – Chikhali
2. Gundugolanu - Chinna Avutupalli

EYMBSLLP has been appointed as an independent valuer to undertake Enterprise Valuation of InvIT Asset as on 28 February 2026, in accordance with Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations.

EYMBSLLP is appointed to undertake financial valuation only. We are placing reliance on other consultants appointed by the Client for traffic and other technical inputs. This report is our deliverable for the aforementioned Purpose.

EYMBSLLP is duly registered, as a Limited Liability Partnership under the Limited Liability Partnership Act, 2008, with the Ministry of Corporate Affairs (identified with a unique LLPIN: AAO-2287) and as a Registered Valuer with Insolvency and Bankruptcy Board of India (“IBBI”) for securities or financial assets under Section 247 of the Companies Act, 2013 bearing registration number IBBI/RV-E/05/2021/155.

Identity of the Valuer

Name of entity registered	Ernst & Young Merchant Banking Services LLP
LLPIN	AAO-2287
Registration Number (for Registered Valuer)	IBBI/RV-E/05/2021/155
Registration (for Registered Valuer) valid from	01 November 2021

Disclosure of Valuer’s Interest or Conflict

EYMBSLLP, Nilesh Jain and the team working on the valuation of InvIT Assets do not have any present or planned future interest in the Trust, the InvIT Asset or the Investment Manager. EYMBSLLP is neither associated with nor carrying out any relationship with the Client, except carrying out valuation service. Accordingly, there is no conflict of interest for carrying out the valuation.

The information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information were provided to us to carry out the valuation.

Declaration

- We hereby confirm on behalf of EYMBSLLP that EYMBSLLP is competent to undertake this valuation in terms of SEBI InvIT Regulations.
- We further confirm that EYMBSLLP is independent in terms of the SEBI InvIT Regulations and that this report has been prepared on a fair and unbiased basis in compliance with Regulation 13(1) and Regulation 21 of the SEBI InvIT Regulations.
- We have at least two partners having experience of 5 years each in the valuation of infrastructure assets.

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




II. Valuation Analysis

Income approach, specifically Discounted Cash Flow (“DCF”) method has been considered for arriving at the fair enterprise value of InvIT Asset as on 28 February 2026. The valuation exercise has been carried out basis the financial projections of the InvIT Asset provided to us by the Management. Free Cash Flow to Firm approach under DCF method has been considered to determine the Enterprise Value of InvIT Asset. The Enterprise Value has been computed by discounting the free cash flows to the firm from 01 March 2026 until the end of the concession period, using an appropriate Weighted Average Cost of Capital (“WACC”).

The Investment Manager has appointed independent consultants to carry out traffic study for estimation of toll revenue and technical study for estimation of operating and maintenance expenses and major maintenance expenses, for the InvIT Asset over the concession period. The traffic study reports have been provided to us in draft form. These reports presented an update of the traffic and revenue forecasts based on the data available till November 2025, and other macro-economic assumptions. We have relied upon financial projections, traffic study reports, technical reports provided by independent consultants and other information provided to us by the Management for carrying out the valuation of each of the InvIT Asset.

The valuation is based on various assumptions with respect to the InvIT Asset, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The summary of valuation of the InvIT Asset is presented below:

SPV	Enterprise Value
Currency: INR mn	Feb'26
R5	62,209

Source: Calculation

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us, as of the date of this Report. Such conditions may change significantly over a relatively brief period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this Report to reflect events or developments subsequent to the date of the Report.




III. Sources of Information

The following sources of information have been utilized in conducting the valuation exercise:

- **InvIT Asset specific information** – The following information, as provided by the Management, have inter-alia been used in the Enterprise Valuation of InvIT Asset:
 - Financial projections of each of the InvIT Asset from 01 March 2026 till the end of concession period including underlying assumptions (It includes forecasts of profit and loss statements, major maintenance expenditures, working capital requirements and respective underlying assumptions)
 - Concession Agreement entered into between the InvIT Asset and NHAI.
 - Draft traffic assessment reports and technical assessment reports by independent consultants for the InvIT Asset.
 - Background information regarding the InvIT Asset provided through emails or during discussions
- Besides the above listing, there may be other information provided by the Management which may not have been perused by EYMSLLP in any detail, if not considered relevant for the defined scope.
- **Industry and economy information:** EYMSLLP has relied on publicly available information, proprietary databases subscribed to by EYMSLLP or its member firms, and discussions with the Management for analysing the industry and the competitors.
- In addition to the above, EYMSLLP has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.

It may be mentioned that the Client has been provided an opportunity to review factual information in our draft report as part of our standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in our final report.



IV. Statement of Limiting Conditions

- ▶ Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- ▶ The estimate of value contained herein are not intended to represent value of the InvIT Asset at any time other than the dates specifically mentioned for each valuation result, as per the agreed scope of our engagement and as required under the SEBI InvIT Regulations. Changes in market/industry conditions could result in opinions of value substantially different than those presented.
- ▶ The valuation report was prepared for the purpose of internal management analysis, disclosure to unitholders, any corporate action and/or regulatory filings as required under Regulation 21(4) and Regulation 21(5) of the SEBI InvIT Regulations. Its suitability and applicability of any other use has not been checked by us.
- ▶ The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the Valuation Date.
- ▶ This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report.
- ▶ While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- ▶ In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
- ▶ The Client and its Management/representatives warranted to us that the information they supplied was complete, accurate, true and correct to the best of their knowledge. We have relied upon the representations of the clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- ▶ EYMSLLP is not aware of any contingency, commitment or material issue which could materially affect the economic environment and future performance of the InvIT Asset and therefore, the fair value of the InvIT Asset.
- ▶ We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of Management.
- ▶ The Report assumes that the InvIT Asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the InvIT Asset will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of



legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.

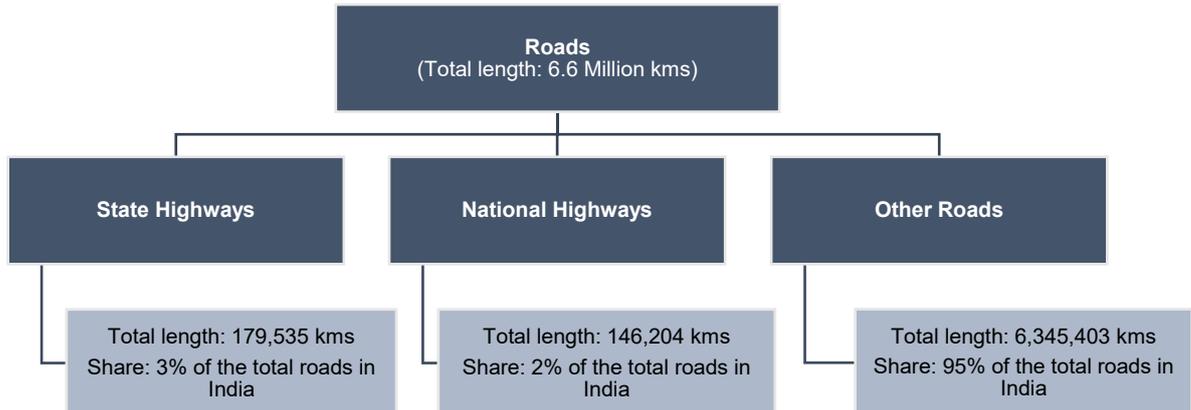
- ▶ The valuation analysis and result are governed by concept of materiality.
- ▶ It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- ▶ The fee for the Report is not contingent upon the results reported.
- ▶ The figures in the tables in this report may not sum or cross cast, due to rounding differences.
- ▶ We owe responsibility to only to the client that has appointed us under the terms of the engagement letters. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person.
- ▶ The actual transacted value achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved.
- ▶ We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.



