

Varanasi Aurangabad NH-2 Tollways Private Ltd

Corporate Presentation

July 2024



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Key Presenters



Carlos Redondo
Chief Finance Officer

- A graduate in Law and Business Administration (ICADE), Carlos' professional career has developed in a wide range of areas: investments, sales, business development and finance; in different sectors.
- As CFO, Carlos is the man behind the company's figures who coordinates all economic-financial projects in the ROADIS ecosystem. Prior to this, Carlos held the position of CEO, Mexico where he was responsible for all business operations in Mexico.



Alvaro Santos
Deputy CEO – Asia

- Alvaro is a seasoned professional with over 20 years of experience on both sides of the P3 industry from the banker and the developer's perspective. In the past, Alvaro worked with Depfa Bank and BNP Paribas in various leadership capabilities.
- He has done Master's in Finance from Georgetown University and has a degree in Business Administration (Finance) from Universidad Pontificia Comillas (ICADE). He has been part of the India operations since 2013.

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Toll roads - Industry overview



Corporate structure and group overview

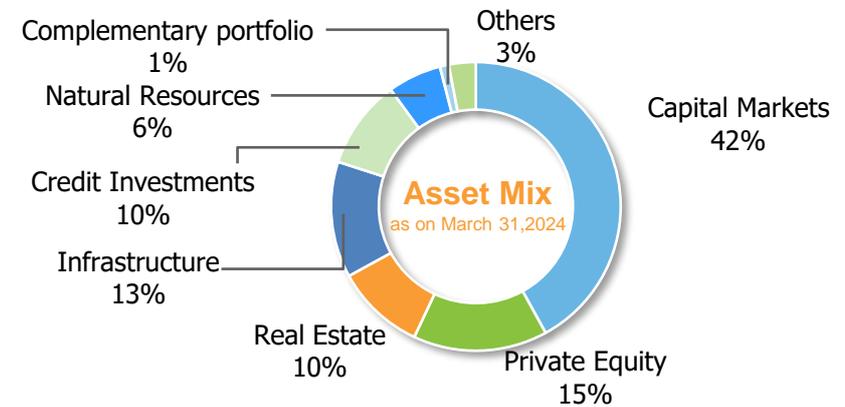
ROADIS | Backed by Marquee Sponsor – PSP Investments

PSP Investments is one of the largest pension investment managers in Canada

The Public Sector Pension Investment Board (PSP) is one of Canada's largest pension investment managers

- PSP was established as a Crown Corporation under the Public Sector Pension Investment Board Act in 1999. As of March 31, 2024, PSP manages C\$ 265 billion of net AUM.
- PSP invests these funds to support pension plans for the Public Service, the Canadian Armed Forces, and the Royal Canadian Mounted Police.
- Annual net contributions to the Pension Plans are approximately C\$ 4 billion
- PSP's vision is to be a leading global institutional investor that reliably delivers on its risk-return objective by focusing on a total fund perspective.
- International Ratings (M/S/F) – Aaa (Stable) / AAA (Stable) / AAA (Stable)

PSP manages a diversified global portfolio including stocks, bonds and other fixed-income securities, and investments



In Infrastructure, PSP invests globally on a long-term basis, primarily in transportation, power generation and other public utilities

C\$ 264.9 Billion

Net Assets Under Management

7.9%

Five-Year Net Annualized Return

8.3%

Ten-Year Net Annualized Return

- Infrastructure forms part of real return assets in the overall PSP portfolio
- PSP allocated \$4.0 billion to infrastructure investments, including both new ventures and existing portfolio companies
- Notable recent infrastructure investments:
 - Vantage Data Centers: A data center solutions provider
 - NeXtWind Capital: Focused on repowering wind farms
 - First Light Power & Hydroméga Services: Engaged in clean power sector
- Increased 50% stake in Indian road assets, PSP now owns 100% stake in NH2, NH6, and NH8 after acquiring Soma's stake

Source: PSP investments Annual Report 2023, as of 31st March 2023

ROADIS | Overview: Wholly-owned subsidiary of PSP operating in the roads sector (incorporated in 2016)

ROADIS

International highway concession company focussed on development, operation and management of vital infrastructure projects.



9

Toll Roads



~US\$ 4,500Mn

Total Assets



1,596 KM

Total Length



~US\$ 543M

Traffic Revenue

Currently ROADIS' portfolio comprises 9 assets spread across 5 countries in 3 continents

Geography	Assets	Ownership / control	Revenue Scheme	Concession Duration	Concession End Date	Extension (Km)	Status
BRAZIL 	VIABAHÍA BR-116 BR-324 BA-526 BA-528	100%	User Fee	25 years	2034	681	
INDIA 	NH2 Varanasi - Aurangabad	100%	User Fee	30 years	2047 ⁽¹⁾	192	
	NH6 Surat Hazira Port – Gurajat – Maharastra Border	100%	User Fee	19 years	2035 ⁽¹⁾	132	
	NH8 Kishangarh – Ajmer - Beawar	100%	User Fee	18 years	2033 ⁽¹⁾	92	
MEXICO 	Monterrey - Saltillo + Saltillo North Bypass + Santa Catarina Viaduct	100%	User Fee	60 years	2069	103	
	Perote – Banderilla - Xalapa + Xalapa Bypass	100%	User Fee	60 years	2068	60	
SPAIN 	A4 Madrid - Ocaña	51.25%	Shadow Toll	19 years	2026	64	
PORTUGAL 	AEA (Auto Estradas do Atlântico) Lisboa – Leiria Caldas da Rainha to Santarém	50%	User Fee	30 years	2028	170	
	AELO (Auto Estradas do Litoral Oeste) Leiria region	65%	Availability Shadow Toll	30 years	2039	102	



- Nearly completed



- Operational

Note: Exchange rate of 1 EUR = 1.11 USD is used for conversion from EUR to USD, data as of 31-Dec-2023

(1) End Date includes extension of the concessions due to traffic shortfall

ROADIS | Investment History in India

Investment timeline of PSP/ROADIS in India

2016

- ROADIS was carved out from Isolux's Roads portfolio in 2016, wholly owned by PSP
- Inherited India portfolio of Isolux
- Indirect stake of ~17.5%⁽¹⁾ in Indian assets

ROADIS carved out of Isolux

2017

- ROADIS acquires Morgan Stanley's stake in the India portfolio in 2017
- Controlling stake in Indian assets – 50% in NH2, 78% in NH6 and 50% in NH8

Acquisition of Morgan Stanley's Stake

Feb 2024

- Acquisition of balance stake in the Indian assets from SOMA with successful closure in Feb'24
- Investment through a 100% directly owned vehicle of PSP

