IRB Infrastructure private limited
(A subsidiary of
IRB INFRASTRUCTURE DEVELOPERS LTD)

Registered Office :
IRB Complex, Chandivali Farm, Chandivali Village, Andheri (E), Mumbai-400 072
Tel: 91-22-6640 4299 • Fax: 91-22-6640 4274 • e-mail: info@irbfl.co.in • www.irbfl.co.in
CIN :U28920MH1997PTC112628

Date - August 11, 2022

Corporate Relationship Department, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001.	Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1 Block G Bandra Kurla Complex, Bandra (E), Mumbai

Dear Sir/Madam,

Ref: Scrip Code 540526; Symbol: IRBINVIT

Subject: Notice of the Extra Ordinary General Meeting of unitholders of IRB InvIT Fund

We refer to our earlier disclosure dated August 5, 2022 in relation to acquisition of Vadodara Kim Expressway Project ("VK1 Project") from IRB Infrastructure Developers Limited. We are enclosing herewith Notice of the Extra Ordinary General Meeting ("EGM") of Unitholders of IRB InvIT Fund (Trust) to be held on Monday, September 5, 2022 at 05.00 pm (IST) through Video Conferencing/Other Audio-Visual Means to transact the business in relation to aforesaid acquisition as set out in the notice of the EGM dated August 5, 2022.

We request you to take the above on record.

Thanking you.

For IRB Infrastructure Private Limited
(Investment Manager to IRB InvIT Fund)

VENGURLEKAR SWAPNA SADANAND

Digitally signed by VENGURLEKAR SWAPNA SADANAND
DN: c=IN, st=Maharashtra,
2.5.4.20=16e2d7bb4d3b6231fb3dc860fde4677b271d062
72a25dfb44db2e4201c05c52c6, postalCode=400076,
street=IRB COMPLEX, CHANDIVALI FARM, CHANDIVALI VILLAGE
ANDHERI (EAST), MUMBAI, MAHARASHTRA, INDIA, o=IRB INFRASTRUCTURE DEVELOPERS LTD, KOHAN NAGAR, BHAKTIDIP SOCIETY, serialNumber=5880bf08cc9e13d951e6e661d7ad6f94ccb8f42bb8f708b4e6a27271cf4b9d0, o=Personal, cn=VENGURLEKAR SWAPNA SADANAND, pseudonym=d9b1d6d7d6c139d82af5b2e178c3f4
Date: 2022.08.11 11:24:06 +05'30'

Swapna Vengurlekar
Company Secretary & Compliance Officer

IRB InvIT Fund

NOTICE OF EXTRAORDINARY GENERAL MEETING TO BE HELD ON SEPTEMBER 5, 2022

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (**"EGM"**) of the Unitholders (the **"Unitholders"**) of the IRB InvIT Fund (the **"Trust"**) will be held on Monday, September 5, 2022 at 5.00 pm through Video Conferencing to transact the following business:

ITEM NO. 1: TO CONSIDER AND APPROVE THE ACQUISITION OF VK1 EXPRESSWAY PRIVATE LIMITED AND MATTERS RELATED THERETO

To consider and, if thought fit, to pass with or without modifications(s), the following resolution by way of simple majority *(i.e. where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution)* in terms of Regulation 22(4) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended (the "InvIT Regulations"):

"**RESOLVED THAT** pursuant to the provisions of Regulations 19 and 22 and other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, and the circulars, notifications, clarifications and guidelines issued thereunder, and other applicable law, including any statutory modifications, amendments or re-enactments to each of the foregoing, the indenture of trust of the IRB InvIT Fund (the **"Trust**") , the approval of the Unitholders and applicable regulatory approvals, be and is hereby granted for (a) the acquisition of 100% of the equity share capital of VK1 Expressway Private Limited ("**VK1**") by the Trust from IRB Infrastructure Developers Limited (i.e., the Sponsor and the Project Manager of the Trust) and the provision of a shareholder loan to VK1, the proceeds of which shall be utilized by VK1 for the repayment, in full, of the shareholder loan provided to VK1 by the Sponsor, for an aggregate purchase consideration of Rs. 342 crores to be paid in cash on the terms and conditions as may be agreed among the parties; and (b) the appointment of the Sponsor as the project manager in relation to VK1 to undertake O&M works for an aggregate consideration of Rs. 224 crores [(a) and (b)] together, the "**VK1 Acquisition**"), on such terms and conditions as may be mutually agreed among the parties to the proposed transaction.

RESOLVED FURTHER THAT the Board of Directors of the Investment Manager (including any Committee(s) thereof) be and is hereby authorized on behalf of the Trust to do all acts, deeds, things, and matters, including sub-delegation of all, or any of these powers, as may be required or are necessary to give effect to these resolutions or as otherwise considered by the Board of Directors (including any Committee(s) thereof) to be in the best interest of the Trust and the Unitholders, including to negotiate and finalize the terms and conditions of any agreements, deeds, letters, undertakings and any other transaction agreements as specified in the binding term sheet, the share purchase agreement, the project implementation agreement, the shareholder loan agreement or otherwise in relation to the above transactions, including any amendments, supplements or modifications to such documents, as applicable or appropriate, to complete the above VK1 Acquisition, and in relation to the above transactions, to sign, execute, amend, deliver and terminate any agreements, memoranda, documents, letters, deeds or instruments as may be required in this regard, as well as amendments or supplements, including to appoint any advisers, valuers, experts or other

persons and to do all such acts, deeds, matters and things as it may, in its discretion, deem necessary, proper or desirable for such purpose, and to make any filings, furnish any returns or submit any other documents to any regulatory or governmental authorities as may be required, and to settle any question, difficulty or doubt and further to do or cause to be done all such acts, deeds, matters and things and to negotiate, finalize and execute all agreements, documents, papers, instruments and writings as it may deem necessary, proper, desirable or expedient and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, adjustments, changes, variations, alterations, deletions and/or additions as regards the terms and conditions as may be required without being required to seek further consent or approval of the Unitholders or otherwise to the end and intent that the Unitholders shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board (including any Committee(s) thereof) authorized pursuant to the above resolution in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

Explanatory Statement

Kind attention of the Unitholders is drawn to the fact that IRB Infrastructure Developers Limited ("**Sponsor**"), the sponsor and project manager to the IRB InvIT Fund (the "**Trust**"), issued a non-binding proposal dated June 6, 2022 in relation to a potential acquisition opportunity for the acquisition of 100% equity shares of VK1 Expressway Private Limited ("**VK1**") by the Trust from the Sponsor. Thereafter, the Sponsor issued an invitation to offer dated July 22, 2022, VK1 is the concessionaire undertaking the project of eight-laning of Vadodara Kim Expressway from Km. 355.00 to Km. 378.740 (Padra to Vadodara Section of Vadodara Mumbai Expressway) in the state of Gujarat under the NHDP Phase VI on hybrid annuity mode (**"VK1 Project**"). Brief particulars of the project implemented by VK1 are provided in valuation report. Subsequently, intermediaries and advisors were appointed by the Investment Manager in consultation with the trustee to carry out due diligence and for purposes of evaluation of the acquisition opportunity.

The Trust proposes to acquire 100% of the equity share capital of VK1 from the Sponsor and the provision of a shareholder loan to VK1, the proceeds of which shall be utilized by VK1 for the repayment, in full, of the shareholder loan provided to VK1 by the Sponsor, for an aggregate purchase consideration of Rs. 342 crores. Further, the Sponsor will be appointed as the project manager with respect to VK1 pursuant to a project implementation agreement to provide O&M works for 15 years for an aggregate consideration of Rs. 224 crores on arms-length basis. This is collectively referred to as the "**VK1 Acquisition**"). The Trust proposes to raise debt through modes as permitted under applicable law, including through loans or issue of non-convertible debt securities for purposes of financing the acquisition cost.

The VK1 Acquisition will be undertaken on an arms-length basis (in accordance with the relevant accounting standards), in the best interests of the Unitholders and is consistent with the strategy and investment objectives of the Trust.

Pursuant to Regulation 19(3) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended including any applicable circulars, notifications, guidelines and clarifications issued thereunder from time to time (the "**InvIT Regulations**"), the VK1 Acquisition requires the approval of Unitholders of the Trust in accordance with Regulation 22(4) of the InvIT Regulations.

The Independent Valuer of the Trust, namely Mr. S Sundararaman (IBB registration number IBBI/RV/06/2018/10238) has issued a full valuation report dated August 5, 2022, in respect of VK1 that contains the necessary disclosures prescribed under the InvIT Regulations (the "**Valuation Report**") while Baker Tilly DHC Business Private Limited has provided an independent review opinion on the Valuation Report. Please note that a traffic assessment is not relevant for the VK1 Project since it is a hybrid annuity asset and VK1 is entitled to periodic annuity payments from the NHAI in accordance with the terms of the concession agreement.

The Valuation Report is available on the website of the Trust, and has also been made available to the BSE Limited and the National Stock Exchange of India Limited for the purposes of uploading on their respective websites. A summary of the full Valuation Report is provided as Annexure A hereto. For more information, valuation report is enclosed herewith.

Certain information in relation to the VK1 Acquisition is given below:

Sr No.	Description	Details of proposed RPTs
a.	Name of the Related Party and its relationship with the Investment Manager and InvIT, including nature of its concern or interest (financial or otherwise).	IRB Infrastructure Developers Limited, Sponsor and Project Manager of the Trust. The Investment Manager is a subsidiary of the Sponsor. VK1 Expressway Private Limited, entity proposed to be acquired.
b.	Type, material terms, monetary value and particulars of the proposed RPTs.	(a) the acquisition of 100% of the equity share capital of VK1 Expressway Private Limited ("**VK1**") on a fully diluted basis by the Trust from IRB Infrastructure Developers Limited (i.e., the Sponsor and the Project Manager of the Trust) and the provision of a shareholder loan to VK1, the proceeds of which shall be utilized by VK1 for the repayment, in full, of the shareholder loan provided to VK1 by the Sponsor, for an aggregate purchase consideration of Rs. 342 crores to be paid in cash. This aggregate consideration is at ~9% discount to the Equity Value (i.e., the value of the equity share capital and the shareholder loan of the project) determined by the Registered Valuer.

		(b) the appointment of the Sponsor as the project manager in relation to VK1 to undertake O&M works for an aggregate consideration of Rs. 224 crores on arms-length basis, for a period of 15 years (Enterprise Value is Rs. 1,297 crores consisting of debt of Rs. 955 crores and remaining towards equity)
c.	Percentage of the Trust's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPTs.	40% of annual audited consolidated turnover (of the Trust) of Rs. 1,400.34 crores.
1.	Justification for why the proposed transaction is in the interest of the Trust.	1. VK1 Project being a HAM project has stable and firm visibility in cash flows with the following distinct features: a. Semi-annual annuity payments receivable from NHAI spread across 15 years; b. Interest on balance annuities payable by NHAI at bank rate plus 3% per annum; c. Semi-annual O&M receivable from NHAI adjusted for inflation; d. The receipts being linked to Inflation Index and bank rate; it provides a hedge in the rising inflation/ interest rate scenario. 2. For HAM Project, the value of the project is dependent on the Annuity amount receivable from NHAI and interest on the outstanding annuity amount. Since the receivables for HAM projects are from NHAI (AAA rated), acquisition of VK1 by the Trust is not expected to have any dilutive effect on the existing AAA credit rating of the Trust. 3. The Sponsor has agreed to act as the Project Manager of VK1 Project for a period of 15 years for undertaking Operation and Maintenance on fixed price contract on "Arm's length" basis. This would provide the Trust with certainty in respect of the O&M cost. 4. Proposed acquisition is in accordance with the investment strategy of the Trust of growing the

		portfolio size and it is expected to be DPU-accretive.
2.	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Trust or its subsidiary	
a.	Details of the source of funds in connection with the proposed transaction.	Debt through modes as permitted under applicable law, including through loans or issue of non-convertible debentures and Internal accruals of the Trust.
b.	Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments: • Nature of indebtedness • Cost of funds and • Tenure.	The Trust proposes to raise debt through modes as permitted under applicable law, including through loans or issue of non-convertible debt securities for purposes of financing the acquisition cost. The exact amount of debt will be determined once firm arrangements are in place and will depend on the amount of internal accruals available to the Trust for financing the acquisition as referred in 1 (b) As stated above.
c.	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security.	The Trust is in discussions with various lenders to obtain financing and the terms will be finalized in due course.
d.	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	The Trust would utilize the funds to acquire 100% of the equity share capital of VK1 for cash consideration from the Sponsor and also to provide a shareholder loan to VK1 the proceeds of which are proposed to be utilized by VK1 to repay the shareholder loan provided by the Sponsor to VK1.
3.	Valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transactions	The consideration for the proposed transaction is based on discount of ~9% on equity value of Rs.376 crores of VK1, as determined by the Registered IndependentValuer.
4.	Any other information that may be relevant	All relevant information were considered

No acquisition fee is payable to the Investment Manager for the proposed VK1 Acquisition.

Since the VK1 Acquisition is a related party transaction, the Sponsor and its associates will not vote on Item No. 1.

The Board of Directors recommends the passing of the Resolution at Item No. 1 by way of simple majority (i.e., where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution).

Annexure A

Summary of the Full Valuation Report

a) Background and scope:

IRB Infrastructure Developers Limited ("**IRB**" or "the **Sponsor**") is a listed infrastructure development company, undertaking development of various infrastructure projects via the Public Private Partnership ("**PPP**") model in the toll road sector. It is one of the largest private roads and highways infrastructure developers in India.

