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ENTERPRISE VALUATION REPORT

OF

M/S SURAT HAZIRA NH-6 TOLLWAY PRIVATE LIMITED

REGISTERED AT

5TH FLOOR, BLOCK-2, VATIKA BUSINESS PARK, SOHNA ROAD, SECTOR-49, GURUGRAM, HARYANA, 122101

REPORT PREPARED FOR

SBI, STRESSED ASSETS RESOLUTION GROUP, CORPORATE CENTRE, 21st FLOOR, MAKER TOWERS "E" CUFFE PARADE, MUMBAI - 400005

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Associates Valuers & Techno Engineering Consultants Pvt. Ltd.

PART A	INTRODUCTION

1. ABOUT THE REPORT:

Enterprise Valuation of M/s Surat Hazira NH-6 Tollway Private Limited (SHNTPL), a Special Purpose Vehicle (SPV) created as a Joint Venture (JV) by ROADIS group and Soma Enterprise Limited (SEL) for implementing Four-Laning of section of NH-6 in the state of Gujarat under NHDP Phase III on DBFOT basis.

2. BACKGROUND:

The Government of India had entrusted to the National Highway Authority of India the development, maintenance and management of National Highway-6 including the section from km 103.000 to km 29.100. The Authority had resolved to augment the existing road from km 103.000 to km 29.100 on the Gujarat / Maharashtra Border – Surat - Hazira section of NH-6 in the State of Gujarat by Four- Laning on design, build, finance, operate and transfer ("DBFOT") basis in accordance with the terms and conditions of Concession Agreement.

The Authority invited proposals and allotted the Project to the consortium comprising ROADIS Concessions S.L.U and Soma Enterprises Limited on the basis of lowest Grant Quote of Rs. 556.00 Cr (Rs. 301.82 Cr. has been availed during construction period and balance Rs. 254.18 Cr is being availed during operations).

The Letter of Award was issued to the Sponsors on February 18, 2009. Subsequently, CA was signed on May 18, 2009 for a period of 19 years from Appointed Date (March 30, 2010) including construction period of 910 day. The Appointment Date as per the terms of CA was declared on Mar 30, 2010 by the Authority due to delay in clearance from MOEF attributable to NHAI.

Accordingly, the Sponsors incorporated a Special Purpose Vehicle ("SPV") Soma Isolux Surat Hazira Tollway Private Limited for implementing the project, the name of the SPV was changed to Surat Hazira NH-6 Tollway Private Limited in 2016 due to change in ownership. Soma and its group companies hold 50% stake in the SPV, the remaining 50% is held by ROADIS and its group companies.

As per concession agreement, the Project involved Four-Laning of carriageway of Surat Hazira section of NH-6 from km 103.000 to km 29.100 admeasuring approximately 131.50 km (original length was 132.913 km out of which 1.363 km was de-scoped as per Independent Engineer (IE) letter dated December 17, 2013) and operation & maintenance of the above stretch of road till the Transfer Date (transfer the project highway upon termination of CA).

In consideration of the development of Project, the Concessionaire is entitled to collect toll on the Project Highway from Commercial Operation Date (COD) till Transfer Date in accordance with the CA and National Highways Fee (Determination of Rates and Collection) Rules, 2008 (the "Fee Rules").

Below table shows the milestones of the company:

S.No.	MILESTONE	DATE	COMMENTS
1	Letter of Award	Feb. 18, 2009	-
2	Concession Signed	May 18, 2009	-
3	Financial Closure	Nov. 14, 2009	-
4	Appointed Date	March 30, 2010	NHAI vide their letter NHAI/PIU Surat/41/16989 dated April 3rd 2010 referring to the four-laning of Gujarat/Maharashtra Border-Surat-Hazira Port of NH-6 in the state of Gujarat under NHDP Phase-III set the appointed date of the project to be March 30th 2010
5	Schedule COD	Sep.25, 2012	-
6	PCOD	August 19, 2015	Tolling commenced for 117.40 km (~89% of total length of 131.50 km) w.e.f. August 21, 2015 with issuance of Provisional Certificate of Completion by NHAI's Independent Engineer ('IE'), Sheladia Associates Inc., vide Letter No. 5406/NHAI/6003 dated August 19, 2015.
7	DCCO achieved	April 30, 2016	Certificate declaring achievement of DCCO as on April 30, 2016 was issued by NHAI's IE, Frischmann Prabhu, vide letter no. FPI/SH/NH-6/SPV/147 dated June 9, 2016.
8	Completion for 11.60 Km	October 5, 2016	Company further completed 11.60 km stretch and received approval from IE vide letter no. FPI/SH/NH- 6/NHAI/480 dated October 07, 2016. Tolling for 11.60 Km started from December 04, 2016 onwards. Since then, tolling is being carried for 129.00 km of project highway

S.No.	MILESTONE	DATE	COMMENTS
9	Completion for 2.5 Km	March 29,2018	Provisional Certificate of Completion by NHAI's Independent Engineer vide Letter No. 5406/NHAI/6003 dated March 29, 2018 FPOM/165003/PVK/15A to start the tolling for balance stretch. Tolling of complete highway, 131.5 Km started from 1st April 2018.

Thus, tolling for total length of 131.50 KM has been started from 1st April, 2018 as the company has achieved the COD as on 29th March 2018 and collecting the toll of complete highway via two toll plazas.

Below table shows the historical financial performance of the company from FY 2018-19 to FY 2021-22:

(Figures in INR Crores)

Particular	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
Total Income	230.60	209.48	171.21	186.00
Less: Operating Expenses	39.43	32.47	50.85	66.46
EBITDA	**191.17**	**177.01**	**120.36**	**119.54**
Less: Depreciation	116.53	89.74	117.79	87.74
EBIT	**74.64**	**87.27**	**2.57**	**31.81**
Less: Unwinding Cost (IND-AS Entry)	101.88	112.96	413.87	87.00
Less: Finance Cost	120.68	114.15	106.12	96.03
PBT	**-147.92**	**-139.84**	**-517.42**	**-151.22**
Less: IT Payable	0.00	0.00	0.00	0.00
Less: Exceptional Item	137.69	0.00	0.00	0.00
PAT	**-10.23**	**-139.84**	**-517.42**	**-151.22**
Net Profit Margin	-4.44%	*-66.76%*	*-302.22%*	*-81.30%*
EBITDA Margin	*82.90%*	*84.50%*	*70.30%*	*64.27%*
EBIT Margin	*32.37%*	*41.66%*	*1.50%*	*17.10%*
Revenue Growth % (YOY)		*-9.16%*	*-18.27%*	*8.64%*

As per the historical analysis, it is observed that EBITDA Margin of the company is declining continuously from 82.90% in FY 2019 to 64.27% in FY 2022.

EBIT Margin was positive throughout FY 2019 to FY 2022, while in FY 2020, it increased to 41.66% from 32.37% in FY 2019, it falls to 1.50% in FY 2021 and again rose up to 17.10% in FY 2022.

Even though users have started using the highway from December-2013 onwards, NHAI delayed the process of awarding PCOD and Tolling finally commenced on 19th Aug 2015 for 117.40 km post intervention of Hon'ble Delhi High Court. Project achieved full COD on 1st April 2018 for total length of 131.5 km.

The Project got delayed due to the non-availability of land for construction, specifically in the new bypasses (Bardoli, Bajipura and Vyara) and the utility shifting in Hazira Industrial Area due to dense network of gas and other utility pipe lines. Project Cost was increased by 34% (Rs. 818 Cr) due to delays, primarily because of increase in Interest during construction (IDC) by 300% (Rs. 642 Cr) and EPC & other cost by 8% (Rs. 177 Cr).

The Company is facing financial stress due to various reasons such as lower toll collection (actual toll collection in FY 19 and FY 20 is 16.52% and 27.35% respectively lower than the Resolution Plan's projected revenue) and increase in Project Cost due to delay in implementation on account of reasons beyond the control of concessionaire. The company is announced as NPA since 2018.

Hence, State Bank of India, SARG has appointed R. K Associates to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this stressed account.

3. **TYPE OF REPORT:** Enterprise Valuation of M/s Surat-Hazira NH-6 Tollway Private Limited.

4. **PURPOSE OF THE REPORT:** To estimate & determine current Fair Enterprise Value of the SPV Company to enable the lenders to evaluate the further course of action on this account.

5. **SCOPE OF THE REPORT:** To estimate & determine current Enterprise Value of the Company based on Income based approach (Discounted Cash Flow method).

   - ***This is just the enterprise valuation of the project based on its income generating capacity/ projections in future years. This Valuation shall not be construed as the physical asset valuation or should be directly related to cost approach or Project cost.***

- ***This Valuation only covers the cash flow generated from 131.50 KM toll project of the Company. It does not cover any transaction with the subject company's subsidiary/ associate/ Joint Venture Companies.***
- ***This Enterprise Valuation report doesn't cover vetting of the documents/ financial data/ projections or any other information provided to us by the Bank.***
- ***It doesn't contain the principles of physical asset valuation and is not based on the site inspection of the project.***
- ***This exercise is neither an audit activity nor investigative in nature. We have relied on the data provided by the Bank and the Company in good faith.***
- ***The Market and Industrial assessment of the given company's industry has not been done at our end. So, this valuation doesn't cover the Market & industrial scenario in terms of the product demand & market potential.***

6. DOCUMENTS / DATA REFFERED:

- Last four year's audited Financial Statements of the company.
- Financial Model of the company
- Concessionaire agreement.
- Details of Outstanding Debt of M/s SHNTPL
- Details of Directors and Shareholding Pattern.
- LIE Quarterly Progress Report for Jan.-March 2022 Quarter.
- Revised Validation of Toll fee for Financial Year 2022-23.
- Penalty imposed by NHAI on the Company against de-scoped works and imposed damages.
- Consortium Meeting minutes, dated 25th March 2022 & 28th June 2022.

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PART B	PROJECT COMPANY

1. **BRIEF DESCRIPTION ABOUT THE COMPANY:** The Sponsors and their respective group companies incorporated an SPV in the name of Surat Hazira NH-6 Tollway Private Limited ("SHNTPL") for implementing Four-Laning of section of NH-6 in the state of Gujarat under NHDP Phase III on DBFOT basis. Below table shows the incorporation details of the company:

INCORPORATION DETAILS	
COMPANY NAME	Surat Hazira NH-6 Tollway Pvt. Ltd. (SHNTPL)
CORPORATE IDENTITY NUMBER	U45206HR2009PTC039059
INCORPORATION DATE	May 5, 2009
CONSTITUTION	Private Limited Company/Company limited by Shares
SECTOR	Infrastructure - Roads & Highways
REGISTERED / CORPORATE OFFICE ADDRESS	5th Floor, Block-2, Vatika Business Park, Sohna Road, Sector-49, Gurugram, Haryana, 122101
AUTHORIZED SHARE CAPITAL	INR 1086,93,00,000/-
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	INR 1086,90,30,000/-

Source: http://www.mca.gov.in/

2. **DETAIL OF PROMOTERS/DIRECTORS:** As per information provided by the company/client, below table shows the details of directors/promoters of the company along with their DIN details, Academic background and working experience:

List of Directors of M/s SHNTPL

S.No.	NAME	DIN/DOA	DESIGNATION	EDUCATION	EXPERIENCE
1.	PENTRALA SUBBARAO	000195134 3/4th March 2015	Director/Soma	M.S. from BITS Pilani and B.E. - Civil from University of Pune.	Total Experience of over 29 years and associated with Soma Enterprise Limited since 1997. He is involved in Tendering, Contract Management and Execution of the Projects in various capacities.
2	MARIA ESTHER AYUSO GIL	000218981 1/6th	Director/ROADIS	N/A	As per the information provided by the client/company, she has previously led the India

		February 2015			Concessions' Division of Grupo Isolux Corsan since 2008. She has over 10 years of experience in implementing, executing and tendering infrastructure concession projects. She joined Isolux from OHL Concesiones, where she was working as Project Manager for different international concession infrastructures tenders.
3	RAMACHANDRA RAO PATRI	0002336617/ 5th May 2009	Director/Soma	B. Tech in Civil Engineering	As per information provided by the company/client, he currently holds the position of Vice President in Soma Enterprise Ltd. He has been involved in business development, contract management and construction management for highway projects.
4	JOSE RAMON BALLESTEROS MARTINEZ	0008068661/15th February 2018	Director/ ROADIS	PhD in Civil Engineering at the Madrid Polytechnic University and a Bachelor degree in Business and Management	As per the information provided by the client/company, his professional career was built on the concession field (Public-Private Partnership), assuming different responsibilities both in the technical and operating area and in the area of financing and assets management. He was CEO at Sociedad Concesionaria Autovía A-4 Madrid S.A., member of the Board of Directors of several projects and he was CEO of I-69 Development Partners LLC concession in Indiana, USA, as well as Director of ROADIS USA.