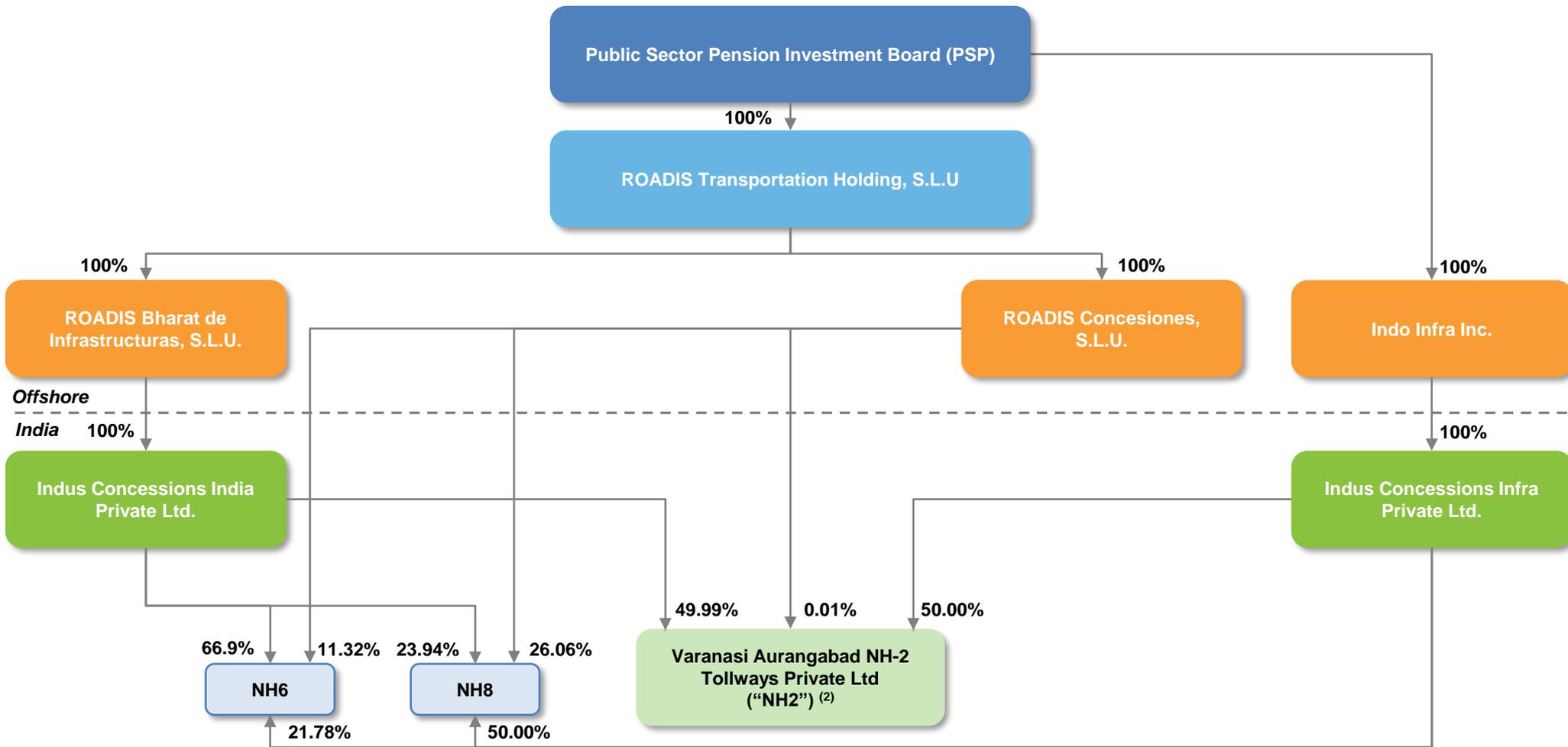
Sequel-II transaction

ROADIS/ PSP holds 100% stake in the Indian Assets after the Sequel-II transaction in Feb 2024

(1) PSP acquired ~70% stake on a fully diluted basis with 20% direct share investment while 2.5x of the direct share investment was through different instruments

Ownership structure: Brownfield road asset which is directly/indirectly 100% owned by one of the largest Canadian Pension fund (PSP)

Effective ownership of shareholders in NH2 Asset: 100% directly/indirectly owned by PSP⁽¹⁾



PSP acquired 50% stake from Soma in FY24 to effectively own 100% stake in NH2

Note: Condensed corporate structure shown

(1) PSP acquired Soma's 50% stake in Feb-2024 to directly/indirectly own 100% of Varanasi Aurangabad Tollway Private Ltd

(2) Previously known as Soma Indus Varanasi Aurangabad Tollway Private Ltd

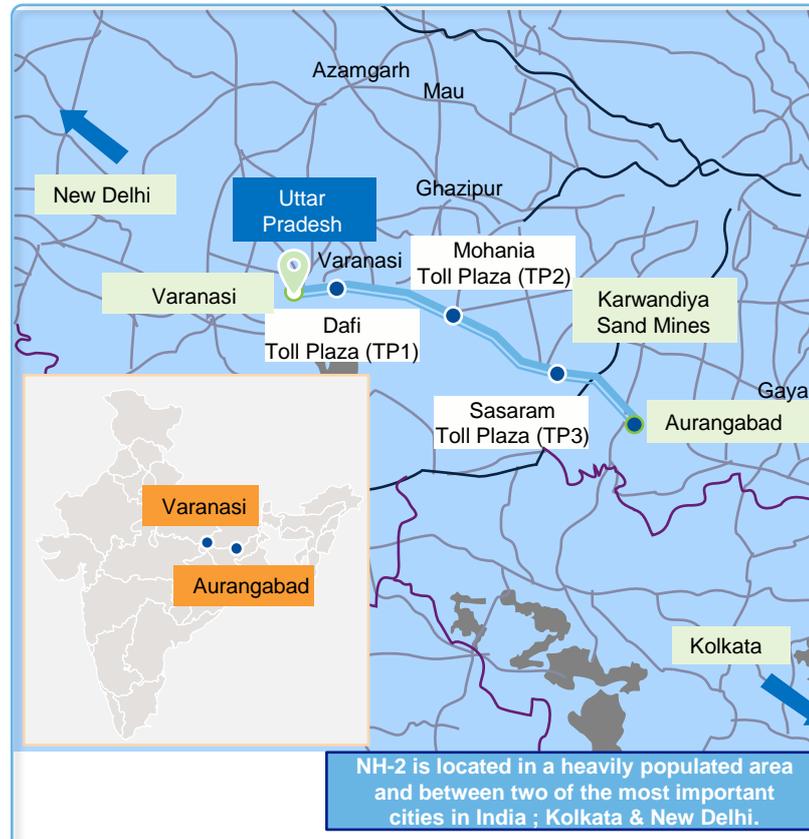
NH2 Asset overview: Strategically located brownfield asset with resilient traffic and established track record

Key Asset Highlights

192.4 km 4-6 lane expansion of Delhi-Kolkata highway (part of the Golden Quadrilateral), connecting Varanasi (Uttar Pradesh) & Aurangabad (Bihar) awarded on DBFOT⁽¹⁾ Toll basis

Key Figures: FY2024

- 1 **Fully controlled by ROADIS**, a wholly owned subsidiary of PSP investments
- 2 Operating project of 192.4 km⁽²⁾ with full toll collection since 2011 that entails **augmentation of the existing four lanes into six lanes** of the Varanasi-Aurangabad section of NH-2 from 786.0 km to 978.4 km
- 3 **Project awarded by NHA1 on DBFOT⁽¹⁾ Toll Basis**
- 4 **Strategically located** with proximity to areas of sand mining and robust industrial activity. Provides connectivity to Varanasi, main pilgrimage city in India
- 5 **Long term concession agreement expiring on 11 September, 2047⁽³⁾**
- 6 **4-lane operational asset** (6-laning completed for 160 km out of 176 km) with 71% sticky freight traffic and robust historical growth of 8.6% CAGR (Pre-COVID) ⁽⁴⁾
- 7 3 toll booths in operations. **100% tariff collection** from beginning of the concession period
- 8 High concentration of HV traffic diversified across industries such as sand mining, textiles, iron & steel, house-hold goods etc.
- 9 **Asset managed by a reputed global owner-operator ROADIS** which has 11+ years of experience and **backed by PSP investments** – one of the largest Canadian pension investment managers



Tollable Traffic (Total vehicles = LV + HV)	16,537 AADT
Traffic Mix (LV & HV)	LV: 33% HV: 67%
Operating Revenue	US\$ 66 Mn
Adj. EBITDA ⁽⁵⁾	US\$ 56 Mn
Adj. EBITDA Margin ⁽⁵⁾	c. 84%

(1) Design, Build, Finance, Operate & Transfer
 (2) This includes the 4 km of hindrances, 8.9 km descoped under the Settlement agreement 2021 and 2.8 km to be executed under technical solution
 (3) Concession end date as per the Original Concession Agreement is 11-Sep-2041 with deemed extension of 6 years as per provision of CA for target traffic shortfall
 (4) 176.4 km excludes the 4 km of hindrances, 8.9 km descoped under the Settlement agreement 2021 and 2.8 km to be executed under technical solution
 (5) Adjusted for one-time major maintenance costs

ROADIS | Management team

With respect to day-to-day operations, the company has its own independent management and staff which manages the day-to-day works

ROADIS | Management Team

Global Team



José Antonio Labarra
Chief Executive Officer

With a degree in Civil Engineering from the Technical University of Madrid, José Antonio started his career at Cintra, where he held different positions of responsibility in Portugal (Norte Litoral), Canada (40ETR), Spain and the USA for 13 years. After this he joined the Isolux Group as Managing Director of Highway Concessions.

In 2016, he took over the reins of ROADIS, a newly incorporated organization and has since been instrumental in establishing ROADIS as a leading global transportation infra platform.