IRB InvIT Fund ("the **Trust**" or "**InvIT**") is constituted by "The Indenture of Trust" dated 16th October 2015, registered under the Registration Act, 1908 and is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("**SEBI**") pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the **SEBI InvIT Regulations**"). The InvIT has been mainly formed to invest in infrastructure assets primarily being in the road sector in India. All of the Fund's road projects are implemented and held through special purpose vehicles.

The Trust is contemplating to acquire 100% equity stake / economic interest in **VK1 Expressway Private Limited** (Referred to as the "**SPV**"). For this purpose, the Investment Manager appointed Mr. S Sundararaman ("RV") to undertake the fair valuation at the enterprise level of the SPV as per the SEBI InvIT Regulations as at 31st July 2022

The RV declares that:

- The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;
- The RV is independent and has prepared the Valuation Report ("the Report") on a fair and unbiased basis
- RV has valued the SPV based on the valuation standards as specified under sub-regulation 10 of Regulation 21 of SEBI InvIT Regulations

b) Valuation Approach & Assumptions

The RV has assessed the fair enterprise value of the SPV on a stand-alone basis by using the Discounted Cash Flow ("DCF") method under the income approach. Under the DCF Method, the Free Cash Flow to

Firm ("FCFF") has been used for the purpose of valuation of the SPV. In order to arrive at the fair EV of the SPV under the DCF Method, the RV has relied on provisional financial statements as at 31st July 2022 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPV prepared by the Investment Manager as at the Valuation Date, based on their best judgement.

c) Conclusion of Value

Based on the methodology and assumptions discussed above, the RV has arrived at the Fair Enterprise Value ("EV") of VK1 as on the Valuation Date

Table 1.1: Fair Enterprise Value of VK1 as on the Valuation Date (INR Millions ("Mn"))

Name	Fair Enterprise Value
VK1 Expressway Private Limited	13,254

The EV has further been adjusted for cash & cash equivalents, EPC related payables and borrowings from lenders based on the projected key items balance sheet as on 31st July, 2022 as provided to us by the Management to arrive at the Fair Value of Equity of VK1 as on the Valuation Date.

Table 1.2: Calculation of 100% Equity value of SPV as on the Valuation Date

(INR Millions ("Mn"))

Name of the SPV	100% Equity Value with subordinated debt from IRB
VK1 Expressway Private Limited	3,767

The Investment Manager recommends the resolution as set out in the Notice for your approval by way of simple majority (i.e. where the votes cast in favour of the resolution are required to be more than the votes cast against the resolution).

For IRB INVIT FUND
By Order of the Board of **IRB Infrastructure Private Limited**
(as the Investment Manager to IRB InvIT Fund)

Sd/-
Vinod Kumar Menon
Whole Time Director & Chief Executive Officer

Mumbai, August 5, 2022

Registered Office and Contact Details of the Trust:

IRB InvIT Fund
IRB Complex, Chandivali Farm, Chandivali Village,
Andheri (East), Mumbai - 400 072
SEBI Registration Number: IN/InvIT/15-16/0001
Tel: +91 22 6640 4299
Fax: +91 22 6640 4274
E-mail: info@irbinvit.co.in
Website: www.irbinvit.co.in
Compliance Officer: Ms. Swapna Vengurlekar

Registered Office and Contact Details of the Investment Manager:

IRB Infrastructure Private Limited
IRB Complex, Chandivali Farm, Chandivali Village,
Andheri (East), Mumbai - 400 072
Tel: +91 22 6640 4299
Fax: +91 22 6640 4274
Email: info@irbfl.co.in
Company Secretary: Ms. Swapna Vengurlekar

NOTES:

1. In view of the continuing COVID-19 pandemic, Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/DDHS/DDHS_Div2/P/CIR/2022/079 dated June 3, 2022 including any amendments/ clarifications thereto have allowed InvITs to conduct their Extra Ordinary General Meetings (EGM) of Unitholders through Video Conferencing (VC) or Other Audio Visual Means (OAVM) till December 31, 2022 without the physical presence of the Unitholders at a common venue, subject to the fulfilment of conditions as specified in the relevant circulars issued thereunder. In compliance with the aforesaid circulars, the EGM is being held through VC.

2. The Investment Manager, on behalf of the Trust has enabled the Unitholders to participate at the meeting through VC facility provided by KFin Technologies Ltd (KFintech), Registrar and Share Transfer Agents. The instructions for participation by Unitholders are given in the subsequent paragraphs. Participation at the meeting through VC shall be allowed on a first-come-first-served basis for first 1,000 unitholders. Further, all the parties to the InvIT shall be allowed to attend the meeting without restriction on account of first-come-first-served principle. The unitholders can visit https://emeetings.kfintech.com and login through existing user id and password to attend the live proceedings of the meeting of the Trust.

3. Notice of the EGM (including remote e-voting instructions) is being sent to the unitholders whose email addresses are registered with the Trust or with the depository participant / depository. Unitholders may note that the Notice of the EGM is available on the InvIT's website at www.irbinvit.co.in, websites of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of KFintech at https://evoting.kfintech.com/

4. Unitholders who have not registered their e-mail address and mobile numbers may temporarily get themselves registered with KFintech, by following the procedure mentioned below:

    a. Visit the link https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx
    b. Select the name i.e. IRB InvIT Fund.
    c. Select the Holding type from the drop down i.e. - NSDL/CDSL/Physical
    d. Enter DP ID – Client ID (in case Units are held in electronic form) and PAN.
    e. If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
    f. Enter the email address and mobile number.
    g. System will validate DP ID – Client ID/Folio No. and PAN as the case may be, and send OTP at the registered Mobile number as well as email address for validation.
    h. Enter the OTPs received by SMS and email to complete the validation process. OTP will be valid for 5 minutes only.
    i. The Notice and e-voting instructions along with the User ID and Password will be sent on the email address updated by the unitholder.

j. Please note that in case the Units are held in electronic form, the above facility is only for temporary registration of email address for receipt of the Notice and the e-voting instructions along with the User ID and Password. Such unitholders will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.

k. In case of queries, unitholders are requested to write to einward.ris@kfintech.com or call at the toll free number 1800-309-4001.

5. The Investment Manager, on behalf of the Trust, is providing a facility to the Unitholders as on the cut-off date, being August 29, 2022 (**"the Cut-Off Date"**) to exercise their right to vote by electronic voting systems (**"Remote e-Voting"**). Additionally, the Unitholders can also exercise their right to vote by e-voting during the meeting. Details of the process and manner of Remote e-Voting along with the User ID and Password are given below. Such remote e-voting facility is in addition to voting that will take place at the meeting being held through VC. For this purpose, the Trust has engaged services of KFintech, Registrar and Transfer Agent for providing e-Voting services. Any person who acquires Units of the Trust and becomes a Unitholder of the Trust after the dispatch of the Notice, and holding Units as on the Cut-Off Date, may obtain the User ID and Password by sending a request at evoting@kfintech.com or contact KFintech at toll free number 1800 309 4001. Voting by electronic mode is a convenient means of exercising voting rights and may help to increase the Unitholders' participation in the decision-making process.

6. Unitholders who have cast their vote by Remote e-Voting prior to the EGM may also attend the EGM but shall not be entitled to cast their vote again. Unitholders can opt for only one mode of voting, i.e. Remote e-Voting or e-voting at the EGM. If a Unitholder opts for Remote e-Voting, then he/she shall not vote using e-voting at the EGM and vice versa. In case a Unitholder casts his/her vote, both by Remote e-Voting and e-voting at the EGM mode, then the voting done by Remote e-Voting shall prevail and the e-voting at the EGM shall be invalid.

   Since this EGM is being held through VC, physical attendance of Unitholders has been dispensed with. Accordingly, the facility for appointment of proxies by the Unitholders will not be available for the meeting and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

7. Unitholders are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.

8. Unitholders are requested to address all correspondence, including distribution matters, to the Registrar and Unit Transfer Agent, KFintech (Unit: IRB InvIT Fund), Selenium Building, Tower B, Plot No. 31&32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, India or email at support.irbinvit@kfintech.com

9. Members who wish to claim distribution, which remain unclaimed, are requested to correspond with Registrar and Unit Transfer Agent, KFintech (Unit: IRB InvIT Fund), at the address mentioned above.

PROCEDURE FOR E-VOTING

I. Instructions for Unitholders for Remote e-voting through electronic means:

i. The Investment Manager, on behalf of the Trust, is providing facility of remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to Unitholders holding Units as on August 29, 2022 (end of day), being the cut-off date fixed for determining voting rights of Unitholders, entitled to participate in the remote e-voting process, through the e-voting platform provided by KFintech or to vote at the e-EGM. Person who is not a Unitholder as on the cut-off date should treat this Notice for information purposes only.

ii. The e-voting period commences on Friday, September 2, 2022 (9.00 AM) and ends on Sunday, September 4, 2022 (5.00 PM). During this period Unitholders of the Trust, holding Units in dematerialized form, as on the cut-off date may cast their vote electronically in the manner and process set out herein below. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Unitholder, the Unitholder shall not be allowed to change it subsequently. Further the Unitholders who have casted their vote through Remote e-Voting, then he/she shall not vote using e-voting at the EGM.

iii. The details of the process and manner for remote e-voting are given below:

MODE OF E-VOTING	**THROUGH DEPOSITORIES**		**THROUGH DEPOSITORY PARTICIPANT(S)**
	NSDL	**CDSL**	
Individual Unitholders holding securities in demat mode	**1. Users registered for NSDL IDeAS facility may follow the below steps:** i. Visit the following URL: https://eservices.nsdl.com/ ii. On the home page, click on the **"Beneficial Owner"** icon "Login" which is available under "IDeAS" section. iii. A new screen will open. Enter User ID and Password. Post successful	**1. Existing users who have opted for Easi/Easiest may follow the below steps:** a. Visit the following URL: https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com b. Click on the "Login" icon and opt for "New System Myeasi" (only applicable when using the URL: www.cdslindia.com) c. On the new screen, enter User ID and Password. Without any further authentication, the e-voting page will be made available. d. Click on Company name or e-voting service provider name i.e. KFintech to cast your vote. **2. Users who have not opted for Easi/Easiest may follow the below steps:**	1. Unitholders can also log-in using the credentials of their demat account through their Depository Participant(s) registered with NSDL/CDSL for the e-

	authentication, you will be able to see e-voting services. Click on **"Access to e-Voting"** under e-voting services and you will be able to see e-voting page. iv. Click on Trust name or e-voting service provider name i.e. **KFintech** and you will be re-directed to KFintech website for casting your vote. **2. Users not registered for IDeAS facility may follow the below steps:** i. To register for this facility, visit the URL: https://eservices.nsdl.com ii. On the home page, select **"Register Online for IDeAS"** iii. On completion of the registration formality, follow the steps provided above. **3. Unitholders may alternatively vote through the e-voting website of NSDL in the manner specified below:** a. Visit the URL: https://www.evoting.nsdl.com/ b. Click on the "Login" icon available under the	a. To register for this facility, visit the URL: https://web.cdslindia.com/myeasi/Registration/EasiRegistration b. On completion of the registration formality, follow the steps provided above. **3. Unitholders may alternatively vote through the e-voting website of CDSL in the manner specified below:** a. Visit the URL: www.cdslindia.com b. On clicking the e-voting icon, Enter the demat account number and PAN c. Enter OTP received on mobile number and email registered with the demat account for authentication. d. Post successful authentication, the user will receive links for the respective e-voting service provider i.e. **KFintech** where the e-voting is in progress. **4.** For any technical assistance, Unitholders may contact CDSL helpdesk by writing to helpdesk.evoting@cdslindia.com or calling at 022-23058738 or 022-23058542-43.	voting facility. 2. On clicking the e-voting icon, unitholders will be re-directed to the NSDL/CDSL site, as applicable, on successful authentication. 3. Unitholders may then click on Trust name or e-voting service provider name i.e. **KFintech** and will be redirected to KFintech website for casting their vote.

	"Shareholder/Member" section. c. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP, as applicable, and the verification code shown on the screen. d. Post successful authentication, you will be redirected to the NSDL IDeAS site wherein you can see the e-voting page. e. Click on Trust name or e-Voting service provider name i.e. **KFintech** and you will be redirected to KFintech website for casting your vote. **4.** For any technical assistance, Unitholders may contact NSDL helpdesk by writing to evoting@nsdl.co.in or calling the toll free no.: 1800 1020 990 or 1800 22 44 30.		
MODE OF E-VOTING	**THROUGH KFINTECH**		
Non-individual Unitholders holding securities in	1. In case of Unitholder whose email IDs are registered with the Company/Depository Participants(s), please follow the below instructions: a. Visit the following URL: https://evoting.kfintech.com b. Enter the login credentials (i.e. User ID and password as communicated in the e-mail from KFintech). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.		

demat mode and Unitholders holding securities in physical mode, if any	c. After entering these details appropriately, click on "LOGIN". d. You will now reach password change menu, wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc). It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. e. You need to login again with the new credentials. f. On successful login, the system will prompt you to select the "EVENT" and click on "IRB InvIT Fund". g. On the voting page, the number of Units (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all units and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total Unitholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the units held will not be counted under either head. h. Unitholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account. i. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution. j. Corporate/institutional Unitholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at mihenhalani@gmail.com and may also upload the same in the e-voting module in their login. k. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Unitholders and e-voting User Manual available at the 'download' section of https://evoting.kfintech.com or call KFintech on 1800 309 4001 (toll free). 2. In case of Unitholders who have not registered their e-mail address or become a Unitholder of the Trust after dispatch of Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below: a. If the mobile number of the Unitholder is registered against Folio No./DP ID Client ID, the Unitholder may send SMS: MYEPWD<space>E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399. i. Example for NSDL - MYEPWD<space>IN12345612345678, ii. Example for CDSL - MYEPWD <space> 1402345612345678, iii. Example for Physical - MYEPWD<space>XXXX1234567890. b. If e-mail address or mobile number of the Unitholder is registered against Folio No./DP ID Client ID, then on the home page of https://evoting.kfintech.com, the Unitholder may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password. c. KFintech shall endeavour to send User ID and Password to those new Unitholders whose e-mail ids are available.