3. **SNAPSHOT OF OUTSTANDING DEBT OF THE COMPANY:** As per information provided by the company/client, the banking arrangement of SHNTPL as on June 30, 2022 is as provided below:

(Figures in INR Crores)

BANKS/FI	% EXPOSURE	PRINCIPAL OUTSTANDING					INTEREST OVERDUE
		TOTAL TL - PART A	PART-A REPAID	PART-A O/S	CRPS/ NCD	TOTAL DEBT O/S (A)	
ARCIL	53.99%	677.62	147.35	530.27	613.08	1,143.35	8.89
PNB	22.01%	276.42	60.4	216.02	250.09	466.11	3.62
SBI	15.73%	197.91	43.94	153.97	179.06	333.03	2.58
UCO Bank	8.28%	103.85	22.55	81.3	93.96	175.26	1.36
Total	**100.00%**	**1,255.80**	**274.25**	**981.55**	**1,136.19**	**2,117.74**	**16.46**

In Dec-2019 & Dec-2020, Bank of Baroda (with e-Dena Bank) and Central Bank of India have assigned their exposure to ARCIL. In consortium meeting dated 17th May 2021, Lender's post exploring all the options, unanimously agreed to take up the offer of ARCIL (i.e., 40% of total debt o/s as on 30th Sep 2020) subject to ARCIL increasing the offer substantially. In the same meeting, E&Y and Crisil have submitted the Enterprise Valuation Report amounting to Rs. 971 Crore & Rs. 913 Crore respectively @ WACC of 11. In Sep-2021, Oct-2021 & Mar-2022, Indian Overseas Bank, IIFCL & Union Bank have assigned their exposure to ARCIL with summary of assignment till date as under:

(Figures in INR Crores)

Lender	% Share in Consortium	Cut Off Date	Principal O/s	% Offer	Payment	Pay Month
BoB & Dena	12.34%	30-Nov-19	284.30	40.00%	113.75	Jan-2020
CBI	8.27%	01-Dec-20	192.37	35.43%	68.16	Jan-2021
IOB	6.07%	30-Jun-21	131.74	43.00%	56.65	Sep-2021
IIFCL	12.13%	31-Aug-21	265.58	43.00%	114.20	Oct-2021
Union Bank	15.15%	31-Dec-21	325.89	46.00%	150.00	Mar-2022
Total	**54.00%**		**1199.88**	**41.90%**	**502.76**	

4. **CAPITAL STRUCTURE:** As per information available on MCA, the company is having an authorized share capital is INR 1086,93,00,000 and its paid-up capital is INR 1086,90,30,000.

5. **SHAREHOLDING PATTERN:** The shareholding pattern of SHNTPL as on 30 June, 2022 is provided below:

S. NO.	SHAREHOLDER'S NAME	NO. OF SHARES	(%)
1	Indus Concessions India Pvt. Ltd.	59,257,462	66.90
2	Roadis Concessions S.L.U.	10,029,038	11.32
3	Soma Enterprise Limited	11,126,260	12.56
4	Soma Tollways Pvt. Ltd.	8,160,240	9.21
	Total	**88,573,000**	**100%**

6. **CURRENT STATUS OF THE PROJECT:** Financial closure of the project was achieved on November 14, 2009. At the time of Financial Closure, the cost of the project was estimated at Rs. 2,418.65 Cr, which was proposed to be financed by Sponsors' Contribution of Rs. 604.65 Cr (including NHAI grant during construction period) and Rupee Term Loan facility of Rs. 1,814.00 Cr i.e., debt to equity ratio of 3:1. The Rupee Term Loan facility of Rs. 1,814.00 Cr was tied up under consortium lending through signing of Common Loan Agreement (CLA) with OBC as the lead bank. The scheduled COD of the Project was May 13, 2012.

   Tolling commenced for 117.40 km (~89% of total length of 131.50 km) w.e.f. August 21, 2015 with issuance of Provisional Certificate of Completion by NHAI's Independent Engineer (IE) vide Letter No. 5406/NHAI/6003 dated August 19, 2015. Subsequently, certificate declaring achievement of DCCO as on April 30, 2016 was issued by IE vide letter no. FPI/SH/NH-6/SPV/147 dated June 30, 2016. As per the CA, Company further completed 11.60 km stretch and started collecting toll for 129.00 (~98% of 131.50 km) from December 4, 2016 onwards after approval from IE vide letter no. FPI/165003/PVK/03A dated October 5, 2016.

   Company has already completed balance length of 2.50 km and has received Provisional Certificate of Completion by NHAI's Independent Engineer vide Letter No. 5406/NHAI/6003 dated March 29, 2018 FPOM/165003/PVK/15A to start the tolling for balance stretch. Thus, tolling for total length of 131.50 KM has been started from 1st April, 2018.

   Tolling for total length of 131.50 KM has been started from 1st April, 2018 as the company has achieved the COD as on 29th March 2018 and collecting the toll of complete highway via two toll plazas (Mandal & Bhatia).

7. **REASON FOR FINANCIAL STRESS:** Due to various external factors like delay in declaration of appointed date and delay on part of NHAI in meeting Concession Agreement obligations viz. Right of Way, shifting of utilities etc., the DCCO had to be extended three times during various stages of construction phase. Accordingly, the Common Loan Agreement (CLA) was revised to incorporate revision in DCCO, revised Project Cost and other relevant terms. The summary of CLA amendments during construction phase is as follows:

(Figures are in INR Crores)

Project Cost	Financial Closure	1st Supplementary CLA	2nd Supplementary CLA	3rd Supplementary CLA
DCCO/ SCOD	13-May-12	1-Jan-14	31-Mar-15	30-Apr-16
Repayment Start Date	31-Dec-12	30-Jun-14	30-Sep-15	30-Sep-16
Repayment End Date	30-Sep-24	30-Sep-24	31-Mar-25	30-Sep-27
EPC cost	2,088	2,017	2,017	2,200
IDC	213	389	597	855
NON-EPC Cost	119	155	169	183
Total Project Cost	2,420	2,561	2,783	3,238
Project Debt	1814	1814	2085	2400
Sponsors' Contribution	303	303	343	368
NHAI Grant	302	302	302	302
Toll Revenue during Construction	0	142	53	168
Total Project Cost	**2,420.00**	**2,561.00**	**2,783.00**	**3,238.00**

Overall increase in cost post third supplementary CLA was Rs. 818.00 Cr (Hard Cost Rs. 176.00 Cr and IDC Rs. 642.00 Cr).

Even though users have started using the project from December-2013 onwards, NHAI delayed the process of awarding PCOD and Tolling finally commenced on 19th Aug 2015 for 117.40 km post intervention of Hon'ble Delhi High Court. Project achieved full COD on 1st April 2018 for total length of 131.5 km.

The Company has been facing financial stress for various listed reasons:

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a) Actual toll collection in FY 19 and FY 20 is 16.52% and 27.35% respectively lower than the Resolution Plan's projected revenue.

b) Increase in Project Cost due to delay in implementation on account of reasons beyond the control of concessionaire. The Project got delayed due to the non-availability of land for construction, specifically in the new bypasses (Bardoli, Bajipura and Vyara) and the utility shifting in Hazira Industrial Area due to dense network of gas and other utility pipe lines. Due to delays, Project Cost increased by 34% (Rs. 818 Cr), primarily because of increase in IDC by 300% (Rs. 642 Cr) and EPC & other cost by 8% (Rs. 177 Cr).

(INR Crores)	FC	R1	R2	R3	COD	Incr.	% Incr.
	Est.	Est.	Est.	Est.	Actual	Act Vs FC	Act Vs FC
DCCO / SCOD	13/05/12	01/01/14	31/03/15	30/04/16	01/04/18	Absolute	%
EPC & Non-EPC Cost	2,207	2,172	2,186	2,383	2,225	18	**1%**
IDC	213	389	597	855	842	629	**296%**
Total	**2,419**	**2,561**	**2,783**	**3,238**	**3,067**	**648**	**27%**
Promoters' Equity	303	303	343	368	385*	82	**27%**
NHAI Grant	302	302	302	302	302	-	-
Toll for Capex	-	142	53	168	62	62	**NA**
Loans	1,814	1,814	2,085	2,400	2,318	504	**28%**

**Over & above Rs. 385 Crore, Promoters have infused Rs. 50 Crore during implementation of RP*

It's clear from the table above that the entire increase in Total Project Cost is on account of increase in IDC. Due to delay in signing of State Support Agreement, project witnessed traffic leakage due to up-gradation / revamping of adjoining roads under state government jurisdiction mainly near Icchapore, Bardoli and Ukai junction.

The associated increase in debt to fund the increase in project cost led to additional burden on project cash flows.

c) **Toll Leakage:** Project has three major leakage points, two for Bhatia Toll Plaza and one for Mandal toll plaza. There is no change in the status since last quarter.

(i) **Leakage at Bhatia toll Plaza**: At Ichchapur (Km 116) ROB cum Flyover was constructed. As per provisions of CA and Railway norms, level crossings to be closed after construction of ROB. District Administration and PD, NHAI have consented jointly for closure of level crossing but till date this level crossing is still functioning for reasons beyond the control of SPV and as a result a lot of traffic escapes/takes this alternate route.

(ii) **Detour from Sachin to Navsari (at Km 96+240)**: Earlier this road was meant for local light vehicles and not for heavy vehicles. This road was subsequently developed/upgraded by State Government. Now, traffic from Hazira using this detour as escape route to evade Toll fee at Bhatia Toll Plaza.

(iii) **Leakage at Mandal Toll Plaza**: ***Detour at Songadh (Km 18+638)***: Earlier Songadh-Ukai Road was meant for movement of light vehicles. It was widened by State Government. Now, traffic from Maharashtra travels through the Project stretch till Songadh flyover and thereafter uses this detour thereby evading payment of Toll fee at Mandal Plaza.

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 was 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. The leakage at Icchapore was to be plugged by construction of Ramp at Icchapore under Change of Scope from NHAI.

d) 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. 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.

The Company is facing financial stress due to various reasons such as lower toll collection, increase in Project Cost due to delay in implementation on account of reasons beyond the control of concessionaire and toll leakages. The company is announced as NPA since 2018.

Hence, State Bank of India, SARG has appointed R. K Associates to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this stressed account.

PART C — THE PROJECT

1. **SCOPE OF PROJECT:** The scope of the Project (the "Scope of the Project") as per the resolution plan, Concession Agreement shall mean and include the following, during the Concession Period:

   a) Construction of the Project Highway together with provision of project facilities in conformity with the specifications and standards as set forth in CA.

   b) Operation and maintenance of the Project Highway in accordance with the provisions of the CA; and

   c) Performance and fulfillment of all other obligations of the Concessionaire in accordance with the provisions of the CA and necessary for the performance of any or all of the obligations of the Concessionaire under the CA.

2. **PROJECT STRETCH DETAILS AND LOCATION**: The site for four laning of NH-6 starts from Chainage km 103+000 (at Gujarat/Maharashtra border) of Surat-Gujarat/Maharashtra border section of NH-6 and goes up to Chainage km 29+100 (at a distance of 1.1 Km from the junction at Km 28+00 near Gate of Hazira Village on existing Hazira village bypass road) of Surat-Hazira Port section of NH-6 of Gujarat. The length of the Project is ~131.50 km. The Project Highway forms part of the road stretch which connects Gujarat/ Maharashtra Border –Surat – Hazira port section in the State of Gujarat under NHDP Phase III, as is being developed through Public Private Partnership (PPP) on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The main towns and villages falling under the Project Highway are Uchchhal, Songarh, Vyara, Bardoli, Palsana, Sachin, Magdalla and Ichhapore. The Project Highway lies within the Surat and Tapi districts of Gujarat as indicated in Project Map below.

3. **SALIENT FEATURES OF THE PROJECT:** For execution, the project road has been divided in two packages by the concessionaire. Salient features of the project road in both the packages are given below:

PARTICULARS	SOMA PACKAGE (B)	ISOLUX PACKAGE (A)	TOTAL (A + B)
LENGTH	75+930 KM	55+570 KM	132.913 KM
Carriageway	Two carriage way of 9 m paved width each (including 1.5 m paved shoulder) with 1.2 m to 4.5 m wide median in urban/rural areas as per site conditions and 2.0 m wide earthen shoulder.		
Service Roads (both sides)	29.07 km	50.30 km	79.373 km
Major Bridges	02 - New constructions	03 - Rehabilitation, 01 - New construction	03 - Rehabilitation, 03 - New construction
Minor Bridges	20 - New construction	11 - New construction 1 - Widening	32 Nos
Road Over Bridge (ROB)	03 - New constructions	03 - New constructions	06 - New Constructions
Flyovers	05 - New constructions	04 - New constructions	09 - New Constructions
Vehicular Underpass (VUP)	18 - New constructions	07 - New constructions	25 - New constructions
Pedestrian/ Cattle Underpass	11 - New constructions	02 - New constructions	13 - New Constructions
Culverts	142 Nos	113 Nos	225 Nos
Truck lay-byes	01 on both sides	01 on both sides	02 on both sides
Bus bays & Bus shelters	1 Nos on both sides	1 no. on both sides	2 Nos
Toll Plaza	01- km 28+500	01 - km 89+850	02 Nos

4. **PROJECT FACILITIES:** The Concessionaire has provided Project facilities in accordance with the provisions of the CA to form part of the 4-lane Project Highway. Such Project facilities have been completed. It includes two toll plazas at design Ch. km 28+500 near Vyara (km 74+800 of existing NH-6 from 'zero chainage' at Surat) and design Ch. km 89+400 between Palsana and Sachin (km 5+450 of SH-168 from 'zero chainage' at Palsana).