Carlos Redondo
Chief Finance Officer

A graduate in Law and Business Administration (ICADE), Carlos' professional career has developed in a wide range of areas: investments, sales, business development and finance; in different sectors.

As CFO, Carlos is the man behind the company's figures who coordinates all economic-financial projects in the ROADIS ecosystem. Prior to this, Carlos held the position of CEO, Mexico where he was responsible for all business operations in Mexico.



José Ramón Ballesteros
Center of Excellence Director

With a PhD in Civil Engineering (UPM) and a degree in Business Administration, Jose Ramón's entire professional career has been spent in the world of infrastructure concessions, both on the technical and operational side and in the financial and asset management areas.

Responsible for ROADIS' operations, he is an advisor on several of assets, so he is in permanent contact with all the countries, working -always alert- so that everything runs smoothly.

Local team



Kaushik Pal
CEO – Asia

A Civil Engineer (Jadavpur University), Kaushik has worked for over three decades in various Indian companies in the infrastructure and utilities sectors.

With extensive experience in road asset management, he currently heads ROADIS in Asia. As part of the ROADIS Executive Committee, Kaushik is responsible for all business operations in India.



Alvaro Santos
Deputy CEO – Asia

Alvaro is a seasoned professional with over 20 years of experience on both sides of the P3 industry from the banker and the developer's perspective. In the past, Alvaro worked with Depfa Bank and BNP Paribas in various leadership capabilities.

He has done Master's in Finance from Georgetown University and has a degree in Business Administration (Finance) from Universidad Pontificia Comillas (ICADE). He has been part of the India operations since 2013.



Satish Srivastava
Financial Controller, India

Satish is a qualified Chartered Accountant and has over 20 years of experience in finance, accounting, construction and project management.

He has been part of the India operations since 2016 and is currently a member of the Board of Directors of SPV's of our Indian assets and is also responsible for the finance function of ROADIS India.



Key highlights of Varanasi Aurangabad NH-2 Tollways Private Ltd

Key highlights of NH2 asset

1 Resilient traffic demand driven by prime asset location & high proportion of essential traffic

2 Tariff growth partially linked to the inflation index; natural hedge against increase in O&M costs

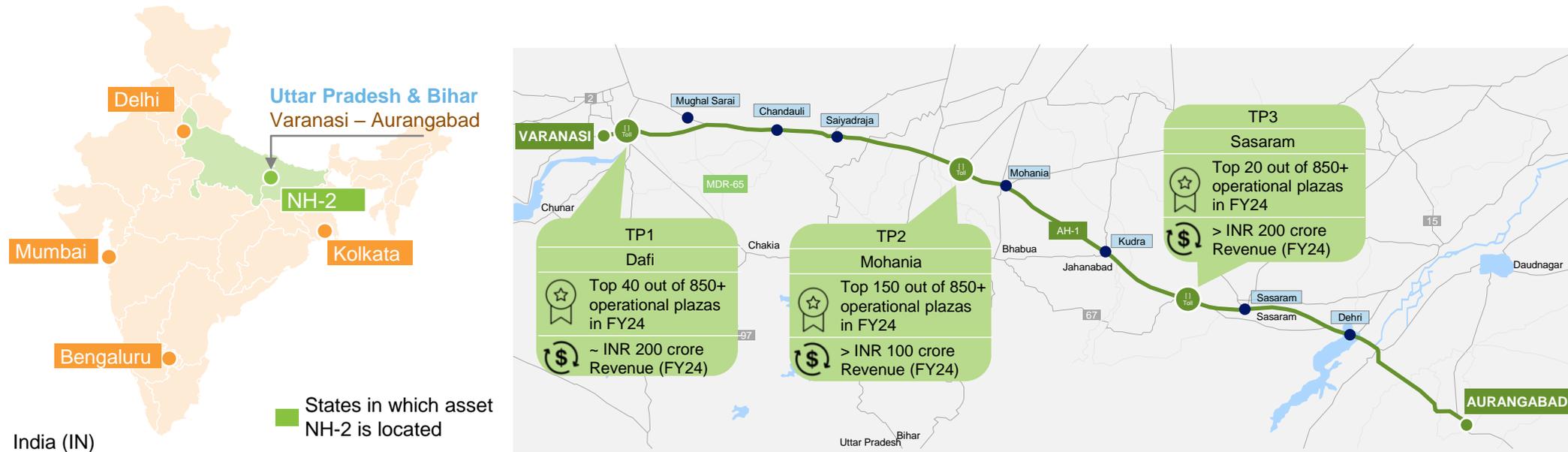
3 Key concession terms

4 NH2- Operations and maintenance

5 Attractive Sector Fundamentals with stable regulatory framework

6 Robust historical financial data

1. Resilient traffic demand driven by prime asset location & high proportion of essential traffic

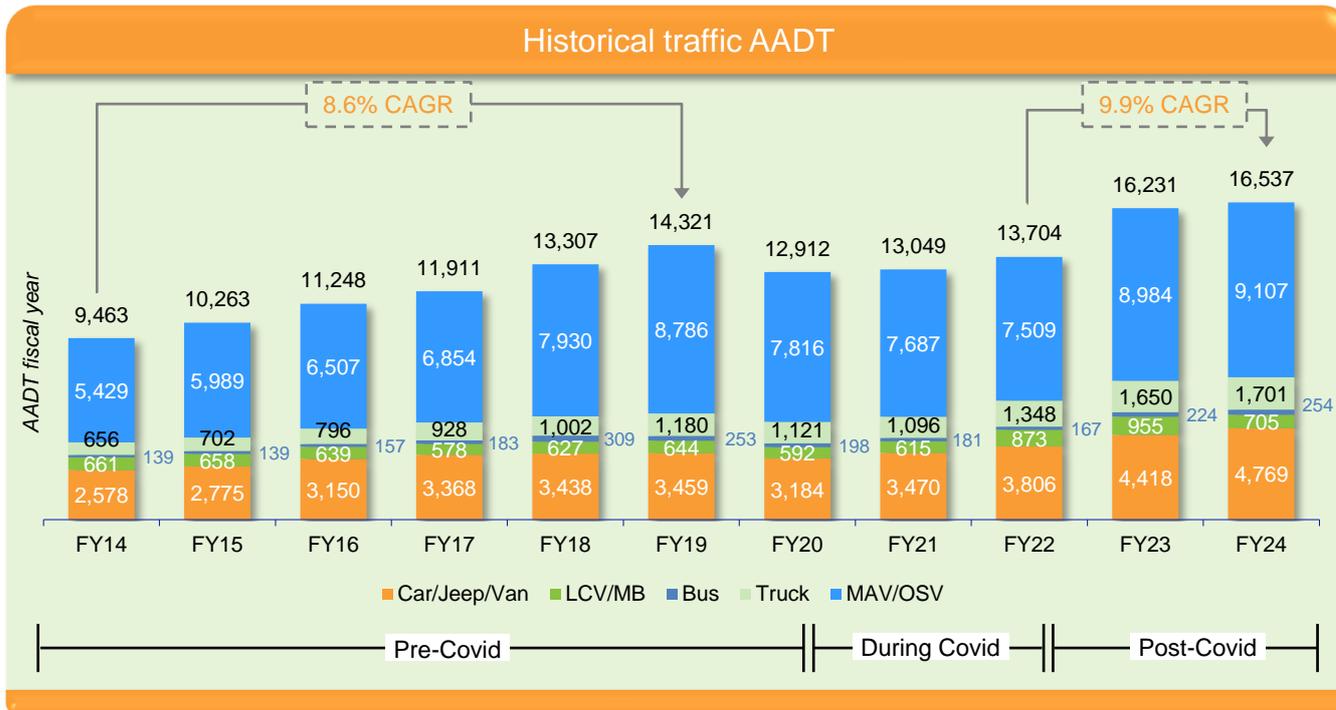


Expected to maintain healthy traffic demand going forward

	<p>Prime Asset Location</p>	<ul style="list-style-type: none"> NH2 is the primary North-East freight route on Delhi – Kolkata Highway Provides connectivity to main pilgrimage city of India, Varanasi It also has proximity to sand mining areas & other industries (<i>textiles & household goods</i>) Connectivity to rural stretch where many industries are located 		<p>High regional Growth</p> <ul style="list-style-type: none"> Within India, eastern regions especially. Bihar & UP are expected to be new growth hotspots for the next decade demonstrating high growth rates and 25% of India's population is located in these states In a ranking of contribution to GDP in India, Uttar Pradesh stands 5th and Bihar 14th, the latter being a state with much development to be still made. Uttar Pradesh is notably among the most dynamic in the country in terms of economic development due to its strategic position: adjacent to Delhi and in the corridor between two Of the main cities Of the country (Delhi and Kolkata).
	<p>High Proportion of Essential Traffic</p>	<ul style="list-style-type: none"> Given the large proportion of freight traffic and its essential nature Traffic is expected to maintain healthy levels in the future mitigating the impact of any external shocks (<i>as demonstrated by quick recovery from the covid impact</i>) 		