II. Instructions for Unitholders for e-Voting during the e-EGM session:

Those Unitholders, who are present in the Meeting through VC and have not cast their vote on resolutions through remote e-voting, can vote through e-voting at the Meeting. The Unitholders may vote through the Insta Poll facility that will be made available on the Meeting page (after you log into the Meeting). An icon, "Vote", will be available on the Meeting Screen. Unitholders will be able to cast their vote by clicking on this icon, using the user ID and Password as communicated in the e-mail from KFintech as the credentials.

III. General instruction for e-voting are as under:

A. The voting rights of Unitholders shall be in proportion to their Units of the paid up Unit capital of the Trust as on the cut-off date.

B. The Board of Directors of Investment Manager has appointed M/s Mihen Halani & Associates Practicing Company Secretaries as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

C. The Results shall be declared on or after the EGM of the Trust and the resolution will be deemed to be passed on the EGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).

D. The results declared shall be communicated to the Stock Exchanges and shall also be placed on the Trust's website www.irbinvit.co.in within two (2) days of passing of the resolutions at the EGM of the Trust.

IV. Instructions for the Unitholders for attending the EGM through Video Conference:

A. Unitholders may note that the EGM of the Trust will be convened through VC in compliance with the Circulars issued by SEBI. The facility to attend the meeting through VC will be provided by the Trust. Unitholders may access the same at **https://emeetings.kfintech.com/** and click on the "video conference" and access the shareholders/members login by using the remote e-voting credentials. The link for EGM will be available in shareholder/members login where the EVENT and the name of the Trust can be selected.

B. Please note that the Unitholders who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

C. Unitholders can participate in the EGM through their desktops / smartphones / laptops etc. However, for better experience and smooth participation, it is advisable to join the meeting through desktops / laptops with high-speed internet connectivity.

D. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

E. The facility of joining the EGM through VC will be opened 15 minutes before the scheduled start-time of the EGM and will be available for Unitholders on a first-come-first-served-basis.

F. The Trust reserves the right to limit the number of Unitholders asking questions depending on the availability of time at the EGM.

G. **Unitholders who would like to express their views/ask questions may log into https://emeetings.kfintech.com/ and click on "Post your Questions" may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, Unitholders questions will be answered only if the Unitholder continues to hold the Units as of cut-off date benpos. The window shall remain active from 10.00 am on Friday, September 2, 2022 to 11.00 am on Sunday, September 4, 2022.**

H. In addition to the above mentioned step, the Unitholders may register themselves as speakers for the EGM to pose their queries. Accordingly, the Unitholders may visit https://emeetings.kfintech.com/ and click on 'Speaker Registration', the window shall remain active **10.00 am on Friday, September 2, 2022 to 11.00 am on September 4, 2022.** The Trust reserves the right to restrict the number of speakers at the EGM and to only those Unitholders who have registered themselves, depending on the availability of time for the EGM.

I. Due to limitations of transmission and coordination during the Q&A session, the Trust has dispensed with the speaker registration during the EGM conference.

J. Unitholders who need assistance before or during the EGM, can contact KFintech on evoting@kfintech.com/ 1800 309 4001 (toll free) or contact Suresh Babu D, Deputy Manager, KFintech through an E-mail request to suresh.d@kfintech.com or evoting@kfintech.com.

Prepared for:
IRB InvIT Fund ("the Trust")

IRB Infrastructure Private Limited ("the Investment Manager")

Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended

Fair Enterprise Valuation
Target SPV: VK1 Expressway Private Limited

Valuation Date: 31st July 2022

Mr. S Sundararaman,
Registered Valuer,

IBBI Registration No - IBBI/RV/06/2018/10238

S. SUNDARARAMAN
Registered Valuer
Registration No - IBBI/RV/06/2018/10238

RV/SSR/R/2023/08
Date: 5th August 2022

The Board of Directors
IRB Infrastructure Private Limited
3rd Floor, IRB Complex,
Chandivali Farm, Chandivali Village,
Andheri (E), Mumbai - 400 072,
Maharashtra, India

The Board of Directors
IRB InvIT Fund
(IDBI Trusteeship Services Limited acting on behalf of the Trust)
IRB Complex,
Chandivali Farm, Chandivali Village,
Andheri (E), Mumbai - 400 072,
Maharashtra, India.

Sub: Financial Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Sirs/Madams,

I, Mr. S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 25th July 2022, as an independent valuer, as defined under the SEBI InvIT Regulations, by **IRB Infrastructure Private Limited ("**the **Investment Manager"** or **"IRBIM"),** acting as the investment manager for **IRB InvIT Fund ("**the **Trust"** or **"InvIT"),** and **IDBI Trusteeship Services Limited ("**the **Trustee")** acting as the trustee for the Trust, for the purpose of the financial valuation of the Proposed Special Purpose Vehicle **– VK1 Expressway Private Limited** (referred to as "the **SPV**").

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified. My team and I have no present or planned future interest in the Trust, the SPV or the Investment Manager except to the extent of our appointment as an independent valuer and the fee for this Valuation Report ("Report") and also for our appointment under Regulation 21(4) & 21(5) of the SEBI InvIT Regulations which is not contingent upon the values reported. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV on a going concern basis as at **31st July 2022** ("**Valuation Date**"). **Enterprise Value** ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The information provided to me by the Investment Manager in relation to the SPV included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates and it includes the risks and uncertainties relating to the events occurring in the future. Accordingly, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the **Securities and Exchange Board of India** ("**SEBI**") there under.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust's advisors and may be made available for the inspection to the public as a material document and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 10 of the Report.

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

Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2022.08.05 09:57:23 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No - IBBI/RV/06/2018/10238
UDIN: 22028423AOHXUR4346
Place: Chennai
Encl: As above

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Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BOT	Build, Operate and Transfer
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CCM	Comparable Companies Multiples
COD	Commercial Operation Date
Cr	Crores
CTM	Comparable Transactions Multiples
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ERP	Equity Risk Premium
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FDI	Foreign Direct Investment
FY	Financial Year Ended 31st March
GQ	Golden Quadrilateral
HAM	Hybrid Annuity Model
Ind AS	Indian Accounting Standards
INR	Indian Rupees
Investment Manager	IRB Infrastructure Private Limited
IVS	ICAI Valuation Standards 2018
Kms	Kilometres
MoRTH	Ministry of Road Transport and Highways
MMR	Major Maintenance and Repairs
Mn	Million
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
NH	National Highway
NHAI	National Highways Authority of India
NHDP	National Highways Development Project
NS-EW	North- South and East-West Corridors
O&M	Operation & Maintenance
PPP	Public Private Partnership
RFID	Radio Frequency Identification
RV	Registered Valuer
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SH	State Highway
SPV	Special Purpose Vehicle
the Trustee	IDBI Trusteeship Services Limited
VEPL/ the SPV	VK1 Expressway Private Limited

1. Executive Summary

1.1. Background

The Infrastructure Investment Trust

1.1.1. IRB InvIT Fund ("the **Trust**" or "**InvIT**") is constituted by "The Indenture of Trust" dated 16th October 2015, registered under the Registration Act, 1908 and is registered as an Indian infrastructure investment trust with the Securities and Exchange Board of India ("**SEBI**") pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the **SEBI InvIT Regulations**").

1.1.2. The InvIT has been mainly formed to invest in infrastructure assets primarily being in the road sector in India. All of the Fund's road projects are implemented and held through special purpose vehicles. The InvIT currently involved in owning, operating and maintaining a portfolio of five toll road assets in the Indian states of Maharashtra, Punjab, Karnataka, Tamil Nadu and Rajasthan pursuant to the concessions granted by the National Highways Authority of India ("**NHAI**"). The units issued by the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 18th May 2017.

1.1.3. Unitholding of the Trust as on 30th June 2022 is as under:

Sr. No.	Particulars	No. of Units	%
1	Sponsor & Sponsor Group	10,76,15,000	18.5%
2	Mutual Funds	3,80,90,000	6.6%
3	Financial Institutions or Banks	22,00,000	0.4%
4	Insurance Companies	1,24,50,000	2.1%
5	Provident or pension funds	2,45,000	0.0%
6	Foreign Portfolio Investors	16,15,48,314	27.8%
7	Non-institutional investors	25,83,51,686	44.5%
	Total	**58,05,00,000**	**100.0%**

Source: BSE Limited

The Sponsor

1.1.4. IRB Infrastructure Developers Limited ("**IRB**" or "the **Sponsor**") is a listed infrastructure development company, undertaking development of various infrastructure projects via the Public Private Partnership ("**PPP**") model in the toll road sector. It is one of the largest private roads and highways infrastructure developers in India. The equity shares of IRB are listed on the National Stock Exchange of India Limited and BSE Limited since 25th February 2008.

1.1.5. Shareholding of the Sponsor as on 30th June 2022 is as under:

Sr. No.	Particulars	No. of Shares	%
1	Promoter & Promoter Group	20,65,52,598	34.2%
2	Mutual Funds	1,87,78,178	3.1%
3	Financial Institutions or Banks	2,04,17,656	3.4%
4	Insurance Companies	84,772	0.0%
5	Foreign Portfolio Investors	29,37,99,919	48.7%
6	Non-institutional investors	6,42,66,877	10.6%
	Total	**60,39,00,000**	**100.0%**

Source: BSE Limited

Investment Manager

1.1.6. IRB Infrastructure Private Limited ("the **Investment Manager**" or "**IRBIM**") is a wholly-owned subsidiary of the Sponsor. The Investment Manager has approximately 19 years of experience in operating road Build Operate Transfer ("**BOT**") projects and is also experienced in developing, operating and maintaining toll plazas in the infrastructure sector.

1.1.7. Shareholding of the Investment Manager as on 31st July 2022 is as under:

Sr. No.	Particulars	%
1	IRB Infrastructure Developers Limited	100.0%

Source: Investment Manager

1.1.8. **Financial Asset to be Valued**

The financial asset to be valued at Enterprise Value is **VK1 Expressway Private Limited** (Referred to as the "**SPV**").

1.1.9. **Proposed Transaction**

I understand from the Investment Manager that the Trust is contemplating to acquire 100% equity stake / economic interest in the SPV ("**Proposed Transaction**").

1.2. Purpose and Scope of Valuation

Purpose of Valuation

1.2.1. As per Regulation 21(8) (a) of the SEBI InvIT Regulations, for any transaction of purchase or sale of infrastructure projects whether directly or through SPV, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.

1.2.2. In this regard, the Investment Manager and the Trustee have appointed Mr. S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at the enterprise level of the SPV as per the SEBI InvIT Regulations as at 31st July 2022.

1.2.3. Registered Valuer declares that:

i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

ii. The RV is independent and has prepared the Valuation Report ("the Report") on a fair and unbiased basis;

iii. RV has valued the SPV based on the valuation standards as specified under sub-regulation 10 of Regulation 21 of SEBI InvIT Regulations.

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

Scope of Valuation

1.2.4. **Nature of the Asset to be Valued**

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value ("EV") of the SPV. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

1.2.5. **Valuation Base**

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

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit

price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party(ies) involved.

1.2.6. **Valuation Date**

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

The Valuation Date considered for the fair enterprise valuation of the SPV is 31st July 2022 ("**Valuation Date**"). The attached Report is drawn up by reference to accounting and financial information as on 31st July 2022. The RV is not aware of any other events having occurred since 31st July 2022 till date of this Report which he deems to be significant for his valuation analysis.

For the amount pertaining to the operating working capital, management of the Investment Manager has acknowledged to consider the Provisional financial statements as on 31st July 2022 to carry out the valuation of the SPV.

1.2.7. **Premise of Value**

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPV on a Going Concern Value defined as under:

Going Concern Value

Going Concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, necessary licenses, systems, and procedures in place etc.

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1.3. Summary of Valuation

I have assessed the fair enterprise value of the SPV on a stand-alone basis by using the Discounted Cash Flow ("**DCF**") method under the income approach. Following table summarizes my explaination on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business.
Income Approach	Discounted Cash Flow	Yes	The revenue of the SPV is derived from the annuity fees that are typically pre-determined with the relevant government authority and cannot be modified to reflect prevailing circumstances, other than annual adjustments to account for inflation and interest rate changes, as specified in the concession agreement. Accordingly, since the SPV is generating income based on pre-determined agreement / mechanism and since the Investment Manager has provided me the financial projections for the balance tenor of the concessions agreements, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV is not listed on any recognized stock exchange in India. Hence, I was unable to apply the market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I am unable to consider this method for the current valuation.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm ("**FCFF**") has been used for the purpose of valuation of the SPV. In order to arrive at the fair EV of the SPV under the DCF Method, I have relied on provisional financial statements as at 31st July 2022 prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of the SPV prepared by the Investment Manager as at the Valuation Date, based on their best judgement.

The discount rate considered for the SPV for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("**WACC**") for the SPV. As the SPV under consideration have executed project under the Hybrid Annuity Mode ("**HAM**"), the operating rights of the underlying assets shall be transfered after the expiry of the concession period. At the end of the agreed concession period, the obligation to maintain the road shall revert to the concession granting authority, i.e. NHAI. Moreover, the revenue of the SPV shall be till the end of the concession period. Accordingly, terminal period value i.e. value on account of cash flows to be generated after the expiry of concession period has not been considered.

