Enterprise Valuation of Surat Hazira NH-6 Tollway Private Limited

Report

Reliance restricted

For Punjab National Bank on behalf of consortium of lenders

20 April 2021

Building a better working world

Ernst & Young Merchant Banking Services LLP
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram – 122 002
Haryana, India

Reliance Restricted

20 April 2021

Punjab National Bank on behalf of consortium of lenders
Attention: Mr. K Sree Rama Krishna
Assistant General Manager
Zonal SASTRA
H.No.6-1-73, 2nd Floor
Saeed Plaza, Lakdikapul Road
Hyderabad, Telangana - 500004

Report on Enterprise Valuation of Surat Hazira NH-6 Tollway Private Limited

Dear Sir,

In accordance with instructions of Punjab National Bank ("PNB") on behalf of consortium of lenders (collectively "you" or "Client"), Ernst and Young Merchant Banking Services LLP ("EY" or "We") have performed the work set out in our Engagement Agreement dated 10 March 2021 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the enterprise valuation of Surat Hazira NH-6 Tollway Private Limited ("SHNTPL" or the "Company") as at 30 September 2020 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of SHNTPL (the "Management") as per the instructions of PNB and we understand that PNB has duly authorized SHNTPL to provide the same. 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

PNB is the lead lender in a consortium of banks who have given loans to SHNTPL. We understand that the PNB led consortium is proposing to sell the loan portfolio to an asset reconstruction company ("Proposed Transaction"). In this regard, the consortium of banks requires enterprise valuation of the Company for the purpose of internal management analysis ("Purpose")

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

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

Ernst & Young Merchant Banking Services LLP
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122002
Haryana, India

Reliance Restricted

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 different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

The COVID-19 (SARS-CoV-2) (“Coronavirus” or “Virus” or “Covid”) is presenting potentially significant impacts upon economic activity and certain businesses. At 30 September 2020, the Covid crisis was still unfolding and the future impact of the Coronavirus was not capable of being qualitatively or quantitatively assessed at this time. For carrying out the valuation, we have factored the impact of Covid in the valuation based on the information available till Valuation Date, and based on our understanding of the likely impact on the valuation subject. However, this should not be considered as an accurate assessment of the future impact of the Coronavirus on the valuation subject, or any prediction regarding the future course of events that would arise due to the Covid crisis.

Our work commenced on 28 January 2021 and was completed on 17 March 2021. 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. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Navin Vohra

Partner

Ernst & Young Merchant Banking Services LLP

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Valuation Summary

Engagement Background

Background

- Punjab National Bank ("PNB") is a body corporate constituted under Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970 having its Head office at, 7, Bhikhaji Cama Place, New Delhi-110066 and inter alia a Zonal Sastra office at 6-1-73, 2nd Floor, Sayeed Plaza, Lakadi-ka-pul, Hyderabad- 500 004, India.
- Surat Hazira NH-6 Tollway Private Limited ("SHNTPL" or the "Company") is a private company incorporated as a Special Purpose Vehicle ("SPV") in 2009. SHNTPL has a concession agreement with the National Highway Authority of India ("NHAI") for the execution of a road project on Design, Build, Finance, Operate and Transfer basis through Public Private Partnership on National Highway 6 ("NH-6") with approximate length of 131.5 km.
- Corporate office of SHNTPL is located at 5th Floor, Block 2, Vatika Business Park, Sector- 49, Gurugram, Haryana – 122 101, India.
- PNB is the lead lender in a consortium of banks who have given loans to SHNTPL.
- We understand that PNB led consortium is proposing to sell the loan portfolio to an asset reconstruction company ("Proposed Transaction").

Purpose and Scope

- In this regard, the consortium of banks requires enterprise valuation of the Company for the purpose of internal management analysis ("Purpose").
- The scope of our Services as per the Agreement is as follows:

  Valuation of the business of SHNTPL as at 30 September 2020 ("Valuation date") based on the balance sheet of the Company as at Valuation Date for the purpose of internal management analysis.

- The premise for the above valuation is 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 measurement date.
- This Report is our deliverable for the above.

Sources of Information

- We have relied upon information provided by the Management of SHNTPL (the "Management") as per the instructions of PNB and we understand that the PNB has duly authorized SHNTPL to provide the same.The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, verbally or in written form have inter-alia been used in the valuation:
  - Audited financial statements (balance sheet and profit and loss account along with schedules and notes to accounts, including Auditors' report and Director's report) of the Company from FY16 to FY20
  - Unaudited financial statements (balance sheet and profit and loss account along with schedules) of the Company for 6 months ended 30 September 2020.
  - Financial projections starting from 1 October 2020 till the end of the concession period (17 April 2033). These include forecasts of profit & loss account, capital expenditure and working capital requirements.
  - Extracts from Concession agreement dated 18 May 2009 between NHAI and SHNTPL.
  - Mott MacDonald - Oriental Bank of Commerce ("OBC") - SHNTPL Techno Economic Viability Report dated 19 June 2018.
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of of contingent asset and liability of the Company as at the Valuation Date.
  - Background information regarding the Company 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 us in any detail, if not considered relevant for our defined scope.
- Industry and economy information: The following sources were utilized for analysing the industry and the competitors:
  - Discussions with the Management
  - Publicly available information
  - Proprietary databases subscribed to by EY or its member firms
- In addition to the above, we have 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 Management of PNB has been provided an opportunity to review factual information in our draft Report and confirm with the Management of SHNTPL as part of our standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in our final Report.

Valuation Summary

- SHNTPL operates a toll road project under long term concession agreement with NHAI. Considering the nature of business, we have used the Discounted Cash Flow ("DCF") method for valuing the limited life toll road project. A detailed discussion on the appropriateness of use of valuation methods has been given in Section 4: Valuation Analysis.
- Further, the concession period ends on 29 March 2029. However, given the shortfall in actual traffic than what was initially projected, in line with Clause 29 of the concessionaire agreement, Management expects an extension of the concession period by 3.8 years. However, as on the Valuation Date, the Management has not received any official notice/ confirmation regarding the same.
- Additionally, in order to give Covid-19 relief to concessionaire, Ministry of Road Transport & Highway vide its circular no. Covid-19/RoadMap/JS(H)/2020 dated June 3, 2020 & NHAI Policy no 18.46/2020 dated June 22, 2020 extended concession period by three months. However, as on the Valuation Date, Management has not received any confirmation regarding the above extension as well.
- Given the possibility and also uncertainty of the extension of the concession period, we have computed enterprise value assuming extension till 17 April 2033 (4.1 years from 29 March 2029) and without extension (29 March 2029) based on projections provided by the Management.
- Our valuation results are presented below:

			As at 30 September 2020	
Currency: ₹ mn	Notes	Weights (%)	Extension by 4.1 years	No Extension
Enterprise value (value of business operations)*				
Discounted cash flows method		100	9,784.1	7,236.7
Enterprise value			9,784.1	7,236.7

- Accordingly, the enterprise value of SHNTPL as at the Valuation Date is estimated to be ₹9,784.1 mn if the Company receives extension for the period assumed and ₹7,236.7 mn if the Company does not receive the extension.
- The value has been computed excluding any receipt / benefit on account of arbitration award that the Company has received.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of Limiting Conditions'.

Sensitivity Analysis:

- As requested by the Client*, we have carried out sensitivity analysis and computed enterprise value using year end discounting instead of mid year discounting keeping all other assumptions as equal. Please refer table below for values:

			Mid year discounting (EY Methodology)		Year end discounting	
Currency: ₹ mn	Notes	Weights (%)	Extension by 4.1 years	No Extension	Extension by 4.1 years	No Extension
Enterprise value (value of business operations)*						
Discounted cash flows method		100	9,784.1	7,236.7	9,313.2	6,890.0
Enterprise value			9,784.1	7,236.7	9,313.2	6,890.0

- Additionally, as requested by the Client*, we have undertaken sensitivity analysis for calculating enterprise value using WACC (discount rate) as prescribed by the Client. This sensitivity analysis is presented below by using both mid year discounting principle (EY Methodology) and year end discounting principle:

WACC	Mid year discounting (EY Methodology)		Year end discounting	
	Extension by 4.1 years	No extension	Extension by 4.1 years	No extension
10.0%	10,227.6	7,468.4	9,770.4	7,136.1
10.8%	9,784.1	7,236.7	9,313.2	6,890.0
11.0%	9,704.8	7,194.8	9,231.5	6,845.5
12.0%	9,222.1	6,936.6	8,735.5	6,572.4
13.0%	8,776.0	6,692.9	8,278.4	6,315.5

** through email dated 12 April 2021*

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Statement of Limiting Conditions

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 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.
- The valuation has been performed on the provisional unaudited standalone balance sheet provided by Management for 6 months period ended 30 September 2020 and audited accounts of earlier years. The Management has also confirmed that there has not been any material change in the operations of the Company since the last available financial statements.
- 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 the Management /representatives of SHNTPL warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the SHNTPL, 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.
- EY is not aware of any contingency, commitment or material issue which could materially affect the Company's economic environment and future performance and therefore, the fair value of the Company.
- 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 forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- The COVID-19 (SARS-CoV-2) ("Coronavirus" or "Virus" or "Covid") is presenting potentially significant impacts upon economic activity and certain businesses. At the Valuation Date, the Covid crisis is still ongoing and the future impact of the Coronavirus was not capable of being qualitatively or quantitatively assessed at this time. For carrying out the valuation, we have factored the impact of Covid in the valuation based on the information available till the Valuation Date, and based on our understanding of the likely impact on the Company. However, this should not be considered as an accurate assessment of the future impact of the COVID-19 on the Company, or any prediction regarding the future course of events that would arise due to the Covid crisis.