Source: Company Info; PRS Legislative Research based on 2023-24 budget estimates

1. Resilient traffic demand driven by prime asset location & high proportion of essential traffic



Increased sand mining: Important traffic growth driver

- The **Sone River near Sasaram** in Bihar, along the NH-2 stretch, serves as a **crucial sand extraction area**. This activity significantly contributes to traffic on NH-2, as it generates heavy vehicle traffic volume which goes towards Varanasi, where that sand is used for construction purposes.
- There is an **expected increase in the sand mining area**. This growth is projected to occur **over the next few years**, resulting high growth in sand extraction.
- Given natural sand replacement due to sedimentation during monsoons, the production boost from increased sand mining is expected to be **permanent**.

Historical Trends

- Historically, Traffic has grown at ~8.6% CAGR (FY14-FY19) indicating **high traffic potential of the corridor**
- Despite a ~10% decline in traffic due to Covid-19 and sand mining restrictions during FY20-FY22, the asset has shown resilient recovery. In FY23, traffic has surpassed pre-pandemic levels. The project connects Varanasi (a religious center) to rural areas in Bihar, and traffic from these rural regions has rebounded as conditions improved, leading to increased road usage for work, business, and religious trips to Varanasi

Prime asset location: Part of Golden Quadrilateral network

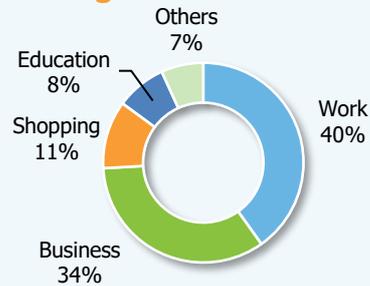
- The NH-2 concession is a crucial segment of the Delhi-Kolkata axis. As part of the Golden Quadrilateral highways, it serves as one of the primary routes facilitating travel to other parts of the country and neighbouring regions.

1. Resilient traffic demand driven by prime asset location & high proportion of essential traffic

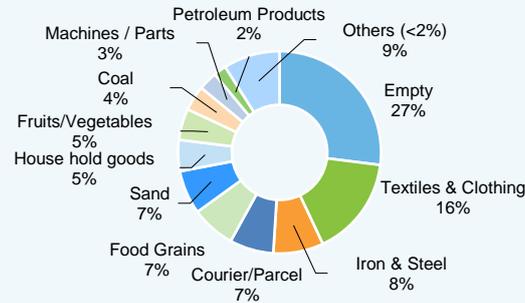
Characterized predominantly by freight traffic, NH2 asset has demonstrated resilient traffic levels

NH2 traffic Profile (FY24)

Passenger Traffic division



Freight Traffic division



29%
Passenger Traffic



- Of which:
- Local Business: 79%
 - Social Occasion Trips: 14%
 - Tourism: 7%

71%
Freight Traffic



- Of which:
- Essential Freight: 31%
 - Construction & Mining: 17%
 - Other Freight: 52%

Key Drivers

- Primarily characterized by **commercial short distance business** trips.
- Characterised by sticky freight traffic
- Formalization of the mining sector by the government and increase in sand mining contracts to increase long-term HV traffic

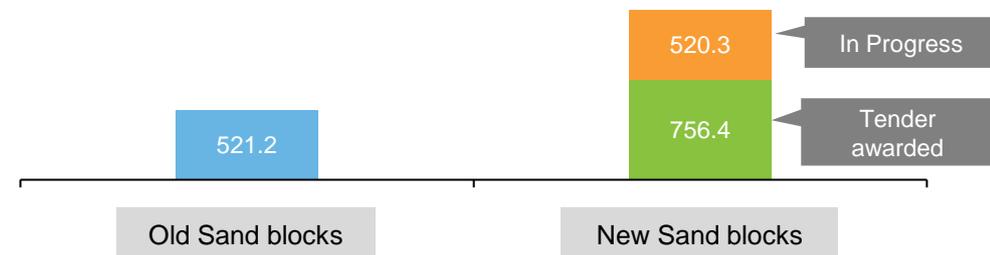
Traffic Resilience

- Witnessed drop in traffic following prolonged restrictions during Covid. However, subsequent recovery was sharp driven by increased adoption of personal vehicles following safety concerns
- Witnessed ~11% drop in traffic due to Covid-19 but recovered quickly driven by:
 - Rural nature of stretch
 - Eased restrictions on travel
 - Pent up demand for industrial goods

Sand Mining: Trends and Revenue Growth

- Sand is the second most consumed natural resource after water, with 50 billion tons used annually for construction and urbanization
- India needs 70 million tonnes of sand per year, with demand growing by 7% annually. Demand for Indian sand tripled from 2000 to 2017 and market reached 833 million tons by 2020
- Sand mining is primarily driven by construction activities. The Indian sand market is fueled by rapid urbanization and increased demand for building materials.
- Bihar Govt earned revenue from sand mining in 2021-22 & 2022-23 about 54% higher compared to previous fiscal.

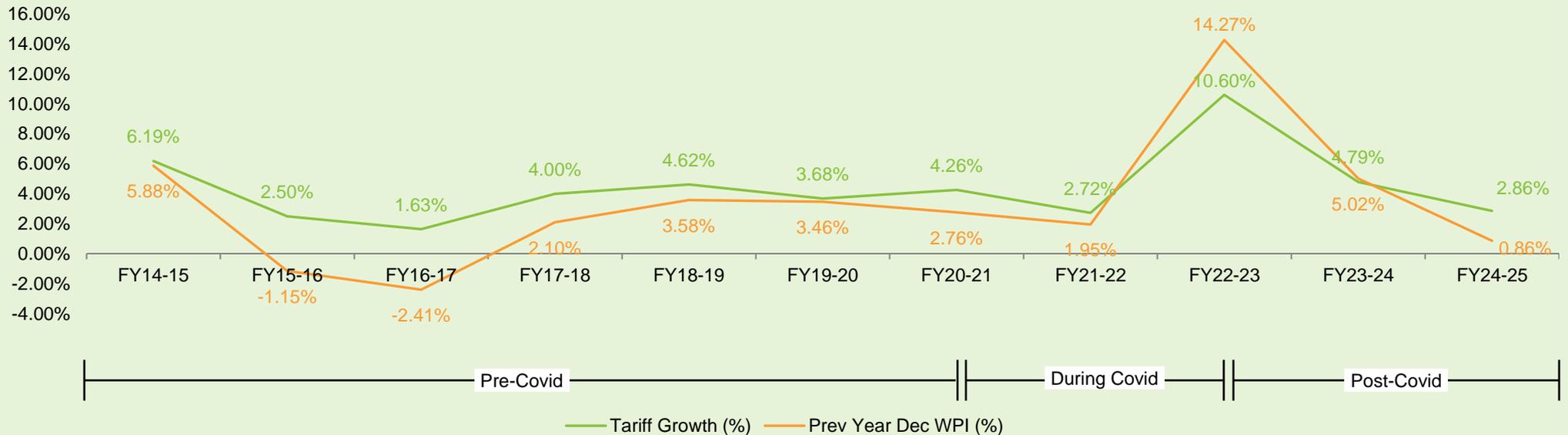
Exponential growth in Sand mining around the Sone river bank



- The total increase in sand exploitation area is projected to be 258%
- New sand blocks of 1,276.7 ha has already been identified of which 756.4 ha has already been tendered and rest is in progress of being tendered to contractors resulting in 145% increase in sand mining area already