Based on the methodology and assumptions discussed further, RV has arrived at the fair enterprise value of the SPV as on the Valuation Date:

Sr. No.	SPV	WACC	Fair EV (INR Mn)
1	VEPL	6.8%	13,254

(Refer Appendix I & II for the detailed workings)

Further to above considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs:

1. WACC by increasing / decreasing it by 0.50%
2. WACC by increasing / decreasing it by 1%
3. O&M Expenses by increasing / decreasing it by 20%

Enterprise Value	Lower Range	Base Range	Higher Range
	INR Mn	INR Mn	INR Mn
WACC	+0.5%	6.8%	-0.5%
	12,918	13,254	13,606
WACC	+1%	6.8%	-1%
	12,596	13,254	13,974
O&M Expenses	+20%	NA	-20%
	13,025	13,254	13,453

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2. Procedures adopted for current valuation exercise

2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards 2018 ("**IVS**") issued by the Institute of Chartered Accountants of India.

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

2.2.1. Requested and received financial and qualitative information relating to the SPV;

2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;

2.2.3. Discussions with the Investment Manager on:

- Understanding of the business of the SPV – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;

2.2.4. Undertook industry analysis:

- Research publicly available market data including economic factors and industry trends that may impact the valuation;
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by me;

2.2.5. Analysis of other publicly available information;

2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by me;

2.2.7. Conducting physical site visit of the road stretch of VEPL;

2.2.8. Determination of fair EV of the SPV.

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3. Overview of the InvIT and the SPV

The Trust

3.1. The Trust is registered with SEBI pursuant to the SEBI InvIT Regulations. The Trust was established on 16th October 2015 by IRB Infrastructure Developers Limited as the Sponsor.

3.2. It is mainly established to invest in infrastructure assets primarily being in the road sector in India. The units of the Trust are listed on the National Stock Exchange Limited and BSE Limited since 18th May 2017.

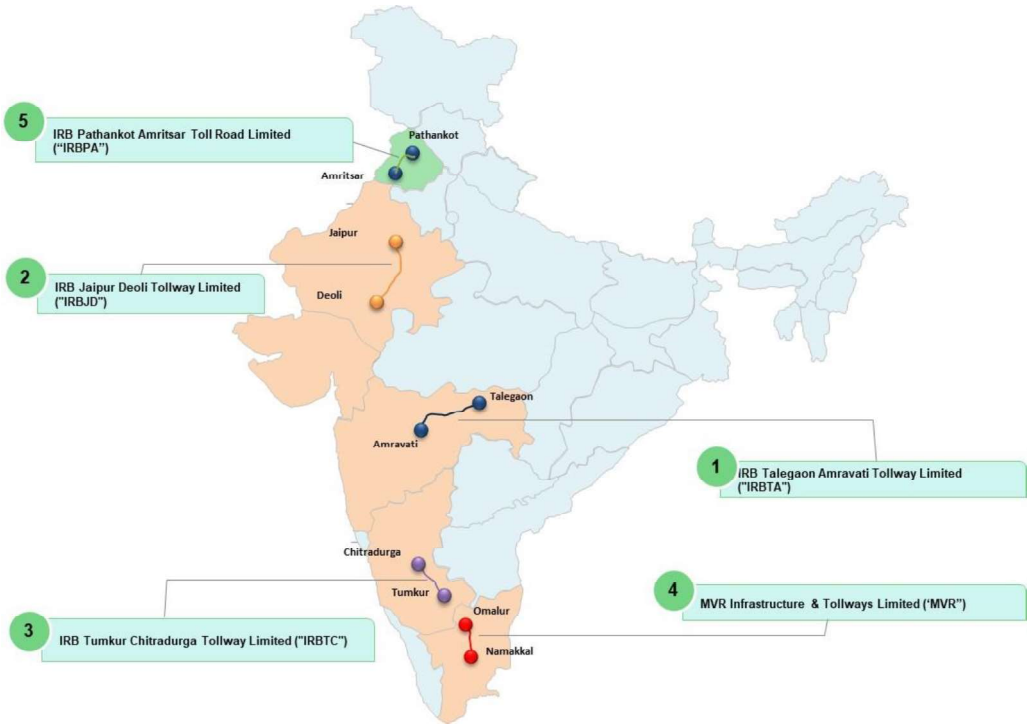
3.3. The InvIT comprises of five operational road projects having length of 2,231 lane Kms with four of the road projects forming part of Golden quadrilateral and one being part of East-West corridor. It has presence across five states in India.

3.4. Following is the historical valuation summary of the five SPVs of the Trust:

Valuation (INR Mn)	IRBTA	IRBJD	IRBTC	MVR	IRBPA
Stake held by Trust	100%	100%	100%	100%	100%
30-Sep-17	7,415	21,047	14,485	4,121	18,253
31-Mar-18	7,749	19,509	13,690	4,132	16,452
30-Sep-18	8,155	16,271	13,267	4,285	14,350
31-Mar-19	8,664	16,244	14,410	4,334	14,845
30-Sep-19	9,486	15,826	14,912	4,702	14,837
31-Mar-20	8,637	14,187	13,114	4,246	13,723
30-Sep-20	10,385	16,553	15,346	4,681	16,095
31-Mar-21	11,399	18,467	16,462	4,524	17,275
30-Sep-21	11,088	17,989	20,965	4,083	16,340
31-Mar-22	10,279	18,483	21,024	4,151	17,142

Note: I have conducted valuation from the period 30-Sep-20 onwards.

3.5. Following is a map of India showing the area covered by the five SPVs of the Trust:



Background of the SPV

3.4. VK1 Expressway Private Limited ("VEPL" or the "Project" or the "SPV")

3.4.1. Summary of details of VEPL is as follows:

Parameters	Details
Total Length	208.4 lane Kms
Nos. of Lanes	8
NH / SH	NH-8
State Covered	Gujarat
Area (Start and End)	Padra to Vadodara
Bid Project Cost	INR 20,430 Mn
PPP Model	Hybrid Annuity Mode
Project Type	Annuity
Concession Granted by	NHAI
Provisional COD	2nd April 2022
Nos. of Annuities	30 Annuities over period of 15 years
Concession Period (CP)	730 days + 15 Years

Source: Investment Manager

3.4.2. I understand from the Investment Manager that VEPL has achieved COD on 2nd April 2022 and the first annuity post COD is due on 29th September 2022, i.e. 180 days after COD. Accordingly the Investment Manager has confirmed to me that VEPL is an eligible infrastructure project as per the extant provisions of SEBI InvIT Regulations.

3.4.3. The Project alignment runs almost parallel to existing NH 8 on east side and crosses it at one location i.e., Ahmedabad – Vadodara section of NH-8 (at Km 94+900 of NH8) at Km 374+355 near Vadodara

3.4.4. The corridor forms a part of road kilometre 355.00 to kilometre 378.74 of Padra-Vadodara section of Vadodara - Mumbai Expressway.

Sr. No.	Salient Features	Count/ units
1	Total Length of the Project Highway	208.4 Lane Kms
2	Toll Plaza	2 Nos.
3	Bus Bays / Bus Shelters	Nil
4	Truck Lay Bays	Nil
5	Rest Area	Nil
6	Major/ Minor Junction	Nil
7	Rail Over Bridge	2 Nos.
8	Vehicular Underpass	5 Nos.
9	Light Vehicular Underpass	2 Nos.
10	Pedestrian Underpass (PUP/CUP)	11 Nos.
11	Flyover	8 Nos.
12	Major Bridges	3 Nos.
13	Minor Bridges for Main Carriageway	8 Nos.
14	Box/ Slab Culverts	47 Nos.
15	Pipe Culverts	18 Nos.

Source: Investment Manager

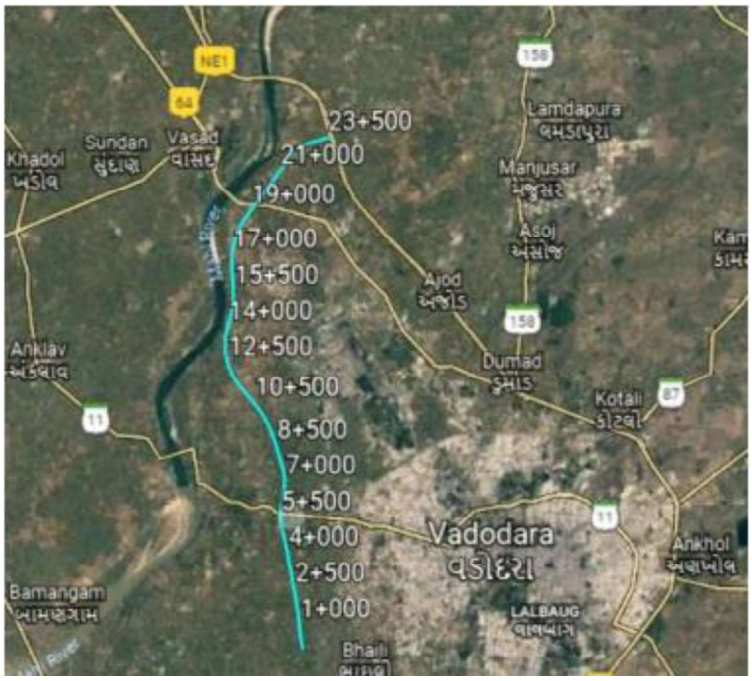
3.4.5. The shareholding of VEPL as on the Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	IRB Infrastructure Developers Limited	12,24,99,994	99.99%
2	Others*	6	0.01%
	Total	**12,25,00,000**	**100.00%**

**Held by Nominees of IRB Infrastructure Developers Limited*

I have been represented by the Investment Manager that there is no change in shareholding pattern from the Valuation Date till the date of this Report.

3.4.6. The map below illustrates the location of the Project and the corridor it covers:



Source: Investment Manager

3.4.7. My team had conducted physical site visit of the road stretch of VEPL on 2nd August 2022. Refer below for pictures of the road stretch of the Project:

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4. Overview of the Industry

4.1 Introduction

4.1.1 The road infrastructure is an important determinant of economic growth in India and it plays a significant role in the economy's overall development process.

4.1.2 Creation and operation of quality road infrastructure continue to be major requirements for enabling overall growth and development of India in a sustained manner.

4.1.3 Bridging of existing infrastructure gaps and creating additional facilities to cater to the increasing population are equally important. Apart from providing connectivity in terms of enabling movement of passengers and freight, roads act as force multipliers in the economy.

4.1.4 Further, roads play a significant role in times of natural calamities, wars and other such events in terms of timely evacuation of the impacted population, carriage of relief material and other associated movements. Government takes cognisance of this requirement and road infrastructure remains to be a focus area.

4.2 Road Network in India

4.2.1 India has the second largest road network in the world, spanning over 6.37 million kms. Over 64.5% of all goods in the country are transported through roads, while 90% of the total passenger traffic uses road network to commute.

Source: IBEF Roads Report, March 2022

4.2.2 Out of this around 1.41 lakh km are National Highways ("NHs"). Significantly, NHs constitute around 2 per cent of the total road network in the country but carry about 40% of the road traffic. The density of India's highway network at 1.89 km of roads per square kilometer of land – is similar to that of the France (1.98) and much greater than China's (0.49) or USA's (0.68).

4.3 Government Agencies for Road Development

4.3.1 The Ministry of Road Transport & Highway ("**MoRTH**") is responsible for development of Road Transport and Highways in general and construction & maintenance of National Highways.

4.3.2 The National Highways Authority of India ("**NHAI**") is an autonomous agency of the Government of India, set up in 1988 and is responsible for implementation of National Highways Development Project ("**NHDP**").

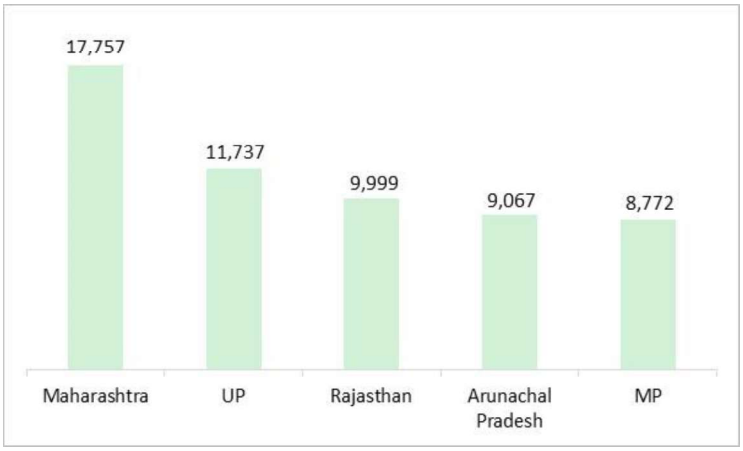
4.3.3 The NHDP in the context of NHs is nearing completion- in seven phases. Later, the other highway development programmes like Special Accelerated Road Development Programme for Development of Road Network in North Eastern States (SARDP- NE) and National Highways Interconnectivity Improvement Project (NHIIP) were also taken up by MoRTH. Further, BharatImala Pariyojana is ongoing. For majority of the projects under NHDP and Bharatmala Pariyojana, NHAI

is the implementation agency. Other NH related programmes/works are being implemented through agencies like National Highways Infrastructure Development Corporation Limited (NHIDCL), State Public Works Departments (PWDs), State Road Development Corporations and the Border Road Organization.

4.3.4 Roads in the jurisdiction of state governments are under different categories like State Highways ("SHs") and Major District Roads. They are being developed/ upgraded through State PWDs and State Road Development Corporations. Pradhan Mantri Gramm Sadak Yojana is being implemented for rural roads through the Ministry of Rural Affairs with active participation by state governments. Further, roads within urban areas are maintained/ developed mostly with PWDs and Urban Local Bodies.