Statement of Limiting Conditions

- The Report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company 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 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.
- We owe responsibility 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. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

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Background

3 Background
Company Background

Business Overview and Key Performance Indicators

- Surat Hazira NH-6 Tollway Private Limited ("SHNTPL" or the "Company") is a private company incorporated as a Special Purpose Vehicle ("SPV") in 2009. SHNTPL has a concession agreement with NHAI for the execution of a road project on Design, Build, Finance, Operate and Transfer basis through Public Private Partnership on NH-6. The concession tenure as per the agreement is 19 years which included a construction period of 30 months.
- The corporate office of SHNTPL is located at 5th Floor, Block 2, Vatika Business Park, Sector- 49, Gurugram, Haryana – 122 101, India.
- The four-lane toll highway operated by SHNTPL has two toll plazas on the 131.5 km stretch, Toll Plaza- 1 ("TP- 1") (Mandal) near Gujarat- Maharashtra border and Toll Plaza- 2 ("TP- 2") (Bhatia) near Surat.
- For the year ended 31 March 2020, the Company collected `1,094.2 mn and `573.1 mn as toll revenue from TP- 1 and TP- 2 respectively.

Key Financial Metrics *(for FY20)*

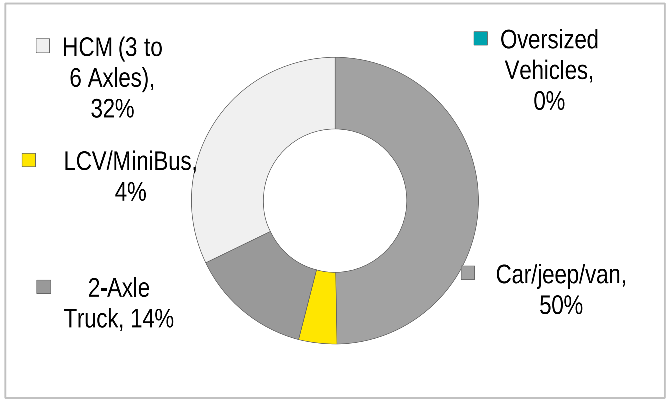
Revenue
₹ 2,116 mn

EBITDA
84.4%

PAT
(66.1)%

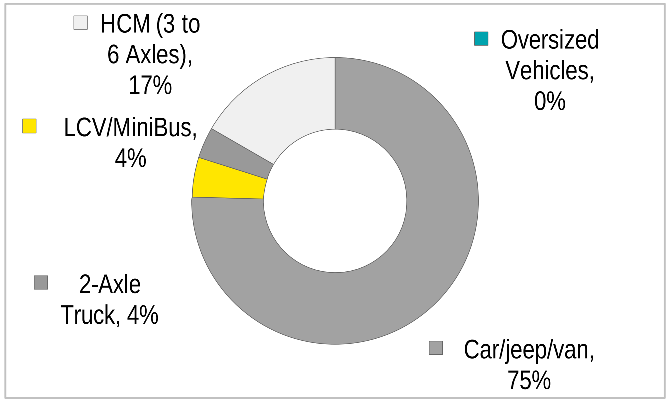
Traffic overview (by vehicle type) during CY20

TP- 1 (Mandal)



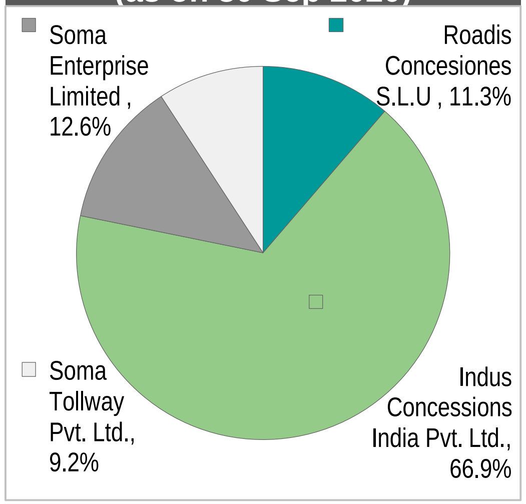
Source: Management

TP- 2 (Bhatia)



Source: Management

Shareholding Pattern (as on 30 Sep 2020)

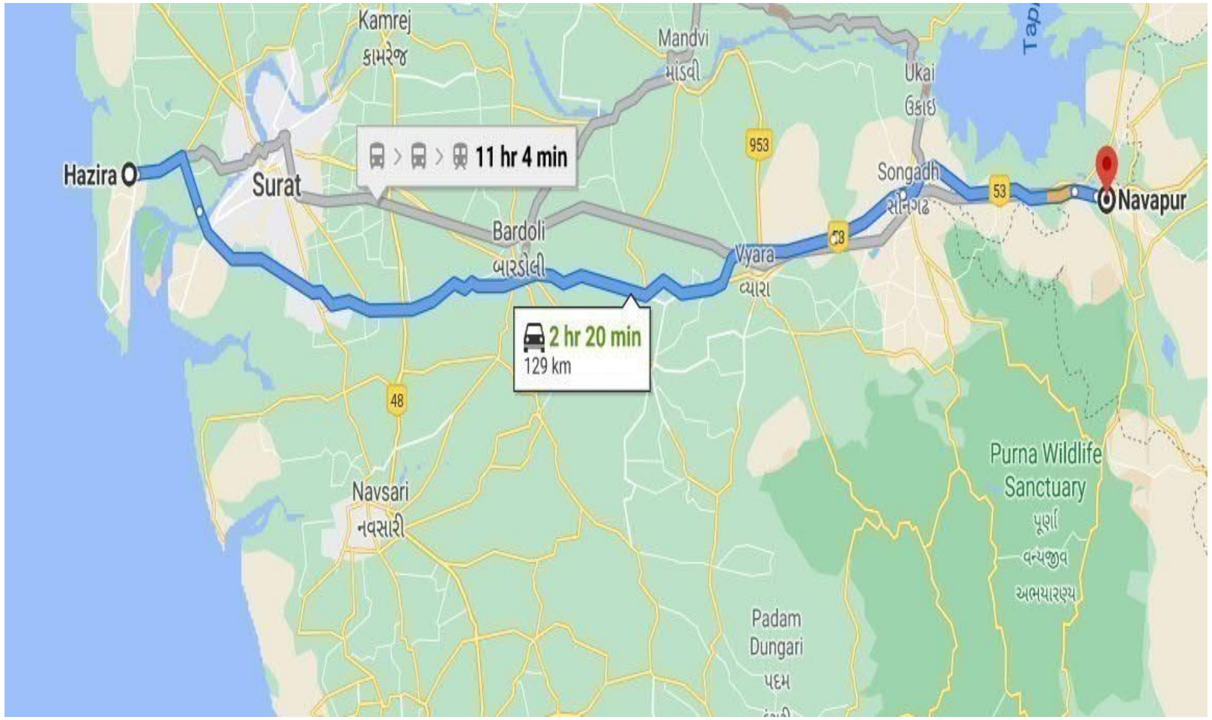


Source: Management

Company Background

Key terms of concessionaire agreement

- **Scope of Work:** Four-laning of Gujarat/ Maharashtra Border- Surat Hazira Port section of NH-6 including construction of road works, bridges, flyovers, ROBs, etc.
- **Project Length:** 131.50 kms
- **Revenue Model:** BOT (Toll collection)
- **Concession Agreement date:** 18 May 2009
- **Concession period end date:** 29 March 2029. However, concession period to be extended in case of shortfall in actual traffic compared to target traffic by more than 2.5% subject to a maximum of 20% of the concession period.
- **Toll Rate:** Rates to be increased annually, without compounding, by 3% per annum along with additional increase by 40% of the increase in Wholesale Price Index ("WPI") every year.



Source: Management

- The historical Average Annual Daily Traffic ("AADT) for SHNTPL has been summarized in the table below :

	FY20		FY19		FY18		FY17	
Vehicle Type	TP-1 (Mandal)	TP-2 (Bhatia)	TP-1 (Mandal)	TP-2 (Bhatia)	TP-1 (Mandal)	TP-2 (Bhatia)	TP-1 (Mandal)	TP-2 (Bhatia)
Car/ jeep/ van	5,135	10,643	5,256	12,243	4,912	11,409	4,212	10,353
LCV/ MiniBus	442	633	481	702	534	802	595	909
2-Axle Truck	1,428	496	1,579	517	1,562	606	1,430	523
HCM (3 to 6 Axles)	3,310	2,329	3,782	2,389	3,489	2,327	3,571	1,976
Oversized Vehicles	1	6	1	5	3	3	1	2

Source: Management

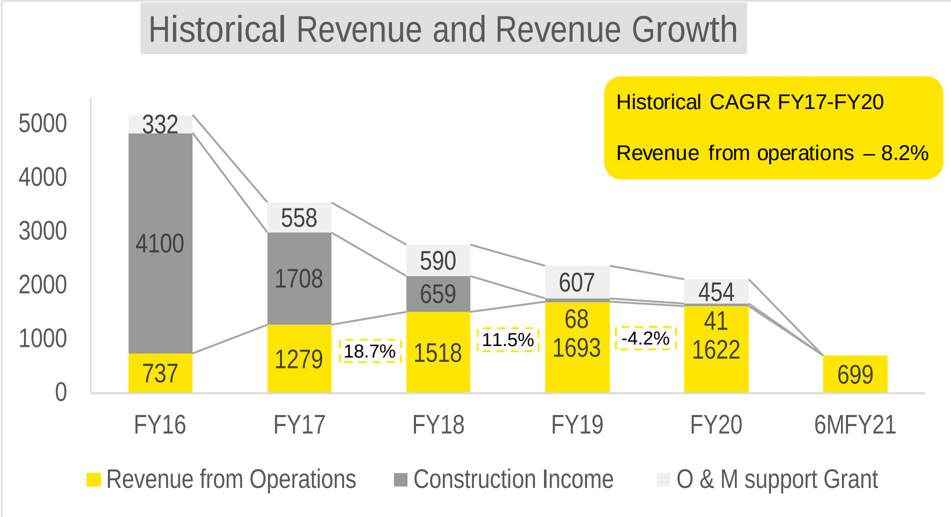
Historical Performance

Revenue streams:

- The Company achieved provisional Completion Operational date from 19 August 2015. Revenue from operations (income via toll collection) of the Company increased from ₹1,279 Mn in FY17 (first full year of operations) to ₹1,622 mn in FY20.
- Apart from toll collection, the Company received reimbursements of construction costs incurred in connection with utility shifting and change of scope by NHAI amounting to ₹6,577 mn from FY16 till FY20.
- The National Highway Authority of India ("NHAI") had granted an O&M Support of ₹5,560 mn. Out of this, ₹3,081 mn had been disbursed for project capital expenditure and the remaining ₹2,541 mn was disbursed as O&M expenses grant. The grant was completely realized by FY20 and no further inflow is expected on account of this as represented by the Management.