2. Tariff growth partially linked to the inflation index; natural hedge against increase in O&M costs

Historical tariff growth has been in line with WPI



Tariff calculation mechanism

- As per the Concession Agreement, Toll Rates are increased annually (in April of each year), by 3% (fixed increase)
- Variable increase of 40% of the change in WPI (as reported by RBI for the month of December of the previous year vs WPI Rate)
- Tariff rates are derived on per km basis for each vehicle category
- The toll also varies across the tolling plazas basis the tolling length:
 - Dafi (TP1): 55 km
 - Mohania (TP2): 43 km
 - Sasaram (TP3): 95 km
- Tariff can not be reduced and is floored by the previous year's tariff. Even in the extreme case of tariff increment calculation being negative, the tariff increment is set to 0%

Vehicle Category	Base Tariff (FY24-25)
Car / Jeep / Van	INR 1.47 per km
LCV / MiniBus	INR 2.37 per km
Buses	INR 4.96 per km
Trucks	INR 4.96 per km
MAVs	INR 7.78 per km
OSVs	INR 9.48 per km

3. Key concession terms

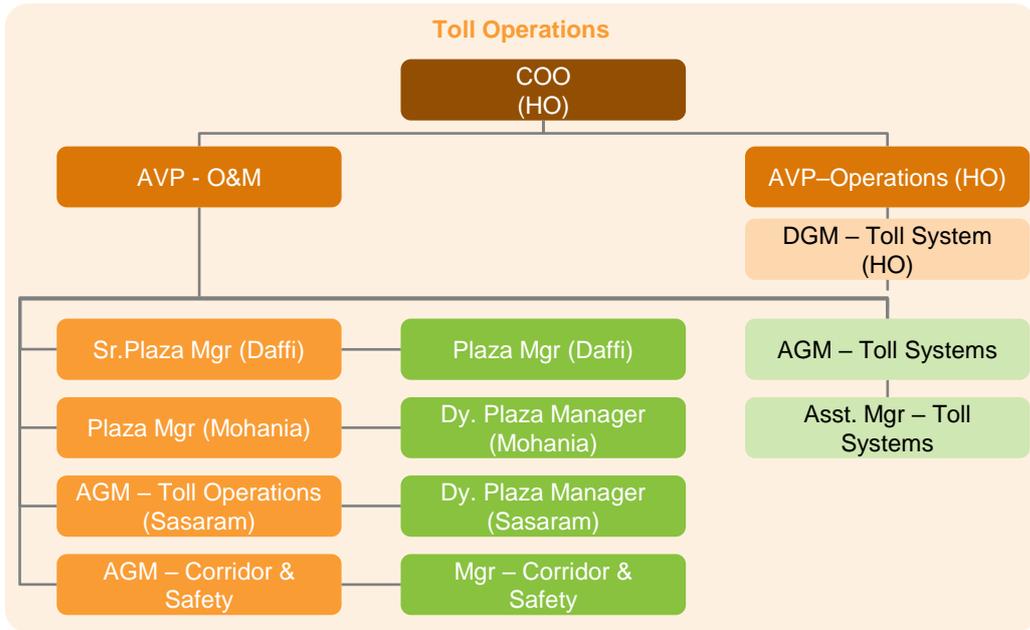
NH2 Concession Agreement | Key Clauses

Clause	Terms
 Tariff/User Fee	<ul style="list-style-type: none"> Collection of Fee: From the COD till the Transfer Date, Concessionaire shall have the sole & exclusive right to demand, collect & appropriate Fee from users. Fees shall be revised on April 1st every year and rounded off to the nearest Rs.5 in accordance with the fee rules. Annual Fee revision Formula: Fixed 3% annual increase, in addition to a further change (+/-) in the fee equal to 40% of the variation in WPI. Exemption for local users: Concessionaire shall not collect fee from a local user for non-commercial use of the Highway and shall issue a pass for local commuting. Discounted fee for Frequent Users: Concessionaire can issue a return pass on payment of a sum equal to 150% of the Fee payable for a respective vehicle if it were to undertake a single one-way trip on the Highway. Reappropriation of excess Fee: If average daily traffic of PCUs in an Accounting Year reaches a level equal to 120% of designed capacity (Traffic Cap), Fee levied & collected from traffic exceeding the Traffic Cap shall be deemed to be due & payable to NHAI.
 Obligations of the Authority	<ul style="list-style-type: none"> Provide assistance to concessionaire in procuring permits required from any govt entity. Ensure that no local tax, toll or charge is levied on the use of highway. NHAI shall procure that during the subsistence of the agreement, if the Additional Tollway is opened to traffic between the 12th and 30th anniversary of the Appointed Date, the Concessionaire shall be entitled to an additional Concession Period, which shall be equal in duration to the period between the opening of the Additional Tollway and the 30th anniversary.
 Right of Way	<ul style="list-style-type: none"> Procurement of Land: NHAI is providing sufficient extension of time along with the cost escalation for RoW not provided on time
 Grant	<ul style="list-style-type: none"> Authority agrees to provide to the Concessionaire cash support by way of an outright grant equal to the sum set forth in the Bid i.e., US\$ 68 Mn The Grant shall be disbursed to the Concessionaire by way of Equity Support.

Clause	Terms
 Revenue Shortfall Loan	<ul style="list-style-type: none"> If Realisable Fee in any Accounting Year falls short of Subsistence Revenue due to an Indirect Political Event, political event or an authority default, the Authority shall, upon request of Concessionaire, provide a loan for meeting such shortfall at an interest rate equal to 2% above the Bank Rate. Repayment: A sum equal to 50% of the PBT of Concessionaire, as and when made shall be earmarked for repayment of Revenue Shortfall Loan and interest thereon.
 Performance Security	<ul style="list-style-type: none"> Provision of Performance Security: Requirement of performance security in the form of bank guarantee as per the concession agreement
 Damages for Delay by the Concessionaire	<ul style="list-style-type: none"> In case of failure to meet project schedule milestones except for reasons attributable to NHAI or force majeure, concessionaire to pay damages of 0.1% of performance security for each day of delay. Subject to a maximum of 20% of the performance security in case of delay in satisfaction of CPs. As per the latest Settlement Agreement, NHAI has acknowledged that delays are due to reason beyond the control of Concessionaire.
 Change of Scope	<ul style="list-style-type: none"> Payment for change of Scope: Within 7 days of issuing a COS order, NHAI shall make an advance payment to Concessionaire equal to 20% of the cost of COS as agreed hereunder, and in the event of a Dispute, 20% of the cost assessed by the IE.
 Termination Payment Conditions	<ul style="list-style-type: none"> Termination Payment on account of: Concessionaire's default: 90% of debt due as defined in concession agreement minus the insurance cover. No termination payment shall be payable on concessionaire's default prior to project completion date. Authority's default: Debt Due and 150% of Adjusted Equity Force Majeure Event: Authority shall make a termination payment equal to: <ul style="list-style-type: none"> Non-Political Event: 90% of debt due less insurance cover. Indirect Political Event: Debt due less insurance cover & 110% of Adjusted Equity Political Event: Debt due and 150% of adjusted equity.

Note: USDINR: 83; 1 crore = 10 million

4. NH2 – Operations and maintenance



Routine maintenance

- ✓ Undertaken on stretches where construction has been completed
- ✓ Stretches are divided into different zones and then maintenance activities are outsourced to vendors on a fixed price contract
- ✓ Major routine maintenance activities include horticulture, cleaning of carriage way, median maintenance and RoW maintenance

Corridor Maintenance

- ✓ This relates to accident management, route patrolling and traffic/diversion management
- ✓ This is headed by AVP – O&M. His team includes Corridor Incharge, Corridor Manager, CRO (Control Room Operator), RPO (Route Patrolling Officer)
- ✓ They have at their disposal, vehicles for route patrolling, ambulance for accident management and cranes for traffic management

Electrical expenses

- ✓ It includes toll plaza lighting, bus/truck bay lighting and lighting on urban stretches and junctions
- ✓ It is maintained by electrical engineering team at site and supervised by AGM - Electrical @ HO

Watch and Ward Expenses

- ✓ This is related to toll collection and security at the toll plaza
- ✓ Beside this, security of admin building is also covered
- ✓ This function is also supervised by AVP – O&M

Day to Day operations:

- For day to day operations of NH2, AVP O&M manages the toll operation, routine maintenance, TMS and incident management with the team at the site
- At the Head Office level, the day-to-day operations are monitored by the team led by the Chief Operating Officer
- Further, the Plaza Manager is the head of their respective Toll Plaza who along with the team deputy plaza manager / plaza controllers / lane assistant / cashiers and other admin staff oversee the works related to toll collections.
- Key expenses associated with the same are staff salaries & welfare (uniforms, guest house), AMC for toll management system, minor repair & maintenance related to electrical, toll, signages etc., fuel and other admin expenses like housekeeping / water, advertisement, printing & stationery, telecom charges, newspaper etc.
- Apart from the operations team, there is an independent in-house audit team which evaluates the company's internal controls and processes on a day-to-day basis.