Each toll plaza is provided with rest area including toilets and drinking water facilities. Roadside furniture, street lightning, pedestrian facilities, landscaping and plantation have been provided in accordance with Manual of Specifications and Standard.

Truck lay-bys are constructed one on either side of road at design chainage km 15+100 at Chacharbunda near Songadh (On both sides of NH-6) and at design chainage km 93+650 near Sachin (on both sides) in accordance with the Manual of Specifications and Standards.

5. **PERIOD OF CONCESSIONAIRE AGREEMENT:** 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 which was also recommended in the IE Letter No. MSV-AV/NH53/SHP/2020/480 dated 31st July 2020. Covid-19 relief extension awarded in concession period by 90 days.

Accordingly, the projections are prepared till 31st March 2033, including a total of 3.8 years of extension period.

In the consortium meeting dated 28th June 2022, it was informed that in March 2021, the arbitration tribunal awarded extension in concession period by 959 days. However, both NHAI and company have challenged the award in Hon'ble Delhi High Court. Last Hearing was held on 12th July 2022. Next hearing on this matter is scheduled on 19th October, 2022. This period extension has not been considered in the projections.

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PART D	ASSESSMENT OF INFRASTRUCTURE SECTOR

1. **INTRODUCTION:** Road infrastructure is the backbone of the Indian economy. Roads and highways form one of the core areas under the infrastructure sector. The Government has been taking measured efforts in providing more efficient transportation, for which they have significantly stepped up the highway development and road building program.

The Government's thrust on the infrastructure sector has remained strong in the Union Budget 2022-23. The revised estimate total capital outlay for the year 2021-22 planned by the Ministry of Road Transport and Highways stands at approximately INR 1.27 Lakh Crores which is higher by 35% as compared to the previous year's actual capital outlay of INR 0.89 Lakh Crores. In 2022-23, the Ministry of Road Transport and Highways has been allocated nearly INR 68,000 crore more than the revised expenditure in 2021-22. In absolute terms, this is the highest increase (from revised estimates of 2021-22) among all ministries in 2022-23. Nearly all of this additional allocation has been earmarked for investment in NHAI. After many years, NHAI will not have any borrowings, and rely entirely on budgetary resources. As of November 2021, NHAI's total debt stood at INR 3.38 lakh crore. This is nearly 150% more than the allocation to NHAI in 2022-23.

The total expenditure on the Ministry of Road Transport and Highways for 2022-23 is estimated at INR 1,99,108 crore. This is 52% higher than the revised estimates for 2021-22. In 2022-23, capital expenditure is estimated at INR 1,87,744 crore while revenue expenditure is estimated at INR 11,364 crore. Since 2015-16, the share of capital expenditure of the Ministry has increased significantly, while revenue expenditure has gradually declined. In 2022-23, 94% of the Ministry's spending is estimated to be on capital expenditure.

In the Union Budget 2022-23, the government allocated INR 64,573 crores towards Roads & Bridges and INR 1,34,015 crores towards NHAI. The Government has also announced the Bharatmala Pariyojana Scheme Phase I with an investment of INR 5.35 lakh crores for development National Highways totaling to 34,800 kms over a period of 5 years ending in 2021-22. The project will be taken up by the ministry in two phases of 34,800 kilometer (including 10,000 km residual NHDP stretches) and 30,187 km each. Further, the MoRTH announced that it achieved a milestone by constructing 13,298 km of National Highways, with construction of 37 km per day in FY21. As of December 2021, road projects with an aggregate length of 19,926 km, and costing INR 5.98 lakh crore have been approved under Bharatmala Pariyojana Phase-I. Of this, road length of 6,976 km has already been completed. This corresponds to 35% of the approved project length.

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In order to provide a boost to infrastructure development and enable it to overcome the impact of COVID-19 pandemic, Ministry placed the highest ever target of 12,000 km for award and 12,000 km for construction for the year 2021-22. Overall, road projects exceeding 64,000 km in length, costing more than INR 11 lakh crore, are in progress out of which work in respect of projects of more than 40,000 km length has been completed and in balance length of more than 24,000 km works are in progress.

The road ministry has recorded highest ever awarding of 17,055 km in Financial Year 2018 which grew by 7% over Financial Year 2017. Out of these, NHAI has awarded 7,396 km in Financial Year 2018 which is 72% higher over the previous year and MoRTH has awarded 9,659 km in Financial Year 2018 which is drop of 17% over the previous year. Out of the total awarded projects worth INR 1,220 billion by NHAI in Financial Year 2018, INR 765 billion has been awarded on HAM mode (63%), INR 427 billion on EPC mode (35%) and remaining on BOT mode (2%). The awarding of contracts led by HAM and toll-operate-transfer models is expected to continue given the announcement and subsequent implementation of the Bharatmala project.

Road construction touched a high of 9,829 km in Financial Year 2018 indicating a growth of 19% over the previous year, out of which NHAI has constructed 3,071 km which is 17% higher over the previous year and MORTH has constructed 6,758 km in Financial Year 2018 which is higher by 21% over the previous year.

In August 2021, the central government unveiled the National Asset Monetization Pipeline (NMP). The NMP aims to monetize core brownfield infrastructure assets (such as roads, rail, ports, power transmission lines) to mobilize INR 5.97 lakh crore from 2021-25. The central government targets monetizing 26,700 km of roads, with a potential revenue of INR 1.60 lakh crore (27% of the total potential monetization value). Only NHs with four lanes and above have been considered for asset monetization. As of February 2022, 20 stretches (1,407 km) have already been monetized through TOT mode in four Bundles. A sum of INR 15,703 crore has already been realized and remitted to the Consolidated Fund of India.

Planning Commission came out with a set of factors to identify sectors that can be classified under the broader infrastructure sector. Natural monopoly, high investment and high level of government regulations were few of the factors that were considered. Based on these factors Power, Roads, Railways, Ports, Airports, and Telecom have been grouped under infrastructure sector.

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OVERVIEW OF INDIAN INFRASTRUCTURE SECTOR: KEY HIGHLIGHTS	
Power	• Third largest electricity generation country in the world. • Public sector companies and State electricity boards dominate both generation and T&D sectors. • 3.2% peak deficit in FY 2017-18 against 10.6% in FY2012.
Roads (Road & Bridges)	• With 64 Lakhs Km roads India has second largest road network in the world comprising of National Highway, Expressways, State Highways, District Roads, PWD Roads and Project Roads. • Road traffic share in total traffic movement of rail & road account for 64.5% of freight and 85.9% of passenger traffic. • National Highways accounts for about 2% of total road network but carries 40% of traffic.
Railways	• Fourth largest rail network in the world • Rail network in the country spans 117,996 Kms of tracks over a route of 66,030 Km making it one of the largest rail networks in Asia. • It is also one of the busiest networks in the world with 22,300 trains running daily. • Low average speeds (Freight - 25.9 kmph: Mail/ Express – 50.6 kmph). Target to increase average speed of freight trains to 50 kmph and Mail/Express trains to 80 kmph by 2020. • Targets to complete Eastern and Western Dedicated Freight Corridors by the end of Dec 2019.
Ports	• 12 major ports and over 205 notified minor ports along a coastline spanning over 7,517 kms. • Over 90% of total trade in volume terms and 70% of total trade in value terms in the country is handled by ports.
Airports	• Indian aviation sector comprises of over 449 airports and airstrips out of which 125 are owned and operated by Airport Authority of India. • Key Challenges include inadequate capacity in Runways & Aircraft handling and Congestion in Parking Space and Terminal Buildings

Telecom	• Second largest telecom market in the world after China in terms of subscriber base. • Around 1058. 86 Mn subscribers, with a tele density of 83.36%. • Private operators dominate the sector with ~89.78% market share. • Broadband to all villages by 2022 under which 250,000 Gram Panchayats are planned to be connected. • Wi-Fi connectivity to major tourist places and cities.

2. EPC Industry Overview

- With the rapid increase in quantum of projects being announced and complexities in the scope of work, the responsibility of successful project execution has shifted from project owner/developer to EPC contractors.
- Engineering, Procurement and Construction (EPC) is a contract under which the project is executed under a single point responsibility of a contractor. It is also known as a Lump sum Turnkey (LSTK) contract.
- Under EPC contract, a contractor undertakes activities like conceptualizing, designing, procuring equipment and engineering services from various sources for construction, installation and commissioning of the project or plant. EPC is majorly applicable in the industries like infrastructure, transport, chemicals, power, aviation, and oil & gas etc.

3. REGULATORY SCENARIO:

The government has identified infrastructure as a priority sector to bolster GDP growth. Hence, various reforms have been introduced from time to time to attract investment in the infrastructure industry. The government intends to increase share of infrastructure investment to GDP to 9% by end of 12th five- year plan.

Impact of Economic Reforms:

Infrastructure sector was opened to private participation post-liberalization in 1991 and currently up to 100% FDI under automatic route is allowed in most sectors/activities. Under this route, no permission from the Central Government is required for FDI inflow, but the same is subject to applicable laws/regulations, security and other conditions. However, participation was low due to high upfront capital investment, long gestation period, and uncertain returns in investment. Public Private Partnership (PPP) project mode was introduced to circumvent this hurdle.

Prevailing regulatory framework consist of close to 32 regulations / laws / statues with wide variation in implementation from state to state. Currently there is no Pan-India regulatory framework governing the sector. In addition, there is no common regulatory authority and nodal implementation agency despite the sector comprising multiple sub-segments like infrastructure construction, real estate construction and industrial construction.

4. MAJOR POLICY MEASURES:

Program	Focus Area
National High Development Program (NHDP)	Highway Development
Pradhan Mantri Grameen Sadak Yojana (PMGSY)	Road Infrastructure
Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	Power
Integrated Power Development Scheme (IPDS)	Power
JNNURM	Urban Infrastructure
National Maritime Development Program	Ports
Ultra Mega Power Projects	Power
Jawaharlal Nehru National Solar Mission	Solar Power
Saubhagya Scheme	Power

5. MEASURES TAKEN BY GOVERNMENT OF INDIA TO BOOST THE INFRASTRUCTURE FINANCING IN UNION BUDGET 2022-23:

- PM GatiShakti National Master Plan to encompass the engines for economic transformation, seamless multimodal connectivity, and logistics efficiency.
- Expressways to be augmented in 2022-23 to facilitate faster movement of people and goods.
- The National Highways network to be expanded by 25,000 KM in 2022-23.
- Contracts to be awarded in 2022-23 for implementation of Multimodal Logistics Parks at 4 locations through PPP mode.
- INR 20,000 crore will be mobilized through innovative ways of financing to complement public resources.
- Railways to develop new products and efficient logistics services for small farmers and SMEs to provide seamless solutions for movement of parcels.
- As a part of 'Atmanirbhar Bharat', 2,000 KM of rail network will be brought under 'Kavach' i.e., the indigenous world-class technology for safety and capacity augmentation in 2022-23.

- 'One Station-One Product' concept for rail stations to be endorsed to help local businesses and supply chain.

6. FOLLOWING KEY DEVELOPMENTS TO BE ACHIEVED OVER THE NEXT 3 YEARS:

- In the Budget Speech 2022-23, the finance minister announced that by March 2023, the NH network will be expanded by 25,000 km.
- 400 new-generation 'Vande Bharat Trains' with better energy efficiency and passenger riding experience; and
- 100 PM GatiShakti Cargo Terminals for multimodal logistics facilities.
- Multimodal connectivity between mass urban transport and railway stations to be facilitated on priority basis.
- Design of metro systems, including civil structures to be re-oriented and standardized for Indian conditions.
- Contracts for 8 ropeway projects totaling to length of 60 KM to be awarded in 2022-23 under PPP mode as preferred ecologically sustainable alternative to conventional roads in difficult hilly areas.
- In order to achieve target of 280 GW of installed solar capacity by 2030, additional allocation of INR 19,500 crore for PLI scheme for domestic manufacture of high efficiency modules (with priority to fully integrated manufacturing units from polysilicon to solar PV modules).
- Battery Swapping Policy to inter-operability standards to be formulated to overcome space constraints in urban areas to setup charging stations.
- Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure - proceeds to be deployed in public sector projects to reduce carbon intensity.
- Infrastructure status for Data Centers and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems.