Background and Analysis:

- We understand from the Management that the actual daily toll collection has been substantially low compared to what was initially projected.
- The key issues faced by the Company are outlined below:
  - Traffic leakage took place due to up-gradation / revamping of adjoining roads under state government jurisdiction, mainly near Icchapore, Bardoli and Ukai junction
  - Local personal and commercial vehicles were unwilling to pay the toll leading to lower toll collection



Source: Management

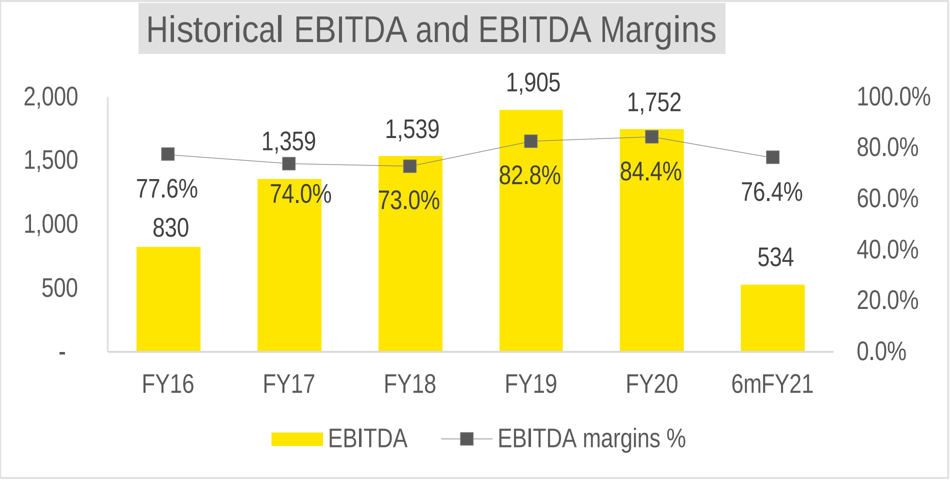
- To mitigate leakages around the tolls, the Company undertook the following measures:
  - From January 2017, the government implemented restriction of heavy vehicle movement through Surat City and Navsari Road for a period of 12 hours in a day.
  - In November 2017, height barrier ramp structure were placed in Icchapore to restrict the entry of heavy commercial vehicles towards the alternative railway crossing route allowing skipping of the toll plaza.
  - From January 2018, a temporary ban on movement of heavy vehicles on a bridge near Ukai dam was implemented.
- The measures led to improvement in overall traffic in FY18 and FY19 and led to an overall revenue growth of 18.7% and 11.5% respectively. However, despite the measures taken by the Company, we understand from Management that other alternate routes/ potential leaks further came about the highway over the succeeding period.

Revenue:

- The details of these alternative routes as informed by the Management are given below:
  - **Alternate route from Icchapore towards Anakaleshwar:** The alternate route has a well developed four lane route and is shorter than the original route. Vehicles travelling via this alternate route are able to avoid the Bhatia toll and also save on travel time.
  - **Alternate route from Sachin-Navsari towards Valsad:** The alternate route has a two lane route and is preferred by vehicles travelling from/to Vapi, Valsad, and Mumbai.
  - **Alternate route from Mandvi towards Ankaleshwar:** This alternate route has not been effective since the ban on heavy vehicles on the dam. However, the dam structure will be fit for use of commercial vehicles by FY22 and thereafter may further add to the revenue loss for the Company.
- On 22 March 2020, the country went into a national lockdown in light of developments regarding COVID-19. This led to a further decrease in the revenue collection from 22 March 2020 to 31 March 2020 during FY20. Given the aforementioned reasons, the Company recorded revenue decline by (4.2%) in FY20.
- The national lockdown and aforementioned issues of leakages also adversely impacted the 6m FY21 traffic and toll collection.

EBITDA:

- Historically, the Company operated at EBITDA margins (post major maintenance reserve) of 73%-85% (including grant from NHAI) from FY16 to 6 months period ended 30 September 2020.
- Major expenses of the Company include provisioning for major maintenance, employee benefit expenses and operating expenses.
- Any construction costs incurred in connection with utility shifting and change of scope by NHAI was completely reimbursed by NHAI.



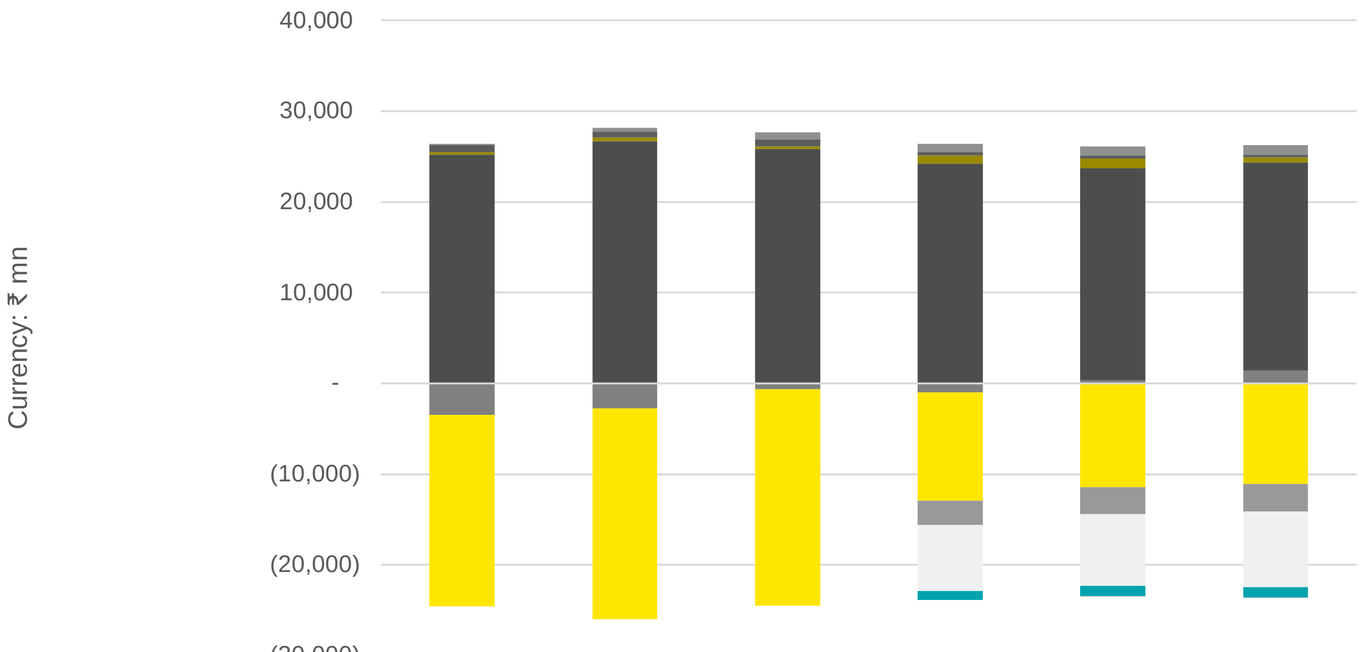
Source: Management

The detailed historical and prospective profit and loss statement of the Company has been presented in Appendix 1.

3 Background

Historical Financial Information

Historical Balance Sheet



	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20	30-Sep-20
Provsions	166	458	801	893	989	1,043
Current liabilities	772	638	772	378	353	336
Current assets	291	382	265	903	1,049	523
Net block of fixed assets (NFA)	25,226	26,728	25,846	24,236	23,371	22,982
Lease liabilities	-	-	-	-	(9)	(7)
Non convertible debenture	-	-	-	(1,000)	(1,095)	(1,148)
CRPS	-	-	-	(7,245)	(7,933)	(8,310)
Right to recompense lenders	-	-	-	(2,688)	(2,950)	(3,094)
Borrowings (sustainable debt)	(21,138)	(23,276)	(23,920)	(11,916)	(11,468)	(11,059)
Equity(Share Capital+reserves)	(3,441)	(2,737)	(619)	(1,018)	378	1,398

Source: Management

- The historical balance sheet of the Company as provided by the Management is summarized alongside.
- Gross block primarily includes right under service concession agreement. Other assets include furniture, office equipment and computer.
- The Management has informed us that all fixed assets of SHNTPL are operating in nature and include no surplus assets.
- Further, current assets and current liabilities are operating in nature and are not interest bearing.
- The Company underwent a debt restructuring exercise in FY19 per which part of the bank loans were converted into Cumulative Redeemable Preference Shares (“CRPS”) and Non-Convertible Debentures (“NCDs”). Further, lenders received a “right to recompense” in return for the agreement to restructure the debt.
- A note on contingent assets or liabilities of SHNTPL as at 30 September 2020 is given on the next page.