Fast Tag:

- All toll plazas are equipped with the functionality of the FASTag reading and toll fee is collected Electronically via FASTag
- Avg delinquency rate is negligible (next to nil)

5. Attractive Sector Fundamentals with stable regulatory framework

Indian Road Sector Outlook



Secular growth

- ✓ Growing urbanization and rising personal disposable income
- ✓ Amongst the fastest growing vehicle markets



Large road network

- ✓ 2nd largest road network in the world
- ✓ Transports 65% of goods and 90% of passenger traffic in the country



Strong fundamentals

- ✓ High barriers to entry
- ✓ Direct play on increasing consumer spending
- ✓ Minimal receivable risk due to upfront toll collection
- ✓ Inflation pass through arrangements



National infrastructure pipeline

- ✓ National Infrastructure Pipeline (NIP) envisaged capital expenditure of c. USD 240 bn in the roads sector in FY20 – FY25



Private participation

- ✓ Time tested – 1st PPP in 1995
- ✓ c. USD 4.1 bn private investment in road construction in India in FY 20 and FY 21



Vision 2025

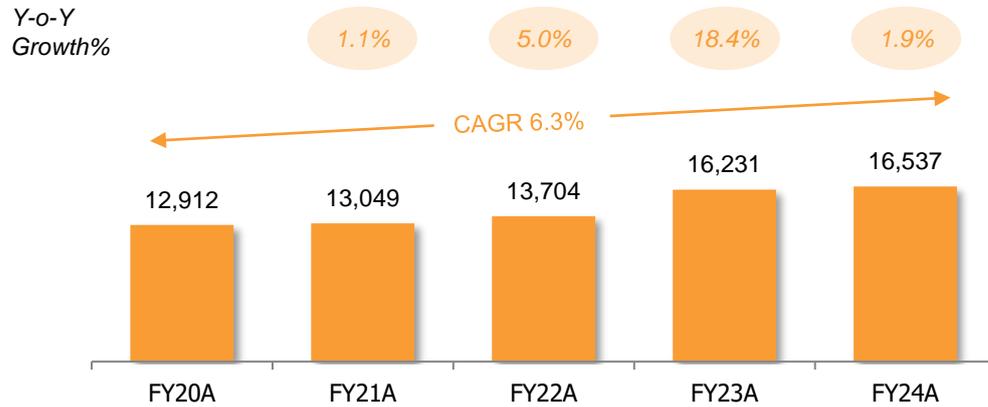
- ✓ Vision 2025: focus on last mile connectivity & tilting asset ownership in favour of financial investors

Note: USDINR: 83; 1 crore = 10 million

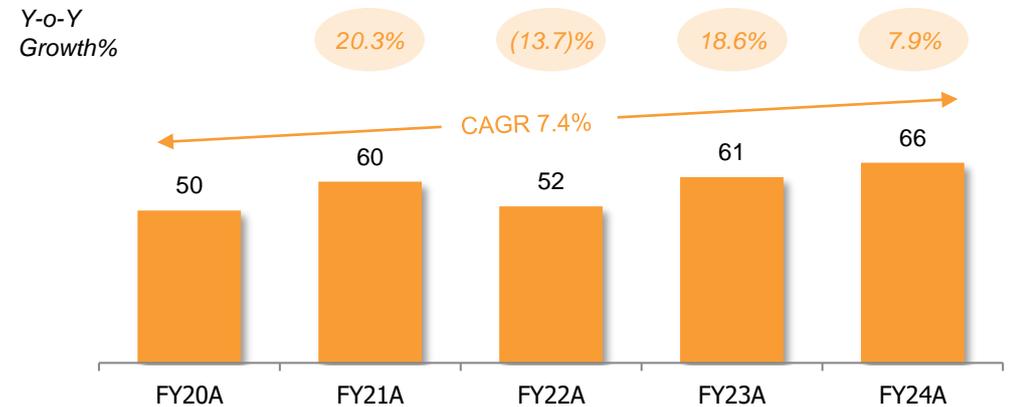
Source: DEA, MORTH, NHAI, NIP report, Invest India

6. Robust historical financial data

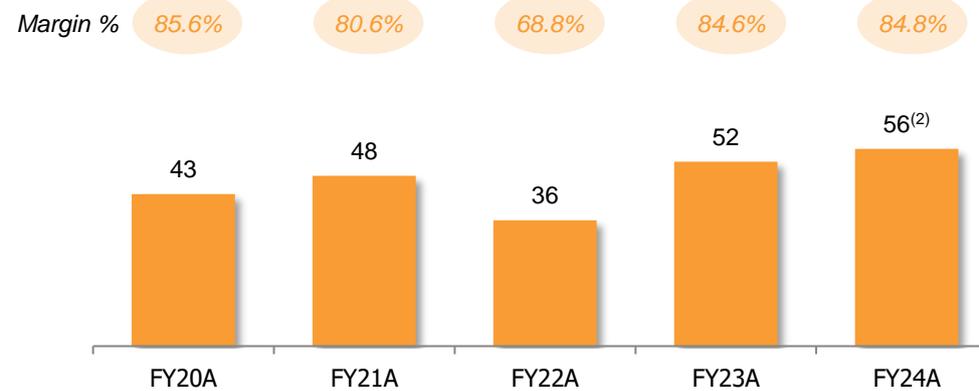
Average Annual Daily Traffic



Revenue (US\$ Mn)⁽¹⁾



EBITDA (US\$ Mn)



Note: USDINR: 83; 1 crore = 10 million

(1) Overloading fee collection started @ 2x-10x of applicable tariff from Jan 2020 onwards and was subsequently reduced in Dec 21 as per revised guidelines by NHA1

(2) Adjusted for one-time major maintenance costs



Expansion construction status

EPC Plan: Summary of Balance/ Outstanding Construction Work

Project Scope: Undertake 4 to 6-lane expansion on a total length of 192.40 km. Of this :

- **Completed Stretch:** ~160 km has been completed till May 24 out of 176 km pending⁽¹⁾. MS-I and MS-II has been completed in March 2023 and March 2024 respectively and the same has been validated by the IE and NHAJ Project Director. Only 16 km work is pending for completion of final milestone.
(~114 km 6-lane was already completed as on Aug 2021 validated by the IE)
- **Balance Works:** Construction under progress for balance stretches

EPC contracts for the stretch have been awarded as follows:

Length in Km	Contractor	Current Status
136 Km	WELSPUN	<ul style="list-style-type: none"> ● WEL has divided the project into 6 sections and has appointed the sub-contractors for each of the 6 sections ● All 6 sections have been mobilized and work is going on ● 16 km are pending for completion of milestone⁽¹⁾ ● Fixed rate contract of 136 km with Welspun
38 km		
6.38 Km	Others	<ul style="list-style-type: none"> ● Site Mobilized and construction works being carried out ● The works on this length is almost completed
Miscellaneous Works	SPV's Scope	<ul style="list-style-type: none"> ● Works under Technical Solution already awarded, and construction has commenced ● Work on Daffi toll plaza is completed while work on the other is in process

Overall Status of 6 laning – 180 km⁽²⁾



88%^

Complete



10%

In Progress

(1) Excludes 4 km of hindrances, 2.85 kms of technical solution and 8.9 km of descoped road

(2) Out of the total stretch of 192.4 km, construction works are being undertaken on 136 km and 44 km stretches, respectively. Technical Solution will be undertaken at 2.85 kms and balance 8.9 km is being descoped
Note: ^Out of 180 km, NHAJ has to clear hinderances on 4 km stretch and as per the agreement, time will be provided by NHAJ for the hindered stretches