4.3.5 State Governments have a significant role to play in developing the SHs, Major District Roads, Other District Roads to ensure the last mile connectivity. States have varying levels of maturity in terms of road infrastructure development due to issues such as inadequate identification and prioritization of projects, funding shortfall, limited institutional capacity to implement projects, etc.

Top 5 states by length of NHs in India (in Km)



4.4 Trend of Road and Highways Construction

4.4.1 The length of National Highways awarded has almost doubled in the years FY15 to FY18 compared to FY11 to FY14. Length of NHs constructed has increased by 70% during the same period. This pace is expected to gain further ground, with the ambitious targets set by the ministry and the implementation of the Bharatmala Pariyojana as MORTH is planning to construct around 65,000 km of national highways at a cost of Rs 5.35 trillion (US$ 74.15 billion) by 2022.

4.4.2 India has become the fastest highway developer in the world with 27 kms of highways built each day in 2017-18 and plans to construct 18,000 kilometres of national highways in 2022-23 at a pace of 50 km per day.

4.4.3 Under the Union Budget 2022-23, the Government of India has allocated Rs. 199,107 crore (US$ 26.04 billion) to the Ministry of Road Transport and Highways.

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

4.4.5 The NHDP is a program to upgrade, rehabilitate and widen major highways in India to a higher standard. The project was started in 1998 to be implemented in 7 phases.

4.4.6 With the launch of Bharatmala project, 10,000 km of highway construction left under NHDP was merged with Phase I of the Bharatmala project.

4.4.7 The Indian government launched Gati Shakti-National Master Plan, which has consolidated a list of 81 high impact projects, out of which road infrastructure projects were the top priority. The major highway projects include the Delhi-Mumbai expressway (1,350 kilometres), Amritsar-Jamnagar expressway (1,257 kilometres) and Saharanpur-Dehradun expressway (210 kilometres).

4.4.8 The main aim of this program is a faster approval process by digitizing the process through a dedicated Gati shakti portal.

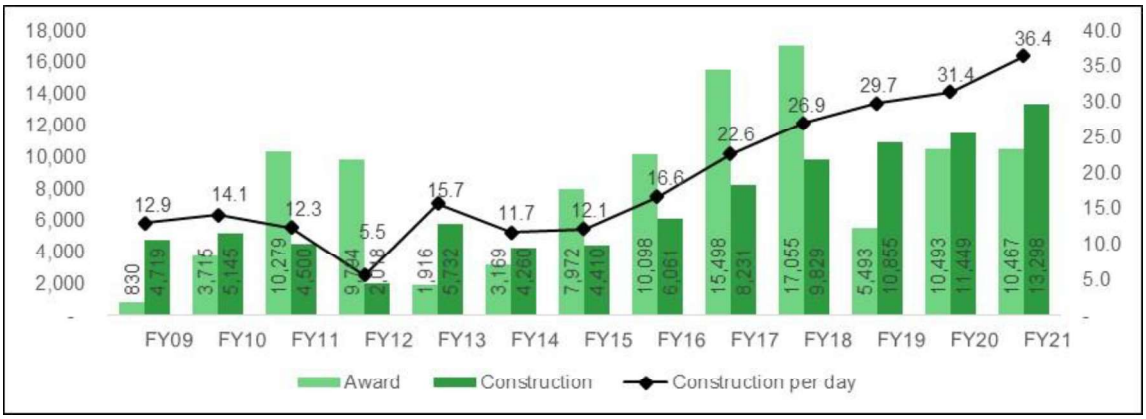
4.4.9 In December 2021, the government set a highway monetization target of Rs. 2 trillion (US$ 26.20 billion) for the next 3 years.

4.4.10 The Ministry of Road Transport and Highways awarded road projects with a total length of 10,467 kms in FY21.

4.4.11 In FY 22, 5,835 kms of highways have been constructed until October 2021, while 13,298 kms of highway were constructed in FY21 across India.

4.4.12 The development of market for roads and highways is projected to exhibit a CAGR of 36.16% during 2016-2025, on account of growing government initiatives to improve transportation infrastructure in the country.

Details of national highways awarded (by NHAI) and constructed in India (KMs):



4.5 Implementation of important projects and expressways:

4.5.1 <u>Bharatmala Pariyojna</u>

Bharatmala Pariyojana is a new umbrella program for the highways sector that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressway.

The Bharatmala Pariyojana envisages development of about 26,000 km length of Economic Corridors, which along with Golden Quadrilateral (GQ) and North-South and East-West (NS-EW) Corridors are expected to carry majority of the Freight Traffic on roads.

A total length of 34,800 km in road projects have been proposed to be constructed with an estimated outlay of Rs 5.35 trillion (US$ 74.15 billion) under Bharatmala Pariyojana Phase-I over a five year period (2017-18 to 2021-22).

Components under Bharatmala Pariyojana Phase-I are as given below:

Component	Length (Km)	Cost (INR Crore)
Economic corridors development	9,000	1,20,000
Inter-corridor & feeder roads	6,000	80,000
National Corridors Efficiency	5,000	1,00,000
Border & International connectivity	2,000	25,000
Coastal & port connectivity roads	2,000	20,000
Expressways	800	40,000
Sub Total	**24,800**	**3,85,000**
Other works - under NHDP	10,000	1,50,000
Total	**34,800**	**5,35,000**

Source: Ministry of Road Transport and Highways, Government of India

More than 20,000 km length of roads has already been awarded under the Bharatmala Pariyojana project of which ~7,375 kms have been constructed till December 2021.

4.5.2 Char Dham Vikas Mahamarg Pariyojna:

This project envisages development of easy access to the four dhams in India – Gangotri, Yamunotri, Kedarnath and Badrinath. Development of this route of 889 km route us expected at an estimated cost of INR 12,000 Crores.

4.5.3 Eastern peripheral and western peripheral expressway

These two projects will connect NH-1 and NH-2 from western and eastern side of Delhi.

4.5.4 Setu Bharatam:

This project aims to replace crossings on NHs with Road Over Bridges and Road Under Bridges. It is projected to construct 174 such structures.

4.5.5 To further augment road infrastructure, more economic corridors are also being planned by Government of India as revealed in Budget 2021-22.

a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of INR 1.03 lakh Crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.

b. 1,100 km of National Highway works in the State of Kerala at an investment of INR 65,000 Crores including 600 km section of Mumbai Kanyakumari corridor in Kerala.

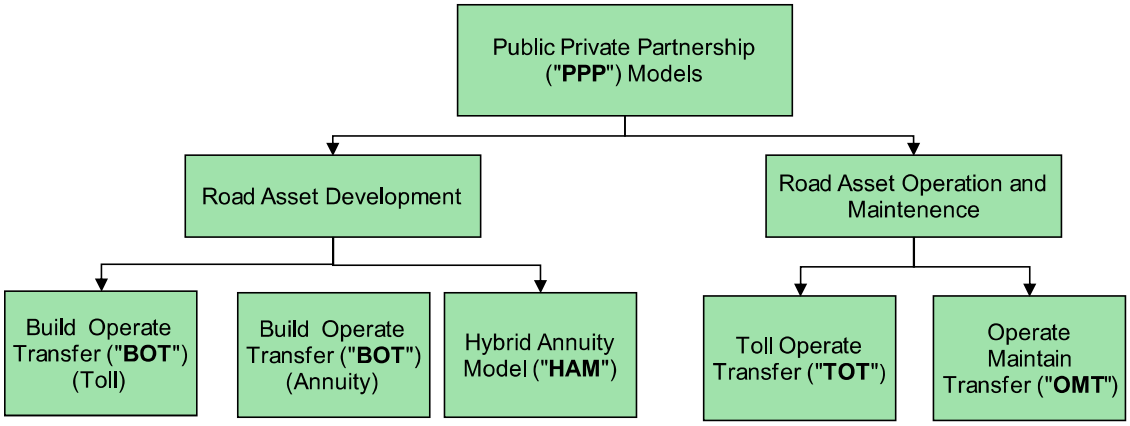
c. 675 km of highway works in the state of West Bengal at a cost of INR 25,000 Crores including upgradation of existing road-Kolkata –Siliguri.

d. National Highway works of around INR 19,000 Crores are currently in progress in the State of Assam. Further works of more than INR 34,000 Crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

4.6 Public Private Partnership ("PPP") Models of road development and maintenance in India

4.6.1 India has a well-developed framework for Public-Private-Partnerships (PPP) in the highway sector. PPP has been a major contributor to the success story of the roads and highway sector in India. With the emergence of private players over the last decade, the road construction market has become fragmented and competitive. Players bidding for projects also vary in terms of size.

4.6.2 PPP modes have been used in India for both development and operation & maintenance of road assets.



4.6.3 **<u>Road Asset Development Models</u>**

- **BOT Toll**
  - In a BOT toll project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. The concession period is project specific but is usually for 20-25 years. In BOT Toll model, the concessionaire earns revenue primarily in the form of toll revenue which in turns depends on the traffic on the road stretch. Toll rates are regulated by the government through rules.
- **BOT Annuity**
  - Similar to a BOT Toll projects, in BOT Annuity project, the concessionaire is responsible for designing, building, financing, operating, maintaining, tolling and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government. The concessionaire earns revenue in the form of pre-determined semi-annual annuity payments.
- **HAM**
  - Similar to a BOT projects, in HAM project, the concessionaire is responsible for designing, building, financing, operating, maintaining and transferring the project to the relevant authority at the end of the concession period. However, in these projects, the right to collect toll on road stretch lies with the government/ NHAI. The construction period for HAM projects is project specific and a fixed operation period of 15 years.

4.7 Government Investment in the Sector

4.7.1 Under Union Budget 2022-23, the Government of India has allocated Rs. 199,107 crore (US$ 26.04 billion) to the Ministry of Road Transport and Highways.

4.7.2 During 2019-23, NHAI is expected to generate Rs. 1 trillion (US$ 14.30 billion) annually from toll and other sources.

4.7.3 NHAI is planning to raise Rs. 40,000 crore (US$ 5.72 billion) to monetize its highway assets through Infrastructure Investment Trust (InvIT). Five operational roads with an estimated enterprise value of INR 5,000 crores have been transferred to the NHAI InvIT.

4.8 Growth Drivers

4.8.1 Robust Demand :

Growing domestic trade flows have led to rise in commercial vehicles and freight movement; supported by rise in production of commercial vehicles to 752,022 in FY20 which commands stronger road network in India. Higher individual discretionary spending has led to increased spending on two and four wheelers. Domestic sales of passenger vehicles, three-wheelers and two-wheelers, reached 254,287, 24,091, and 1,128,293 units, respectively, in January 2022. Road's traffic share of the total traffic in India has grown from 13.8% to 65% in freight traffic and from 32% to 90% in passenger traffic over 1951–2019.

4.8.2 Increasing Investment :

Huge investment have been made in the sector with total investment increasing more than three times from Rs. 51,914 crore (US$ 7.43 billion) in 2014-15 to Rs. 158,839 crore (US$ 22.73 billion) in 2018- 19. Between FY16 and FY21, budget outlay for road transport and highways increased at a robust CAGR of 13.10%. In 2019-20, Rs. 36,691 crore (US$ 5.24 billion) was allocated to NHAI.

4.8.3 Policy Support :

100% FDI is allowed under automatic route subject to applicable laws and regulations, standardized process for bidding and tolling. Under Union Budget 2020-21, the Government of India has allocated Rs. 19,500 crore (US$ 2.79 billion) for Pradhan Mantri Gram Sadak Yojana (PMGSY) which is a scheme for development of rural roads in India. Government of India has set up India Infrastructure Finance Company (IIFCL) to provide long-term funding for infrastructure projects.

4.9 Challenges & Issues in the Sector

4.9.1 Land Acquisition Delays & Cost :

- Land acquisition cost has increased more than 30% since 2017, primarily due to enhanced compensation payment requirements as per 'The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013'.
- Delay in pre-construction activities (such as land acquisition, relocation) affects project timelines. Land acquisition for road projects involves various stages. Each stage involves a number of stakeholders and regulatory bodies. Thus processes consume considerable time.

4.9.2 Regulatory Approvals & Disputes :

- Road development process requires a number of approvals such as environmental clearance, forest clearance, railways clearance, etc. Each of these activities takes considerable time and non-adherence to timelines result in cost overruns due to delays.
- Claims arising out of disputes between the concessionaire/ contractor and the government authorities are also a significant cost which can lead to large liabilities.

4.9.3 Operational Issues :

- Uncertainty of toll revenue collection and variation of collected toll revenue compared to projected levels as Actual traffic is much less than the anticipated traffic.
- Often unforeseen weather conditions require unplanned O&M, over and above the routine and periodic maintenance activities. This results in enhanced O&M expenses. The increase in O&M costs is also affecting the project returns.

4.10 Recent Initiatives by Government

4.10.1 Bhoomi Rashi – Land Acquisition Portal

The ministry has corroborated with the National Informatics Centre, to create Bhoomirashi, a web portal which digitises the cumbersome land acquisition process, and also helps in processing notifications relating to land acquisition online. Processing time, which was earlier two to three months has come down to one to two weeks now.

4.10.2 FASTag – Electronic Toll Collection

Electronic Toll Collection (ETC) system, has been implemented on pan India basis in order to remove bottlenecks and ensure seamless movement of traffic and collection of user fee as per the notified rates, using passive Radio Frequency Identification (RFID) technology. 24 banks (including Public and Private sector banks) have been engaged as issuer banks in order to issue FASTag to road users. As of Jan-2022, collectively banks have issued 4.59 Crs FASTags.