7. KEY CHALLENGES FACED BY THE INDUSTRY:

Delay in Project Execution due to lack of delay in clearance and Land Acquisition: Major impediments can be attributed to procedural formalities in land acquisition, obtaining environment, foreign and wildlife clearances, clearance from Railways (for over bridge and under bridge construction) and delays in financial closure. The time taken by various ministries to grant clearance for infra projects to proceed for execution range from about 12 months to up to 36 months. Due to delay in execution, the industry player has to bear both time and cost overrun that is sometime substantially higher than the original estimated cost. To address clearance delays, Ministry of Environment & Forests and the Ministry of Tribal Affairs have taken certain measures to speed up project execution.

New Highway projects, for widening within standard ROW for National Highways i.e., 60m and up to 100km are exempted from Environment Clearance.

- "Special Exemption" or 'No Objection Certificate' under Forest Rights Act (FRA), 2006 to be granted in respect of strengthening and widening of the National Highways 17 projects specifically pertaining to diversion of Protected Forest land under Forest Conservation Act, 1980e.
- De-linking of Environment Clearance from Forest Clearance for highway projects that earlier was linked to the forest clearance. Consequently, project could be started only if forest clearance was obtained even if the small portion of project passes through forest.
- Also, Delegation of Power Mechanism to Secretary (Road Transport & Highways) or the Expenditure Finance Committee (EFC) has been enhanced under notification issued (O. M. No. 24/35/PFII/12) dated 12.04.2013. Under this Secretary (Road Transport & Highways) & Expenditure Finance Committee (EFC) will be empowered to grant approval to project worth up to INR 10 billion.
- **Shifting of Utilities**: A considerable amount of time is spent on shifting of utilities such as electrical lines, sewer line, water pipeline, telecommunication wire in assistance with the respective utility owning agencies.
- **Law and Order problem at local level**: Construction projects often face challenges at local level due to adverse law and order condition created by anti-social groups. Moreover, the problem created by local population demanding additional flyover, bypass, underpass have been frequently experienced as a key reason that leads to project delays.
- **Budget Constraint of the Developer**: Construction companies primarily depend upon debt for project funding. Infrastructure projects typically have long gestation period and with high breakeven period.

Majority of construction projects in India are facing approval as well as execution delays leading to cost and time over runs. These delays have pushed breakeven period even further and with high leverage, debt servicing cost has gone up for industry players amidst high interest rate regime in past three fiscal.

The unfavorable market condition in past two years has impacted the cash flows of industry players.

Thus, large numbers of projects are on standstill that has blocked the investment made earlier. This has affected balance sheet of banks with high NPA and as majority of the companies in the sector have high debt on books and banks are cautious in further lending. As on March 2016, gross NPA of commercial banks rose to 7.6% which is highest in last 12 year (bad loans grew by about 80% during FY 2016) and it is further expected to grow to 8.5% by March 2017 as per the Financial Stability Report released by RBI in June 2016. This has led to liquidity crunch impacting further investment needed for completion of the projects.

Other Reasons

Delay in supply of equipment, geological surprises, problems in equipment erection, geo-mining conditions, shortage of labor, inadequate mobilization by the contractor, slow progress in civil works, contractual issues, Maoist problems, and law and order situation, amongst other are other major reason for cost and time overrun of various infrastructure projects.

Due to above mentioned reasons, amongst 1071 projects worth above INR 1.5 Bn monitored by Ministry of Statistic as on February 2016, 238 projects reported cost overrun and 341 projects observed delay. The total cost of 1,071 projects was INR 12.6 Tn while their implementation cost has gone up by INR 1.6 Tn to INR 14.3 Tn. In April 2015, about 758 projects monitors by Ministry of statistic, 231 projects faced cost overrun and 323 projects time over run.

In order to resolve languishing projects, the Ministry has taken some steps which include:

(i) Implementing an exit policy which allows private developers to take out their entire equity and exit operational Build-Operate-Transfer (BOT) projects two years from the start of operations irrespective of date of award.

(ii) Providing rationalized compensation to concessionaires for languishing NH projects in BOT mode for delays not attributable to concessionaires.

(iii) A one-time fund infusion by NHAI which enables revival and physical completion of languishing BOT projects that have achieved at least 50% physical progress, on a case-to-case basis, among others.

8. WAY FORWARD:

Infrastructure development is key to India's economic growth. The Infrastructure in India is estimated to grow at a CAGR of approximately 7% during the forecast period. India has a requirement of investment worth 50 trillion in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space. Sectors like power transmission, roads & highways and renewable energy will drive the investments in the coming years. Only 24% of the National Highway network in India is four-lane, therefore there is immense scope for improvement. Some of the recent investments include:

- Private equity and venture capital (PE/VC) investments in the infrastructure sector reached US$ 3.3 billion with 25 deals during January-May 2018
- In January 2018, the National Investment and Infrastructure Fund (NIIF) partnered with UAE-based DP World to create a platform that will mobilize investments worth US$ 3 billion into ports, terminals, transportation, and logistics businesses in India
- In February 2018, the Government of India signed a loan agreement worth US$ 345 million with the New Development Bank (NDB) for the Rajasthan Water Sector Restructuring Project for desert areas
- In June 2018, the Asian Infrastructure Investment Bank (AIIB) has announced US$ 200 million investment into the National Investment & Infrastructure Fund (NIIF).
- The Infrastructure in India is estimated to grow at a CAGR of approximately 7% during the forecast period.
- Government plans to invest about INR 102 lakh crore on infrastructure projects by 2024-25. The five-year-long National Infrastructure Pipeline (NIP) will enter its second year in FY21, during which INR 1,950,397 crores are to be invested. About INR 19.5 lakh crore has been budgeted during FY21 as part of the NIP. Urban infrastructure, road transport, energy, and Railways account for about 70% of allocation this 2020.
- About 42% of the projects in the NIP are under implementation, which means construction work is already going on. Another 19% is under a development stage, while a big 31% is still in the conceptual stage
- During the fiscals 2020 to 2025, sectors such as Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70% of the projected capital expenditure in infrastructure in India

PART E	FINANCIAL PERFORMANCE

As per the audited financial statements provided by the company/client, below table shows the historical performance of the company.

1. HISTORICAL PROFIT & LOSS STATEMENT: (FY 2018-19 to FY 2021-22)

(Figures in INR Crores)

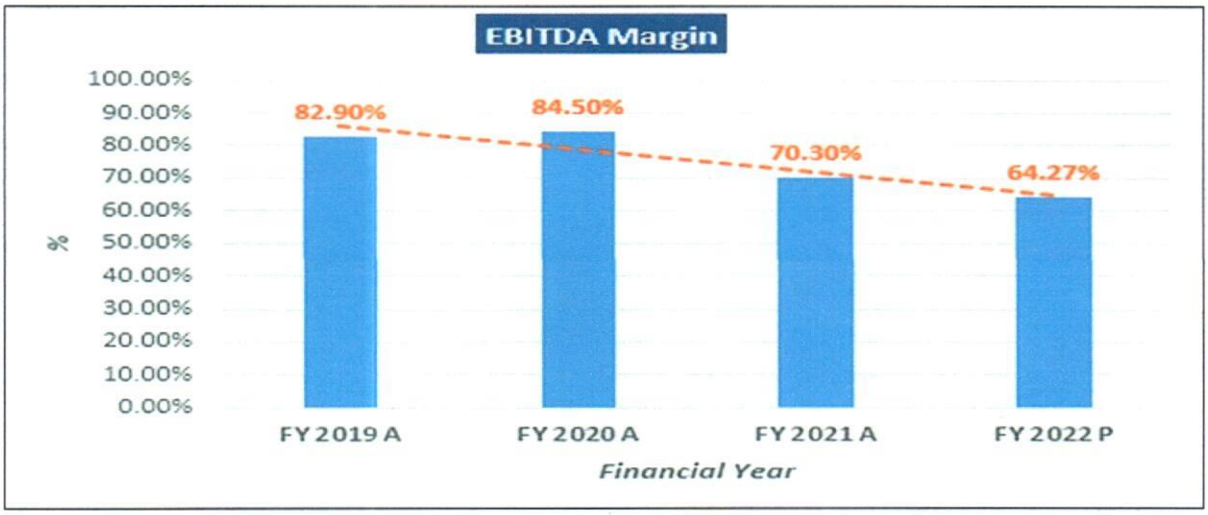
Particular	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
Revenue from Operations	169.27	162.15	169.96	185.28
Other Income	61.33	47.33	1.25	0.72
Total Income	**230.60**	**209.48**	**171.21**	**186.00**
Operational Costs (Excl. Pers.)	23.75	19.84	32.46	28.76
Operational Costs (Personnel)	9.52	9.98	9.26	9.78
Routine Maintenance	0.00	0.00	0.00	0.00
Other Expense	4.34	0.67	0.42	4.25
MME Provision	1.82	1.98	8.71	23.68
Other Provision	0.00	0.00	0.00	0.00
Operating Expenses	**39.43**	**32.47**	**50.85**	**66.46**
EBITDA	**191.17**	**177.01**	**120.36**	**119.54**
Depreciation	116.53	89.74	117.79	87.74
EBIT	**74.64**	**87.27**	**2.57**	**31.81**
Unwinding Cost (IND-AS Entry)	101.88	112.96	413.87	87.00
Finance Cost	120.68	114.15	106.12	96.03
PBT	**-147.92**	**-139.84**	**-517.42**	**-151.22**
IT Payable	0.00	0.00	0.00	0.00
Exceptional Item	137.69	0.00	0.00	0.00
PAT	**-10.23**	**-139.84**	**-517.42**	**-151.22**

2. KEY FINANCIAL RATIOS:

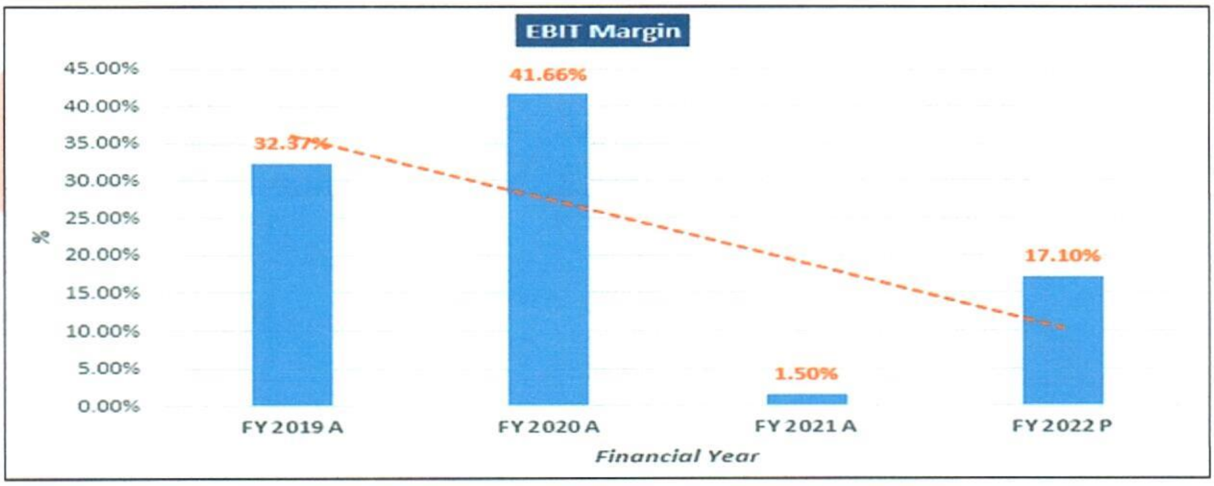
Particular	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
EBITDA Margin %	82.90%	84.50%	70.30%	64.27%
EBIT Margin %	32.37%	41.66%	1.50%	17.10%
Net Profit Margin%	-4.44%	-66.76%	-302.22%	-81.30%
Revenue Growth % (Y.O.Y.)		-9.16%	-18.27%	8.64%