V. Industry Overview

1. Road Network in India

The Roads sector in India is a crucial component of the country's infrastructure, facilitating transportation, connectivity, and economic growth. India has the second-largest road network in the world, spanning a total of 6.6 million kilometres (kms). This road network plays a pivotal role in India's road infrastructure as it facilitates the transportation of 70% of all goods within the country, while 85% of India's total passenger traffic relies on roads for commuting. The road network is sub-divided into 3 categories:



Source: IBEF Roads Report, August 2025

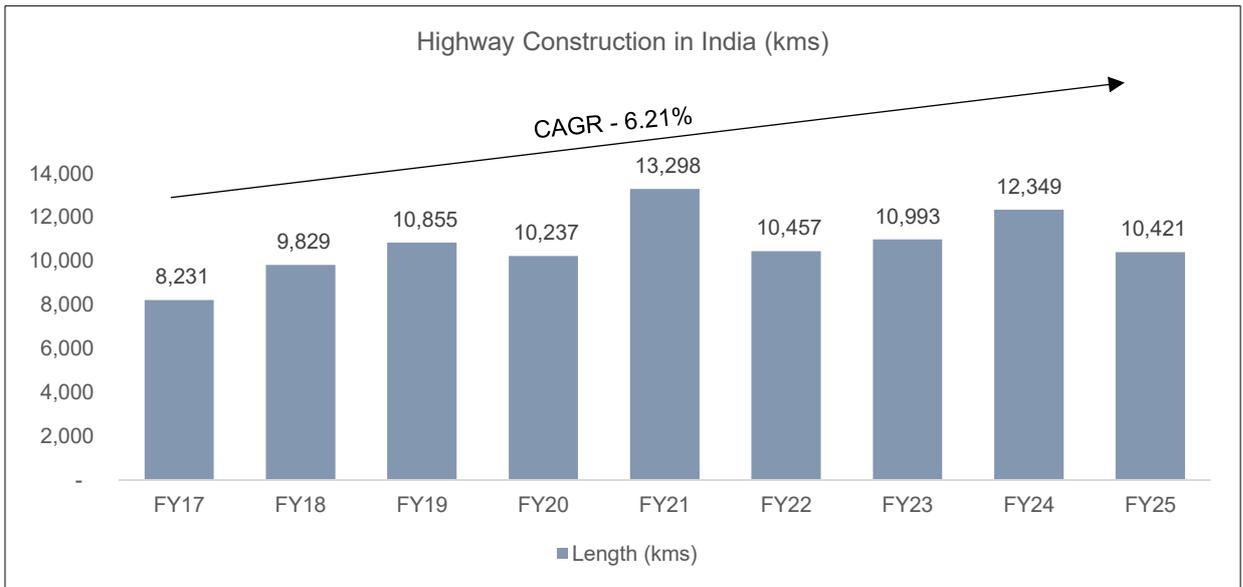
2. Key Statistics

Highway construction in India increased at a CAGR of 6.21% between FY17-FY25 and the roads sector has grown to about 1,46,342 km with 10,660 km built in FY 2025, as on July 30, 2025. The key component of this effort is the Bharatmala Pariyojana, under which projects are executed in categories such as Economic Corridors Development, Inter-corridor and Feeder Routes Development, National Corridors Efficiency Improvement, Border and International Connectivity Roads, Coastal and Port Connectivity Roads, and Expressways. This flagship program has awarded 26,425 km and constructed 19,826 km of roads until February 2025, with an expenditure of INR 4.92 lakh crore as of February 28, 2025 (Source: Press Information Bureau, [Swarajya–National Highways Expansion](#), [Sansad](#)).

India's national highway network has expanded significantly, growing by 60% in a decade, now standing at 146,195 km. Under the Union Budget 2025-26, the Government of India has allocated INR 2.87 lakh crore (USD 33.07 billion) to the Ministry of Road Transport and Highways, highlighting the prioritization of infrastructure development.

The private sector participation has shown high growth in the recent years. As of September 2025, there were 826 roads projects PPP out of 1883 total projects in India.



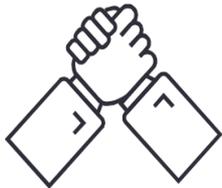
Source: IBEF Roads Report, August 2025

3. Growth Drivers



Growing Vehicular Demand

Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles. This increase in commercial and freight vehicles will lead to strong tourist and trade flows between states, increasing the traffic and revenue.



Government Initiatives

The Pradhan Mantri Gram Sadak Yojana (PMGSY) has significantly enhanced rural road connectivity. Under this scheme, 8,25,114 km of road length was sanctioned, out of which 7,87,520 km (95%) has been constructed as of December 2025. As of July 26, 2024, the total expenditure on this initiative stood at INR 3,24,186 crores (Source: Transforming India's Road Infrastructure, Press Information Bureau, Government of India).

Under Phase-I of Bharatmala Pariyojana, the Ministry has sanctioned the development of 34,800 km of national highways over a period of 5 years, with a budget allocation of INR 5,35,000 crore (US\$ 76.55 billion).

The Ministry of Road Transport and Highways allocate Central Road Infrastructure Fund (CRIF) to State Governments and Union Territories for the development and maintenance of State Roads. Currently, 1,209 State Road projects, spanning approximately 14,369 kilometres and totalling INR 37,098 Crore are underway, with completion expected in phases by 2027.






Lower tax burdens

Companies enjoy 100% tax exemption in road projects for the first 5 years and 30% relief over the next 5 years.

Interest payment on external commercial borrowings for infrastructure are now subject to a lower withholding tax of 5% vis-a-vis 20% earlier.

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

4. E-Initiatives

a. Land Acquisition

The primary hurdle facing the sector involves land acquisition issues, prompting MoRTH to introduce the Bhoomi Raashi initiative to address this concern. The Bhoomi Rashi portal is an online platform launched by the Ministry of Road Transport and Highways (MoRTH) in India. It serves as a centralized database for land acquisition-related information for highway projects across the country.

The portal provides various functionalities related to land acquisition, including land records, ownership details, compensation disbursement, and project status updates. It aims to streamline the land acquisition process, enhance transparency, and facilitate efficient decision-making for highway development projects. The Bhoomi Rashi portal plays a crucial role in ensuring smooth implementation of infrastructure projects while addressing land acquisition-related challenges and avoid parking of public funds with the Competent Authority for Land Acquisition (CALA).

As on June 2025, the Bhoomi Rashi Portal had incorporated 3,427 projects of the National Highways Authority of India (NHAI). (Source: bhoomirashi.gov.in).

b. Toll collection and Revenue Leakages

Before the introduction of FASTag, toll collection processes typically involved manual cash payments at toll booths, which often resulted in long queues, delays, and traffic congestion, especially during peak hours and busy travel periods.

To ensure seamless movement of traffic through fee plazas and increase transparency in collection of user fee using FASTag, the National Electronic Toll Collection (NETC) programme, the flagship initiative of Ministry of Road Transport and Highways, has been implemented on pan-India basis.

With FASTag, vehicles are equipped with a prepaid RFID tag that is linked to the vehicle's registration and a prepaid account. As vehicles approach the toll plaza, the RFID tag is automatically scanned, and the toll amount is deducted from the prepaid account, allowing for seamless and hassle-free passage through toll booths. As of December 2025, a total of INR 11.87 crore FASTags have been issued by forty banks, resulting in a cumulative collection of INR 7,385.04 crores. (Source: npci.org.in)

The constant growth and adoption of FASTag by highway users is very encouraging and has helped increase efficiency in toll operations as it not only addresses the challenge of long queues and delays but also promotes digital payments, transparency, and accountability in toll collection



operations.