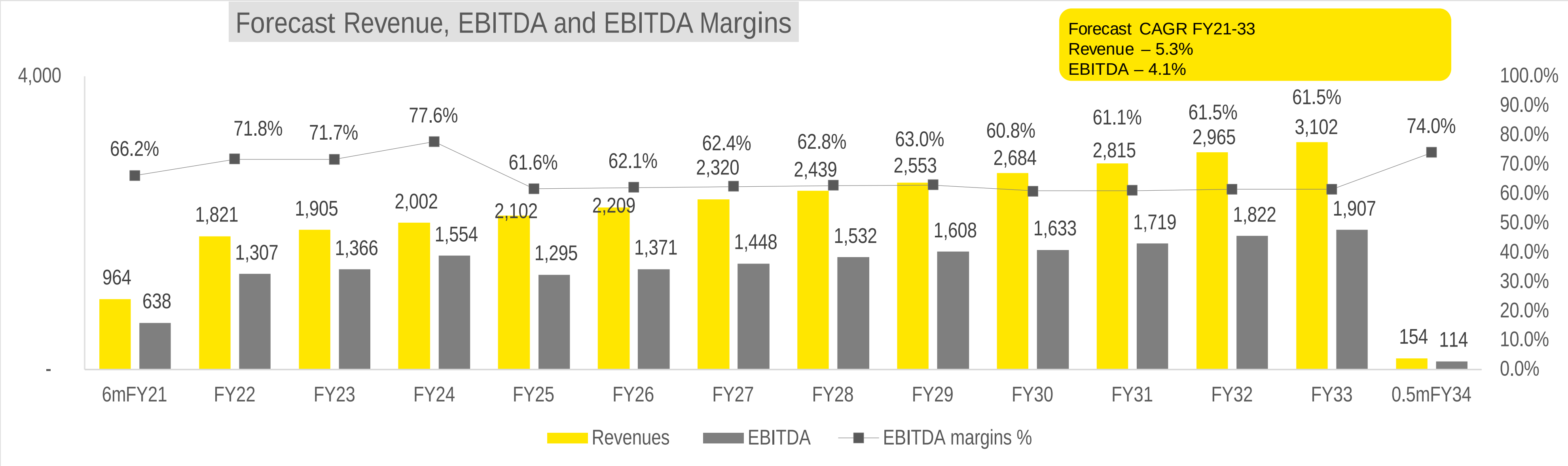
Contingent Asset and Contingent Liability: Arbitration Award

- In December 2018, the Company filed a claim of ₹35,574 million against NHAI before an Arbitration tribunal towards increase in overheads, additional cost due to idling of resources, price escalation, loss of opportunity, additional interest liability, revenue loss, infusion of additional equity, change of Scope, losses due to forced exemption etc.
- In response, NHAI submitted a Statement of Defense along with counter-claims amounting to ₹11,991 mn on 2 April 2019 towards economic loss due to delay by the concessionaire for conversion from 2 lane to 4 lane highway, construction of Sachin ROB, delay in Suwali canal shifting, saving in one renewal cycle on account of delay in completion of project and claim for payment towards ROB.
- The final arbitration award has been passed by the Arbitral Tribunal on 10 March 2021.
- With respect to the arbitration award, we understand that the Arbitral Tribunal has directed extension of tolling period by 959 days in total as the arbitration award against all the claims and counter claims filed by the Company and NHAI. There is no additional compensation in cash or kind that have been awarded as part of this arbitration award.
- We also understand that the overall claims made by the Company during arbitration (totalling to ₹35,574 million) from NHAI had two components.
  - Part 1: Claims of around ₹19400.7 million made by the EPC contractor i.e. Soma Enterprise Limited and Isoulx Corsan India Engineering & Construction Private Limited (the "EPC contractors") from the Company which the Company in-turn claimed from NHAI.
  - Part 2: Claims of around ₹16173.8 million claimed by the Company on its own account.
- These claims have been against various issues of which some are exclusively triggered by EPC contractor's claims, some on account of the Company and some in combination of both the parties.
- For these overall claims, we understand that an extension of total 959 days in tolling period has been awarded by the Arbitral Tribunal without allocating extension days against respective issues.
- We understand from the Management that the claims by the EPC contractors from the Company and by the Company from NHAI are interlinked and therefore are required to be settled together for a complete closure of arbitration proceedings / claims.
- The Management has informed us that:
  - They have held preliminary discussions with the EPC contractors with respect to arbitration award.
  - EPC contractors are prima-facie not satisfied with the award and is claiming entire claim amount from the Company.
  - Further, the monetised value based on extension of 959 days is less 10% of the EPC's cash claims on the Company.
  - EPC contractors are also analysing the award in detail and they want Company to challenge the award else they may file claims against the Company.

Contingent Asset and Contingent Liability: Arbitration Award

- The Management has informed us that (continued from last slide):
  - It is practically not possible for the Company to quantify the part of EPC claims in the award that are attributable to the EPC contractors.
  - Company is contemplating to file an appeal against this arbitration award which is likely to put the extension of 959 days in abeyance
  - Hence, timeline for realization of the arbitration award and final quantum of award (net of EPC claims) will depend on the court proceedings which is difficult to ascertain at this point of time.
- Given that the objective quantifiable arbitration award is not available, no amount with respect to the above has been considered in our valuation. Accordingly, the same should be captured separately as part of the transaction documents / deal agreement.
- We have been informed that other than the above there are no other contingent liabilities or assets as at the valuation date.

Prospective performance estimates provided by the Management (including extension of concessionaire agreement)



Source: Management

<u>Period of concessionaire agreement:</u>

- The original end date of the concessionaire agreement is 29 March 2029.
- Additionally, Clause 29 of the agreement provided that if the Actual Average Traffic falls short of Target Traffic by more than 2.5% then for every shortfall of 1% in traffic, the Concession Period shall be increased by 1.5% provided such increase shall not exceed 20% increase in Concession Period.
- Given the shortfall in actual traffic than initial projections, Management expects an extension of the concession period by 3.8 years in line with the clauses of the concessionaire agreement. Additionally, in order to give Covid-19 relief to concessionaire, Ministry of Road Transport & Highway vide its circular no. Covid-19/RoadMap/JS(H)/2020 dated June 3, 2020 & NHAI Policy no 18.46/2020 dated June 22, 2020 extended concession period by three months. Accordingly, the Management has prepared projections till 17 April 2033, including a total of 4.1 years of extension period.
- However, as on the Valuation Date, the Management has not received any official notice/ confirmation from NHAI regarding the above extensions.
- Given the possibility and also uncertainty of the extension of the concession period, we have computed enterprise value assuming extension till 17 April 2033 (4.1 years from 29 March 2029) and without extension (29 March 2029) based on projections provided by the Management.

Revenue:

- During FY22, the Company expects higher revenue growth of 9.5% on account of recovery from impact of COVID-19 on traffic. Beyond FY22, revenues have been forecast to increase from ₹1,821 mn in FY22 to ₹3,102 mn in FY33 at a CAGR of ~5.0% driven by contractual price increase and traffic growth.
- Both WPI and traffic growth have been projected by the Management based on their internal assessment. The Management does not have any latest traffic study or independent third party data available with them.
- The forecast WPI growth rate used by the Management based on it's internal assessment are summarized below:

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Expected WPI growth rate	*	**	2.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

* Based on actual WPI declared by RBI as on 31 December 2019 i.e. 2.8% – toll price increase to be implemented from 1 April 2020 till 31 March 2021 in line with concession agreement
** Based on actual WPI declared by RBI as on 31 December 2020 i.e. 1.2% – toll price increase to be implemented from 1 April 2021 till 31 March 2022 in line with concession agreement

- The Management expects traffic growth to remain between 1%-2% per annum over the forecast period. The rationale behind traffic growth is outlined below:
  - The Management believes that the ongoing issues with alternate routes at Icchapore, Sachin and Ukai junction are expected to continue.
  - The Management has approached local authorities to obtain permission to construct a ramp at Icchapore to bring traffic back on the toll road and improve collection. We understand that the permission of the same is still pending with the local authorities and the Management does not have visibility by when such permissions will be received. Accordingly, the Management has neither projected capital expenditure for construction of the ramp nor have projected traffic growth on account of the same.
  - Other measures to improve performance at Sachin and Ukai junction have been implemented by the Management already (such as restriction on movement of heavy traffic etc.) and the Management does not foresee further improvements given the existing alternate routes and uncertainty with respect to plugging the same.
  - The Management has maintained a status quo position on alternative routes i.e. no additional leakages or leakage stoppages have been assumed by the Management beyond the actual position as at 30 September 2020, given the uncertainty in determining the impact of the same.

EBITDA margins

- The Company has forecast EBITDA margins (post major maintenance reserve) to remain between 61%-78% over the forecast period. Operating expenses have been increased by 5% per annum while employee expenses have been increased by 10% per annum. Major maintenance expense considered in the forecast period is based on the current internal technical assessment of the project by the Management.
- The Management has informed us that the Company is eligible for a 10 year period tax holiday under Section 80IA (expected to start from 1 April 2022) and accordingly, the Management expects to pay tax as per computation under Minimum Alternate Tax ("MAT") rules in India for the forecast period.

The detailed historical and prospective profit and loss statement of the Company has been presented in Appendix 1.

Prospective Financial Information

Working Capital

- The Company has certain receivables from NHAI with respect to the O&M grant. The Management has informed us that given the ongoing disputes with NHAI, they do not expect to receive the amount in the foreseeable future. Accordingly, given the uncertainty, the Management has forecast that the pending amount will be received only by the end of the concessionaire period.
- Trade payables comprise payables to EPC contractors and related retention money. Given these expenses and payments towards the same are of regular nature, the Management has forecast the trade payables to remain at current levels during the forecast period till FY33, before final repayment.
- Other current assets comprise security deposits, advances to suppliers, WCT receivable, GST receivable, change of scope receivables etc.
- Other current liabilities comprise employee provident fund, GST payable, TDS payable etc.

Extracts of working capital of the Company have been presented in Appendix 1.

