HIGHWAYS
INFRASTRUCTURE TRUST

Highway to Sustainable Growth



ANNUAL REPORT 2022-23

HIGHWAYS
INFRASTRUCTURE TRUST

Highway to Sustainable Growth

Highway to Sustainable Growth!

Highways Infrastructure Trust (the **"Trust"**) is one of India's foremost highways Infrastructure Investment Trust (InvIT) operating six road assets aggregating to 1,710 lane-kms in six states. Our stable, dependable and growing business is characterised by a portfolio of high-quality highway assets with stabilised income streams and inherent growth opportunities interlinked to India's growth story.

Anchored on our operation and management skills, focus on sustainability and sound governance practices, we are uniquely placed to capitalise on the opportunities in India's highways sector. Today, our portfolio benefits from the rising demand for high-quality highways catalysed by a pick-up in post-COVID mobility through the resumption of tourism, business and commerce. With our deep understanding of the sector, together with the support from an eminent sponsor, we are well-placed to cement our credentials as a trusted asset manager.
This apart, our local expertise, alongwith our purposeful action on innovation, ESG and sustainability, we are poised to deliver long-term value to our unitholders and other stakeholders.



Further information can be found online by visiting *www.highwaystrust.com*

Forward-looking Statements

Some information in this report may contain forward-looking statements which include statements regarding the Trust's expected financial position and results of operations, business plans and prospects, and are generally identified by forward-looking words such as 'believe', 'plan', 'anticipate', 'continue', 'estimate', 'expect', 'may', 'will' or other similar words. Forward-looking statements are contingent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

INSIDE THIS REPORT

CORPORATE OVERVIEW

02 Corporate Information
04 Chief Executive Officer's Message
06 Brief Profile of the Directors of the Investment Manager