Further, the industry offers abundant prospects for expansion and advancement, especially with the advent of technologies such as smart transportation systems, intelligent traffic management, and sustainable construction methods. Efforts are also underway to tackle environmental and safety issues, with a heightened emphasis on enhancing road safety protocols, mitigating traffic congestion, and advocating for the adoption of eco-friendly materials in road infrastructure development.

5. Future Outlook

The Roads sector in India is continually expanding, driven by numerous factors including urbanization, population growth, and the escalating demand for efficient transportation infrastructure. The surge in domestic trade flows has led to an increase in commercial vehicles and freight movement, further bolstering the sector's prospects.

The government's unwavering support, coupled with strategic investments and the adoption of advanced technologies, is expected to propel the sector forward, contributing to India's economic development and global competitiveness.

- Ministry of Road Transport and Highways has been allocated INR 2.87 Tn (USD 33.07 Bn) during FY 2025-26 Budget.
- To improve commuting experience, Wayside Amenities (WSA) are planned to be developed at more than six hundred locations on National Highways and Expressways by FY25.
- NHA has made significant progress in developing Digital Highways with Optic Fibre Cable (OFC) infrastructure. Two pilot projects along the Delhi-Mumbai Expressway (1,367 km) and Hyderabad-Bangalore corridor (512 km) have been awarded, and the laying of OFC is underway. This infrastructure supports internet connectivity expansion in remote areas and enables next generation telecom technologies like 5G and 6G.
- Additionally, in a significant step towards supporting electric mobility, a total of 5,293 Electric Vehicle (EV) charging stations have been established along National Highways. This includes 4,729 stations set up by the Ministry of Petroleum and Natural Gas at an investment of INR 178 Crore. Additionally, the Ministry of Heavy Industries has targeted the establishment of 5,833 EV charging stations as part of a broader plan to deploy 7,432 stations (Source: Transforming India's Road Infrastructure, Press Information Bureau, Government of India).
- Gati Shakti-National Master Plan aims to create a digital platform that would enable sixteen ministries to collaborate on integrated planning and coordinated implementation of projects. The plan will also bring together departments such as railways, roads & highways and others and implementation will be done with the help of geo-satellite imaging and Big Data, land and logistics.
- The Government has engaged a consultant to provide guidance on the integration of innovative technologies such as GNSS for toll collection without barriers. A pilot program for GNSS-based Electronic Toll Collection will be conducted in conjunction with FASTag on specific National Highways.



- The Ministry of Environment, Forests, and Climate Change (MoEF & CC) has directed the National Highways Authority of India NHA and other relevant agencies to utilize fly ash in road construction projects located within a 300-kilometer radius of coal or lignite-based thermal power plants. This directive aims to encourage sustainable practices in road construction.

With ongoing projects and initiatives aimed at transforming the infrastructure landscape, the future outlook for the roads sector in India appears promising, poised to meet the evolving needs of the nation's growing economy and population.



VI. Background of the InvIT Asset

1.1. Amravati-Chikhali

Amravati-Chikhali is a four-lane road on NH-53 with a project length of 255.98 Kms. It starts from Amravati bypass at 166.00 kms and ends at Tarsod start of Jalgaon bypass at 422.70 kms in Maharashtra. The Project has four toll plazas, namely, Nashirabad, Dasarkhed, Taroda-Kasoba and Kurankhed at 415.98 kms, 356.55 kms, 280.46 kms and 218.75 kms respectively.

The following table presents a summary of the concession:

Particulars	Details
State	Maharashtra
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH 53 and NH 6; four-lane
Toll Plaza	Nashirabad, Dasarkhed, Taroda-Kasoba and Kurankhed
Length of the asset	255.98 Kms
Commencement of operations	01 April 2026
Concession period	20 years
Concession end	31 March 2046*

Source: Management

*The concession period end for Amravati-Chikhali section is March 2046. However, the target revenue for Amravati-Chikhali section is not expected to be achieved till the end of the concession period according to the traffic estimates as per the traffic study report. Due to this, projections have been extended in line with the terms of the concession. Accordingly, cash flows from Amravati-Chikhali section have been projected till July 2046.

Amravati-Chikhali route caters to the following type of strategic movements:

1. Part of the East-West national connection between Mumbai and Kolkata via Nagpur, making it a strategic route, as it is one of the major east-west highways.
2. Passenger traffic from urban activity around Jalgaon, Bhusawal, Dhule, Akola, and Amravati cities

The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26 (3M)	FY27	FY28	FY29	FY30	FY31	FY32
Amravati Chikali	-	-	-	-	-	-	-

(INR mn)	FY33	FY34	FY35	FY36	FY37	FY38	FY39
Amravati Chikali	-	534	-	-	60	44	2,437

(INR mn)	FY40	FY41	FY42	FY43	FY44	FY45	FY46	FY47 (4M)
Amravati Chikali	4,568	889	19	322	-	1,733	3,227	-

Source: Management




The pictures of the asset are shown below:



Nashirabad Toll Plaza



Taroda Kasba Toll Plaza



Taroda Kasba Toll Plaza



Kurankhed Toll Plaza

Note: Site visit conducted by EYMBSLLP personnel on 30 January 2026

1.2. Gundugolanu - Chinna Avutupalli

Gundugolanu - Chinna Avutupalli is a six-lane road on NH-16 with a project length of 54.38 kms. It starts near Gundogolanu in Andhra Pradesh at 1,023.49 kms and ends near Chinna Avutupalli in Andhra Pradesh at 1076.28 kms. The Project has one toll plaza, that is, Kalaparru at 1052.76 kms.

The following table presents a summary of the concession:

Particulars	Details
State	Andhra Pradesh
Employer	NHAI
Project type	Toll, Operate and Transfer ("TOT")
Highway and lane configuration	NH 16; six-lane
Toll Plaza	Kalaparru
Length of the asset	54.38 Kms
Commencement of operations	01 April 2026
Concession period	20 years
Concession end	31 March 2046*

Source: Management

*The concession period end for Gundugolanu - Chinna Avutupalli section is March 2046. However, the target revenue for Gundugolanu - Chinna Avutupalli section is not expected to be achieved till the end of the concession period according to the traffic estimates as per the traffic study report. Due to this, projections have been




extended in line with the terms of the concession. Accordingly, cash flows from Gundugolanu - Chinna Avutupalli section have been projected till January 2048.

Gundugolanu - Chinna Avutupalli route caters to the following type of strategic movements:

1. Commercial traffic on this corridor is heavily influenced by the presence of industrial clusters, logistics hubs, warehousing centers, aquaculture zones, and agro-processing units spread across Krishna and West Godavari districts.
2. Long-distance freight movement along the east coast, as NH-16 forms part of the Golden Quadrilateral connecting Kolkata–Chennai and facilitating seamless interstate logistics.
3. Dense intercity movement major urban centers such as Vijayawada, Eluru, Rajamahendravaram, and Visakhapatnam.

The forecast major maintenance expenses for the Project are shown in the tables below:

(INR mn)	FY26 (3M)	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Gundugolanu - Chinna Avutupalli	-	5	1,308	0	-	21	18	56

(INR mn)	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41
Gundugolanu - Chinna Avutupalli	111	1,573	-	-	93	22	-	241

(INR mn)	FY42	FY43	FY44	FY45	FY46	FY47	FY48 (9M)
Gundugolanu - Chinna Avutupalli	2,002	65	-	85	-	-	2,167

Source: Management

The pictures of the asset are shown below:



Note: Site visit conducted by EYMBSLLP personnel on 24 January 2026




VII. Procedures Adopted

We have carried out the Valuation of the InvIT Asset, in accordance with valuation standards as specified / applicable as per SEBI InvIT Regulations.