Prospective Financial Information

Major Maintenance Expense schedule

- Major Maintenance Reserve ("MMR") has been considered in the forecast based on the current technical assessment of the project by the Management.
- The Company needs to earmark part of cash and cash equivalents for forecast MMR expenses in accordance with the debt restructuring agreement.
- Given the paucity of funds, the Company has not maintained a cash reserve nor it has undertaken any major maintenance till the Valuation Date. However, Management intends to maintain a cash reserve i.e. cash / funds to be earmarked annually specifically for major maintenance and retained separately for the specified end use.
- Accordingly, Management has projected creation and maintenance of cash reserve for major maintenance in the projected period.
- The expense and reserve schedule is summarized below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Major maintenance expense	207.7	630.7	470.7	12.3	16.9	17.5	14.2	723.7	875.6	15.9	26.4	782.5	750.0	-
Provision for major maintenance reserve	106.8	117.6	117.6	-	329.6	329.6	329.6	329.6	329.6	393.7	393.7	393.7	393.7	-
Cash earmarked for major maintenance reserve	-	-	-	-	312.7	624.8	940.1	546.0	-	377.8	745.1	356.3	-	-

Source: Management

4

Valuation Analysis

Valuation methods used / not used

- To determine the value of enterprises, three traditional approaches can be considered namely, Income, Market and Cost Approaches.
- SHNTPL is an SPV which operates a toll road project under a long term concession agreement with NHAI in the state of Gujarat. The period of operations and toll prices are derived by the terms of the specific agreement between SHNTPL and NHAI.
- Considering the limited life of the toll road project and project characteristics not being comparable to other projects/companies in terms of number of operational projects, period of concession, location, traffic situation etc, typically market approach based methods like CCM or CTM are not used for valuing a road project.
- Instead, DCF method is used which determines the value of a business based on its ability to generate desired economic benefit/ cash flows for the owners.
- Thus, considering the nature of business, we have used DCF method for valuing the Company.

DCF Methodology:

Income based approach

- Taking into consideration the specifics of the company and the business environment, we have used the discounted cash flow (DCF) method (Free Cash Flow to Entity approach) to determine the enterprise value of the company.
- The profit and loss account forecast covers the concession period from 1 October 2020 to 17 April 2033.

Free cash flow calculation

- The calculation of free cash flows is based on the following data provided by the Management for the concession period:
    - Projected profit and loss account
    - Projected balance sheet
- Earnings before interest and taxes ("EBIT") are reduced by effective tax rate to arrive at EBIT post tax and is adjusted for net investment (capital expenditures less depreciation) and changes in working capital.
- For terminal value, we have considered release of entire working capital at the end of the project life.

Mid-Year Discounting Convention

- EY DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

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

Discount Rate:

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 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/she would be if he/she 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 formula for the calculation of the WACC is shown in table "WACC calculation".
- The derivation of the WACC is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. 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".

Calculation for WACC

$$\mathbf{WACC = W_E * R_E + W_D * R_D}$$

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

Calculation for cost of equity

$$\mathbf{R_E = RF + ß * MRP + \alpha}$$

where:

R_E	=	Cost of equity
RF	=	Risk-free rate of return
ß	=	Systematic risk of the equity, measure of the level of non diversifiable risk associated with company returns
MRP	=	Market equity risk premium
α	=	Unsystematic risk of the equity

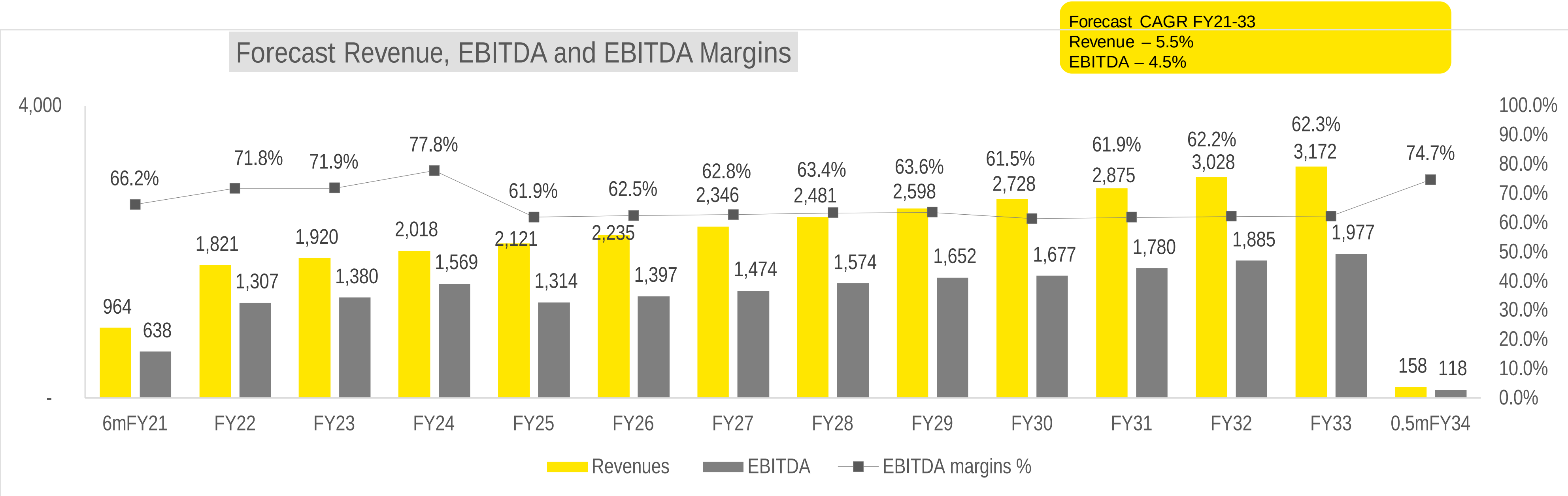
Calculation for cost of debt

$$\mathbf{R_D = r_D * (1 – S)}$$

where:

R_D	=	After-tax cost of interest-bearing debt
S	=	cost of interest-bearing debt
r_D	=	Corporate tax rate

Adjusted performance estimates



Source: Management

- With respect to traffic growth, we understand that the Company does not possess any latest traffic studies. The last traffic study available with the Company was from Mott MacDonald Techno Economic Viability Report dated 19 June 2018 which was then commissioned by Oriental Bank of Commerce (PNB). However, the traffic growth projections provided therein were not achieved by the Company from FY19 till FY21. Given the current issue of leakages, the Management has represented that overall traffic growth is expected to be around 1%-2% p.a. over the forecast period instead of the 4.6% p.a. traffic growth expected in the Techno Economic Viability Report.
- In the absence of any independent third party data, we have relied on the inputs of the Management with respect to projected traffic growth.

Adjusted performance estimates

- With respect to WPI, while the Management has projected WPI based on its internal assessment, we have considered the average WPI growth rate over past 10 years from CY11 to CY20 and used the same for factoring toll price increases. The historical WPI growth rate is summarized below:

Particulars	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
WPI growth rate	9.5%	7.5%	6.0%	3.4%	-3.9%	-0.1%	3.5%	4.3%	1.9%	0.5%	3.3%

Source: RBI, Ministry of Commerce and Industry

- The forecast WPI growth rate considered by us is summarized below:

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Expected WPI growth rate	*	**	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%

* Based on actual WPI declared by RBI as on 31 December 2019 i.e. 2.8% – toll price increase to be implemented from 1 April 2020 till 31 March 2021 in line with concession agreement
** Based on actual WPI results declared by RBI as on 31 December 2020 i.e. 1.2% – toll price increase to be implemented from 1 April 2021 till 31 March 2022 in line with concession agreement

- As provided above, the projected WPI growth rate (based on average of 10 years) is slightly higher than the rate used by the Management, resulting in improvement in revenue in comparison to the revenue projected by the Management.
- In addition, since the Management has projected cash reserve for major maintenance, we have assumed interest income on such cash reserve at the risk free rate of current YTMs of Government Bonds with 10 years residual maturity based on average balance.
- Expenses have been considered as forecast by the Management.
- Based on the above adjustments, the revenue and EBITDA of the Company is as below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Revenue														
Management forecast	963.8	1,821.0	1,904.9	2,002.2	2,101.8	2,209.0	2,319.9	2,438.8	2,553.3	2,684.2	2,814.9	2,964.9	3,102.1	153.7
Adjusted forecast	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
EBITDA														
Management forecast	638.5	1,306.9	1,365.6	1,553.5	1,294.6	1,370.8	1,448.3	1,531.5	1,607.7	1,633.1	1,719.4	1,821.7	1,907.5	113.8
Adjusted forecast	638.5	1,306.9	1,380.4	1,568.9	1,313.5	1,396.5	1,474.1	1,573.8	1,652.2	1,677.2	1,779.7	1,885.0	1,977.1	117.9

Free Cash Flows to Firm

Free cash flow calculation of the Company

- The calculation of free cash flows is based on the following data for the forecast period from 1 October 2020 to 17 April 2033:
  - Forecast profit and loss statements as provided by the Management, updated with WPI forecast based on historical trends
  - Forecast investments into net working capital items, and
  - Forecast capital expenditure
- EBIT is reduced by effective tax rate to arrive at EBIT post tax and is adjusted for net investment (capital expenditures less depreciation) and changes in working capital.
- The following table summarizes the calculation of free cash flows to the Company as considered in our valuation:

Considering extension by 4.1 years

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)	(657.4)	(701.7)	(749.5)	(800.9)	(39.9)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4	11.3	33.7	33.0	10.7	-
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1	2,082.2	2,207.1	2,311.7	2,381.5	117.9
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)	(393.7)	(393.7)	(393.7)	(393.7)	-
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,987.8	117.9
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)	(2,046.1)	(2,156.3)	(2,271.1)	(2,378.7)	(118.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3	2,046.1	2,156.3	2,271.1	2,378.7	118.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(127.0)	-
Less: Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,860.8	117.9

Free Cash Flows to Firm

Considering no extension

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29
Number of months	6	12	12	12	12	12	12	12	12
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Tax expense	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)
Less: Capital expenditure	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5

Discount Rate

Risk free rate
6.0%

- Risk-free rate corresponds to the minimum return that an investor can expect from an investment “without” ris and generally derived from the rate of return on a high quality long-term government bond.
- The company has its operations in India. Given that we have applied discount rate parameters applicable to India for our analysis. The risk-free rate is based on current YTMs of Government Bonds with 10 years residual maturity.