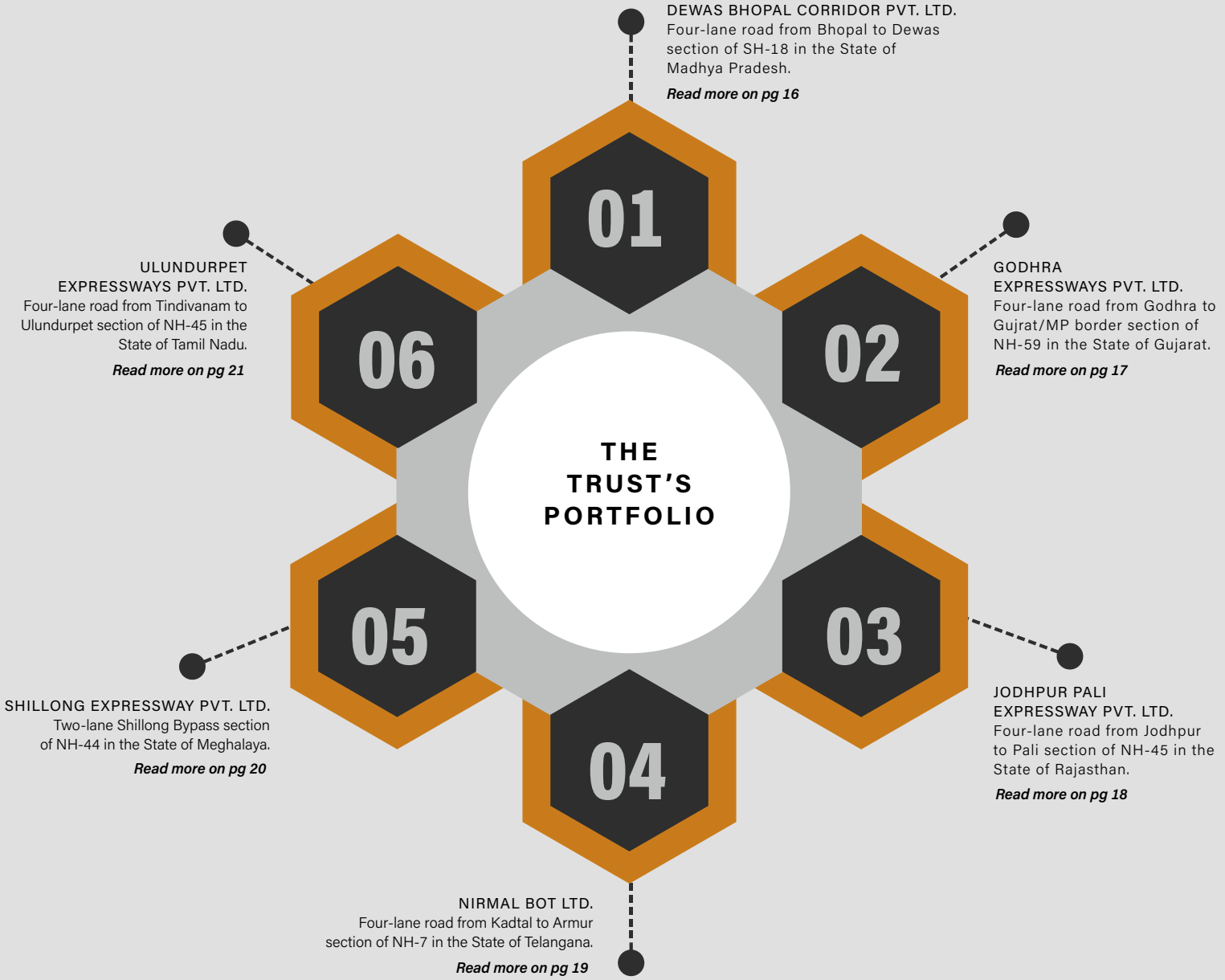
MANAGEMENT REPORTS

08 Investment Manager's Brief Report on the Activities of the Trust
09 Management Discussion and Analysis
13 Overview of the Asset Portfolio
22 Awards and Accolades
23 Environment, Social and Governance (ESG)
29 Corporate Social Responsibility (CSR)
33 Summary of Valuation Report
34 Details of Changes During the Year
50 Policies of the Board of Directors of the Investment Manager in Relation to the Trust
52 Unit Price Performance and Distributions
54 Details of Material Litigations
58 Risk Factors
73 Credit Ratings
74 Related Party Transactions
75 Other Mandatory Disclosures
78 Secretarial Audit Report

FINANCIAL STATEMENTS

96 Audited Standalone Financial Statements
133 Audited Consolidated Financial Statements

203 **Notice of Annual General Meeting**



CORPORATE INFORMATION

Highways Infrastructure Trust

2nd Floor, Piramal Tower
Peninsula Corporate Park, Lower Parel
Mumbai - 400 013, Maharashtra, India
SEBI registration number: IN/InvIT/21-22/0019
Date of registration with the SEBI: December 23, 2021

Website: www.highwaystrust.com
Tel: +91 7506333447
E-mail: Compliance.highwaysinvit@highwayconcessions.com

Correspondence Address

Unit No. 316 & 317, C Wing, 3rd Floor, Kanakia Zillion, LBS Marg, BKC Annexe,
Mumbai - 400 070, Maharashtra

Board of Directors

NAME OF MEMBER	DESIGNATION
Mr. Hardik Bhadrik Shah	NON-EXECUTIVE DIRECTOR
Ms. Ami Momaya	NON-EXECUTIVE DIRECTOR
Mr. Neeraj Sanghi	CEO CUM WHOLE-TIME DIRECTOR
Mr. Janakiraman Subramanian	INDEPENDENT DIRECTOR
Ms. Sudha Krishnan	INDEPENDENT DIRECTOR
Mr. Manish Agarwal	INDEPENDENT DIRECTOR

Key Managerial Team

Mr. Neeraj Sanghi
CHIEF EXECUTIVE OFFICER CUM WHOLE-TIME DIRECTOR

Mr. Narayanan Doraiswamy
CHIEF FINANCIAL OFFICER

Dr. Zafar Khan
CHIEF OPERATING OFFICER

Mr. Gaurav Chandna
HEAD - STRATEGIC FINANCE

Ms. Meghana Singh
GENERAL COUNSEL

Compliance Officer

Ms. Kunjal Shah
COMPANY SECRETARY AND COMPLIANCE OFFICER
Tel: +91 7506333447
E-mail: kunjal.shah@highwayconcessions.com

InvIT Trustee

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound
Pandurang Budhkar Marg, Worli
Mumbai - 400 025
Maharashtra, India
Contact Person: Mr. Anil Grover

E-mail: debenturetrustee@axistrustee.in
Tel: +91 22 6230 0451

Securities Information

Units listed on National Stock Exchange (NSE)
Scrip Symbol: HIGHWAYS
ISIN: INE0KXY23015

Debentures listed on BSE Limited (BSE)
Scrip Code: 974227
ISIN: INE0KXY07018

Scrip Code: 974228
ISIN: INE0KXY07026

Registrar and Unit Transfer Agent

Link Intime India Private Limited
247 Park, C-101
1st Floor, L B S Marg
Vikhroli (West), Mumbai 400 083
Maharashtra, India

Tel: +91 22 4918 6000
E-mail: ajit.patankar@linkintime.co.in

SEBI registration number: INR000004058
Contact person: Ajit Patankar
Website: www.linkintime.co.in
Investor grievance e-mail: bonds.helpdesk@linkintime.co.in

CORPORATE OVERVIEW (CONTD.)