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

- Discussed with the Investment Manager on background of the InvIT Asset– business and fundamental factors that affect its earning-generating capacity and historical and expected financial performance;
- Requested and received financial and qualitative information relating to the InvIT Asset;
- Considered the key terms of Concession Agreements;
- Considered the traffic study reports and technical reports;
- Analysis of the Management projections;
- Analysis of the key economic and industry factors which may affect the valuation of the InvIT Asset;
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Analysis of other publicly available information, as considered relevant by us;
- Conducted site visits to assess the operating condition of the InvIT Asset as per the requirements of SEBI InvIT Regulations;
- Selection of valuation approach and valuation methodology/(ies), in accordance with SEBI InvIT Regulations, as considered appropriate and relevant by us; and
- Determination of Enterprise Value of the InvIT Asset as on the Valuation Date



VIII. Valuation Methodology

To determine the value of enterprises, three traditional approaches can be considered:

A. Market approach

The market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.

B. Income approach

The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.

C. Asset approach

The asset approach seeks to determine the business value based on the value of its assets.

Summary of various methods used / not used in this engagement is as given below:

Valuation Methodology	Used	Remarks
Income Approach		
Discounted Cash Flows method	Yes	DCF method is considered to be one of the most scientific methods of valuation. The individual InvIT Asset have definite concession periods and estimable cash flows for the entire length of the concession. We have therefore relied on the DCF method using the financial projections provided to us.
Market Approach		
Market Price method	No	Not applicable as InvIT Asset are not publicly listed
Comparable Companies' multiples method	No	There are no listed companies comparable to the individual InvIT Asset in terms of concession period, type or region
Comparable Transactions' multiples method	No	There were no recent transactions in comparable assets where sufficient information was available in the public domain.
Cost approach		
Net Asset Value method	No	Does not capture the earning capacity of the business and hence, NAV would not be representative of the fair value

In the case of this InvIT Asset, the Discounted Cash Flow method was considered the most appropriate method for valuation based on the characteristics of the assets being valued (as mentioned above).




Discounted Cash Flow method

Income Based Approach

- ▶ Taking into consideration the specifics of the InvIT Asset and the business environment, we have used the discounted cash flow (DCF) method (specifically, the Free Cash Flow to Firm approach) to determine the Enterprise value of the InvIT Asset.
- ▶ The profit and loss account forecast covers the remaining concession period of individual InvIT Asset.

DCF Methodology

Step 1	Projections	Analysis of cash flow projections and their parameters specified in the financial plan
Step 2	Discount Rate	Determination of the investor's rate of risk and corresponding discount rate
Step 3	Perpetuity Value	Estimation of the value of the Company beyond the financial plan period
Step 4	Adjustments	Considering the value of assets and liabilities not reflected in the cash flow projections
Step 5	Value	Determination of the enterprise value

Calculation of Weighted Average Cost of Capital ("WACC")

Purpose of a discount rate

The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of the Valuation Date.

The discount rate reflects the time value of money and the risk associated with projected future cash flows. It is derived on the basis of the expected return on capital and the price of the best alternative investment. Therefore, the discount rate indicates the minimum required return from the asset being valued if the investor is not to be worse off than he would be if he had invested his money in the next best alternative. The return on this alternative investment must be comparable in terms of dimensions, timing and certainty, with the net cash flows expected to be derived from the subject asset.

To derive the discount rate, the weighted average cost of capital ("WACC"), which refers to the total capital invested (equity and debt), is used and adjusted for risk premiums or discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. To determine the appropriate WACC, it is adequate to consider cost of equity and cost of debt separately.

The derivation of the WACC is based on a group of guideline companies (peer group) which are operating in the same industry/sector as the InvIT Asset (so called "potential acquirers"). To calculate the WACC, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of "potential acquirers." The WACC parameters used for the valuation of the InvIT Asset are based as at 31 December 2025, which is in line with the existing projects of NHIT, that is, NWPPL, NEPPL and NSPPL.




Formula for WACC Computation

Calculation of Cost of equity

For the estimation of the cost of equity for InvIT Asset, the capital asset pricing model (“CAPM”) is applied. According to the CAPM, cost of equity consists of a risk-free interest rate and a risk premium. The risk premium is calculated by multiplying the market risk premium by the beta-factor, a company-specific measure of the systematic risk of an equity investment in a company.

To determine the cost of equity, its components, that is, risk-free rate and risk premium have to be analysed.

1. Risk-free rate

The starting point for the calculation of an appropriate equity rate of return is the calculation of the risk-free rate, which corresponds to the minimum return that an investor can expect from an investment “without” risk. This risk-free rate of return is therefore generally derived from the rate of return on a high-quality long-term government bond. The risk-free rate is based on prevailing YTMs as on 31 December 2025 of Gilt Bonds with 10-year residual maturity (rounded).

2. Risk premium

i. Market risk premium

According to CAPM, long-term capital market studies have shown that historically investments in shares have yielded higher returns than investments in low-risk bonds. Market Risk Premium (“MRP”) has been considered based on EYMSLLP internal study of the prevailing MRP in India (Annexure 1).

ii. Beta coefficient

According to the CAPM in arriving at the appropriate risk premium, non-systematic risk, which attaches to the specific enterprise and can therefore generally be eliminated by diversifying, is distinguished from systematic risk. A risk premium will only be required to compensate for systematic risk, which cannot be eliminated by diversification. In practice, systematic risk is measured in terms of the beta coefficient and the market risk premium. The market risk premium is defined as the difference between the expected return on a market portfolio and the risk-free rate. The beta coefficient indicates the risk of the equity of the enterprise that is being valued relative to the average market risk (for stocks), which is represented by the market risk premium. A beta higher than one implies that the systematic risk of the company’s stock is higher than the market risk. The risk premium is calculated by multiplying the market risk premium by the enterprise’s beta coefficient.

Beta reported in public sources are “leveraged” which means that the additional risk to a stockholder due

Calculation for WACC	
$WACC = W_E * R_E + W_D * R_D$	
where:	
W_E	= Value of equity/value of total capital, E/E+D
K_E	= Cost of equity
W_D	= Value of interest-bearing debt/value of total capital, D/E+D
R_D	= After-tax cost of interest-bearing debt




to the debt financing of the company is incorporated in the corresponding beta coefficient.

We have used the re-levered beta which means that the impact of the capital structure of the target company is incorporated in the beta coefficient. It is derived by adjusting the unlevered beta using the company's debt equity ratio and tax rate.

We have used the re-levered beta (based on a three-year data considering daily returns) of listed Indian companies that are engaged in primarily in construction and operation of road assets in India.

In order to arrive at the comparable companies, we have carried out screening on S&P Capital IQ while applying the following selection criteria:

- a. Indian companies listed on either Bombay Stock Exchange or National Stock Exchange (provides a set of 9,442 companies)
- b. Industry classification as mentioned below (provides a set of 90 companies):
 - i. Sector: Industrial; Sub-sector: Construction and Engineering; and Sub-sub-sector: Highways and Street Construction
 - ii. Sector: Industrial; Sub-sector: Transportation Infrastructure; and Sub-sub-sector: Highways and Rail Tracks
- c. The set of 90 companies were further shortlisted on the basis of the availability of their market capitalization (provides a set of 86 companies)
- d. Basis the above list of 86 companies, we have further filtered the companies by applying a filter on the business description of the companies using the keywords "Road" or "Highway" or "Develop" (provides a set of 46 companies)
- e. From the list of 46 companies, we have considered only those companies which do not have any qualified auditor's opinion on the Going Concern assumptions of the entity and for which majority revenue contribution is from road assets and construction activities (provides a set of 31 companies)
- f. On the set of 31 companies, we separately applied a filter on the business segment of the companies using the following keywords:
 - i. "BOT" or "Road" to arrive at a set of 6 companies.
 - ii. "Engineering" and "Construction" to arrive at set of additional 5 companies.
- g. From these 11 companies, we analysed the segment reporting basis the information available in the annual report and ruled out 5 companies who were majorly engaged in EPC and/or revenue contribution from BOT/TOT was minimal

Accordingly, we arrived at a set of 6 companies. Further, we have also added four listed InvITs to account for typical investor expectations from an InvIT perspective.