3. GRAPHICAL REPRESENTATION OF THE KEY FINANCIALS OF THE COMPANY:

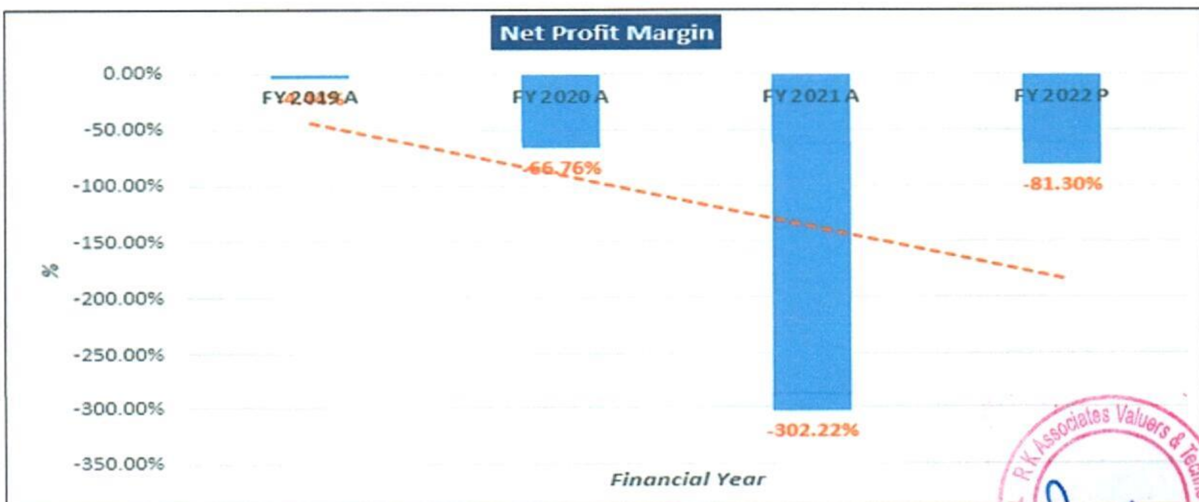
EBITDA MARGIN %



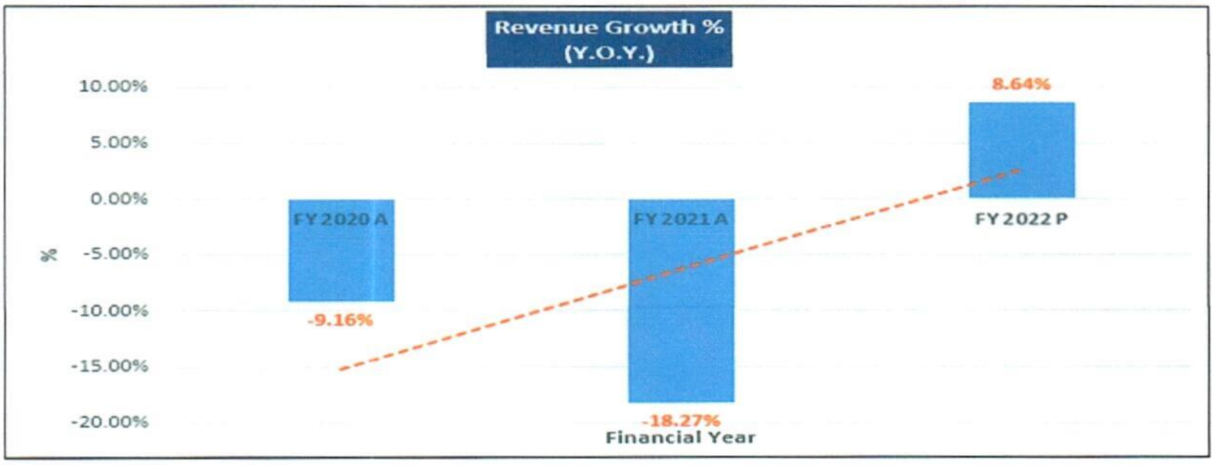
EBIT MARGIN %



NET PROFIT MARGIN %



REVENUE GROWTH% (Y.O.Y.)



Notes:

As per the historical analysis, it is observed that EBITDA Margin of the company is declining continuously from 82.90% in FY 2019 to 64.27% in FY 2022.

EBIT Margin was positive throughout FY 2019 to FY 2022, while in FY 2020, it increased to 41.66% from 32.37% in FY 2019, then it falls to 1.50% in FY 2021 and again rose up to 17.10% in FY 2022.

Net profit margin is constantly negative from FY 2019 to FY 2022 due to the higher financing costs.

Revenues of the company are constantly declining in most of the past recent years historically due to the adverse effect of Covid-19 & the traffic leakage issue this highway is facing, but according to FY2022 provisional data the revenue grows by 8.64%.

4. PROJECTED PROFIT & LOSS STATEMENT (From FY 2023 to FY 2033):

Based on the data/ information/ inputs provided by the Bank/ company, financial projections of the project have been estimated as follows:

(Figures in INR Crores)

Particular	FY 2023 P	FY 2024 P	FY 2025 P	FY 2026 P	FY 2027 P	FY 2028 P	FY 2029 P	FY 2030 P	FY 2031 P	FY 2032 P	FY 2033 P
Revenue from Operations	206.44	220.55	232.65	245.54	258.54	273.52	286.67	301.87	319.13	336.40	353.59
Other Income	0.00	0.00	2.23	3.34	5.57	5.09	1.74	0.87	2.57	4.32	2.62
Total Income	**206.44**	**220.55**	**234.87**	**248.88**	**264.12**	**278.61**	**288.41**	**302.74**	**321.70**	**340.72**	**356.21**

Operational Costs (Excl. Pers.)	30.19	31.70	33.29	34.95	36.70	38.54	40.46	42.49	44.61	46.84	49.18
Operational Costs (Pers.)	10.76	11.83	13.02	14.32	15.75	17.33	19.06	20.96	23.06	25.37	27.90
Other Expense	4.47	4.69	4.92	5.17	5.43	5.70	5.98	6.28	6.60	6.93	7.27
MME Provision	161.45	0.00	38.82	38.82	38.82	38.82	38.82	30.49	30.49	30.49	30.49
Operating Expenses	**206.87**	**48.22**	**90.05**	**93.26**	**96.70**	**100.38**	**104.32**	**100.22**	**104.75**	**109.62**	**114.84**
EBITDA	**-0.43**	**172.33**	**144.83**	**155.62**	**167.42**	**178.23**	**184.09**	**202.52**	**216.95**	**231.10**	**241.37**
Depreciation	96.46	103.05	108.70	114.73	120.80	127.80	133.94	141.05	149.11	157.18	165.21
EBIT	**-96.89**	**69.28**	**36.13**	**40.90**	**46.62**	**50.43**	**50.15**	**61.48**	**67.84**	**73.92**	**76.15**
Finance Cost	120.68	114.15	106.12	96.03	91.45	78.61	63.28	44.08	17.70	0.09	0.03
PBT	**-217.57**	**-44.88**	**-69.99**	**-55.13**	**-44.83**	**-28.18**	**-13.13**	**17.40**	**50.14**	**73.83**	**76.12**
IT Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.46
Exceptional Item	43.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PAT	**-231.77**	**-9.33**	**-27.15**	**-3.18**	**28.92**	**50.34**	**50.12**	**61.48**	**67.84**	**73.92**	**61.69**

5. KEY FINANCIAL RATIOS:

Particular	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
Net Profit Margin	-112.27%	-4.23%	-11.56%	-1.28%	10.95%	18.07%	17.38%	20.31%	21.09%	21.70%	17.32%
EBITDA Margin	-0.21%	78.13%	61.66%	62.53%	63.39%	63.97%	63.83%	66.90%	67.44%	67.83%	67.76%
EBIT Margin	-46.93%	31.41%	15.38%	16.43%	17.65%	18.10%	17.39%	20.31%	21.09%	21.70%	21.38%
Revenue Growth % (YOY)	10.99%	6.84%	6.49%	5.96%	6.12%	5.49%	3.52%	4.97%	6.26%	5.91%	4.55%

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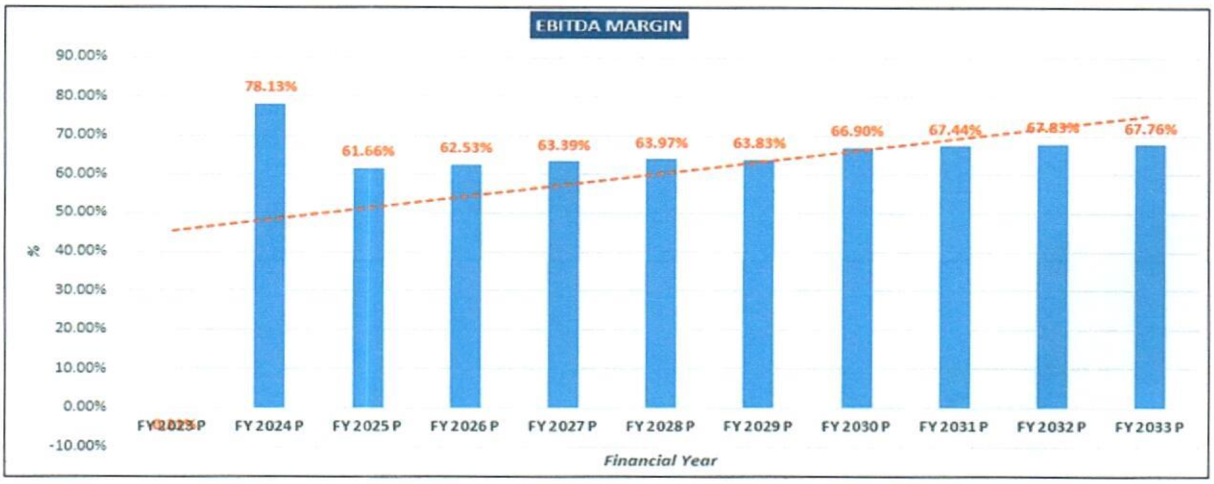
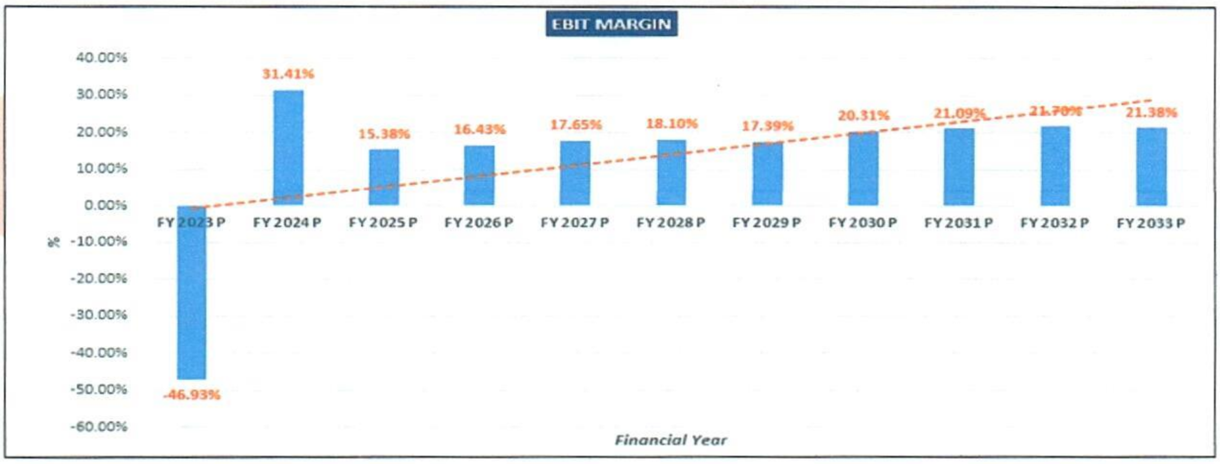
6. GRAPHICAL REPRESENTATION OF THE PROJECTED KEY RATIOS OF THE COMPANY:

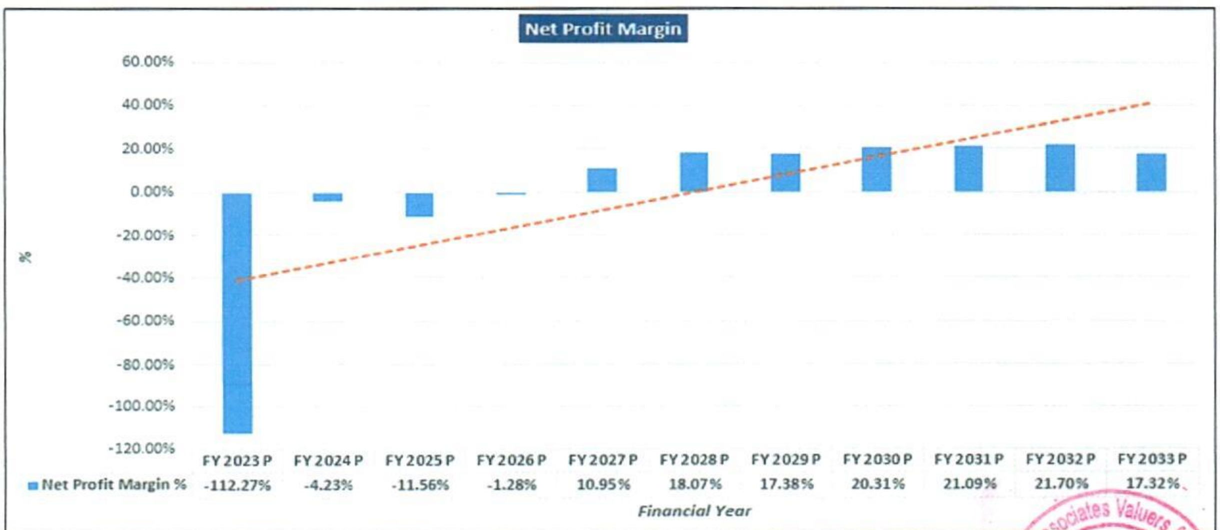
EBITDA MARGIN %



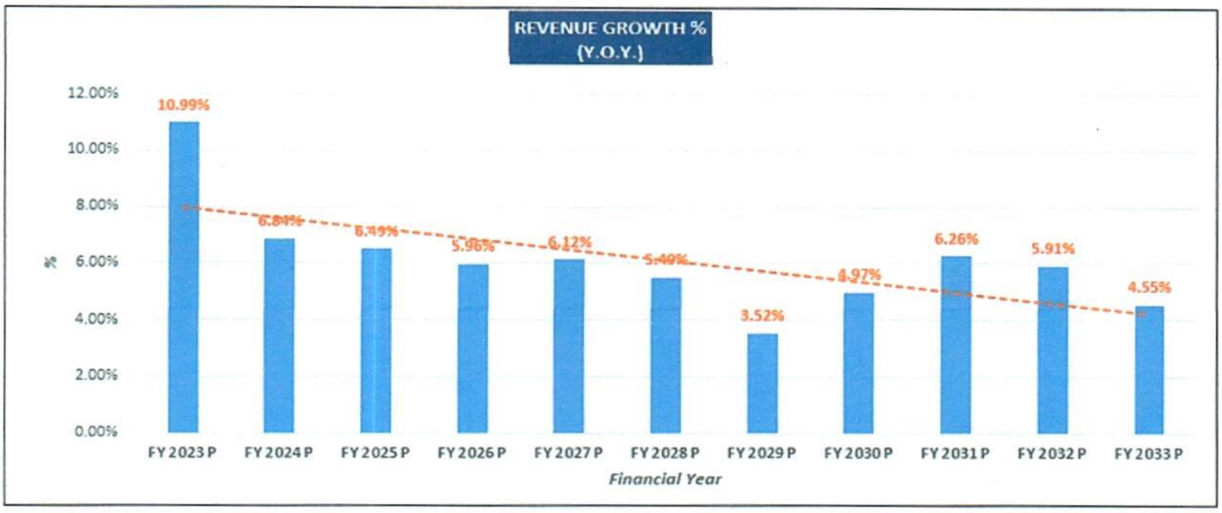
EBIT MARGIN %



NET PROFIT MARGIN %



REVENUE GROWTH % (Y.O.Y.)