Bankers/Lenders

Axis Bank Limited

ICICI Bank

State Bank of India

Statutory Auditors

Walker Chandiok & Co LLP
Plot No. 19A, 2nd floor
Sector - 16A, Noida - 201 301
Uttar Pradesh, India
ICAI Firm registration number: 001076N/N500013

Tel: +91 12 0485 5999
E-mail: Manish.Agrawal@WalkerChandiok.in

Investment Manager

Highway Concessions One Private Limited
316-317, 'C' Wing, Kanakia Zillion, L. B. S. Road
BKC Annex, Kurla (W), Mumbai - 400 070
CIN No.: U45200MH2010PTC208056

Website: www.highwayconcessions.com
Tel: +91 22 6107 3200
Fax: +91 22 6107 3201
E-mail: info@highwayconcessions.com

Project Manager

HC One Project Manager Private Limited
Registered Office: 309, 'C' Wing
Kanakia Zillion, L. B. S. Road
BKC Annex, Kurla (W), Mumbai - 400 070
CIN No.: U74140MH2022PTC390762

Tel : +91 22 6107 3200
Fax: +91 22 6107 3201
E-mail: info@highwayconcessions.com

VALUER

Mr. S. Sundararaman
5B,"A" Block, 5th Floor
Mena Kampala Arcade
New #18 & 20, Thiagaraya Road
T. Nagar, Chennai – 600 017
Registration no.: IBBI/RV/06/2018/10238

Tel: +91 044 2815 4192
E-mail: chennaissr@gmail.com

CHIEF EXECUTIVE OFFICER'S MESSAGE



"In view of the sound financial performance of the project portfolio, the Trust has undertaken a cumulative distribution of INR 16.21 per unit since listing."

Mr. Neeraj Sanghi
CEO CUM WHOLE-TIME DIRECTOR

Dear Unitholders,

I am delighted to present to you the first Annual Report of Highways Infrastructure Trust (the **"Trust"**) post listing of the Trust on the National Stock Exchange in August 2022. Within the first few months of our listing, we have established a comprehensive and robust governance framework. We have demonstrated the strength of our team and project portfolio by undertaking cumulative distribution of INR 16.21 per unit since listing. This report showcases our accomplishments for the first year and is a testament to our firm commitment of delivering stable, sustainable and accretive growth to our unitholders

InvITs are vehicles to bundle infrastructure (roads in our case) assets with a view to provide consistent cash flows along with a trajectory towards capital appreciation. Currently, the Trust's portfolio consists of six project SPVs (4 toll roads and 2 annuity roads) having an aggregate length of 452 kms (1,710 lane-kms) and located across six States in India. For the year 2022-23, our project portfolio has delivered revenue from operations of INR 6,152.35 million.

Post transfer of the initial projects into the Trust, we have continued to introduce financing efficiencies by successfully refinancing the debt placed at the SPV level from the debt availed at the Trust level. We have used a combination of term loans and bonds to optimise the terms and tenor of financing. The consolidated net debt to enterprise value as on 2022-23, stands at ~23.6%, giving ample headroom to fuel the next leg of our growth journey.

To build upon the current portfolio, the Trust (through its Investment Manager) has been actively assessing the acquisition of road projects. I am pleased to share that the Trust has executed share purchase agreements for acquiring five additional projects, four assets under the Hybrid Annuity Model (**"HAM"**) and one project under the Design, Build, Finance, Operate and Transfer (**"DBFOT"**) toll model. Overall, these acquisitions will add ~188 km to the portfolio across two new States viz. Haryana and Karnataka.

A Sense of India Opportunity

Highways have been an area of focus for the Government of India ("**GoI**") for the past two decades. GoI is cognisant of the correlation between highway development and economic/social growth. The pace of national highways (**"NH"**) construction has increased consistently between 2014-15 and 2021-22 due to the systematic push through corridor-based NH development approach. In 2014-15, the pace of NH construction was about 12 km/day, which increased to about 29 km/day in 2021-22.