Based on above screening criteria, we shortlisted a total of 10 companies. Please refer Appendix 2.1.1 for the list of comparable companies used for computation of beta.

- i. Additional Risk Premium

An additional risk premium is generally applied to account for any non-systematic risk, that is, company/enterprise specific risk.



Formula for Cost of Equity Computation

Calculation for COE	
COE = R_f + B* MRP + ARP	
where:	
R_f	= Risk-free rate
B	= Re-levered beta
MRP	= Market risk premium
ARP	= Additional Risk premium

Calculation of Cost of Debt

To determine the cost of debt, its components, that is, pre-tax cost of debt and tax rate have to be analysed.

1. Pre-tax cost of debt

The pre-tax cost of debt is the effective interest rate or the total amount of interest that a company or individual owes on any liabilities, such as bonds and loans. Pre-tax cost of debt of InvIT Asset has been considered basis discussions with the Management regarding the effective interest rate.

2. Tax Rate

Tax rate to be considered for computation of post-tax cost of debt should be the effective rate of the company. The effective tax rate represents the present value of the percentage of taxable income paid in taxes as at the Valuation Date. Tax rate of InvIT Asset has been considered basis the effective tax rate of the InvIT Asset.

Calculation of Weighted Average Cost of Capital

The Summary of WACC computed for the InvIT Asset is presented below:

Particulars	Weights	R5
Weighted cost of debt (%)	50.00	2.94
Weighted cost of equity (%)	50.00	6.84
WACC (rounded) (%)		9.75

Source: Calculation

The computed WACC is 9.75% for R5. Detailed WACC Calculation has been provided in Appendix 2.




IX. Valuation Assumptions

Key underlying assumptions as provided by the Management are as follows:

- **Operating Revenue:** Operating revenue for InvIT Asset is projected based on the traffic study reports of independent consultants appointed by the Management. The traffic study reports have been provided to us in draft form. These reports presented an update of the traffic and revenue forecasts based on the data available till November 2025, and other macro-economic assumptions. We have relied upon financial projections, traffic study reports, technical reports provided by independent consultants and other information provided to us by the Management for carrying out the valuation of each of the InvIT Asset. Operating revenue for Toll-Operate-Transfer (“TOT”) assets have been projected by the Management basis these traffic study reports, dated December 2025.

Further, the toll rates for each of these assets is in accordance with National Highway Fee (Determination of Rates and Collection) Rules, 2008 and amendment thereto. The toll rates have been estimated based on annual base rate increase (if applicable) and forecast of macro-economic factors such as Wholesale Price Index (“WPI”) upto 40% on an overall basis over the concession period.

- **Operational Expenditure:** Operational expenditure includes base operating expenditure, admin expenses, insurance costs, PM expenses, SPV costs and other miscellaneous expenses. These expenses are estimated by the Management over the concession period and based on the Technical Due Diligence (“TDD”) reports shared by independent technical consultants, dated December 2025.
- **Routine Repair and Maintenance Expenses:** Routine repair and maintenance expenses are estimated by the Management over the projected period and based on the TDD reports shared by independent technical consultants, dated December 2025.
- **Major Maintenance Expenses (MMR / Periodic maintenance):** Periodic maintenance expenses are incurred to bring the road asset back to an earlier condition or to keep the road asset operating at its present condition. MMR expenditures have been estimated based on TDD reports shared by independent technical consultants appointed by the Trust and internal estimates by the Management over the concession period.
- **Depreciation and Amortization:** In relation to the TOT Asset, the concession fee paid to NHAI has been capitalized in the books as an intangible asset. The said intangible asset has been amortized basis WDV depreciation method over the respective period of concession. Since depreciation and amortization is a non-cash expenditure, it has been added back to arrive at the net cash flows.
- **Taxes:** Income taxes are estimated considering, as appropriate, brought forward losses, unabsorbed depreciation, tax depreciation/ amortisation policy proposed to be followed by the InvIT Asset and applicable corporate income tax rate of 25.17%.
- **Working Capital:** Considering the nature of the business of operating toll road projects, incremental working capital requirement is expected to be zero for the projected period. Release of working capital has been considered at the end of the respective concession period as and when the life of all the projects ends.



- **Capital expenditure:** Initial capital expenditure in relation to the InvIT Asset as shown below has been projected by the Management based on based on TDD reports shared by independent technical consultants appointed by the Trust and internal estimates by the Management over the concession period.

SPV (INR mn)	FY26 (3M)	FY27
R5	-	1,768

Source: Management



X. Basis and Premise of Valuation

1. Basis of Valuation

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

Fair Value/ Market Value

For this valuation, we have considered the International Valuation Standards (“IVS”) and have adopted a definition of Market Value as given in IVS 102, “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. The Fair Value referred elsewhere in the Report is same as Market Value as defined above

2. Valuation Date

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

The Valuation Date considered for the Enterprise Valuation of the InvIT Asset is 28 February 2026. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances.

Premise of Value

Premise of Value refers to the conditions and circumstances of how an asset is deployed. In the present case, we have determined the Fair Enterprise Value of the InvIT Asset on a Going Concern Value defined as under:

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 workforce, an operational plant, the necessary licenses, systems, procedures in place, etc.



XI. Valuation Conclusion

The fair valuation of InvIT Asset as on 28 February 2026 has been carried out basis the Discounted Cash Flow method of valuation. We have considered the financial projections of the InvIT Asset provided to us by the Management. Free Cash Flow to Firm approach under DCF method has been considered to determine the Enterprise Value of InvIT Asset. The Enterprise Value has been computed by discounting the free cash flows to the firm from 01 March 2026 until the end of the concession period, using an appropriate WACC. The WACC parameters are based as on 31 December 2025 which is in line with the existing assets of NHIT, that is, NWPPL, NEPPL and NSPPL.

The Management has appointed independent consultants to carry out traffic study and estimation of toll revenue and technical study for estimation of operating and maintenance expenses and major maintenance expenses for the InvIT Asset over the concession period. We have relied upon the financial projections, traffic study reports, technical reports provided by independent consultants and other information provided to us for carrying out the valuation of the InvIT Asset.

The valuation is based on various assumptions with respect to the InvIT Asset, including the respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The summary of valuation of the InvIT Asset is presented below:

SPV	Enterprise Value
Currency: INR mn	Feb'26
R5	62,209

Source: Calculation

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us, as of the date of this Report. Such conditions may change significantly over a relatively brief period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of the Report.