Contractual Approvals/ Permits – Most sections have majority of the critical approvals/ permits in place to complete construction

Most approvals/ permits have been obtained to ensure there is no disruption in construction⁽¹⁾

Permit/ Approval (6 sections as divided by Welspun)	UP 1A	UP 1B	BR 1A	BR 1B	BR 2	BR 3
Availability of Pond Ash	✓	✓	✓	✓	✓	✓
Base Camp Approvals	✓	✓	✓	✓	✓	✓
NA (Non-Agriculture Purposes) Land Conversion Order for Camps	✓	✓	✓	✓	✓	✓
Consent to Establish/ Consent to Operate for plants	✓	✓	✓	✓	✓	✓
Weigh Bridge Installation & Calibration Certificate	✓	✓	✓	✓	✓	✓
Vehicle & Machinery Document	✓	✓	✓	✓	✓	✓
Community Property Resource (CPR) Shifting	✓	✓	✓	✓	✓	✓
Tree Cutting (<i>Submission of Joint Survey Reports</i>)	✓ <i>Work in progress</i>					
Electrical Utility shifting	✓ <i>Work in progress</i>					

(1) Hindrance of 4 km not in scope for completion of milestones of the project

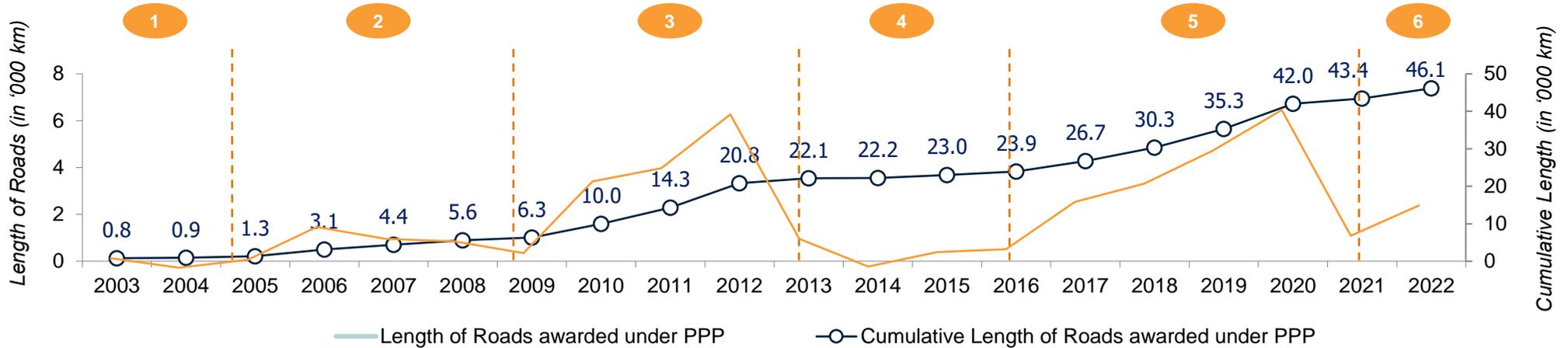
✓ Approval in Progress ✓ Approval Received



Toll Roads - Industry overview

India | Highway Sector Overview: India has the world's 2nd largest road network (6.7 Mn km+)

Roads Awarded under PPP (in'000 Kms)



Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
Laying the Foundation (1995 – 2005)	Optimism-fueled Exuberance (2006 – 2008)	Myopic Irrationality (2009 – 2012)	Policy Paralysis (2013 – 2015)	Cautious Optimism (2016 – 2020)	Resurging Buoyancy (2021 – Present)
<ul style="list-style-type: none"> Regulatory and organizational foundations were laid for P3: Highways Act amended, NHA set-up and NHDP launched While the initial awards were in EPC mode, BOT model gained prominence by 2002 	<ul style="list-style-type: none"> Convinced about India's growth, erstwhile contractors evolved as developers; Flurry of IPOs and PE investments Increased Competition - projects started being won at ~12% IRR or less (down from 30% IRR in the early 2000's) 	<ul style="list-style-type: none"> Due to FY09 recession, most players were stuck with unviable projects which threatened their overall sustainability Though the Government tried to counter the recession by aggressively bidding out projects, developers bid desperately to increase work orders, resulting in high leverage projects with unmanageable levels of debt 	<ul style="list-style-type: none"> Industry got mired in policy paralysis – Issues on land acquisition, environment clearances, interest regime, etc. Large number of project cancellations happened (4,500 km terminated; 3,497 km stalled as of March 2015) 	<ul style="list-style-type: none"> Effective policy measures revived the sector through tax benefits, easy access to capital, lower risk and govt. support Innovative project models such as HAM and TOT are leading to balanced growth and attracting private investors HAM became the dominant channel of private investment with 55% of projects awarded through HAM in 2016-17 by NHA 	<ul style="list-style-type: none"> Conducive govt policies (FDI policy, ease of land acquisition), strong govt. support (initiatives like NIP, NMP) & healthy pipeline of opportunities have led to heightened participation / interest from global investors InvIT launched by NHA in 2021-2022 attracted ~\$0.9 Bn and ~\$ 0.4 Bn investment; More assets to be added to the InvIT

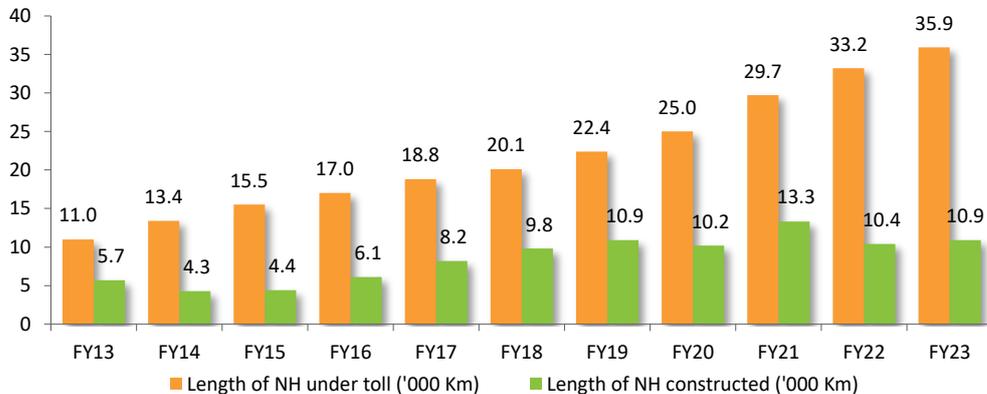
Source: MoRTH website, NITI Aayog, NHA website, Department of Economic Affairs - PPP cell (pppinindia.gov.in)

India | Highway Sector Overview: Highways constitute >50% of PPP projects awarded in India

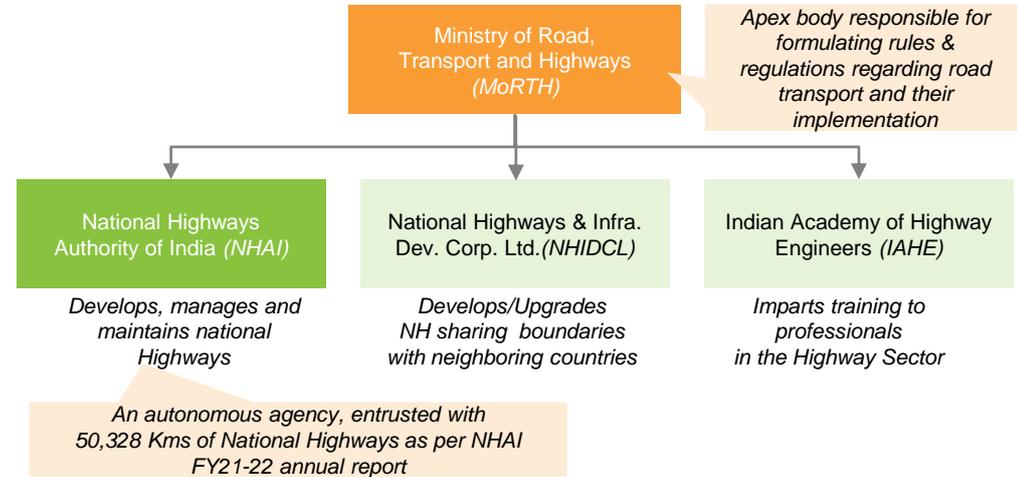
PPP in the Indian Highways Sector

- India has a total road network of 6.7 Mn km, with National Highways (NH) accounting for 2% of the total road network carrying over 40% of the traffic; ~65% of total freight being transported by road
- With highways identified as a priority sector for the govt., overall NH length witnessed a 59% between 2014 & 2023, of which a large no. of projects were executed through PPPs
- 100% FDI is allowed under the automatic route in the Highway Sector, resulting in highest no. of completed highway PPP projects as compared to other sectors
- As per the Asian Development Bank, India ranks at first spot in PPP operational maturity and is designated as a developed market for PPPs amongst its regional member countries
- Of the various PPP models used in India, Build-Operator-Transfer (BOT) model is the most prevalent, wherein projects worth ~INR 11.7 lakh Cr have been awarded until now
- To further incentivize private investors, multiple innovative PPP models have been introduced with more balanced risk sharing which include Hybrid Annuity Model (HAM) and Toll-Operate-Transfer (TOT) model