As per the published detailed demand for grants from the Ministry of Road Transport and Highways ("MoRTH"), the total expenditure of MoRTH in 2023-24 is expected to be INR 2,704.35 bn. This is 25% higher than the estimates submitted by MoRTH for 2022-23. Out of this, the highest expenditure (60% of the total expenditure) is towards road building by the National Highways Authority of India (**"NHAI"**). In 2023-24, NHAI has been allocated a grant of INR 1,622.07 bn (vis-à- vis INR 1,416.06 bn in the year 2022-23).

Despite the focus on roads, the last decade saw reduced participation of the private sector in primary road development, and most road development allocation was under the HAM model, a structure more suited for contractors and developers. Allocation under the Toll Operate Transfer (**"TOT"**) and Build Operate Transfer – Toll (**"BOT"**) models has been fairly limited. However, we anticipate this trend to change, given there have been drastic improvements in the forecast of opening traffic. NHAI has taken active steps to address land acquisition

CHIEF EXECUTIVE OFFICER'S MESSAGE (CONTD.)

challenges, and there is increased lender interest in providing debt financing to the road sector.

In fact, under the National Monetisation Pipeline (**"NMP"**), 27% of the aggregate asset pipeline earmarked for monetisation over 2022-25 is proposed from the roads sector (aggregating to ~26,700 km).

Overall, we continue to remain optimistic about growth, both through bids under TOT model and through acquisition of developed projects, and expect the sector to provide robust opportunities for the Trust to enhance unitholder returns over the long-term.

Our Focus and Commitment to Operational Excellence

Our operational ideology includes early deployment of technology to usher additional efficiencies. For example, in our portfolio today, we are processing 0.23 mn transactions per day with Electronic Toll Collection ("ETC") penetration roughly at 97% of the toll revenue. In fact, while NHAI had instructed implementation of the ETC system in the year 2016, UEPL project achieved this in the year 2015 itself.

The respective teams of the Investment Manager and the Project Manager are consistently working towards deployment of several other technologies for road maintenance, revenue assurance, vehicle management, and remote tolling management. Most of these are homegrown and are a result of the respective teams' rich experience in the sector. An example of our innovation is our new in-house software, "Road Asset Management Portal" (**"RAMP"**), which utilises a GPS-based technology to monitor operations and maintenance to ensure quick identification of any maintenance requirements, while also tracking progress of the maintenance works. RAMP is aimed at eliminating manual processes of tracking and for enabling quick decision-making. We look forward to reporting on the outcome of this initiative in our subsequent annual reports.

I am proud to report that all our projects are maintained with lifecycle costing approach, wherein preventive maintenance is emphasised to optimise routine and major maintenance. This ensures better road quality and efficient utilisation of capital. Overall, all our projects are marked by smooth riding quality, efficient toll collection, and green cover on the road.

ESG in Action

The experience of our Investment Manager team positions us favourably to align all our assets to a world-class ESG focus and deliver in accordance to the evolving expectations of unitholders, highway users and our regulators. Our sustainable value creation efforts across different facets of road operations and maintenance have been balanced with the needs of the planet and profitability.

While the direct impact on the environment from our highway operations is minimal, we are as concerned about global warming and climate change as any other responsible corporate citizen. We try to contribute to the environment through energy efficiency solutions, such as replacing HPSV lights by LED lights, installing rooftop solar panels on our projects, etc. We have also contributed to the green cover by avenue and median plantation that goes beyond standard regulatory requirements. We also strive to recycle the existing road material or use waste material (plastic and other bio-degenerative materials) while carrying out periodic maintenance.

We believe that as an organisation, we are as good as our employees and one of our key focus area is the development of our people by means of engagement and trainings. The previous financial year saw 4,392 man-hours being spent on trainings across various areas of operations.

Occupational Health and Safety (**"OHS"**) for employees and road safety are key to our social sustainability campaign. We connect with our communities through our mandatory CSR and voluntary support activities. Our CSR initiatives in three distinct areas (we call them **"3Es"**) viz., Education (Our Road Our Lives or OROL), Employment (Skill Centre) and Emergency Support (support extended during COVID). These activities have earned us goodwill with the communities and made us a part of the social fabric.

We recognise the need for a robust and transparent governance system for furthering sustainable, scalable and value-accretive operations across the portfolio managed by us. During the first year of our operations, our focus has been on developing a robust set of policies, and our focus in 2023-24 will be on ensuring implementation and tracking of the same.