XII. Appendices

1. Discounted Cash flow workings for the InvIT Asset as at 28 February 2026

Currency: INR Mn	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Number of months	1	12	12	12	12	12	12	12
Net revenue	-	5,166	5,793	6,327	6,909	7,519	8,149	8,838
Operating expenses	-	(497)	(821)	(853)	(781)	(839)	(893)	(969)
Gross profit	-	4,669	4,972	5,474	6,128	6,680	7,256	7,869
Major maintenance expenses	-	(5)	(1,308)	(0)	-	(21)	(18)	(56)
EBITDA	-	4,665	3,664	5,474	6,128	6,659	7,238	7,813
Depreciation and amortisation (as per tax)	-	(15,994)	(11,996)	(8,997)	(6,748)	(5,061)	(3,780)	(2,835)
EBIT	-	(11,329)	(8,332)	(3,523)	(620)	1,599	3,458	4,978
Tax expense	-	-	-	-	-	(0)	(0)	(0)
Debt free net income	-	(11,329)	(8,332)	(3,523)	(620)	1,599	3,458	4,978
Add: Depreciation and amortisation	-	15,994	11,996	8,997	6,748	5,061	3,780	2,835
(Increase)/ Decrease in net working capital	-	-	-	-	-	-	-	-
Less: Capital expenditure	-	(1,768)	-	-	-	-	-	-
Debt free cash flow	-	2,897	3,664	5,474	6,128	6,659	7,238	7,813
Discount rate (%)	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Present value factor- Mid year discounting	1.00	0.95	0.86	0.79	0.72	0.65	0.59	0.54
Present value debt free cash flow	-	2,743	3,161	4,303	4,389	4,346	4,305	4,234
Present value for explicit period		62,209						
Enterprise value		62,209						

Currency: INR Mn	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Mar-39	Mar-40	Mar-41
Number of months	12	12	12	12	12	12	12	12
Net revenue	9,513	9,945	10,520	11,417	12,383	13,430	14,597	15,789
Operating expenses	(906)	(991)	(1,115)	(1,445)	(1,594)	(2,476)	(2,580)	(2,578)
Gross profit	8,606	8,954	9,405	9,971	10,790	10,954	12,017	13,211
Major maintenance expenses	(644)	(1,573)	-	(60)	(136)	(2,459)	(4,568)	(1,130)
EBITDA	7,962	7,381	9,405	9,911	10,653	8,495	7,449	12,081
Depreciation and amortisation (as per tax)	(2,135)	(1,601)	(1,201)	(901)	(676)	(507)	(380)	(285)
EBIT	5,827	5,780	8,204	9,011	9,978	7,988	7,069	11,796
Tax expense	(0)	-	(1,514)	(2,268)	(2,511)	(2,010)	(1,779)	(2,969)
Debt free net income	5,827	5,780	6,690	6,743	7,467	5,978	5,290	8,827
Add: Depreciation and amortisation	2,135	1,601	1,201	901	676	507	380	285
(Increase)/ Decrease in net working capital	-	-	-	-	-	-	-	-
Less: Capital expenditure	-	-	-	-	-	-	-	-
Debt free cash flow	7,962	7,381	7,891	7,644	8,142	6,484	5,670	9,112
Discount rate (%)	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Present value factor- Mid year discounting	0.49	0.45	0.41	0.37	0.34	0.31	0.28	0.26
Present value debt free cash flow	3,931	3,320	3,212	2,854	2,771	2,010	1,602	2,346






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Currency: INR Mn	Mar-42	Mar-43	Mar-44	Mar-45	Mar-46	Mar-47	Jan-48
Number of months	12	12	12	12	12	12	9
Net revenue	17,116	18,554	20,164	21,780	23,608	12,166	5,935
Operating expenses	(2,801)	(3,022)	(3,275)	(3,566)	(3,810)	(1,909)	(905)
Gross profit	14,315	15,532	16,889	18,214	19,798	10,257	5,029
Major maintenance expenses	(2,020)	(388)	-	(1,818)	(3,227)	-	(2,167)
EBITDA	12,294	15,144	16,889	16,396	16,571	10,257	2,862
Depreciation and amortisation (as per tax)	(213)	(160)	(120)	(90)	(67)	(51)	(29)
EBIT	12,081	14,985	16,769	16,306	16,504	10,207	2,833
Tax expense	(3,041)	(3,771)	(4,220)	(4,104)	(4,154)	(2,569)	(713)
Debt free net income	9,041	11,213	12,549	12,202	12,350	7,638	2,120
Add: Depreciation and amortisation	213	160	120	90	67	51	29
(Increase)/ Decrease in net working capital	-	-	-	-	-	-	-
Less: Capital expenditure	-	-	-	-	-	-	-
Debt free cash flow	9,254	11,373	12,668	12,292	12,418	7,689	2,149
Discount rate (%)	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Present value factor- Mid year discounting	0.23	0.21	0.19	0.18	0.16	0.15	0.14
Present value debt free cash flow	2,171	2,431	2,467	2,181	2,008	1,133	291

Source: Calculation



2. Detailed WACC Computation

2.1 Computation of Cost of Equity

Based on the parameters mentioned above, the cost of equity for the InvIT Asset is computed in the following table:

Particulars	Notes	R5
Risk-free rate (%)	a	6.50
Beta	b	1.03
Equity market risk premium (%)	c	7.00
Cost of equity capital (%)		13.68

Source: Calculation

Notes:

- Based on prevailing YTM's of Gilt Bonds with 10-year residual maturity (rounded) as on 31 December 2025.
- Please refer the table for Beta working below
- Based on EYMSLLP understanding of prevailing market risk premium in India (Annexure I)

2.1.1 Calculation of Beta

Currency: ₹ mn	Equity beta	Market capitalisation	Net debt	Enterprise value	Debt-EV ratio based on 3 year average	Effective tax rate (%)	Unlevered beta based on 3 year debt-equity	Relevered beta based on 3 year debt-equity
IRB Infrastructure Developers Limited	1.81	253,196	26,614	279,810	26.93	25.17	1.42	2.57
PNC Infratech Limited	1.32	64,456	69,462	133,918	43.65	25.17	0.84	1.52
Dilip Buildcon Limited	1.61	114,831	72,347	187,178	53.68	25.17	0.86	1.57
IRB InvIT Fund	0.16	79,315	27,964	107,280	37.37	25.17	0.11	0.21
Ashoka Buildcon Limited	1.64	50,681	11,049	61,729	51.68	25.17	0.91	1.66
Sadbhav Infrastructure Project Limited	0.94	2,044	31,239	33,284	95.17	25.17	0.06	0.11
KNR Constructions Limited	1.23	47,880	15,661	63,541	11.49	25.17	1.12	2.03
Powergrid Infrastructure Investment Trust	0.21	81,114	8,936	90,050	6.78	25.17	0.20	0.36
Indus Infra Trust	0.10	51,549	13,207	64,756	13.53	25.17	0.08	0.14
Indgrid Infrastructure Trust	0.10	144,897	174,867	319,763	60.43	25.17	0.05	0.09
Average	0.91				40.07		0.57	1.03

Source: Capital IQ and Calculation

Note: Given that Indus Infra Trust was listed on 12 March 2024, the beta parameters have been considered for last 1 year as against 3 years for other comparable companies

2.2 Computation of Cost of Debt

Based on the parameters mentioned above, the net cost of debt for the InvIT Asset is computed in the following table:

Particulars	Notes	R5
Debt borrowing rate (%)	a	7.20
Expected income tax rate (%)	b	18.50
After-tax cost of debt (%)		5.87

Source: Calculation

Notes:

- Based on cost of borrowing applicable to the InvIT Asset
- Based on effective tax rate of the InvIT Asset




2.3 Calculation of WACC

Considering the finite life of the asset, the cashflows being prone to traffic and inflation risk and the current & expected debt to equity structure of the InvIT and comparable companies, we have considered a long-term debt-to-equity ratio of 50:50 for the InvIT Asset.