Notes:

- As per the ratio analysis performed, it is observed that EBITDA Margin of the company is grown from -0.21% in FY 2022-23 to 67.76% in FY 2032-33, as the traffic is returning to now pre-covid levels and company is able to fix 2 of the 3 traffic leakages.
- Similarly, EBIT Margin also increased from -46.93% in FY22-23 to 21.38% in FY 2032-33.

PART F — VALUATION OF THE COMPANY

1. **METHODOLOGY/ MODEL ADOPTED:** Out of the various models & theories available, we have adopted the most widely used & acceptable approach to calculate the Enterprise Value of the Company, which is, Income based approach (Discounted Cash Flow Model).
   a) The free cash flow method is similar to the method used for public companies.

   b) FCFF is more practical when substantial capital changes are expected because weighted average cost of capital (WACC) is less sensitive to the cost of equity.

   c) In this method, we calculate the free cash flow to firm (FCFF) for the projected period.

   d) Finally, we calculate the present value of future cash flows by using a required rate of return based on the riskiness of the project, which we determine by using the Weighted Average Cost of Capital (WACC).

   RATIONALE FOR USING DCF METHOD FOR ENTERPRISE VALUATION:

   M/s 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 M/s SHNTPL and NHAI.

   a) The three broadly used approaches of the company/Business Valuations are – Income based approach (Discounted Cash Flow Model), Asset Based Approach (Net Asset Value Method) and Relative Valuation Approach (Market Multiple method).

   b) Asset Based Model is inappropriate as the Company is a going concern and the model is unable to capture the Value of the company.

   c) 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.

   d) 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.

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e) The DCF Model gives us a variety of input options to use while calculating the Value of the firm - Dividend, Free Cash Flow to the Firm, Free Cash Flow to Equity, Capitalized Cash Flows and Residual Earnings.

f) Dividends cannot be used as the Company has no history of paying dividends and we don't foresee any dividend payments to occur in the future due to the high leverage of the firm.

g) The best method input option for the PV Model in the case of M/s Surat Hazira NH-6 Tollway Pvt. Ltd. will be FCFF as it represents the benefits accruable to all the stakeholders in the Business enterprise.

FCFF Model Formula and Key Inputs:

$$\text{Firm value} = \sum_{t=1}^{n} \frac{\text{FCFF}_t}{(1+\text{WACC})^t}$$

- **Free Cash Flow to Firm (FCFF):**

  FCFF is the cash available to pay investors after a company pays its costs of doing business, invests in short-term assets like inventory, and invests in assets like property, plants and equipment.

  FCFF = Net Income + Non-Cash Charges + Interest (1 - tax rate) – Working Capital Investment – Fixed Capital Investment.

- **Weighted Average Cost of Capital (WACC):**

  The weighted average cost of capital (WACC) is the rate that a company is expected to pay on average to all its security holders to finance its assets. The WACC is commonly referred to as the firm's cost of capital. WACC is used as the discount rate to discount FCFF.

$$\text{WACC} = \frac{D}{D+E}K_d + \frac{E}{D+E}K_e$$

Where D is the total debt, E is the shareholders equity and K_d and K_e are the cost of debt and cost of equity, respectively.

2. CALCULATION OF FREE CASH FLOW TO FIRM:

(Figures in INR Crores)

Particular	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E	FY 2028 E	FY 2029 E	FY 2030 E	FY 2031 E	FY 2032 E	FY 2033 E
Operating Revenue	206.44	220.55	232.65	245.54	258.54	273.52	286.67	301.87	319.13	336.40	353.59
Other Revenue	0.00	0.00	2.23	3.34	5.57	5.09	1.74	0.87	2.57	4.32	2.62
Total Revenue	**206.44**	**220.55**	**234.87**	**248.88**	**264.12**	**278.61**	**288.41**	**302.74**	**321.70**	**340.72**	**356.21**
Operating Expenses	45.42	48.22	51.23	54.44	57.88	61.56	65.50	69.73	74.27	79.13	84.36
MM Expense	200.00	1.50	1.69	1.75	1.42	92.31	96.92	1.50	2.64	0.00	117.81
NHAI Descope & Penalties	43.43	-	-	-	-	-	-	-	-	-	-
Total Expenses	**288.85**	**49.72**	**52.91**	**56.19**	**59.30**	**153.87**	**162.43**	**71.23**	**76.90**	**79.13**	**202.17**
EBITDA	**-82.41**	**170.83**	**181.96**	**192.69**	**204.81**	**124.74**	**125.98**	**231.51**	**244.80**	**261.59**	**154.04**
Less: (Dep. & Amor.)	96.46	103.05	108.70	114.73	120.80	127.80	133.94	141.05	149.11	157.18	165.21
EBIT	**-178.86**	**67.78**	**73.26**	**77.96**	**84.01**	**-3.06**	**-7.96**	**90.46**	**95.69**	**104.41**	**-11.17**
Tax Rate (T)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	34.94%
(1-T)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	65.06%
NOPAT= EBIT*(1-T)	**-178.86**	**67.78**	**73.26**	**77.96**	**84.01**	**-3.06**	**-7.96**	**90.46**	**95.69**	**104.41**	**-7.27**
Add: Dep. & Amor.	96.46	103.05	108.70	114.73	120.80	127.80	133.94	141.05	149.11	157.18	165.21

Less: Changes in W.C.	34.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.92
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Free Cash Flow to Firm (FCFF)	**-117.25**	**170.83**	**181.96**	**192.69**	**204.81**	**124.74**	**125.98**	**231.51**	**244.80**	**261.59**	**148.03**

3. KEY INPUTS USED TO DISCOUNT CASH FLOWS DURING THE PROJECTION PERIOD:

Table: Calculation of Weighted Average Cost of Capital (WACC)

Particulars	Total Amount (in INR Crores)	Weightage	Required Return
Sustainable Debt	981.55	69.3%	6.18%
Equity Shared Capital	434.82	30.7%	17.10%
Total	**1,416.37**	**100%**	**9.53%**
Company Risk Premium			**3.00%**
Discount Rate			**12.53%**

Table: Valuation Inputs for M/s Surat Hazira NH-6 Tollway Pvt. Ltd.

INPUTS	
Valuation Date	**28TH July 2022**
Discount Rate	**12.53%**
Discount Rate Change	**1%**

Note: *Discount Rate Change of 1% is used to calculate the Sensitivity of the Enterprise Valuation with +/- changes in discount rate of Free Cash Flow.*

4. CALCULATION OF ENTERPRISE VALUE:

Table: Calculation of Enterprise Value

CUMULATIVE DISCOUNTED CASH FLOW OVER THE PROJECTION PERIOD		
Scenario	Discount Rate	Enterprise Value (in INR Crores)
Bull Case	11.53%	882.26
Present Case	**12.53%**	**836.16**
Bear Case	13.53%	793.21

ENTERPRISE VALUE OF THE FIRM
INR 836.16 Crores
INR EIGHT HUNDRED THIRTY-SIX CRORES AND SIXTEEN LAKHS

NOTE:

- Under Valuation Inputs section, the discount rate change measures the sensitivity of Firm Value to a (+/-) 1% change.
- The Company account has been converted to Non-Performing Asset (NPA) from FY 18-19. We have assumed that the company will repay its pending dues and remaining debt till 31st March, 2029.
- The overall valuation is estimated based on the financial statements up to FY 2021-22 and further it has been projected based on the previous data as reference from 2022-23 onwards.
- No claim amount or tenable claim amount has been considered in the financial projections as the cases are currently ongoing.

Hence, the "Enterprise Value" of the Firm "M/s Surat Hazira NH-6 Tollway Private Limited" is INR 836.16 Crores.

This is only a general assessment of the current value of the Enterprise/Business based on the data/ input that the Bank/Client/Company could provide to us against our questions/ queries using the appropriate method with respect to the present scenario. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.

5. **ASSUMPTIONS FOR FINANCIAL PROJECTIONS:** Assumptions in the Valuation assessment have been taken based on data/ information/ documents shared by the Company/ Bank, Project Cost Figures, Operating History of the Project. Assumptions have been considered after thoroughly reviewing their feasibility.

A. PROJECTION PERIOD:

Key dates and projection period details are as follows:

PARTICULARS	DETAIL
Concession Agreement Signing Date	18 May 2009
Financial Closure Date	14 Nov 2009
Concession Appointed date	30 Mar 2010
Concessionaire Period	19 Years

Extension Period	3.8 Years
Total Period	22.8 Years
Projection End Date	31 Mar 2033

B. REVENUE/ INCOME:

I. **Toll Collection Revenue:** The Toll collection for FY19 was INR 169.3 Cr which is 11.55% more than the previous year. But in FY20, the Toll Collection has decreased by 4.22% to INR 162.15 Cr from previous year. In FY21, Revenue from Toll Collection increase to INR 169.96 Cr by 4.81% from previous year and in FY22(Prov.), the Toll Collection increase to INR 185.28 Cr by 9.02% from previous year.

Toll 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. The forecast WPI growth rate used by the Management are summarized below:

FY Ending	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
WPI (RBI)	343.32	355.61	367.91	378.05	385.43	440.45	462.47	480.97	496.84	513.24
Linking Factor 2005 Series		3.58 %	3.46%	2.76%	1.95%	14.28%	5.00%	4.00%	3.30%	3.30%

FY Ending	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34	Mar-35	Mar-36
WPI (RBI)	530.18	547.67	565.75	584.41	603.70	623.62	644.20	665.46	687.42
Linking Factor 2005 Series	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%

AADT Data for the project stretch in FY20:

AADT (Projected FY20)		
Vehicle Type	**TP-1 (Mandal)**	**TP-2 (Bhatia)**
Car/jeep/van	5,392	7,078
LCV/Minibus	333	499
Bus	-	-
2-Axle Truck	1,258	575
HCM (3 to 6 Axles)	3,140	2,715
Oversized Vehicles	-	-
Total	**10,123**	**10,867**

Toll rates at Mandal toll plaza (effective from April 1, 2022):

Vehicle Type	Single (INR)	Return (INR)	Monthly Pass (INR)
Car	160	240	5365
LCV	250	375	8330
Bus/Truck	510	765	17010
MAV	780	1170	26005
Oversized Vehicle	1000	1500	33285

Toll rates at Bhatia toll plaza (effective from April 1, 2022):

Vehicle Type	Single (INR)	Return (INR)	Monthly Pass (INR)
Car	125	190	4180
LCV	200	295	6590
Bus/Truck	410	610	13610
MAV	630	945	21020
Oversized Vehicle	790	1185	26360

As per the recent market reports, Commercial vehicle movement on highways has been picking up since June 2020, pushing toll collection closer to the pre-Covid levels, which can be seen as a sign of commercial activities picking up momentum after the disruption caused by the pandemic-triggered lockdown.

During FY23, the Company expects higher revenue growth of 11.42% on account of recovery from impact of COVID-19 on traffic. Beyond FY23, revenues have been forecast to increase from INR 206.44 Cr in FY23 to INR 353.59 Cr in FY33 at a CAGR of ~5.50% driven by contractual price increase and traffic growth.