4.10.3 Revival of languishing projects

Projects which were languishing for a number of years have been attempted to be revived, with the help of a number of policy measures taken by the government. Some of the policy measures like Premium deferment in stressed projects, extension of concession period for languishing projects to the extent of delay not attributable to concessionaires, One Time Capital Support for physical completion of languishing projects that have achieved at least 50 per cent physical progress, through one time fund infusion by NHAI, subject to adequate due diligence on a case to case basis.

Sources: IBEF Roads Report, March 2022; KPMG Report - Roads and Highway Sector; website of Ministry of Road Transport and Highways, Government of India.

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5. Valuation Methodology and Approach

5.1. The present valuation exercise is being undertaken in order to derive the fair EV of the SPV.

5.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.

5.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

5.4. **Cost Approach**

The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, cost value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

Net Asset Value ("NAV") Method

The NAV Method under Cost Approach considers the assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

The NAV Method is appropriate in a case where the main strength of the business is its asset backing rather than its capacity or potential to earn profits. This valuation approach is also used in cases where the firm is to be liquidated, i.e. it does not meet the "going concern" criteria.

As an indicator of the total value of the entity, the NAV method has the disadvantage of only considering the status of the business at one point in time.

Additionally, NAV does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many aspects, NAV represents the minimum benchmark value of an operating business.

5.5. **Market Approach**

Under the Market approach, the valuation is based on the market value of the company in case of listed companies, and comparable companies' trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

Comparable Companies Multiples ("CCM") Method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("CTM") Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are EV/Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple and EV/Revenue multiple.

Market Price Method

Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

5.6. **Income Approach**

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow ("DCF") Method

Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method ("FCFF") or Free Cash Flow to Equity Method ("FCFE"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital ("WACC"). The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity–debt risk by incorporating debt–equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations. The Business/EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

Conclusion on Valuation Approach

5.7. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

5.8. The goal in selection of valuation approaches and methods for any financial instrument is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

Cost Approach

The existing book value of EV of the SPV comprising of the value of its Net fixed assets, Net intangible assets and working capital based on the provisional financial statement as at 31st July 2022 prepared as per Indian Accounting Standards (Ind AS) are as under:

Book EV	INR Mn
VEPL	12,700

In the present case, The SPV operate and maintain the project facilities in accordance with the terms and conditions under the relevant concession agreement. During the concession period, the SPV operate and maintain the road asset and earn revenues through annuity fees that are pre-determine. Accordingly, I have not considered the cost approach for the current valuation exercise.

Market Approach

The present valuation exercise is to undertake fair EV of the SPV engaged in the road infrastructure projects for a predetermined tenure. Further, the tariff revenue and expenses are very specific to the SPV depending on the nature of their geographical location, stage of project, terms of profitability. In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method. Currently, the equity shares of the SPV is not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.

Income Approach

The SPV operates under a DBOT (Hybrid Annuity Mode) model, as per the terms of the concession agreement with NHAI.

Currently, the SPV is completed and is revenue generating SPV. The revenue of the SPV is based on tenure, annuity fees, inflation and other factors unique to the SPV. The revenue of the SPV is mainly derived from the annuity fees and interest income that is defined for a certain period of years under the Concession Agreement, known as “Concession Period”. The annuity fees are typically pre-determined with the relevant government authority (NHAI) and cannot be modified to reflect prevailing circumstances, other than annual adjustments to account for inflation as specified in the concession agreement. Accordingly, the SPV is generating income based on pre-determined agreements / mechanism and since the Investment Manager has provided me with the financial projections of the SPV for the balance tenor of the concession agreement, DCF Method under the income approach has been considered as the appropriate method for the present valuation exercise.

6. Valuation of the SPV

6.1. In the present exercise, my objective is to determine the Fair Enterprise Value of the SPV as per the DCF Method. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. Accordingly, in the present case, I have considered it appropriate to consider cash flows at FCFF (Free Cash Flow to Firm) level i.e., cash flows that are available to all the providers of capital (equity shareholders, preference shareholders and lenders). Therefore, cash flows required to service lenders and preference shareholders (if any) such as interest, dividend, repayment of principal amount and even additional fund raising are not considered in the calculation of FCFF.

6.2. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of the SPV as provided by the Investment Manager. I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis. Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

6.3. Following are the major steps I have considered in order to arrive the EV of the SPV as per the DCF Method:

- Determination of Free Cash Flows to Firm which included:
  a. Obtaining the financial projections to determine the cash flows expected to be generated by the SPV from the Investment Manager;
  b. Analyzed the projections and its underlying assumptions to assess the reasonableness of the cash flows;
- Determination of the discount rate for the explicit forecast period; and
- Applying the discount rate to arrive at the present value of the explicit period cash flows and for arriving at the terminal value.

<u>Key Assumptions:</u>

6.4. Following are the key assumptions of the projections provided to me by the Investment Manager are:

6.4.1. **Revenue cash flows for the SPV**

The Cash flow for the SPV can be divided into two segments:

Payment by NHAI during the Construction Period:

The SPV was eligible to receive 40% of the Bid Project Cost, adjusted for the price index multiple, in 5 equal installments during the construction period. I have been represented by the Investment Manager that the SPV has received the agreed portion of the inflation adjusted bid project cost (of 40%) as per the concession agreement. Hence, no further cash flow receipts are attributable towards this segment of cash flows.

Payment by NHAI during the Operation Period: Accordingly, the revenue of the SPV would mainly consists of the following:

a. **Annuity payments**: The Bid Project Cost remaining, adjusted for the price index multiple, to be paid in pursuance of the respective concession agreement is eligible to be received by the SPV by way of specified biannual installments as mentioned in their respective concession agreement for the balance period of operations.

b. **Interest**: As per the concession agreement, the SPV is entitled to receive interest on reducing balance Bid Project Cost equal to Bank Rate as per Reserve Bank of India + 3.00% spread. Such interest is due and payable along with each of the biannual installments as mentioned above; and

c. **Operations and Maintenance Revenue**: In lieu of O&M expenses to be incurred by SPV, SPV is eligible for the O&M cost at each biannual installment date duly adjusted for an appropriate inflation rate.

6.4.2. **Operating & Maintenance Expenses and major maintenance and repairs costs ("MM Expenses"):** Investment Manager has projected the operation and maintenance expenses and MM expenses for the projected period based on the O&M agreement between the SPV and O&M contractor IRB Infrastructure Developers Ltd, dated September 2020. I understand from Investment Manager that the SPV have entered into fixed price O&M agreement with IRB Infrastructure Developers Limited ("**IRB Developers**") for the operations, maintenance and management of the SPV's road project, as required under the Concession Agreement. Accordingly, the obligation of incurring O&M expenses, including major maintenance and repairs is with IRB Developers. As represented by the Investment Manager the amount payable as operating and maintenance expenses as per the O&M agreement is the only amount payable by the SPV to IRB Developers in relation to the routine O&M costs as well as major maintenance and repairs costs. The amount payable as operating and maintenance expenses as per the the O&M agreement have been considered as part of the operating expenses.

Further, I have corroborated the operating and maintenance expenses with the Operation & Maintenance Cost Validation Report by Independent Consultant (M/s GMD Consultants) dated 3rd August 2022.

I understand from the Investment Manager that after acquisition of the SPV there will be a new Project Implementation Agreement with the Project Manager of the Trust, i.e. IRB Developers, which shall have the same terms, including scope of services and O&M fees as the existing O&M agreement between the SPV and IRB Developers dated September 2020.

6.4.3. **Depreciation and Amortization:** Intangible assets of the SPV is being amortized using written down value method at rate of 25% every year for the purposes of Income Tax Act.

6.4.4. **Capital Expenditure ("Capex"):** As represented by the Investment Manager, regarding the maintenance Capex, the same has already been considered in the Operations & Maintenance expenditure and Major maintenance expenditure for the projected period and regarding the expansion Capex, the SPV is not expected to incur any capex in the projected period.

6.4.5. **Taxes:** There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20th September 2019 which was enacted to make certain amendments in the Income Tax Act 1961 and the Finance (No 2) Act 2019. As per the discussions with the Investment Manager, the new provision of Income Tax Act has been considered for the projected period of the SPV, which inter alia does not provide benefits of additional depreciation, section 80-IA and section 115 JB. Accordingly, the base corporate tax rate of 22% (with applicable surcharge and cess) is considered.

6.4.6. **Working Capital:**

We have been represented by the Investment Manager that there will be no working capital required by the SPV during the projected period.

6.5. **Impact of Ongoing Material Litigation on Valuation**

As informed by the Investment Manager, as on 31st July 2022, there are no ongoing material litigations with respect to SPV and accordingly no outflow with respect to the same is expected.

6.6. Calculation of Weighted Average Cost of Capital for the SPV

6.6.1. Cost of Equity:

Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.

For this purpose, I have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPV.

K(e) = Rf + [ERP* Beta] + CSRP

Wherein:
K(e) = cost of equity
Rf = risk free rate
ERP = Equity Risk Premium
Beta = a measure of the sensitivity of assets to returns of the overall market
CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).
For valuation exercise, I have arrived at adjusted cost of equity of the SPV based on the above calculation (Refer Appendix I).

6.6.2. Risk Free Rate:

I have applied a risk free rate of return of 7.3% on the basis of the zero coupon yield curve as on 31st July 2022 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("**CCIL**").

6.6.3. Equity Risk Premium ("ERP"):

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the aforementioned, a 7% equity risk premium for India is considered appropriate.

6.6.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV for an appropriate period.

For the valuation of the SPV, I find it appropriate to consider the beta of MEP Infrastructure Developers Ltd. and Sadbhav Engineering Ltd for an appropriate period. The beta so arrived, is further adjusted based on advantageous factors of the SPV like completion of projects, revenue certainty, past collection trend, lack of execution uncertainty, etc. to arrive at the adjusted unlevered beta appropriate for the SPV.

I have further unlevered the beta of such companies based on market debt-equity of the respective company using the following formula:
Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

Further I have re-levered it based on debt-equity at 70:30 based on the industry Debt: Equity ratio of annuity based road DBFOT/BOT projects using the following formula:
Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

Accordingly, as per above, I have arrived at re-levered beta of the SPV. (Refer Appendix I)

6.6.5. Company Specific Risk Premium ("CSRP"):

Discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. In the present case,

considering the counter-party risk for the SPV, and basis my discussion with Investment Manager, I found it appropriate to consider 0% CSRP for the SPV.

6.6.6. **Cost of Debt:**

The calculation of Cost of Debt post-tax can be defined as follows:
K(d) = K(d) pre-tax * (1 - T)

Wherein:
K(d) = Cost of debt
T = tax rate as applicable

For valuation exercise, pre-tax cost of debt has been considered at 7.2%, as represented by the Investment Manager.

The Investment Manager has represented to me that on account of factors like nature of the road project (being HAM), higher debt service coverage ratio and the counter party being NHAI, the SPV is likely to refinance its existing debt at an effective cost of debt of ~7.2% p.a. (which is currently less than the zero coupon yield curve as at 31st July 2022 of Government Securities having maturity period of 10 years, as quoted on CCIL's website). This rate may increase in future based on the changes in the underlying benchmark rate as per the terms of the proposed bank loan. At the same time, the SPV will also gain higher revenue with any changes in the Bank Rate (as issued by the Monetary Policy Committee), based on the terms of the Concession Agreement.

6.6.7. **Weighted Average Cost of Capital (WACC):**

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:
WACC = [K(d) * Debt /(Debt + Equity)] + [K(e) * (1 - Debt /(Debt + Equity))]

Accordingly, as per above, I have arrived the WACC for the explicit period of the SPV.
(Refer Appendix I for detailed workings).

6.7. At the end of the agreed concession period, the obligation to maintain the road shall revert to the concession granting authority, i.e. NHAI. Moreover, the revenue of the SPV shall be till the end of the concession period. Hence, the SPV is not expected to generate cash flow after the expiry of its concession agreement. Accordingly, I found it appropriate not to consider terminal period value, which represents the present value at the end of explicit forecast period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, in this valuation exercise.

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7. Valuation Conclusion

7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at fair EV of the SPV.

7.3. Based on the above analysis, the fair EV as on the Valuation Date of the SPV is as mentioned below:

SPV	End of Projected Period	Approximate Balance Period	Enterprise Value (INR Mn)
VEPL	29th March 2037	~14 years 7 Months	13,254

7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

7.5. On request of the Investment Manager, I have also calculated the 100% Equity Value of the SPV as on the Valuation Date. For arriving at the 100% Equity Value, I have adjusted the EV arrived under DCF method for cash & cash equivalents, EPC related payables, borrowings from lenders and Subordinated debts from holding company (IRB Infrastructure Developers Ltd.) based on the provisional balance sheet of the SPV as on the Valuation Date to arrive at the 100% Equity Value of the SPV.

7.6. Calculation of 100% Equity Value of the SPV as on the Valuation Date:

Particulars	INR Mn
Fair Enterprise Value	**13,254**
Adjustments:	
EPC related payables	(258)
Cash & Cash Equivalents	108
Borrowings from lenders	(9,337)
100% Equity Value with subordinated debt from IRB Infrastructure	**3,767**
Less: Subordinated debt from IRB Infrastructure Developers Ltd.	(1,616)
100% Equity Value of VEPL as on 31-Jul-22	**2,151**

7.7. The fair EV of the SPV is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

7.8. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

7.9. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:

1. WACC by increasing / decreasing it by 0.50%
2. WACC by increasing / decreasing it by 1%

3. O&M Expenses by increasing / decreasing it by 20%

Enterprise Value	Lower Range	Base Range	Higher Range
	INR Mn	INR Mn	INR Mn
WACC	+0.5%	6.8%	-0.5%
	12,918	13,254	13,606
WACC	+1%	6.8%	-1%
	12,596	13,254	13,974
O&M Expenses	+20%	NA	-20%
	13,025	13,254	13,453

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8. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

8.1. The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT.

The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of the SPV are as follows:

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;
- Statement of assets included;
- Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

8.2. This Report is based on the information provided by the representatives of the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to me. I have not verified the information independently with any other external source.