We feel that in the future, while our ESG focus may come under greater scrutiny on the transparency and disclosure front, yet we also firmly believe that as a Company truly on the ESG journey, this focus will be rewarded with stakeholder trust.

Vote of Thanks

During 2022-23, the Trust excelled in performance in all areas, viz., refinancing, unitholder distributions and operations & management with the help of my efficient and committed colleagues. We are now looking for sizeable growth to come our way in 2023-24, given the attractive pipeline of road projects.

I would like to acknowledge the contribution of our Board of Directors, employees, lenders, unitholders, regulators and all other stakeholders for their trust and belief in us. I am confident that we shall continue to accelerate towards enhanced value creation for our unitholders.

We look forward to your continued cooperation and guidance in our endeavours.

Sincerely,

Neeraj Sanghi

CEO CUM WHOLE-TIME DIRECTOR

BRIEF PROFILE OF THE DIRECTORS OF THE INVESTMENT MANAGER



Mr. Hardik Bhadrik Shah
NON-EXECUTIVE DIRECTOR

Mr. Hardik Shah is a Non-Executive Director on the Board of the Investment Manager since December 17, 2021. Mr. Shah joined KKR in 2018 and is a Partner in the Asia-Pacific Infrastructure team. He is responsible for infrastructure investments in South Asia.

Mr. Shah began his career at Macquarie Group in Sydney, where he spent more than 10 years across their Sydney and Mumbai offices and was involved in building their India infrastructure business. More recently, he led Brookfield's India business and was responsible for building its team and presence. Mr. Shah has led ~USD 5 bn of transactions in India across various infrastructure sectors, such as telecom towers, toll roads, airports, energy transportation and renewable energy.

Mr. Shah holds a postgraduate degree from S.P. Jain Institute of Management & Research (Mumbai) and is a CFA Charterholder.



Ms. Ami Momaya
NON-EXECUTIVE DIRECTOR

Ms Ami Momaya is a Non-Executive Director on the Board of the Investment Manager since January 24, 2022. Ms. Momaya joined KKR in 2022 and is a senior member of the Asia-Pacific Infrastructure team. She is responsible for infrastructure investments in India.

Ms. Momaya began her career at Morgan Stanley, where she spent 17 years across their India and New York offices and was instrumental in building their India infrastructure business. As part of Morgan Stanley's infrastructure business, she led transactions across transportation, logistics and renewable energy. Prior to joining the Infrastructure Fund in 2008, Ms. Momaya worked at Morgan Stanley's Investment Banking Division in New York where she focused on buyouts, mergers & acquisitions, initial public offerings, and financing in services, outsourcing and payment processing sectors.

Ms. Momaya holds a Bachelor of Commerce degree from Mumbai University and a postgraduate degree from the Narsee Monjee Institute of Management Studies (Mumbai).



Mr. Neeraj Sanghi
CEO CUM
WHOLE-TIME DIRECTOR

Mr. Neeraj Sanghi joined Highway Concessions One (HC1) as its Chief Executive Officer (CEO) in 2016. He has also been a Director on the Board of HC1 (Investment Manager of InvIT) post acquisition of HC1 by KKR.

He has ensured smooth operations, maintenance, financing and transfer of project SPVs for the last six-and-a-half years. He was instrumental in forming the Highway Operators Association of India (HOAI), an advocacy forum of fund-based road operators. Significant prior tenures of Mr. Sanghi have been with the Essar Group and Total for around 12 years each, where he developed and managed projects in the infrastructure and oil & gas sectors viz., road, sewage treatment, LNG/ LPG storage, port development, etc.

Mr. Sanghi holds a degree in Electrical Engineering from Delhi College of Engineering, MBA from Faculty of Management Studies, Delhi, and MA (Sustainable Development) from Staffordshire University, UK.

BRIEF PROFILE OF THE DIRECTORS OF THE INVESTMENT MANAGER (CONTD.)



Mr. Janakiraman Subramanian
INDEPENDENT DIRECTOR

Mr. Janakiraman Subramanian is an Independent Non-Executive Director on the Board of the Investment Manager since March 04, 2022. He possesses over 30 years of experience in the road and airport infrastructure sectors, with around 20 years with the Airports Authority of India, and the Government as a key member on major airport privatisation programs.

Mr. Subramanian was also associated with IDPL (L&T group company) in setting up the InvIT platform and is credited with the monetisation of 5 road assets and acquisition of 8 more assets. In 2018, he was appointed as CEO of the InvIT sponsored by L&T, with Canadian Pension Fund and Insurance Fund from Germany as major investors.