II. **O&M Grant:** Of the total NHAI's Grant of Rs. 556.00 Cr, Rs. 301.82, referred as Equity Support in the Concession Agreement ('CA') was disbursed for Project capital expenditure during construction and remaining Rs. 254.18 Cr was to be distributed as O&M Support Grant during operations. During the FY20, the company booked Rs. 45.43 Cr in P&L statement but has only received Rs. 22.94 Cr. Till FY20, the Company has received Rs. 231.74 Cr from NHAI towards O&M Support Grant. The company has received last tranche of NHAI O&M Grant last year. The details of disbursed O&M Support Grant by NHAI are as follows:

(Figures in INR Crores)

FY Ending	FY19 (A)	FY20 (A)	FY21 (A)	FY22 (Prov)	Total
O&M Support Grant	60.66	22.94	15.05	7.24	**105.89**

The grant was completely realized by FY20 and no further inflow is expected on account of this as represented by the Management.

III. **Other Revenues:** As per the information provided by the client/company, the other revenues historically include the interest income earned by the company on the FDR, Security Deposit and Tax Refund, whereas for future projections, other revenues consist of interest income earned on Major Maintenance Reserve maintained by the company.

C. EXPENSES:

I. **Routine Maintenance Expenses:** As per the information provided by the client/company, routine expenses are included in the head Operating Expenses (Excl. Personnel) which are estimated based on previous years' expenses with an annual expected inflation of 5%.

II. **Employee Benefit Expenses**: As per the information provided by the client/company, employee benefit expenses are estimated based on previous years' expenses with an annual expected inflation of 10%.

III. **Other Expenses**: Other expenses are estimated based on previous years' expenses with an annual expected inflation of 5%.

IV. **Major Maintenance Repair Work (MMW) expenses:** As per the information provided by the banker/client, it is estimated that the Company will start the Major Maintenance work of 131.5 km section of highway in FY23.

The MMW expenses schedule is as follows:

Year	Amount (in INR Crores)
Mar-23	200
Mar-24	1.5
Mar-25	1.69
Mar-26	1.75
Mar-27	1.42
Mar-28	92.31
Mar-29	96.92
Mar-30	1.5

Mar-31	2.64
Mar-32	0
Mar-33	117.81

V. **Descoping Cost & Penalties:** According to the IE letter no. 364 dated 28.04.2020, wherein it has been stated that 0.5 km & part of service road was descoped from the project scope & other various penalties were levied by the NHAI amounting to INR 43.43 Crore. For Valuation Purposes, we have assumed that the aforementioned amount will be paid in the FY2022-23.

D. **TAXATION:** Corporate tax rate – 34.94%

E. **AMORTIZATION:** Toll collection rights in respect of road projects are amortized over period of concession using the Revenue based amortization method prescribed under Schedule II to the Companies Act 2013.

F. **WEIGHTS OF DEBT & EQUITY:** Wd and We are assumed at 69.3% and 30.7%, respectively, as the information provided by the company. For the consideration of weight of debt, we only considered senior debt of INR 981.55 Crores and for weight of equity, we considered INR 434.82 Crores (i.e., sum of share capital and share premium).

G. **BETA:** To calculate the beta of M/s Surat Hazira NH-6 Tollway Private Limited, we have followed the "Pure-Play Method". Calculating beta using the pure-play method involves the following four steps:

Step 1: Find a comparable company.

Step 2: Estimate the average beta of the comparable companies.

Step 3: Calculate unlevered beta of the companies.

Step 4: Level the beta for the company's (M/s. SHNTPL) financial risk.

Comparable Companies	Market Cap. (INR Crores)	Beta Value	Debt-Equity					Avg. D/E	Unlevered Beta
			2022	2021	2020	2019	2018		
IRB Infrastructure Developers Ltd	12,842	1.11	0.64	3.42	2.92	1.46	1.89	2.07	0.47
Dilip Buildcon Ltd.	3,419	1.28	0.71	0.7	0.76	1	1.13	0.86	0.82

JMC Projects (India) Ltd.	1,323	0.94	1.11	0.77	0.75	0.71	0.82	0.83	0.61
NCC Infra	3,547	1.07	0.2	0.28	0.32	0.37	0.27	0.29	0.90
Hindustan Construction Company Ltd.	1,838	1.16	2.87	5.22	2.31	2.16	1.19	2.75	0.42
Average								**1.36**	**0.59**

M/s. SHNTPL's Data	
Debt Ratio	0.69
Equity Ratio	0.31
D/E Ratio	2.26
Levered Beta	**1.47**

H. **COST OF EQUITY:** The Cost of Equity for SIIL is assumed to be 17.10% using CAPM Model and Beta of 1.47. Expected Market Return (Rm) is taken as Nifty Fifty 5- year return 2022, which is 14.0%. Risk-free Rate (Rf) is taken as 10-year govt. bond yield, which is 7.37%.

I. **COST OF DEBT:** As the company has been declared NPA account, we have considered sustainable debt cost of 9.50% as the cost of debt. Likewise, post-tax cost of debt is calculated at 6.18%.

J. **COMPANY RISK PREMIUM:** As the company has been declared NPA since 2018 and its financial status haven't improved since then and also, the company has received last tranche of NHAI O&M Grant last year and hence, going forward in absence of NHAI Grant, Part I debt servicing will not be possible, which makes this company a risky prospect for any prospective investor. Due to these reasons, we have assumed a company-wide risk premium of 3%.

K. **CONTINGENT CLAIMS**: In December 2018, the Company filed a claim of INR 3,557 Cr 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 INR 1,199 Cr 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 (totaling to INR 3,557 Cr) from NHAI had two components:

- Claims of around INR 1,940 Cr 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.
- Claims of around INR 1,617 Cr 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.

As per information provided by the client/company, 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. Both NHAI & Company has already challenged the award in Hon'ble Delhi High Court.

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 quantifiable arbitration award is not available, no amount with respect to the above has been considered in our valuation.

Hence, as a base case, the calculated Fair Market Value/Enterprise Value of M/s Surat Hazira NH-6 Tollway Private Limited is INR 836.16 Crores, subject to the current micro & macro-economic assumptions, market, industry trends and inputs used during the forecasted period, market multiple and peers company used to compare the company, as well as the WACC used to calculate the EV.

***Note**: Enterprise Value of **M/s Surat Hazira NH-6 Tollway Private Limited** varies with respect to the different scenarios. The enterprise value is calculated in three different scenarios as per the information provided by the client/company.*

Scenario 1: The original end date of the concessionaire agreement is 29th March 2029. Hence, in this scenario the projections are prepared up to 31st March 2029.

(Figures in INR Crores)

Particular	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E	FY 2028 E	FY 2029 E
Operating Revenue	206.44	220.55	232.65	245.54	258.54	273.52	286.67
Other Revenue	0.00	0.00	2.23	3.34	5.57	5.09	1.74
Total Revenue	**206.44**	**220.55**	**234.87**	**248.88**	**264.12**	**278.61**	**288.41**
Operating Expenses	45.42	48.22	51.23	54.44	57.88	61.56	65.50
MM Expense	200.00	1.50	1.69	1.75	1.42	92.31	96.92
NHAI Descope & Penalties	43.43	-	-	-	-	-	-
Total Expenses	**288.85**	**49.72**	**52.91**	**56.19**	**59.30**	**153.87**	**162.43**
EBITDA	**-82.41**	**170.83**	**181.96**	**192.69**	**204.81**	**124.74**	**125.98**
Less: (Dep. & Amor.)	170.95	182.63	192.65	203.32	214.09	226.49	237.17
EBIT	**-253.35**	**-11.81**	**-10.69**	**-10.63**	**-9.28**	**-101.75**	**-111.18**
Tax Rate (T)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(1-T)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
NOPAT= EBIT*(1-T)	**-253.35**	**-11.81**	**-10.69**	**-10.63**	**-9.28**	**-101.75**	**-111.18**
Add: Dep. & Amor.	170.95	182.63	192.65	203.32	214.09	226.49	237.17
Less: Changes in W.C.	34.84	0.00	0.00	0.00	0.00	0.00	0.00
Less: Change in MMR	0.00	0.00	37.13	37.07	37.39	-53.49	-58.10
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Free Cash Flow to Firm (FCFF)	**-117.25**	**170.83**	**144.83**	**155.62**	**167.42**	**178.23**	**174.17**
Discount Rate (WACC)	**12.53%**						
Period	0.67	1.67	2.67	3.67	4.67	5.67	6.67
Discount Factor	0.92	0.82	0.73	0.65	0.58	0.51	0.46
PV of FCFF	**-108.37**	**140.31**	**105.71**	**100.94**	**96.49**	**91.28**	**79.27**
ENTERPRISE VALUE	**INR 505.63 Crores (FIVE HUNDRED FIVE CRORES AND SIXTY-THREE LAKHS)**						

Scenario 2: As per information provided by the banker/client, following extensions are awarded to the company:

- Covid-19 relief extension awarded in concession period by 90 days.
- Arbitration tribunal awarded extension in concession period by 959 days. However, both NHAI and company have challenged the award in Hon'ble Delhi High Court. Last Hearing was held on 12th July 2022. Next hearing on this matter is scheduled on 19th October, 2022.

Hence, in this scenario the projections are prepared up to 31st March 2032, including a total of 1,049 days of extension period.

(Figures in INR Crores)

Particular	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E	FY 2028 E	FY 2029 E	FY 2030 E	FY 2031 E	FY 2032 E
Operating Revenue	206.44	220.55	232.65	245.54	258.54	273.52	286.67	301.87	319.13	292.92
Other Revenue	0.00	0.00	2.23	3.34	5.57	5.09	1.74	1.12	3.32	2.20
Total Revenue	**206.44**	**220.55**	**234.87**	**248.88**	**264.12**	**278.61**	**288.41**	**302.99**	**322.45**	**295.13**
Operating Expenses	45.42	48.22	51.23	54.44	57.88	61.56	65.50	69.73	74.27	68.86
MM Expense	200.00	1.50	1.69	1.75	1.42	92.31	96.92	1.50	2.64	112.20
NHAI Descope & Penalties	43.43	-	-	-	-	-	-	-	-	-
Total Expenses	**288.85**	**49.72**	**52.91**	**56.19**	**59.30**	**153.87**	**162.43**	**71.23**	**76.90**	**181.06**
EBITDA	**-82.41**	**170.83**	**181.96**	**192.69**	**204.81**	**124.74**	**125.98**	**231.76**	**245.54**	**114.07**
Less: (Dep. & Amor.)	111.62	119.25	125.79	132.76	139.79	147.89	155.00	163.22	172.55	158.38
EBIT	**-194.02**	**51.58**	**56.17**	**59.93**	**65.02**	**-23.14**	**-29.01**	**68.54**	**73.00**	**-44.31**
Tax Rate (T)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(1-T)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
NOPAT= EBIT*(1-T)	**-194.02**	**51.58**	**56.17**	**59.93**	**65.02**	**-23.14**	**-29.01**	**68.54**	**73.00**	**-44.31**
Add: Dep. & Amor.	111.62	119.25	125.79	132.76	139.79	147.89	155.00	163.22	172.55	158.38
Less: Changes in W.C.	34.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.92
Less: Change in MMR	0.00	0.00	37.13	37.07	37.39	-53.49	-58.10	37.28	36.14	-73.42
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Free Cash Flow to Firm (FCFF)	**-117.25**	**170.83**	**144.83**	**155.62**	**167.42**	**178.23**	**184.09**	**194.48**	**209.40**	**177.58**

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Discount Rate (WACC)	12.53%									
Period	0.67	1.67	2.67	3.67	4.67	5.67	6.67	7.67	8.67	9.67
Discount Factor	0.92	0.82	0.73	0.65	0.58	0.51	0.46	0.40	0.36	0.32
PV of FCFF	**-108.37**	**140.31**	**105.71**	**100.94**	**96.49**	**91.28**	**83.78**	**78.66**	**75.26**	**56.71**
ENTERPRISE VALUE	**INR 720.77 Crores (SEVEN HUNDRED TWENTY CRORES AND SEVENTY-SEVEN LAKHS)**									

Scenario 3: Additionally, as per Clause 29 of the concession agreement, 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. Hence, in this scenario the projections are prepared till 1st December 2035 including a total of 3.8 years and 1,049 days of extension period.