Market risk premium
7.0%

- 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’) levels of 7% p.a. has been considered based on EY understanding of the expected MRP in India
- The market risk premium is defined as the difference between the expected return on a market portfolio and the risk-free rate.

Beta coefficient
1.10

- 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 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. Betas reported in public sources are “leveraged”, which means that the additional risk to a stockholder due to debt financing of the company is incorporated in the corresponding beta coefficient.
- **Refer next page for beta computation**

Based on the above parameters, the cost of equity is estimated to be 13.7%.

Beta computation

- The beta is computed as shown in the table below. We have considered listed companies engaged in development and operation of roads and highways in India, for which the relevant data was available, to compute beta. We have used the re-levered beta (based on a three year data considering weekly returns) of the following comparable companies:

Currency: ₹ mn	Equity beta (a)	Market capitalisation	Net debt (b)	Enterprise value	Debt-equity ratio based on 3 year average	Effective tax rate (%)	Unlevered beta	Re-levered beta
IRB Infrastructure Developers Limited	1.57	42,278	45,459	87,737	233.7	*25.2*	0.54	0.99
Ashoka Buildcon Limited	1.70	32,882	52,093	84,975	195.5	*25.2*	0.67	1.23
MEP Infrastructure Developers Limited	1.37	3,761	19,660	23,421	366.1	*25.2*	0.35	0.65
Bharat Road Network Limited	0.89	3,913	12,082	15,995	149.1	*18.9*	0.40	0.74
H.G. Infra Engineering Limited	1.09	18,902	4,806	23,708	25.5	*23.7*	1.01	1.87
Average	1.32				194.0		0.59	1.10

Source: Capital IQ

Notes:
(a) Based on 3 years weekly beta for period ended 16 March 2021
(b) Net debt includes gross debt net of surplus cash and bank balances, investments, capital work-in-progress and net deferred tax @50% as per latest available financials

Capital structure

- Debt equity ratio of 50:50 is considered for the Company basis the typical long term debt to equity ratio in infrastructure companies in India.

Based on the above parameters, WACC is estimated to be 10.84%.

Mid-Year Discounting Convention

- EY DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Valuation as per DCF Method considering extension by 4.1 years

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)	(657.4)	(701.7)	(749.5)	(800.9)	(39.9)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4	11.3	33.7	33.0	10.7	-
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1	2,082.2	2,207.1	2,311.7	2,381.5	117.9
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)	(393.7)	(393.7)	(393.7)	(393.7)	-
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,987.8	117.9
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)	(2,046.1)	(2,156.3)	(2,271.1)	(2,378.7)	(118.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3	2,046.1	2,156.3	2,271.1	2,378.7	118.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(127.0)	-
Less: Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,860.8	117.9
Discount rate (%)	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84
Present value factor- Mid year discounting	0.97	0.90	0.81	0.73	0.66	0.60	0.54	0.49	0.44	0.40	0.36	0.32	0.29	0.28
Present value debt free cash flow	688.1	515.5	836.2	1,143.0	876.4	851.5	820.1	787.3	732.3	668.5	647.8	618.1	541.0	32.5
Enterprise value – (A)	9,758.2													
Working capital released at end of period	94.4													
Year end discount factor	0.27													
Working capital released at end of period (discounted) – (B)	25.9													
Adjusted enterprise value – (A) + (B)	9,784.1													

Enterprise Value of the Company (considering extension by 4.1 years) as per DCF is ₹9,784.1 mn

DCF Result

Valuation as per DCF Method considering no extension

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29
Number of months	6	12	12	12	12	12	12	12	12
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Tax expense	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)
Less: Capital expenditure	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5
Discount rate (%)	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84
Present value factor- Mid year discounting	0.97	0.90	0.81	0.73	0.66	0.60	0.54	0.49	0.44
Present value debt free cash flow	688.1	515.5	836.2	1,143.0	876.4	851.5	820.1	787.3	732.3
Enterprise value – (A)	7,250.3								
Working capital released at end of period	(32.6)								
Year end discount factor	0.42								
Working capital released at end of period (discounted) – (B)	(13.6)								
Adjusted enterprise value – (A) + (B)	7,236.7								

Enterprise Value of the Company (considering no extension) as per DCF is ₹7,236.7 mn

Valuation as per DCF Method considering extension by 4.1 years – Year end discounting

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)	(657.4)	(701.7)	(749.5)	(800.9)	(39.9)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4	11.3	33.7	33.0	10.7	-
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1	2,082.2	2,207.1	2,311.7	2,381.5	117.9
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)	(393.7)	(393.7)	(393.7)	(393.7)	-
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,987.8	117.9
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)	(2,046.1)	(2,156.3)	(2,271.1)	(2,378.7)	(118.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)	(357.6)	(342.9)	(353.0)	(390.9)	(0.4)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3	2,046.1	2,156.3	2,271.1	2,378.7	118.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(127.0)	-
Less: Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5	1,688.5	1,813.4	1,918.0	1,860.8	117.9
Discount rate (%)	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84
Present value factor- Year end discounting	0.95	0.86	0.77	0.70	0.63	0.57	0.51	0.46	0.42	0.38	0.34	0.31	0.28	0.27
Present value debt free cash flow	670.6	489.6	794.2	1,085.7	832.4	808.7	779.0	747.8	695.5	635.0	615.3	587.1	513.9	32.4
Enterprise value – (A)	9,287.2													
Working capital released at end of period	94.4													
Year end discount factor	0.27													
Working capital released at end of period (discounted) – (B)	25.9													
Adjusted enterprise value – (A) + (B)	9,313.2													

Enterprise Value of the Company (considering extension by 4.1 years) as per DCF is ₹9,313.2 mn

DCF Result

Valuation as per DCF Method considering no extension – Year end discounting

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29
Number of months	6	12	12	12	12	12	12	12	12
Net sales	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8
Operating expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)
Add: Interest on cash reserve	-	-	-	-	9.4	28.1	46.9	44.6	16.4
EBITDA - pre MMR provision	745.3	1,424.5	1,498.1	1,568.9	1,652.5	1,754.2	1,850.6	1,948.0	1,998.1
Less: Actual MMR provision	(207.7)	(630.7)	(470.7)	(12.3)	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)
EBITDA - post MMR provision	537.6	793.8	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)
EBIT	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Tax expense	-	-	-	-	-	-	-	-	-
Debt free net income	(320.2)	(572.0)	(412.5)	43.5	(267.6)	(251.4)	(238.1)	(242.3)	(279.8)
Add: Depreciation and amortisation	857.7	1,365.7	1,439.8	1,513.1	1,590.5	1,676.0	1,759.1	1,860.8	1,948.3
(Increase)/ Decrease in net working capital	168.4	(222.4)	0.0	(0.0)	(0.0)	0.0	(0.0)	0.0	(0.0)
Less: Capital expenditure	-	-	-	-	-	-	-	-	-
Debt free cash flow	706.0	571.4	1,027.3	1,556.6	1,322.9	1,424.6	1,521.0	1,618.4	1,668.5
Discount rate (%)	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84	10.84
Present value factor- Year end discounting	0.95	0.86	0.77	0.70	0.63	0.57	0.51	0.46	0.42
Present value debt free cash flow	670.6	489.6	794.2	1,085.7	832.4	808.7	779.0	747.8	695.5
Enterprise value – (A)	6,903.6								
Working capital released at end of period	(32.6)								
Year end discount factor	0.42								
Working capital released at end of period (discounted) – (B)	(13.6)								
Adjusted enterprise value – (A) + (B)	6,890.0								

Enterprise Value of the Company (considering no extension) as per DCF is ₹6,890.0 mn

5

Abbreviations

Abbreviations

₹	Indian rupee
AADT	Average annual daily traffic
CAGR	Compounded annual growth rate
Capex	Capital expenditure
CAPM	Capital asset pricing model
CCM method	Comparable companies' multiple method
COE	Cost of equity
COGS	Cost of goods sold
Covid	COVID-19 or sars-cov-2
CTM method	Comparable transactions' multiple method
CWIP	Capital work in progress
DCF method	Discounted cash flows method
DBFOT	Design, build, finance, operate, and transfer basis
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EV	Enterprise value
EY India	Ernst & Young Merchant Banking Services LLP
FY	Financial year ending 31 march every year
K	Thousand
LTM	Last twelve months
Management	References to 'Management' will refer to SHNTPL's management unless otherwise specified
MAT	Minimum alternate tax
Mn	Million
MRP	Market risk premium
N/a / NA	Not available
NAV	Net assets value
NCA	Net current assets

5 Abbreviations
Abbreviations

NFA	Net fixed assets
NM	Not meaningful
p.a.	Per annum
PAT	Profit after tax
PBT	Profit before tax
PNB	Punjab National Bank
SHNTPL	Surat Hazira NH-6 Tollway Private Limited
SoD	Statement of defense
SPV	Special purpose vehicle
Valuation Date	30 September 2020
WACC	Weighted average cost of capital
WPI	Wholesale price index
YoY	Year on year
YTM	Year to maturity

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Appendix

In this section	Page

Historical Financial Information

► The historical profit and loss statements of the Company as provided by the Management are summarised in the table below:

Currency: ₹ mn	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20	30-Sep-20
Audited/ Unaudited	Audited	Audited	Audited	Audited	Audited	Unaudited
Number of months	12	12	12	12	12	6
Net Revenues						
Revenue from operations	736.9	1,278.8	1,517.6	1,692.7	1,621.5	698.9
O & M support grant	332.3	558.3	590.4	606.6	454.3	-
Construction income	4,099.9	1,708.4	659.2	68.5	40.6	-
Net revenue	5,169.1	3,545.5	2,767.2	2,367.8	2,116.4	698.9
Construction cost	(4,099.9)	(1,708.4)	(659.2)	(68.5)	(40.6)	-
Employee benefit expenses	(50.9)	(85.1)	(88.3)	(95.2)	(99.8)	(41.6)
Operating expenses	(35.4)	(107.9)	(169.5)	(237.5)	(198.4)	(110.5)
Other expenses	(3.7)	(7.9)	(8.9)	(43.4)	(5.7)	(2.3)
Total expenses	(4,189.9)	(1,909.3)	(925.8)	(444.6)	(344.5)	(154.5)
Operating EBITDA - pre MMR	979.2	1,636.2	1,841.3	1,923.2	1,771.9	544.4
Provision for Major Maintenance of Roads	(148.7)	(277.6)	(302.6)	(18.2)	(19.9)	(10.8)
Operating EBITDA - post MMR	830.5	1,358.6	1,538.8	1,905.0	1,752.1	533.6
Depreciation and amortisation	(113.6)	(269.0)	(957.2)	(1,165.4)	(897.4)	(389.2)
EBIT	716.9	1,089.6	581.6	739.6	854.6	144.4
Finance costs	(957.4)	(2,100.5)	(2,713.6)	(2,225.6)	(2,271.1)	(1,173.7)
PBT	(240.6)	(1,010.9)	(2,132.0)	(1,486.0)	(1,416.5)	(1,029.3)
Other income	0.3	134.4	8.4	6.7	19.0	9.0
Extra-ordinary/non-recurring income/expenses	-	-	(0.1)	1,377.0	(1.0)	-
Tax						
PAT	(240.2)	(876.6)	(2,123.7)	(102.3)	(1,398.5)	(1,020.3)
Sales growth (%)	*n/a*	*-31.4*	*-22.0*	*-14.4*	*-10.6*	*n/a*
Sales growth (%) (w/o support grant and construction income)	*n/a*	*73.5*	*18.7*	*11.5*	*-4.2*	*n/a*
EBITDA margins - pre MMR (%)	*91.6*	*89.1*	*87.4*	*83.6*	*85.4*	*77.9*
EBITDA margins - post MMR (%)	*77.7*	*74.0*	*73.0*	*82.8*	*84.4*	*76.4*
EBIT margins (%)	*13.9*	*30.7*	*21.0*	*31.2*	*40.4*	*20.7*
PBT margins (%)	*-4.7*	*-28.5*	*-77.0*	*-62.8*	*-66.9*	*-147.3*
PAT margins (%)	*-4.6*	*-24.7*	*-76.7*	*-4.3*	*-66.1*	*-146.0*

Source: Management

Historical Financial Information

- The historical balance sheet of the Company is summarised in the table below:

Currency: ₹ mn	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20	30-Sep-20
Audited/ Unaudited	Audited	Audited	Audited	Audited	Audited	Unaudited
Number of months	12	12	12	12	12	12
Fixed assets						
Gross block	15,035.6	25,302.9	27,187.0	26,743.1	26,771.6	26,771.6
Less: depreciation	(115.0)	(384.2)	(1,341.8)	(2,507.2)	(3,400.7)	(3,790.0)
Net block (excluding CWIP)	14,920.6	24,918.7	25,845.2	24,235.9	23,370.9	22,981.6
Capital work in progress	10,305.8	1,809.0	1.3	-	-	-
Net block of fixed assets (NFA)	25,226.4	26,727.7	25,846.5	24,235.9	23,370.9	22,981.6
Current assets						
Receivables from NHAI	64.7	70.9	70.4	76.1	224.9	227.4
Cash and bank balances	127.2	207.7	100.8	722.5	748.4	251.5
Other financial assets (current tax asset)	-	-	69.2	70.8	35.0	1.7
Other current assets	98.7	103.3	24.7	33.2	40.3	136.5
	290.5	381.9	265.0	902.6	1,048.6	617.2
Current liabilities and provisions						
Trade payables	360.5	217.9	172.5	193.8	349.5	334.5
Provisions for MMR	148.7	439.7	781.8	870.4	968.6	1,023.0
Other provisions	17.3	18.7	18.8	22.5	20.5	19.7
Other current liabilities	411.3	420.3	599.9	184.2	3.1	1.6
	937.8	1,096.5	1,573.0	1,270.9	1,341.7	1,378.8
Net current assets (NCA)	(647.3)	(714.6)	(1,308.1)	(368.3)	(293.0)	(761.6)
Loan funds						
Borrowings (sustainable debt)	21,138.5	23,276.2	23,919.9	11,915.7	11,468.2	11,059.2
Right to recompense lenders	-	-	-	2,688.2	2,950.3	3,094.2
CRPS	-	-	-	7,244.8	7,933.1	8,309.9
NCD	-	-	-	1,000.4	1,095.5	1,147.5
Lease liabilities	-	-		-	8.6	7.3
	21,138.5	23,276.2	23,919.9	22,849.2	23,455.7	23,618.2
Net worth	3,440.6	2,736.9	618.5	1,018.5	(377.8)	(1,398.2)
Represented by						
Equity	368.7	385.7	385.7	885.7	885.7	885.7
Other equity	3,071.9	2,351.2	232.8	132.7	(1,263.6)	(2,283.9)
Total	3,440.6	2,736.9	618.5	1,018.5	(377.8)	(1,398.2)

Source: Management

► The forecast profit and loss statements of the Company as provided by the Management are summarised in the table below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Net Revenues														
Revenue from operations	963.8	1,821.0	1,904.9	2,002.2	2,101.8	2,209.0	2,319.9	2,438.8	2,553.3	2,684.2	2,814.9	2,964.9	3,102.1	153.7
Net revenue	963.8	1,821.0	1,904.9	2,002.2	2,101.8	2,209.0	2,319.9	2,438.8	2,553.3	2,684.2	2,814.9	2,964.9	3,102.1	153.7
Construction cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit expenses	(56.0)	(107.4)	(118.1)	(129.9)	(142.9)	(157.2)	(172.9)	(190.2)	(209.2)	(230.1)	(253.1)	(278.5)	(306.3)	(15.7)
Operating expenses	(162.5)	(286.7)	(301.0)	(316.0)	(331.8)	(348.4)	(365.8)	(384.1)	(403.3)	(423.5)	(444.7)	(466.9)	(490.3)	(24.0)
Other expenses	(0.1)	(2.5)	(2.6)	(2.8)	(2.9)	(3.1)	(3.2)	(3.4)	(3.5)	(3.7)	(3.9)	(4.1)	(4.3)	(0.2)
Total expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)	(657.4)	(701.7)	(749.5)	(800.9)	(39.9)
Operating EBITDA - pre MMR	745.3	1,424.5	1,483.2	1,553.5	1,624.1	1,700.4	1,777.9	1,861.1	1,937.2	2,026.8	2,113.1	2,215.4	2,301.2	113.8
Provision for Major Maintenance of Roads	(106.8)	(117.6)	(117.6)	-	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)	(393.7)	(393.7)	(393.7)	(393.7)	-
Operating EBITDA - post MMR	638.5	1,306.9	1,365.6	1,553.5	1,294.6	1,370.8	1,448.3	1,531.5	1,607.7	1,633.1	1,719.4	1,821.7	1,907.5	113.8
Depreciation and amortisation	(875.1)	(1,384.8)	(1,448.6)	(1,522.6)	(1,598.3)	(1,679.8)	(1,764.1)	(1,854.5)	(1,941.6)	(2,041.1)	(2,140.5)	(2,254.6)	(2,358.9)	(116.9)
EBIT	(236.7)	(77.9)	(83.0)	31.0	(303.7)	(309.0)	(315.8)	(323.0)	(334.0)	(408.0)	(421.1)	(432.9)	(451.4)	(3.1)
Finance costs	122.5	(991.2)	(904.1)	(786.1)	(632.8)	(440.8)	(177.0)	(0.9)	(0.3)	-	-	-	-	-
PBT	(114.2)	(1,069.1)	(987.1)	(755.1)	(936.5)	(749.8)	(492.8)	(323.9)	(334.3)	(408.0)	(421.1)	(432.9)	(451.4)	(3.1)
Other income	(9.0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax		-	-	-	-	-	-	-	-	-	-	-	-	-
PAT	(123.2)	(1,069.1)	(987.1)	(755.1)	(936.5)	(749.8)	(492.8)	(323.9)	(334.3)	(408.0)	(421.1)	(432.9)	(451.4)	(3.1)
Sales growth (%)	*na*	*9.5*	*4.6*	*5.1*	*5.0*	*5.1*	*5.0*	*5.1*	*4.7*	*5.1*	*4.9*	*5.3*	*4.6*	*na*
Sales growth (%) (w/o support grant and construction income)	*na*	*9.5*	*4.6*	*5.1*	*5.0*	*5.1*	*5.0*	*5.1*	*4.7*	*5.1*	*4.9*	*5.3*	*4.6*	*-95.0*
EBITDA margins -pre MMR (%)	*77.3*	*78.2*	*77.9*	*77.6*	*77.3*	*77.0*	*76.6*	*76.3*	*75.9*	*75.5*	*75.1*	*74.7*	*74.2*	*74.0*
EBITDA margins -post MMR (%)	*66.2*	*71.8*	*71.7*	*77.6*	*61.6*	*62.1*	*62.4*	*62.8*	*63.0*	*60.8*	*61.1*	*61.4*	*61.5*	*74.0*
EBIT margins (%)	*-24.6*	*-4.3*	*-4.4*	*1.5*	*-14.4*	*-14.0*	*-13.6*	*-13.2*	*-13.1*	*-15.2*	*-15.0*	*-14.6*	*-14.6*	*-2.0*
PBT margins (%)	*-11.8*	*-58.7*	*-51.8*	*-37.7*	*-44.6*	*-33.9*	*-21.2*	*-13.3*	*-13.1*	*-15.2*	*-15.0*	*-14.6*	*-14.6*	*-2.0*
PAT margins (%)	*-12.8*	*-58.7*	*-51.8*	*-37.7*	*-44.6*	*-33.9*	*-21.2*	*-13.3*	*-13.1*	*-15.2*	*-15.0*	*-14.6*	*-14.6*	*-2.0*