8.3. I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as original, and the conformity of the copies or extracts submitted to me with that of the original documents.

8.4. I have assumed that the documents submitted to me by the representatives of Investment Manager in connection with any particular issue are the only documents related to such issue.

8.5. I have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and I do not express any opinion as to the legal or technical implications of the same.

Analysis of Additional Set of Disclosures for the SPV.

A. <u>List of one-time sanctions/approvals which are obtained or pending:</u>

The list of sanctions/ approvals obtained by SPV as on 31st July 2022 is provided in Appendix III.

As informed by the Investment Manager there are no applications for which approval is pending, except for application to NHAi for issuance for Final COD certificate. I understand that the SPV is expected to receive first pass order from NHAI after 180 days from COD, i.e. 29th September 2022. Hence the confirmation of final Balance Completion Cost shall be confirmed vide abovementioned first pass order.

B. <u>List of up to date/ overdue periodic clearances:</u>

I have included the periodic clearances obtained by the SPV in Appendix III.

C. Statement of assets included:

The details of assets of the SPV as at 31st July 2022 are as mentioned below:

INR Mn	Net Fixed Assets	Non-Current Assets	Current Assets
VEPL	-	12,730	1,899

D. Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion:

I have been informed that maintenance is regularly carried out by IRB Infrastructure Developers Limited on behalf of the SPV in order to maintain the working condition of the assets.

Major Maintenance & Repairs to be incurred by the SPV (Refer Note 1)

INR Mn

Particulars	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	FY 33	FY 34	FY 35	FY36	FY37
INR Mn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 1:

I understand from Investment Manager that the SPV have entered into fixed price O&M agreement with IRB Infrastructure Developers Limited ("**IRB Developers**") for the operations, maintenance and management of the SPV's road project, as required under the Concession Agreement. Accordingly, the obligation of incurring O&M expenses, including major maintenance and repairs is with IRB Developers. As represented by the Investment Manager the amount payable as operating and maintenance expenses as per the O&M agreement is the only amount payable by the SPV to IRB Developers in relation to the routine O&M costs as well as major maintenance and repairs costs. The amount payable as operating and maintenance expenses as per the the O&M agreement have been considered as part of the operating expenses. Accordingly, the costs attributable towards the major maintenance and repairs is disclosed as Nil.

E. Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any:

Investment Manager has informed me that there are no material dues including local authority taxes (such as Municipal Tax, Property Tax, etc.) pending to be payable to the government authorities with respect to the SPV (InvIT assets).

F. On-going material litigations including tax disputes in relation to the assets, if any:

As informed by the Investment Manager, there are no ongoing material litigations with respect to the SPV.

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

Investment Manager has confirmed to me that there are no such natural or induced hazards which have not been considered in town planning/ building control.

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9. Sources of Information

For the purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:

9.1. Audited financial statements of the SPV for the Financial Years ended 31st March 2020, 31st March 2021 and 31st March 2022;

9.2. Provisional financial statements of the SPV for the period ended 31st July 2022;

9.3. Projected financial information for the remaining project life of the SPV;

9.4. Details of projected Major Maintenance & Repairs (MMR) and Capital Expenditure (Capex);

9.5. Details of brought forward losses (as per Income Tax Act) of the SPV as at 2nd April 2022;

9.6. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 2nd April 2022;

9.7. Concession Agreement of the SPV with NHAI dated 9th May 2018;

9.8. Operation & Maintenance Agreement dated September 2020 between the SPV and IRB Infrastructure Developers Limited;

9.9. Operation & Maintenance Cost Validation Report by GMD Consultants dated 3rd August 2022;

9.10. List of licenses / approvals of the SPV;

9.11. Shareholding pattern of the SPV as on 31st July 2022;

9.12. Management Representation Letter by Investment Manager dated 4th August 2022;

9.13. Relevant data and information about the SPV provided to us by the Investment Manager either in written or oral form or in the form of soft copy;

9.14. Information provided by leading database sources, market research reports and other published data.

The information provided to me by the Investment Manager in relation to the SPV included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occur.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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10. Exclusions and Limitations

10.1. The Valuation Report is based on the provisional financial statements as on 31st July 2022 as per the Investment Manager's best estimates and is subject to change on receipt of audited financial statements as of that date. This Report is only for the consideration of the Investment Committee of the Trust and not for any regulatory filing.

10.2. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

10.3. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than the valuation date of 31st July 2022 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

10.4. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of the SPV till 31st July 2022. The Investment Manager has represented that the business activities of the SPV have been carried out in normal and ordinary course between 31st July 2022 and the Report Date and that no material changes have occurred in the operations and financial position between 31st July 2022 and the Report date.

10.5. I have been informed by the Investment Manager that there will be limited impact of the on-going COVID-19 pandemic outbreak on the operations of the SPV and the projections provided to me are after considering the same.

10.6. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPV or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPV in their regulatory filings or in submissions, oral or written, made to me.

10.7. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out here in which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.

10.8. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the SPV or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

10.9. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.

10.10. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

10.11. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the

assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

10.12. This Report is based on the information received from the sources mentioned in para 3 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

10.13. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.

10.14. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.

10.15. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

10.16. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.

10.17. My conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.

10.18. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither myself, nor any of my partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.

10.19. The scope of my work has been limited both in terms of the areas of the business & operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

10.20. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by me.

10.21. In the particular circumstances of this case, my liability (in contract or under any statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter, for such valuation work.

10.22. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.

10.23. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

10.24. I am not an advisor with respect to legal, tax and regulatory matters for the Transaction. No investigation of the SPV's claim to title of assets has been made for the purpose of this Report and the SPV's claim to such rights have been assumed to be valid. No consideration has been given to

liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

10.25. I have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager, Sponsor or the SPV.

10.26. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of the factual data used in my analysis and to prevent any error or inaccuracy in this Report.

10.27. **Limitation of Liabilities**

10.27.1. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of RV personally.

10.27.2. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise, even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables (including this Report) is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.

10.27.3. It is clarified that the IRBIM and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

10.27.4. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by IRBIM or the Trustee.

10.28. **Limitation on account of COVID-19 and Uncertainty in Valuation**

10.28.1. It is important to highlight that the COVID-19 pandemic has created uncertainty in valuation. The mitigation in the spread of COVID-19 and commencement of vaccination process has led to relaxation of restrictions and consequent opening up of the economy.

10.28.2. I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date. The estimates and judgement made by the Investment Manager, could vary on future developments, including, among other things, any new information concerning the impact created by the COVID-19 pandemic on the economy and consequent effect on the business. The Investment Manager continues to monitor any material changes to future economic conditions, which will be given effect, where relevant, in the respective future period.

10.28.3. As of 31st July 2022, I understand from the Investment Manager that there has been no material adverse impact to the SPV's business operations due to relaxation in covid induced restrictions. The Investment Manager continues to review and modify plans as conditions change. Despite efforts to manage these impacts to the SPV, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or

control, including the duration and severity of this outbreak as well as actions taken to contain its spread and mitigate its public health effects.

10.28.4. Accordingly, I would recommend a degree of caution to the values arrived under current circumstances.

10.28.5. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Yours faithfully,

SWAMINATHAN SUNDARARAMAN

Digitally signed by SWAMINATHAN SUNDARARAMAN
Date: 2022.08.05 09:58:58 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No - IBBI/RV/06/2018/10238
UDIN: 22028423AOHXUR4346
Place: Chennai

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Appendix I – Weighted Average Cost of Capital of the SPV

WACC	Jul-22	Remarks
Risk Free Rate (Rf)	7.3%	Risk Free Rate has been considered based on zero coupon yield curve as at 31st July 2022 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Equity Risk Premium (ERP)	7.0%	Based on historical realized returns on equity investments over a risk free rate represented by 10 years government bonds, a 7% equity risk premium is considered appropriate for India
Beta (relevered)	0.43	Beta has been considered based on the beta of companies operating in the similar kind of business in India
Base Cost of Equity (Ke)	**10.3%**	**Base Ke = Rf + (β x ERP)**
Company Specific Risk Premium (CSRP)	0.0%	Based on SPV specific risk(s)
Adjusted Cost of Equity (Ke)	**10.3%**	**Adjusted Ke = Rf + (β x ERP) + CSRP**
Pre-tax Cost of Debt (Kd)	7.2%	As represented by the Investment Manager
Tax rate of SPV	25.2%	Tax Rate Applicable to SPV is considered
Post-tax Cost of Debt (Kd)	**5.4%**	**Effective cost of debt. Kd = Pre tax Kd * (1-Applicable Tax Rate)**
Debt / (Debt + Equity)	70.0%	Debt : Equity ratio computed as [D/(D+E)]
WACC	**6.8%**	**WACC = [Ke * (1 - D/(D+E))] + [Kd * (1-t) * D/(D+E)]**

Appendix II – Valuation of VEPL as on 31st July 2022

Abbreviations	Meaning
EBITDA	Operating Earnings Before Interest, Taxes, Depreciation and Amortization
MME	Major Maintenance Expenses
Capex	Capital Expenditure
WCap	Incremental Working Capital
FCFF	Free Cash Flow to the Firm
CAF	Cash Accrual Factor
DF	Discounting Factor
PVFCFF	Present value of Free Cash Flow to the Firm

WACC **6.8%** **INR Mn**

Annuity Date	Cash Revenue	Cash EBITDA	MME	Capex	Changes in Wcap	Tax	FCFF	CAF	DF	PVFCFF
Sep-22	886	819	-	-	-	-	819	0.21	0.99	808
Mar-23	884	817	-	-	-	-	817	0.70	0.95	780
Sep-23	882	828	-	-	-	-	828	1.21	0.92	765
Mar-24	879	826	-	-	-	-	826	1.70	0.89	737
Sep-24	876	820	-	-	-	-	820	2.21	0.86	709
Mar-25	873	817	-	-	-	-	817	2.70	0.84	683
Sep-25	869	800	-	-	-	-	800	3.21	0.81	647
Mar-26	866	797	-	-	-	-	797	3.70	0.78	624
Sep-26	863	766	-	-	-	-	766	4.21	0.76	580
Mar-27	859	762	-	-	-	-	762	4.70	0.73	558
Sep-27	855	780	-	-	-	-	780	5.21	0.71	553
Mar-28	851	777	-	-	-	-	777	5.71	0.69	532
Sep-28	848	783	-	-	-	(113)	669	6.21	0.66	444
Mar-29	843	778	-	-	-	(130)	648	6.71	0.64	416
Sep-29	839	771	-	-	-	(145)	627	7.21	0.62	389
Mar-30	835	767	-	-	-	(144)	624	7.71	0.60	374
Sep-30	830	761	-	-	-	(154)	606	8.21	0.58	352
Mar-31	825	755	-	-	-	(153)	602	8.71	0.56	338
Sep-31	821	736	-	-	-	(157)	578	9.21	0.54	314
Mar-32	816	731	-	-	-	(156)	575	9.71	0.53	302
Sep-32	810	694	-	-	-	(154)	540	10.21	0.51	275
Mar-33	804	688	-	-	-	(152)	536	10.71	0.49	264
Sep-33	799	708	-	-	-	(163)	546	11.21	0.48	260
Mar-34	793	702	-	-	-	(161)	541	11.71	0.46	249
Sep-34	779	700	-	-	-	(165)	536	12.21	0.45	239
Mar-35	755	676	-	-	-	(159)	518	12.71	0.43	223
Sep-35	758	677	-	-	-	(162)	515	13.21	0.42	215
Mar-36	770	690	-	-	-	(165)	525	13.71	0.40	212
Sep-36	749	701	-	-	-	(170)	531	14.22	0.39	207
Mar-37	723	674	-	-	39	(163)	551	14.71	0.38	208
Enterprise Value										**13,254**

Appendix III – VEPL: Summary of approval and licences

Sr. No.	Approvals	Date of Issue	Validity up to	Issuing Authority
1	Concession Agreement	09-May-18	-	National Highways Authority of India
2	Provisional completion certificate (COD-2-Apr-22)	04-Apr-22	-	National Highways Authority of India
3	Clearing of Pollution Control Board	06-Dec-17	30-Sep-24	Gujarat Pollution control board
4	Permission of state government for cutting of trees	12-Nov-18	-	DCF, Chhotaudepur, Vadodara
5	Permission of state government for cutting of trees	19-Dec-18	-	Mamlatdar Vadodara
6	Labour License	17-Dec-18	16-Dec-22	Ministry of Labour & Employment
7	Permission of Village Panchayat and Pollution control board for installation of crushers	18-Apr-19	25-Mar-26	Gujarat Pollution control board, Vadodara

<<End of Report>>

bakertilly

IRB InvIT Trust and IRB Infrastructure Private Limited

Review Opinion Report on the Registered Valuer's Valuation Report for Internal Assessment

SPV- VK1 Expressway Private Ltd.