(Figures in INR Crores)

Particulars	FY 2023 E	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E	FY 2028 E	FY 2029 E	FY 2030 E	FY 2031 E	FY 2032 E	FY 2033 E	FY 2034 E	FY 2035 E	FY 2036 E
Days	**365**	**366**	**365**	**365**	**365**	**366**	**365**	**365**	**365**	**366**	**365**	**365**	**365**	**245**
Operating Revenue	206.44	220.55	232.65	245.54	258.54	273.52	286.67	301.87	319.13	336.40	353.59	372.53	392.57	277.32
Other Revenue	0.00	0.00	2.23	3.34	5.57	5.09	1.74	1.75	5.23	8.74	5.27	0.04	0.06	0.02
Total Revenue	**206.44**	**220.55**	**234.87**	**248.88**	**264.12**	**278.61**	**288.41**	**303.63**	**324.35**	**345.14**	**358.86**	**372.56**	**392.63**	**277.35**
Operating Expenses	45.42	48.22	51.23	54.44	57.88	61.56	65.50	69.73	74.27	79.13	84.36	89.97	96.00	68.61
MM Expense	200.00	1.50	1.69	1.75	1.42	92.31	96.92	1.50	2.64	0.00	235.62	2.10	3.62	4.10
NHAI Descope & Penalties	43.43	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Expenses	**288.85**	**49.72**	**52.91**	**56.19**	**59.30**	**153.87**	**162.43**	**71.23**	**76.90**	**79.13**	**319.98**	**92.07**	**99.62**	**72.71**
EBITDA	**-82.41**	**170.83**	**181.96**	**192.69**	**204.81**	**124.74**	**125.98**	**232.39**	**247.45**	**266.01**	**38.88**	**280.49**	**293.01**	**204.64**
Less: (Dep. & Amor.)	72.21	77.15	81.38	85.89	90.44	95.68	100.27	105.59	111.63	117.67	123.68	130.31	137.32	97.01
EBIT	**-154.62**	**93.68**	**100.58**	**106.80**	**114.38**	**29.07**	**25.71**	**126.80**	**135.82**	**148.34**	**-84.80**	**150.18**	**155.69**	**107.63**
Tax Rate (T)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	34.94 %	34.94 %	34.94 %
(1-T)	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	65.06 %	65.06 %	65.06 %
NOPAT= EBIT*(1-T)	**-154.62**	**93.68**	**100.58**	**106.80**	**114.38**	**29.07**	**25.71**	**126.80**	**135.82**	**148.34**	**-84.80**	**97.71**	**101.29**	**70.03**
Add: Dep. & Amor.	72.21	77.15	81.38	85.89	90.44	95.68	100.27	105.59	111.63	117.67	123.68	130.31	137.32	97.01
Less: Changes in W.C.	34.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.92
Less: Change in MMR	0.00	0.00	37.13	37.07	37.39	-53.49	-58.10	58.44	57.30	59.94	-175.68	1.17	-0.35	-0.83
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Free Cash Flow to Firm (FCFF)	**-117.25**	**170.83**	**144.83**	**155.62**	**167.42**	**178.23**	**184.09**	**173.95**	**190.15**	**206.07**	**214.57**	**226.84**	**238.96**	**157.94**
Discount Rate (WACC)		**12.53%**												
Period	0.67	1.67	2.67	3.67	4.67	5.67	6.67	7.67	8.67	9.67	10.67	11.67	12.67	13.67
Discount Factor	0.92	0.82	0.73	0.65	0.58	0.51	0.46	0.40	0.36	0.32	0.28	0.25	0.22	0.20
PV of FCFF	**-108.37**	**140.31**	**105.71**	**100.94**	**96.49**	**91.28**	**83.78**	**70.35**	**68.34**	**65.81**	**60.89**	**57.21**	**53.55**	**31.45**
ENTERPRISE VALUE		**INR 917.75 Crores (NINE HUNDRED SEVENTEEN CRORES AND SEVENTY-FIVE LAKHS)**												

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Table: Summary of Enterprise Value (Scenario-wise)

CUMMULATIVE DISCOUNTED CASH FLOW OVER THE PROJECTION PERIOD		
Scenario	**Projections Till**	**Enterprise Value (in INR Crores)**
Scenario 1	**31st March 2029**	**505.63**
Scenario 2	**31st March 2032**	**720.77**
Scenario 3	**1st December 2035**	**917.75**

Assumptions For Scenario Projections: Assumptions in the Valuation assessment have been taken based on data/ information/ documents shared by the Company/ Bank, Project Cost Figures, Operating History of the Project. Assumptions have been considered after thoroughly reviewing their feasibility.

a) **Projection Period:** Key dates and projection period details are as follows:

PARTICULARS	DETAIL
Concession Agreement Signing Date	18 May 2009
Financial Closure Date	14 Nov 2009
Concession Appointed date	30 Mar 2010
Concessionaire Period	19 Years
Projection End Date (Scenario 1)	**31 Mar 2029**
Extension Awarded by Arbitral Tribunal	959 days
Extension Awarded for Covid-19 relief	90 days
Projection End Date (Scenario 2)	**31 Mar 2032**
Extension for Traffic Variation	3.8 Years
Projection End Date (Scenario 3)	**1 Dec 2035**

b) **Major Maintenance Repair Work (MMW) expenses:** As per the information provided by the banker/client, it is estimated that the Company will start the Major Maintenance work of 131.5 km section of highway in FY23. The MMW expenses schedule is as follows:

YEAR	SCENARIO 1	SCENARIO 2	SCENARIO 3
	AMOUNT (IN INR CRORES)	AMOUNT (IN INR CRORES)	AMOUNT (IN INR CRORES)
Mar-23	200.00	200.00	200.00
Mar-24	1.50	1.50	1.50
Mar-25	1.69	1.69	1.69

Mar-26	1.75	1.75	1.75
Mar-27	1.42	1.42	1.42
Mar-28	92.31	92.31	92.31
Mar-29	96.92	96.92	96.92
Mar-30	-	1.50	1.50
Mar-31	-	2.64	2.64
Mar-32	-	112.20	0.00
Mar-33	-	-	235.62
Mar-34	-	-	2.10
Mar-35	-	-	3.62
Mar-36	-	-	4.10

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Declaration	i. *Since this is Enterprise Valuation hence no site inspection was carried out by us.* ii. *The undersigned does not have any direct/indirect interest in the above property.* iii. *The information furnished herein is true and correct to the best of our knowledge.* iv. *This valuation work is carried out by our Financial Analyst team on the request from SBI, Stressed Assets Resolution Group, Corporate Centre, 21st Floor, Maker Towers "E" Cuffe Parade, Mumbai – 400005.* v. *We have submitted Valuation report to the Client.*

Name & Address of Valuer company	**Signature of the authorized person**
M/s R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd. D-39, Second Floor, Sector-2, Noida, UP-201301 India	R.K Associates Valuers & Techno Engineering Consultants Pvt. Ltd
Number of Pages in the Report	**57**
Financial Analyst Team worked on the report	***PREPARED BY: Mr. Rachit Gupta***
	REVIEWED BY: Mr. Gaurav Kumar

For R.K Associates Valuers & Techno Engineering Consultants (P) Ltd.

Place: Noida

Date : 24TH August 2022

R.K Associates Valuers & Techno Engineering Consultants Pvt. Ltd

(Authorized Signatory)

Valuations

PART G | IMPORTANT DEFINITION

Definitions:

- ***Enterprise Value:*** *Enterprise value (EV) is the corporate valuation of a company, determined by using market capitalization and total debt. Market cap comprises preference stocks, common stocks, and minority interest; total debt comprises short-term and long-term liabilities of the company. Enterprise value (EV) refers to the overall valuation—equity, debt, cash, and cash equivalents. In other words, it is the cost of acquiring a firm. The EV/EBITDA is an enterprise multiple. It correlates EV with earnings before interest, taxes, depreciation, and amortization. The metric determines whether the firm is undervalued or overvalued.*

  EV is computed using the following formula: EV = (Market Capitalization + Market Value of Debt – Cash and Equivalents).

- ***Fair Market Value*** *suggested by the competent Valuer is that prospective estimated amount in his expert & prudent opinion of the subject asset without any prejudice after he has carefully & exhaustively evaluated the facts & information came in front of him related to the subject asset at which the subject asset should be exchanged between a willing buyer and willing seller at an arm's length transaction in an open & unrestricted market, after proper marketing, wherein the parties, each acted knowledgeably, prudently and without any compulsion on the date of the Valuation.*

  Forced, under compulsion & constraint, obligatory sales transactions data doesn't indicate the Fair Market Value.

- ***Realizable Value*** *is the minimum prospective estimated value of the Company which it may be able to realize at the time of actual transaction factoring in the potential prospects of deep negotiations carried out between the buyer & seller for ultimately finalizing the transaction across the table. Realizable value may be 10-20% less than the Fair Market Value depending on the various salability prospects of the subject asset and the needs of the buyer & the seller.*

- ***Forced/ Distress Sale Value*** *is the value when the company has to be sold due to any compulsion or constraint like financial encumbrances, dispute, as a part of a recovery process, legal issues or any such condition or situation. In this type of sale, minimum fetch value is assessed which can be 15-25% less than the estimated Fair Market Value. In this type of sale, negotiation power of the buyer is always more than the seller and eagerness & pressure of selling the asset is more than buying it. Therefore, the Forced/ Distress Sale Value will always fetch significantly less value compare to the estimated Fair Market Value.*

- ***Liquidation Value*** *is the amount that would be realized when an asset or group of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. Liquidation value can be either in an orderly transaction with a typical marketing period or in a forced transaction with a shortened marketing period.*
- ***Difference between Costs, Price & Value:*** *Generally, these words are used and understood synonymously. However, in reality each of these has a completely different meaning, premise and also have different definitions in the professional & legal terms. Therefore, to avoid confusion, it is our professional responsibility to describe the definitions of these words to avoid ambiguity & confusion in the minds of the user of this report.*
  - *The* ***Cost*** *of an asset represents the actual amount spend in the construction/ actual creation of the asset.*
  - *The* ***Price*** *is the amount paid for the procurement of the same asset.*
  - *The* ***Value*** *is defined as the present worth of future rights in the asset and depends to a great extent on combination of various factors such as demand and supply, market situation, purpose, situation & needs of the buyer & seller, salability outlook, usability factor, market perception & reputation. Needs of the buyer & seller, salability outlook, usability factor, market perception & reputation.*
  - *Therefore, in actual for the same asset, cost, price & value remain different since these terms have different usage & meaning.*

PART H DISCLAIMER | REMARKS

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.

2. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. All such information provided to us has been relied upon in good faith and we have assumed that it is true and correct in all respect. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the owner, company, its directors, employee, representative or agents. Verification or cross checking of the documents provided to us from the originals or from any Govt. departments/ Record of Registrar has not been done at our end since this is beyond the scope of our work. If at any time in future, it is found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report shall automatically become null & void.

3. Legal aspects for e.g., investigation of title, ownership rights, lien, charge, mortgage, lease, sanctioned maps, verification of documents, etc. have not been done at our end and same has to be taken care by legal expert/ Advocate. It is assumed that the concerned Lender/ Financial Institution has satisfied them with the authenticity of the documents, information given to us and for which the legal verification has been already taken and cleared by the competent Advocate before requesting for this report. I/ We assume no responsibility for the legal matters including, but not limited to, legal or title concerns.

4. This report is a general analysis of the project based on the scope mentioned in the report. This is not an Audit report, Design document, DPR or Techno feasibility study. All the information gathered is based on the facts seen on the site during survey, verbal discussion & documentary evidence provided by the client and is believed that information given by the company is true best of their knowledge.

5. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.

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6. Bank/FII should ONLY take this report as an Advisory document from the Financial/ Chartered Engineering firm and its specifically advised to the creditor to cross verify the original documents for the facts mentioned in the report which can be availed from the borrowing company directly.

7. In case of any default in loans or the credit facility extended to the borrowing company, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.

8. The documents, information, data provided to us during the course of this assessment by the client is reviewed only up to the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.

9. This report only contains general assessment & opinion as per the scope of work evaluated as per the information given in the copy of documents, information, data provided to us and/ and confirmed by the owner/ owner representative to us at site which has been relied upon in good faith. It doesn't contain any other recommendations of any sort including but not limited to express of any opinion on the suitability or otherwise of entering into any transaction with the borrower.

10. We have relied on data from third party, external sources & information available on public domain also to conclude this report. 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, however still we can't vouch its authenticity, correctness or accuracy.

11. This Report is prepared by our competent technical team which includes Engineers and financial experts & analysts.

12. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned Financial Institution which is using this report for taking financial decision on the project that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.

13. All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.

14. Though adequate care has been taken while preparing this report as per its scope, but still, we can't rule out typing, human errors, over sightedness of any information or any other mistakes.

Therefore, the concerned organization is advised to satisfy themselves that the report is complete & satisfactory in all respect. Intimation regarding any discrepancy shall be brought into our notice immediately. If no intimation is received within 15 (Fifteen) days in writing from the date of issuance of the report, to rectify these timely, then it shall be considered that the report is complete in all respect and has been accepted by the client up to their satisfaction & use and further to which R.K Associates shall not be held responsible in any manner.

15. Defect Liability Period is **15 DAYS**. We request the concerned authorized reader of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes, incorrect data/ figures/ statement will be entertained within the defect liability period. Any new changes for any additional information in already approved report will be regarded as additional work for which additional fees may be charged. No request for any illegitimate change in regard to any facts & figures will be entertained.

16. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at valuers@rkassociates.org in writing within 15 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Financial Feasibility Study Services will be entertained due to possible change in situation and condition of the subject Project.

17. Our Data retention policy is of **ONE YEAR**. After this period, we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.

18. This Financial Feasibility Study report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) Information/ Data/ Inputs given to us by the client and (3) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this report to immediately or at least within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.

19. R.K Associates never releases any report doing alterations or modifications from pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.

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