Source: Management

Prospective Financial Information

► The forecast balance sheet of the Company as provided by the Management is summarized in the table below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Fixed assets														
Gross block	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5	26,771.5
Less: depreciation	(4,665.1)	(6,049.9)	(7,498.4)	(9,021.0)	(10,619.3)	(12,299.1)	(14,063.2)	(15,917.8)	(17,859.4)	(19,900.5)	(22,041.1)	(24,295.7)	(26,654.6)	(26,771.5)
Net block of fixed assets (NFA)	22,106.4	20,721.6	19,273.1	17,750.5	16,152.2	14,472.4	12,708.3	10,853.7	8,912.1	6,871.0	4,730.4	2,475.8	116.9	-
Current assets														
Receivables from NHAI	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9
Cash and bank balances	373.8	(874.8)	(1,896.7)	(2,648.5)	(3,870.3)	(5,294.9)	(6,981.1)	(11,131.4)	(15,205.0)	(13,571.9)	(11,852.5)	(10,030.8)	(8,281.6)	(8,167.8)
Cash earmarked for major maintenance reserve	-	-	-	-	312.7	624.8	940.1	546.0	-	377.8	745.1	356.3	-	-
Other financial assets (current tax asset)	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
Other current assets	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1
	526.8	(721.8)	(1,743.7)	(2,495.5)	(3,404.6)	(4,517.1)	(5,888.0)	(10,432.4)	(15,052.0)	(13,041.2)	(10,954.4)	(9,521.5)	(8,128.6)	(8,014.8)
Current liabilities and provisions														
Payables to EPC contractors	349.4	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	-	-
Provisions for MMR	878.5	365.4	12.3	(0.0)	312.7	624.8	940.1	546.0	-	377.8	745.1	356.3	-	-
Other provisions	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5
Other current liabilities	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
	1,251.5	516.0	162.9	150.6	463.3	775.4	1,090.7	696.6	150.6	528.3	895.7	506.9	23.6	23.6
Net current assets (NCA)	(724.7)	(1,237.8)	(1,906.5)	(2,646.1)	(3,867.9)	(5,292.5)	(6,978.7)	(11,129.0)	(15,202.6)	(13,569.5)	(11,850.1)	(10,028.3)	(8,152.2)	(8,038.4)
Loan funds														
Borrowings (sustainable debt)	10,693.0	9,864.2	8,734.0	7,227.0	5,343.4	2,988.8	31.3	31.3	31.3	31.3	31.3	31.3	-	-
Right to recompense lenders	2,952.8	2,952.8	2,952.8	2,952.8	2,952.8	2,952.8	2,952.8	2,952.8	842.0	842.0	842.0	842.0	842.0	842.0
CRPS and NCDs	9,251.1	9,251.1	9,251.1	9,251.1	9,251.1	9,251.1	9,251.1	3,570.2	-	-	-	-	-	-
Lease liabilities	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
	22,903.0	22,074.2	20,944.0	19,437.0	17,553.4	15,198.8	12,241.3	6,560.4	879.4	879.4	879.4	879.4	848.1	848.1
Net worth	(1,521.3)	(2,590.4)	(3,577.5)	(4,332.6)	(5,269.1)	(6,019.0)	(6,511.7)	(6,835.6)	(7,169.9)	(7,578.0)	(7,999.1)	(8,432.0)	(8,883.4)	(8,886.5)
Represented by														
Equity	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7	885.7
Other equity	(2,407.0)	(3,476.1)	(4,463.2)	(5,218.3)	(6,154.8)	(6,904.6)	(7,397.4)	(7,721.3)	(8,055.6)	(8,463.7)	(8,884.8)	(9,317.7)	(9,769.1)	(9,772.2)
Total	(1,521.3)	(2,590.4)	(3,577.5)	(4,332.6)	(5,269.1)	(6,018.9)	(6,511.7)	(6,835.6)	(7,169.9)	(7,578.0)	(7,999.1)	(8,432.0)	(8,883.4)	(8,886.5)

Source: Management

Working Capital

► The projected working capital of the Company as provided by the Management is summarized below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Current assets														
Receivables from NHAI	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9	74.9
Other current assets	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1	43.1
	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0
Current liabilities and provisions														
Payables to EPC contractors	349.4	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	127.0	-	-
Other provisions	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5	20.5
Other current liabilities	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
	373.0	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	150.6	23.6	23.6
Net current assets (NCA)	(255.0)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	(32.6)	94.4	94.4

Source: Management

Prospective Financial Information

► The adjusted forecast profit and loss statements of the Company is summarised in the table below:

Currency: ₹ mn	Mar21	Mar22	Mar23	Mar24	Mar25	Mar26	Mar27	Mar28	Mar29	Mar30	Mar31	Mar32	Mar33	Mar34
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	6	12	12	12	12	12	12	12	12	12	12	12	12	0.5
Net Revenues														
Revenue from operations	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
Net revenue	963.8	1,821.0	1,919.8	2,017.6	2,120.7	2,234.8	2,345.6	2,481.1	2,597.8	2,728.3	2,875.1	3,028.2	3,171.7	157.8
Construction cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee benefit expenses	(56.0)	(107.4)	(118.1)	(129.9)	(142.9)	(157.2)	(172.9)	(190.2)	(209.2)	(230.1)	(253.1)	(278.5)	(306.3)	(15.7)
Operating expenses	(162.5)	(286.7)	(301.0)	(316.0)	(331.8)	(348.4)	(365.8)	(384.1)	(403.3)	(423.5)	(444.7)	(466.9)	(490.3)	(24.0)
Other expenses	(0.1)	(2.5)	(2.6)	(2.8)	(2.9)	(3.1)	(3.2)	(3.4)	(3.5)	(3.7)	(3.9)	(4.1)	(4.3)	(0.2)
Total expenses	(218.5)	(396.5)	(421.7)	(448.7)	(477.6)	(508.7)	(542.0)	(577.7)	(616.1)	(657.4)	(701.7)	(749.5)	(800.9)	(39.9)
Operating EBITDA - pre MMR	745.3	1,424.5	1,498.1	1,568.9	1,643.1	1,726.1	1,803.6	1,903.4	1,981.7	2,070.9	2,173.4	2,278.7	2,370.8	117.9
Provision for Major Maintenance of Roads	(106.8)	(117.6)	(117.6)	-	(329.6)	(329.6)	(329.6)	(329.6)	(329.6)	(393.7)	(393.7)	(393.7)	(393.7)	-
Operating EBITDA - post MMR	638.5	1,306.9	1,380.4	1,568.9	1,313.5	1,396.5	1,474.1	1,573.8	1,652.2	1,677.2	1,779.7	1,885.0	1,977.1	117.9
Depreciation and amortisation	(857.7)	(1,365.7)	(1,439.8)	(1,513.1)	(1,590.5)	(1,676.0)	(1,759.1)	(1,860.8)	(1,948.3)	(2,046.1)	(2,156.3)	(2,271.1)	(2,378.7)	(118.3)
EBIT	(219.3)	(58.8)	(59.3)	55.7	(277.0)	(279.5)	(285.1)	(286.9)	(296.1)	(368.9)	(376.6)	(386.1)	(401.6)	(0.4)
Finance costs	122.5	(991.2)	(904.1)	(786.1)	(632.8)	(440.8)	(177.0)	(0.9)	(0.3)	-	-	-	-	-
PBT	(96.8)	(1,050.0)	(963.4)	(730.4)	(909.8)	(720.3)	(462.1)	(287.8)	(296.4)	(368.9)	(376.6)	(386.1)	(401.6)	(0.4)
Other income	(9.0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax														
PAT	(105.8)	(1,050.0)	(963.4)	(730.4)	(909.8)	(720.3)	(462.1)	(287.8)	(296.4)	(368.9)	(376.6)	(386.1)	(401.6)	(0.4)
Sales growth (%)	*na*	*9.5*	*5.4*	*5.1*	*5.1*	*5.4*	*5.0*	*5.8*	*4.7*	*5.0*	*5.4*	*5.3*	*4.7*	*na*
Sales growth (%) (w/o support grant and construction income)	*na*	*9.5*	*5.4*	*5.1*	*5.1*	*5.4*	*5.0*	*5.8*	*4.7*	*5.0*	*5.4*	*5.3*	*4.7*	*-95.0*
EBITDA margins -pre MMR (%)	*77.3*	*78.2*	*78.0*	*77.8*	*77.5*	*77.2*	*76.9*	*76.7*	*76.3*	*75.9*	*75.6*	*75.2*	*74.7*	*74.7*
EBITDA margins -post MMR (%)	*66.2*	*71.8*	*71.9*	*77.8*	*61.9*	*62.5*	*62.8*	*63.4*	*63.6*	*61.5*	*61.9*	*62.2*	*62.3*	*74.7*
EBIT margins (%)	*-22.7*	*-3.2*	*-3.1*	*2.8*	*-13.1*	*-12.5*	*-12.2*	*-11.6*	*-11.4*	*-13.5*	*-13.1*	*-12.7*	*-12.7*	*-0.3*
PBT margins (%)	*-10.0*	*-57.7*	*-50.2*	*-36.2*	*-42.9*	*-32.2*	*-19.7*	*-11.6*	*-11.4*	*-13.5*	*-13.1*	*-12.7*	*-12.7*	*-0.3*
PAT margins (%)	*-11.0*	*-57.7*	*-50.2*	*-36.2*	*-42.9*	*-32.2*	*-19.7*	*-11.6*	*-11.4*	*-13.5*	*-13.1*	*-12.7*	*-12.7*	*-0.3*

Source: Management

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