Particulars	Weights	R5
Weighted cost of debt (%)	50.00	2.94
Weighted cost of equity (%)	50.00	6.84
WACC (rounded) (%)		9.75

Source: Calculation

The computed WACC is 9.75% for R5.

3. Statement of Asset

Since NHIT is envisaging to acquire stake in the InvIT Asset, hence, as at the Valuation Date, the Statement of Asset for the InvIT Asset is shown in the table below:

Currency: INR mn	Net Tangible assets	Net Intangible assets	Non-Current Assets	Current Assets	Total
R5	-	-	-	-	-

Source: Management

4. Details of capex for the InvIT Asset

4.1 Forecast expenses relating to the initial capital expenditures:

The forecast expenses relating to the initial capital expenditures for the InvIT Asset are shown in the tables below:

SPV (INR mn)	FY26 (3M)	FY27
R5	-	1,768

Source: Management

5. Disclosures regarding list of one-time sanctions/approvals which are obtained or pending

The Management has informed that the disclosures regarding list of one-time sanctions/approvals which are obtained for the InvIT Asset are not available with the Trust.

6. Disclosures regarding list of up to date/overdue periodic clearances

The Management has informed that all other material permits, registrations, licenses, approvals, consents and other authorizations (collectively "Governmental Licenses") shall be obtained as per individual project requirement once the Management assumes the right and obligations. The new InvIT Asset under the Trust would in due course and as required under applicable law procure all the Governmental Licenses issued by, and shall make all material declarations and filings with, the applicable Governmental Authority to own, lease, license, operate and use its properties and assets and to conduct the business by the InvIT Asset, as will be described in the placement documents. Further, no notice or proceedings have been received relating to the revocation or modification of any Government Licenses, which would have a Material Adverse Effect. The general list of Governmental Licenses are as below:




Sr. No.	Statutory Permission
1	Environmental Clearance
2	Forest Clearance
3	Tree Cutting permission
4	Borrow Area permission from state & local panchayat office
5	Boulder Extraction permission from state & local panchayat office
6	Quarry permission
7	Drilling & Blasting Explosive License & permissing
8	Permission from State to draw Ground Water from river/ reservoir
9	Factory License for Camp Setup
10	Shop & Establishment License for Setting up of Office other than Camp
11	Labour License
12	Inspector of Factories - For Setting up of Crusher, Batching Plant and HMP (CTE)
13	Inspector of Factories & Local Panchayat – For Consent to Operate - Crusher, Batching Plant and HMP (CTO)
14	CPCB permission for Batching plant, HMP and Crusher Setup
15	CPCB Permission/ State permission forusing DG sets in camp and Construction projects
16	Approval /permission from Utility Shifting Agency - Electricity, Gas, Water pipelines for Excavations & elevated structure erection
17	Approval of Railways for ROB/ RUB Construction
18	RTO permission to Operate and Run Construction equipment (movable) which does not have registration
19	Other any, as per local body/state

Source: Management

7. On-going material litigations including tax disputes and claims in relation to the assets

The Management has confirmed that there are no litigations pending against the Specified Asset, which may have a bearing on the operations of NHIT, in the respective Concession Agreement.

8. Other Disclosures

8.1 Details of revenue pendency including local authority rates associated with the InvIT Asset and compounding charges

As represented by the Management, there are no revenue pendencies including local authority taxes associated or compounding charges associated with the project as at the Valuation Date for InvIT Asset.

8.2 Vulnerability to natural or induced hazards that may not have been covered in town planning/building control

As represented by the Management, any natural or induced hazards would be adequately covered by insurance for InvIT Asset.

8.3 Any other matters which may affect the project or its value

There are no other matters which may affect the project or its value.




9. Forecast Profit and Loss Statement

The forecast profit and loss statement for the InvIT Asset is shown in the table below:

Currency: INR Mn	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Number of months	1	12	12	12	12	12	12	12
Amravati Chikali	-	3,547	4,011	4,376	4,763	5,187	5,642	6,106
Gundugolanu - Chinna Avutupalli	-	1,620	1,782	1,951	2,146	2,332	2,507	2,732
Net Sales	-	5,166	5,793	6,327	6,909	7,519	8,149	8,838
Tolling Operations Cost	-	(229)	(334)	(323)	(195)	(215)	(231)	(249)
Incident Management Cost	-	(20)	(28)	(30)	(33)	(35)	(38)	(40)
Routine Maintenance Cost	-	(29)	(58)	(60)	(62)	(65)	(67)	(76)
Repairs Cost	-	(18)	(45)	(47)	(49)	(50)	(52)	(56)
AMC of ATMS Cost	-	-	(52)	(68)	(85)	(103)	(107)	(110)
SPV cost	-	(160)	(231)	(248)	(278)	(287)	(310)	(345)
Insurance cost	-	-	(34)	(35)	(36)	(38)	(39)	(40)
PM cost	-	(29)	(31)	(33)	(35)	(38)	(41)	(44)
Other expenses	-	(12)	(8)	(8)	(8)	(8)	(9)	(9)
CSR expenses	-	-	-	-	-	-	-	-
Pre-MMR Operating EBITDA	-	4,669	4,972	5,474	6,128	6,680	7,256	7,869
MMR expenses	-	(5)	(1,308)	(0)	-	(21)	(18)	(56)
Operating EBITDA	-	4,665	3,664	5,474	6,128	6,659	7,238	7,813
Depreciation and amortisation	-	(1,972)	(2,061)	(2,170)	(2,276)	(2,380)	(2,483)	(2,596)
EBIT	-	2,693	1,603	3,304	3,852	4,279	4,755	5,217
Revenue YoY Growth (%)	na	na	12.1%	9.2%	9.2%	8.8%	8.4%	8.4%
Pre-MMR Operating EBITDA margin (%)	na	90.4%	85.8%	86.5%	88.7%	88.8%	89.0%	89.0%

Currency: INR Mn	Mar-34	Mar-35	Mar-36	Mar-37	Mar-38	Mar-39	Mar-40	Mar-41
Number of months	12	12	12	12	12	12	12	12
Amravati Chikali	6,538	7,000	7,631	8,257	8,953	9,724	10,569	11,454
Gundugolanu - Chinna Avutupalli	2,975	2,945	2,889	3,160	3,430	3,706	4,028	4,335
Net Sales	9,513	9,945	10,520	11,417	12,383	13,430	14,597	15,789
Tolling Operations Cost	(224)	(250)	(294)	(323)	(357)	(384)	(412)	(371)
Incident Management Cost	(44)	(47)	(50)	(102)	(109)	(294)	(316)	(340)
Routine Maintenance Cost	(79)	(81)	(84)	(136)	(159)	(345)	(369)	(382)
Repairs Cost	(58)	(60)	(62)	(109)	(113)	(265)	(275)	(284)
AMC of ATMS Cost	(48)	(67)	(87)	(108)	(131)	(136)	(140)	(61)
SPV cost	(357)	(383)	(428)	(499)	(559)	(748)	(780)	(839)
Insurance cost	(42)	(43)	(45)	(78)	(81)	(147)	(153)	(158)
PM cost	(47)	(51)	(55)	(59)	(63)	(68)	(73)	(79)
Sustainability Cost	(9)	(10)	(10)	(31)	(21)	(89)	(62)	(64)
CSR expenses	-	-	-	-	-	-	-	-
Pre-MMR Operating EBITDA	8,606	8,954	9,405	9,971	10,790	10,954	12,017	13,211
MMR expenses	(644)	(1,573)	-	(60)	(136)	(2,459)	(4,568)	(1,130)
Operating EBITDA	7,962	7,381	9,405	9,911	10,653	8,495	7,449	12,081
Depreciation and amortisation	(2,691)	(2,713)	(2,757)	(2,879)	(3,006)	(3,138)	(3,275)	(3,416)
EBIT	5,271	4,668	6,648	7,032	7,647	5,356	4,174	8,665
Revenue YoY Growth (%)	7.6%	4.5%	5.8%	8.5%	8.5%	8.5%	8.7%	8.2%
Pre-MMR Operating EBITDA margin (%)	90.5%	90.0%	89.4%	87.3%	87.1%	81.6%	82.3%	83.7%