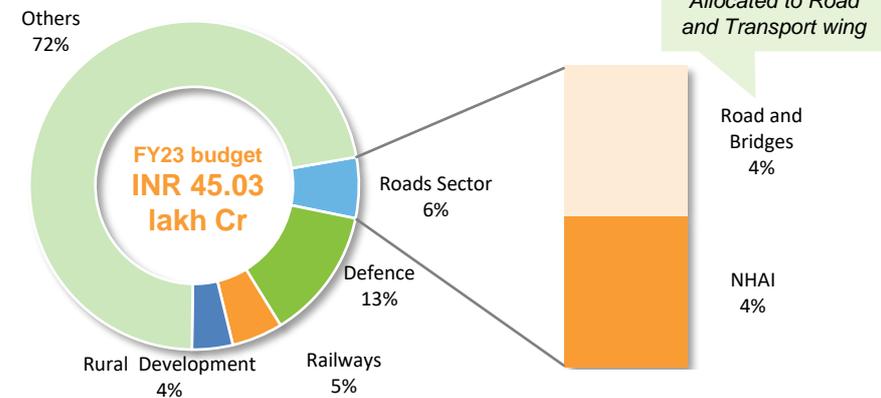
To boost economic development in the country, the Central Govt. has aimed to develop 200,000 Km of National Highways by 2025



Highway Sector: Government Authority Overview



Towards this ambitious target, MoRTH allocated a budget of ~INR 2 lakh Cr in FY2023

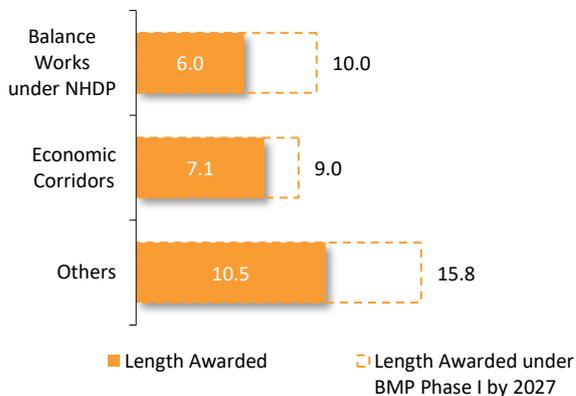


India | Highway Sector Overview: Key initiatives to Propel Road Infrastructure Development

Bharatmala Pariyojana (BMP)

- **Bharatmala Pariyojana** is an umbrella program for highways sector that focuses on optimizing efficiency of road traffic movement across India by bridging critical infrastructure gap
- The program aims to build *84,000 Kms of total road network, with 50 national corridors, connect 550 districts and develop 5,300 Kms of border and international connectivity*
- 34,800 kms of roads with an estimated cost of INR 5.35 lakh Cr is being considered for Phase 1 of BMP to end in 2027
 - All 34,800 kms have been approved
 - ~33% of total length proposed under Bharatmala Pariyojana Phase 1 has been constructed as of Dec'22

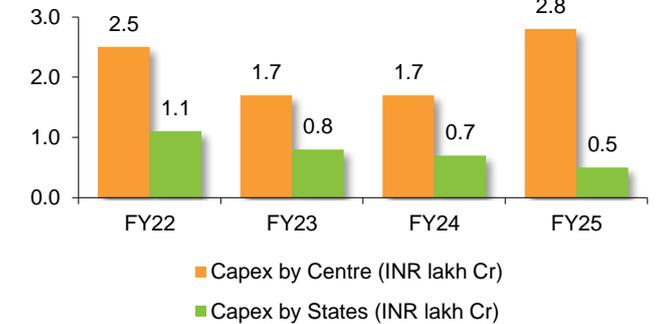
Progress of projects under BMP (until Dec'21, in '000 km)



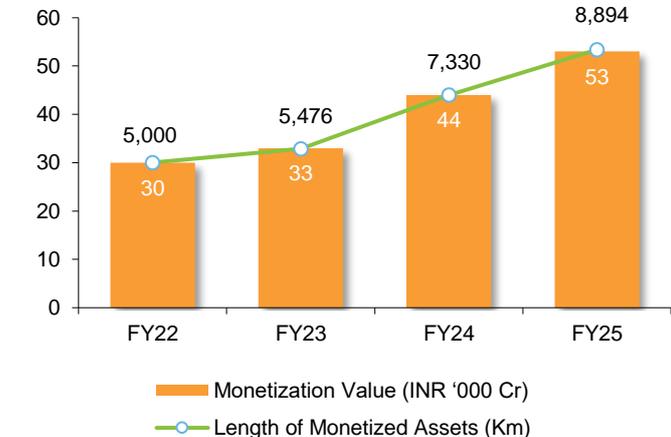
National Infrastructure Pipeline (NIP) & National Monetization Pipeline (NMP)

- Launched in Aug'20, National Infrastructure Pipeline (NIP) charts various infrastructure projects to be developed over a period of 5 years
- It requires an initial investments of **INR 111 lakh Cr** - to be funded by Central & State govt. and private sector
- Further, ~ 18% of the investment is allocated to roads sector - *target to develop 60,000 Km of NH*
- To attract private sector participation, NIP aims to improve project preparation process, introduce PPP models etc.
- Financing of the above infrastructure investment requires a diversified set of alternatives, and thus the **National Monetization Pipeline** was developed
- It involves lease of a public asset for a limited period to a private sector entity eligible to collect all revenues
- The total indicative value of NMP has been estimated at **INR 6 lakh Cr**, over the period FY22-FY25, operating co-terminus with NIP. Roads capture **27% (INR 1.6 lakh Cr)** of it
- 26,700 Km of assets are to be monetized with an indicative monetization value of ~INR 2 lakh Cr

Capital Expenditure to be incurred under NIP



Monetization Value of Road Assets under NMP



Bankable concession terms

Key positives of Indian Roads & Highways sector

Typical terms	Details
NHA as counterparty	<ul style="list-style-type: none"> NHA is an agency appointed by the federal government for development of roads and highways in India NHA is a quasi-sovereign entity with a 'AAA' rating from domestic rating agencies Well-funded by federal government
Termination payment	<ul style="list-style-type: none"> As per termination payment regime by NHA, 90% debt due⁽¹⁾ is covered by termination payment from NHA in case of Concessionaire event of default as well Termination payment of up to 150% of equity invested and 100% of debt due in case of NHA event of default
Long concession period (20–30 Years)	<ul style="list-style-type: none"> The concession life of 20 to 30 years provides enough cushion in terms of long tail period and multiple refinancing opportunities Floor and Cap model to protect developer returns, which provides for automatic extension of concession period up to maximum of 20% of concession period if target traffic is not achieved
Supportive regulator	<ul style="list-style-type: none"> Consideration of force majeure events and granting relief to concessionaires to provide cashflow support Extension in concession period for up to 6 months to compensate revenue loss during and after toll suspension
No price risk	<ul style="list-style-type: none"> India has a long track record of toll rate escalation Toll rate escalation is pre-defined in concession agreement to take place on 1st of April every year Escalation is not entirely WPI dependent and follows the formula 3% + 40% of WPI, thus providing an essential cushion

(1) Debt due as defined under the concession agreement