CFAS-2/MUM/2023/011

5th August 2022

Baker Tilly DHC Business Private Limited
Corporate Office: "Constantia", B Wing, 7th Floor,
11 Dr. U. N. Brahmachari Street, Kolkata-700 017
Registered office: Devarati, 1st Floor,
8 Dr Rajendra Road, Kolkata-700 020
CIN: U72900WB1996PTC081278

The Board of Directors, **IRB InvIT Fund** (IDBI Trusteeship Services Limited acting on behalf of the Trust) IRB Complex, Chandivali Farm, Chandivali Village, Andheri (East), Mumbai – 400 072	**The Board of Directors,** **The Investment Manager,** **IRB Infrastructure Private Limited** 3rd Floor, IRB Complex, Chandivali Farm, Chandivali Village, Andheri (East), Mumbai – 400 072

Sub: Review opinion on the valuation report for Internal Assessment

Dear Sirs / Madams,

We, Baker Tilly DHC Business Private Limited **("BTDHC" or "we")** have been appointed by **by IRB Infrastructure Private Limited ("the Investment Manager" or "IRBIM"),** acting as the investment manager for **IRB InvIT Fund ("the Trust" or "InvIT"), and IDBI Trusteeship Services Limited ("the Trustee")** acting as the trustee for the Trust, for the purpose as detailed out in this letter **("Engagement")**.

Background

IRB Infrastructure Developers Limited (the "**Sponsor**") has set up IRB InvIT Fund as an irrevocable trust under the Indian Trusts Act, 1882, and registered the Trust with the Securities and Exchange Board of India ("**SEBI**") as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**SEBI InvIT Regulations**"). The investment manager of the Trust is IRB Infrastructure Private Limited (the "**Investment Manager**" or "**IRBIM**"), which is a wholly-owned subsidiary of the Sponsor.

IRB InvIT Fund is contemplating to acquire 100% equity stake / economic interest in **VK1 Expressway Private Limited** (referred to as the "**SPV**" or "**VEPL**") from the current shareholder of the SPV, i.e. IRB Infrastructure Developers Limited.

The shareholding of VEPL as on the Valuation Date is as follows:

Sr. No.	Particulars	No. of Shares	%
1	IRB Infrastructure Developers Limited	12,24,99,994	99.99%
2	Others Shareholders*	6	0.01%
	Total	**12,25,00,000**	**100.00%**

** Nominees of IRB Infrastructure Developers Limited*

Background of the SPV

VK1 Expressway Private Limited ("VEPL" or the "SPV")

Summary of details of VEPL is as follows:

Parameters	Details
Total Length	208.4 lane Kms
Nos. of Lanes	8
NH / SH	NH-8
State Covered	Gujarat
Area (Start and End)	Padra to Vadodara
Bid Project Cost	INR 20,430 Mn
PPP Model	Hybrid Annuity Mode
Project Type	Annuity
Concession Granted by	NHAI
Provisional COD	2nd April 2022
Nos. of Annuities	30 Annuities over period of 15 years
Concession Period (CP)	730 days + 15 Years

Source: Investment Manager

The Investment Manager has informed us that VEPL has achieved COD on 2nd April 2022 and the first annuity post COD is due on 29th September 2022, i.e. 180 days after COD. Accordingly the Investment Manager has confirmed to us that VEPL is an eligible infrastructure project as per the extant provisions of SEBI InvIT Regulations.

The Project alignment runs almost parallel to existing NH 8 on east side and crosses it at one location i.e., Ahmedabad – Vadodara section of NH-8 (at Km 94+900 of NH8) at Km 374+355 near Vadodara.

The corridor forms a part of road kilometre 355.00 to kilometre 378.74 of Padra-Vadodara section of Vadodara - Mumbai Expressway.

Sr. No.	Salient Features	Count/ units
1	Total Length of the Project Highway	208.4 Lane Kms
2	Toll Plaza	2 Nos.
3	Bus Bays / Bus Shelters	Nil
4	Truck Lay Bays	Nil
5	Rest Area	Nil
6	Major/ Minor Junction	Nil
7	Rail Over Bridge	2 Nos.
8	Vehicular Underpass	5 Nos.
9	Light Vehicular Underpass	2 Nos.
10	Pedestrian Underpass (PUP/CUP)	11 Nos.
11	Flyover	8 Nos.
12	Major Bridges	3 Nos.
13	Minor Bridges for Main Carriageway	8 Nos.
14	Box/ Slab Culverts	47 Nos.
15	Pipe Culverts	18 Nos.

Scope and Purpose of the Review Opinion

As per the requirements of the SEBI InvIT Regulations 21(8), For any transaction of purchase or sale of infrastructure projects, whether directly or through [holdco and/or] SPVs, for publicly offered InvITs- a full valuation of the specific project shall be undertaken by the valuer. In this regard, the Trust and the Investment Manager have appointed Mr. S. Sundararaman, bearing IBBI registration number IBBI/RV/06/2018/10238 (the "**Valuer**") to perform Fair Enterprise Valuation (the "**Valuation**") of the SPV as on 31st July 2022 as per the SEBI InvIT Regulations. The Valuer had provided his Fair Enterprise Valuation of the SPV as at 31st July 2022 vide his valuation report dated 5th August 2022 (the "**Valuation Report**") to the Investment Manager and the Trust.

In this regard, the Investment Manager and the Trust, for their internal evaluation, has requested BTDHC:

1. To undertake an independent valuation of the SPV;
2. To review the Valuation Report prepared by the Valuer; and
3. Provide a Review Opinion on:
    a. Whether the Valuation of SPV, as conducted by the Valuer is reasonable; and
    b. Whether the Valuation Report of the Valuer is in compliance with requirements of the SEBI InvIT Regulations.

This Review Opinion Report ("**Review Opinion**") is only for the internal evaluation of the Board of Directors of the Investment Manager and the Trust. This Review Opinion is not prepared for any statutory compliance or requirements of the SEBI InvIT Regulations or any other laws nor can be used for the purpose other than those mentioned in this Review Opinion.

This Review Opinion is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein. This Review Opinion is our deliverable in respect of our Engagement.

Sources of Information

For the purpose of undertaking this exercise, we have relied on the following sources of information provided by the management and representatives of the Investment Manager and the Trust ("**Management**"):

1. Valuation Report dated 5th August 2022 prepared and submitted by the Valuer to the Management;
2. Unaudited provisional financial statements of the SPV as on 31st July 2022;
3. Projected financial information for the remaining project life for each of the SPV;
4. Details of projected Major Maintenance & Repairs (MMR) and Capital Expenditure (Capex);
5. Details of brought forward losses (as per Income Tax Act) of the SPV as at 2nd April 2022;
6. Details of Written Down Value (WDV) (as per Income Tax Act) of assets as at 2nd April 2022;
7. Concession Agreement of the SPV with NHAI dated 9th May 2018;
8. Operation & Maintenance Agreement dated September 2020 between the SPV and IRB Infrastructure Developers Limited;
9. Operation & Maintenance Cost Validation Report by GMD Consultants dated 3rd August 2022;
10. List of licenses / approvals of the SPV;
11. Shareholding pattern of the SPV as on 31st July 2022;
12. As represented to us by the Investment Manager, there are no changes in the shareholding pattern of the SPV from 31st July 2022 to the date of issuance of this Review Opinion;

13. Management Representation Letter by the Investment Manager dated 4th August 2022;
14. Relevant data and information about the SPV provided to us by the Investment Manager either in written or oral form or in the form of soft copy;
15. Information provided by leading database sources, market research reports and other published data.
16. The information provided to BTDHC included forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Management. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not occurred. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis. Notwithstanding anything above, BTDHC cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the forecast period.
17. We have prepared this Review Opinion from information supplied by and from discussions with the Management. We have not verified the accuracy, reliability and competence of the information supplied; the procedures that we used to perform the work did not constitute an audit or review made under any generally accepted accounting standard.

Procedures Adopted

In connection with this Review Opinion, we have obtained the Valuation Report and held conversations with the Management about the methodologies and assumptions underlying the valuation analysis. In connection with this exercise, we have adopted the following procedures for providing our Review Opinion:

1. Requested and received financial and qualitative information relating to the SPV;
2. Obtained the Valuation Report from the Management;
3. Obtained and analyzed data available in public domain, as considered relevant by us;
4. Discussions with the Management on:
   Understanding of the businesses of SPV – business and fundamental factors that affect its income-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;
5. Undertook industry analysis:
   Research of publicly available market data including economic factors and industry trends that may impact the Valuation; and analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by us;
6. Selection of internationally accepted valuation approach and valuation methodology/(ies), in accordance with the requirements, as considered appropriate and relevant by us and arriving at a range of Fair Enterprise Values of the SPV.

We do not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, except for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this Engagement.

Assumptions, Qualifications and Exclusions & Limitations

a. Assumptions and Reliance:

In performing its analyses and rendering this Review Opinion, BTDHC, with the Trust's consent:

- Relied upon the accuracy, completeness, and fair presentation of all information, data, advice, opinions and representations obtained from public sources, or provided to it from private sources, including the Management, and did not independently verify such information;
- Assumed that any estimates, evaluations, forecasts and projections furnished to BTDHC were reasonably prepared and based upon the best currently available information and good faith judgment of the Management, and BTDHC expresses no opinion with respect to such projections or the underlying assumptions;
- Assumed that the information provided, and representations made by the Management regarding the SPV and the Trust are substantially accurate;
- Assumed that there has been no material change in the information provided regarding the SPV since 31st July 2022 till date of this Review Opinion, and that there is no information or facts that would make the information reviewed by BTDHC incomplete or misleading.

To the extent that any of the foregoing assumptions or any of the facts on which this Review Opinion is based prove to be untrue in any material respect, this Review Opinion cannot and should not be relied upon. Furthermore, in BTDHC's analysis and in connection with the preparation of the Review Opinion, BTDHC has made numerous assumptions with respect to industry performance, general business, market & economic conditions and other matters, many of which are beyond the control of any party.

b. Qualifications:

The analysis is qualified by the following:

- BTDHC has prepared the Review Opinion effective as of the date hereof. This Review Opinion is necessarily based upon on financial, economic, monetary, market and other conditions as in effect on, and the information made available to BTDHC or used by BTDHC up to the date hereof. Subsequent developments in the aforementioned conditions may affect this Review Opinion and the assumptions & analysis made for providing this Review Opinion, and BTDHC shall not be obliged to update, revise or reaffirm this Review Opinion if information provided to BTDHC changes.
- BTDHC did not evaluate the SPV's and/or Trust's solvency or conduct an independent appraisal of any specific assets or liabilities (contingent or otherwise).
- This Review Opinion should not be construed as a credit rating, solvency opinion, a fairness opinion, an analysis of the Trust's / SPV's credit worthiness, tax advice, regulatory advice or an accounting advice. BTDHC has not made, and assumes no responsibility to make, any representation, or render any opinion, as to any legal, tax or accounting matter. Accordingly BTDHC does not assume any responsibility or liability in respect thereof.
- The work performed by BTDHC was performed in accordance with instructions provided by the Management and was performed exclusively for the Management's use only.
- This Review Opinion is not statutorily mandated under the Companies Act, 2013 ("Companies Act"), the Companies (Registered Valuers and Valuation Rules, 2018) ("Rules") as per any other rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Act or Rules or under the SEBI InviT Regulations or any other regulations under SEBI Act, 1992 ("SEBI Act"). Accordingly, our Review Opinion Report does not constitute nor can be construed as a valuation carried out by a registered valuer in accordance with such Companies Act or Rules or SEBI Act or as per any rules, regulations, standards, bye-laws, ordinance, notifications issued pursuant to such Companies Act or Rules or SEBI Act and any such use of this Review Opinion is not permitted.

c. Exclusions & Limitations:

- This Review Opinion is furnished to the Management in connection with its consideration of the Valuation report prepared by the Valuer. It is not intended to, and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, by any other person or for any other purpose, without BTDHC's consent.
- Providing review opinion on a valuation report is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our opinion will have to be tempered by the exercise of judicious discretion and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single value.
- With respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the SPV and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given on behalf of the SPV. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our Review Opinion.
- BTDHC assumes that the SPV comply fully with the relevant laws and regulations applicable in all its areas of operations, and that the SPV will be managed in a competent and responsible manner. Our Review Opinion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the date hereof.
- This Review Opinion is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.
- This Review Opinion:
  - (i) does not address the merits of the underlying business decision to enter into any transaction with the Trust;
  - (ii) is not a recommendation as to how the Unit holders of the Trust should vote or act with respect to any matters relating to the Trust;
  - (iii) should not be construed as creating any fiduciary duty on the part of BTDHC to any party;
  - (iv) does not indicate the Value at which the Units may be transacted either in the market or otherwise at any point in time in the present or in the future; instead, it merely states whether the Valuation concluded by the Valuer is within the range of our financial analysis.
- The fee for this Review Opinion is not contingent upon the nature of opinion provided herein.
- This Review Opinion should not be construed as investment advice; specifically, BTDHC does not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager, the Trust or the SPV.
- This Review Opinion is solely that of BTDHC, and BTDHC's liability in connection with this Review Opinion shall be limited in accordance with the terms set forth in the engagement letter between BTDHC and the Trust dated 25th July 2022 (the "Engagement Letter").
- The use and disclosure of this Review Opinion is strictly limited, as laid out in the Engagement Letter.

Conclusion

Based on our independent calculation and on consideration of all the relevant factors and circumstances including aforementioned assumptions and limitations:

- We believe that the fair enterprise values of the SPV as recommended by the Valuer in his Valuation Report is reasonable in our opinion; and
- We are of the opinion that the Valuation report prepared by the Valuer is in compliance with the requirements of SEBI InvIT regulations.

Yours sincerely,

For and on behalf of
Baker Tilly DHC Business Pvt. Ltd.

NURANI SANKARANARAYANAN SUNDAR

Digitally signed by NURANI SANKARANARAYANAN SUNDAR
Date: 2022.08.05 12:36:40 +05'30'

Baker Tilly DHC Business Private Limited
Corporate Office: “Constantia”, B Wing, 7th Floor,
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CIN: U72900WB1996PTC081278