Currency: INR Mn	Mar-42	Mar-43	Mar-44	Mar-45	Mar-46	Mar-47	Mar-48
Number of months	12	12	12	12	12	12	9
Amravati Chikali	12,395	13,453	14,599	15,785	17,106	5,178	-
Gundugolanu - Chinna Avutupalli	4,722	5,101	5,565	5,995	6,502	6,988	5,935
Net Sales	17,116	18,554	20,164	21,780	23,608	12,166	5,935
Tolling Operations Cost	(415)	(488)	(537)	(592)	(636)	(298)	(124)
Incident Management Cost	(366)	(393)	(423)	(454)	(488)	(227)	(94)
Routine Maintenance Cost	(396)	(410)	(424)	(439)	(454)	(198)	(75)
Repairs Cost	(294)	(305)	(315)	(326)	(338)	(155)	(64)
AMC of ATMS Cost	(85)	(110)	(138)	(167)	(173)	(77)	(31)
SPV cost	(932)	(968)	(1,041)	(1,134)	(1,203)	(593)	(270)
Insurance cost	(163)	(169)	(175)	(181)	(188)	(83)	(32)
PM cost	(84)	(91)	(98)	(105)	(113)	(49)	(18)
Sustainability Cost	(66)	(68)	(71)	(73)	(76)	(32)	(12)
CSR expenses	-	(20)	(55)	(95)	(142)	(196)	(186)
Pre-MMR Operating EBITDA	14,315	15,532	16,889	18,214	19,798	10,257	5,029
MMR expenses	(2,020)	(388)	-	(1,818)	(3,227)	-	(2,167)
Operating EBITDA	12,294	15,144	16,889	16,396	16,571	10,257	2,862
Depreciation and amortisation	(3,562)	(3,714)	(3,871)	(4,033)	(4,200)	(4,373)	(1,199)
EBIT	8,732	11,431	13,018	12,363	12,371	5,884	1,663
Revenue YoY Growth (%)	8.4%	8.4%	8.7%	8.0%	8.4%	-48.5%	-51.2%
Pre-MMR Operating EBITDA margin (%)	83.6%	83.7%	83.8%	83.6%	83.9%	84.3%	84.7%

Source: Management

Operating revenue:

The revenue for the InvIT Asset is estimated to grow at a CAGR of around 8.0% (from FY 2027 till the last full financial year of the concession period). The revenue growth is driven by 2 factors:

1. Traffic estimates – the traffic estimates are considered based upon a traffic study conducted by independent consultant appointed by the Investment Manager.
2. Toll rates - The year-on-year growth in the toll rates for the projected period is considered as Annual base increase 3% + 40% increase in WPI (derived from the actual WPI growth as of December 31, 2024) based upon respective concession agreements.

WPI growth rate of 2.57% (derived from the actual WPI growth as of December 31, 2024) has been considered for FY26, reflecting the applicable WPI rates as specified in the respective concession agreements. Additionally, WPI for FY27 and FY28 has been considered at 0.83% and 3.50% respectively. Further, it has been assumed that WPI will subsequently converge to the long-term rate of 3.50% from FY29. These WPI projections are based on Management's expectations / their internal estimates regarding WPI trends.

Operating Expenses

Total operating expenses is estimated to grow at a CAGR of around 11.0% (from FY 2027 till the last full financial year of the concession periods)

The basis for consideration of growth in each of the component of the operating expenses are presented below:




Particulars	R5
Operating and Maintenance expenses	The operating and maintenance expense is expected to grow at a CAGR of 10.0% to 11.0% as estimated in the TDD report
Routine repairs and maintenance	The routine repairs and maintenance expense is expected to grow at a CAGR of 15.0% to 16.0% as estimated in the TDD report
PM cost	The year-on-year growth in the project management cost has been considered in the range of 7.0% to 8.0%




10. Abbreviations

Particulars	Abbreviation
Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended	SEBI Invit Regulations
National Highways Infra Investment Managers Private Limited	Client/you/NHIIMPL /Investment Manager
National Highways Infra Trust	NHIT/InvIT/Trust
Ernst & Young Merchant Banking Services LLP	EYMBSLLP
Letter of Award dated 09 August 2024	Engagement Agreement
Report	Report
Round 5 Assets	R5/Specified Asset/InvIT Asset
28 February 2026	Valuation Date
Management of NHIT and NHIIMPL	Management
Securities and Exchange Board of India	SEBI
National Highways Authority of India	NHA/Sponsor
IDBI Trustee Services Limited	IDBI/Trustee
National Highways Infra Project Managers Private Limited	NHIPMPL/Project Manager
Toll, Operate and Transfer	TOT
Individual R5 project	Project
Insolvency and Bankruptcy Board of India	IBBI
Discounted Cash Flow	DCF
Weighted Average Cost of Capital	WACC
Capital Asset Pricing Model	CAPM
Market Risk Premium	MRP
Technical Due Diligence	TDD
International Valuation Standards	IVS
Net Asset Value	NAV
Wholesale Price Index	WPI
Material permits, registrations, licenses, approvals, consents and other authorizations of InvIT Asset	Governmental Licenses




India Equity Market Risk Premium: EY Study

Equity Market Risk Premium (EMRP or MRP) is the excess return earned by an investor over a risk free rate, when they invest in the stock market. This return compensates investors for taking on the higher risk of equity investing.

There are various approaches to estimating MRP like surveying investors, or calculating MRP implied in stock prices via forward forecasts. One of the most objective approach is to calculate MRP by analysing historical MRP earned over a long period of time. EY has used this approach. This has involved the following steps

Time period to be considered:

A relatively long period is selected, as in the short term markets can be volatile leading to under/over-estimation of MRP depending upon near term market performance. stock market data is available from 1979 onwards. Further a period commencing from 1990 onwards is also suitable as it coincides with India's economic liberalization.

R_m: Market Return

Returns on BSE Sensex/BSE100 Index or NSE Nifty may be considered as a proxy for the market returns. Since data for NSE Nifty is available only from 1994, returns on BSE Sensex and BSE 100 have been considered for analysis of a longer period of data.

R_f: Risk Free Rate

Hypothetically, risk free rate is the return on security or portfolio securities that has no default risk and is completely uncorrelated with returns on anything else in the economy. In India, the yield on 10-year residual maturity government bond is considered as a reasonable proxy for the risk-free rate.

Adjustment for dividend yields

Return on equities is derived from a combination of dividend receipts and increase in share prices/index. Since BSE Sensex and BSE100 Index are price return indices, the dividend yields for them are added to the average MRP to arrive at total return on equities.

Choice between Arithmetic and Geometric Mean

Geometric mean is preferred on the grounds that it takes compounding into account over the sample period.

Since the dividends are paid out in cash, it is assumed they are not re-invested, hence arithmetic mean of the dividend yield is added to the MRP.

Conclusion

R_f calculated for each of the year is deducted from R_m, which includes both returns on the stock index and the dividend yield of the index. The difference R_m- R_f is averaged over the period by using Geometric Mean.

The calculations of the study show that Market Risk Premium, while varying as per period and choice of index, converges around 7% (rounded). This is then considered a reasonable benchmark for India's Market Risk Premium.