Mr. Subramanian has strong credentials in business development and PPP-related matters. He holds a BCom degree from Delhi University and is an Associate Member of ICMAI and is also certified as Independent Director by the Indian Institute of Corporate Affairs.



Mr. Manish Agarwal
INDEPENDENT DIRECTOR

Mr. Manish Agarwal is an Independent Non-Executive Director on the Board of the Investment Manager since September 14, 2022.

He has led several sector-shaping engagements across energy, transport and urban sectors. As a thought leader in infrastructure, he regularly shares insights through articles and discussion papers, including at AskHowIndia.org which he co-founded. He also teaches infrastructure policy and project finance at IIM Kozhikode, IIMC, BITSOM, etc.

Mr. Agarwal studied at BITS Pilani and IIM Calcutta, and has attended training programs at ISB, Harvard and INSEAD. Starting his career at CRISIL, he has 25+ years of experience in advising developers, financiers, governments and regulators in enabling private sector infrastructure investment. He has been the infrastructure sector leader at KPMG and PwC, and represented India on PwC's Global Capital Projects & Infrastructure network during his last stint.



Ms. Sudha Krishnan
INDEPENDENT DIRECTOR

Ms. Sudha Krishnan is an Independent Non-Executive Director on the Board of the Investment Manager since September 14, 2022. She joined the Indian Audit and Accounts Service in 1983. She possesses a Masters degree in Public Administration from George Mason University, Virginia.

Ms. Krishnan retired as Member Finance to the Space Commission and Atomic Energy Commission. She has around four decades of experience in public policy and finance. She has worked on secondment at the Ministry of Finance in different capacities, where she handled diverse portfolios, including World Bank projects.

Ms. Krishnan also served as financial advisor to the Ministry of Urban Development. At the Comptroller and Auditor General office, she led and coordinated the production of several audit reports. As Principal Director (International Cooperation) she was directly responsible for advising and implementing CAG's international obligations.

INVESTMENT MANAGER'S BRIEF REPORT ON THE ACTIVITIES OF THE TRUST

Investment Manager's Brief Report on the Activities of the InvIT for the Financial Year ended March 31, 2023



Highways Infrastructure Trust is registered as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("InvIT Regulations") on December 23, 2021, having registration number IN/InvIT/21-22/0019.





The Trust was settled by Virescent Infrastructure Investment Manager Private Limited, the erstwhile investment manager of the Trust (acting as the settlor) on the instructions of Galaxy Investments II Pte. Ltd., the sponsor of the Trust ("Sponsor") as a contributory, determinate and irrevocable Trust under the provisions of the Indian Trusts Act, 1882, in Mumbai, India.

The Trust's principal investment objective is to conduct the activity as an Infrastructure Investment Trust under the InvIT Regulations. The Trust is permitted to undertake investments in any manner permissible under, and in accordance with, the InvIT Regulations and applicable laws, including in such holdcos and/or SPVs, securities in India as permitted under the InvIT Regulations.

The Sponsor is affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR & Co Inc. As on date, the Sponsor is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd.

For more details on the projects, please refer to the section on "Overview of the Asset Portfolio" on pg 13.

MANAGEMENT DISCUSSION AND ANALYSIS

India's infrastructure opportunity

The Economic Survey of India 2022-23, identifies infrastructure investment to be critical for the overall growth of the Indian economy. Reflecting this, under Budget 2023-24, capital investment outlay for infrastructure has been increased by 33% to INR 10 lakh crore (US$ 122 billion), which would constitute 3.3% of the gross domestic product and almost three times the outlay of 2019-20. The Union Government of India (the "Union Government") has also announced the establishment of the Infrastructure Finance Secretariat to enhance opportunities for private investment in infrastructure which will assist all stakeholders in facilitating private investment in infrastructure, including railways, roads, urban infrastructure, and power. Overall, the Union Budget 2023-24 reflects continuing strong commitment of the Government to boost economic growth by investing in infrastructure development, evident in the increase in capital expenditure by 37.5 per cent over the revised estimates of 2022-23.

Specifically for the roads sector, there has been an increase in the construction of National Highways (NH)/roads over time, with 10,457 kms of roads constructed in 2021-22, as compared to 6,061 km in FY 2015-16. In 2022-23 (until October 2022), 4,060 kms of NH/roads were constructed, which was around 91 per cent of the achievement in the corresponding period of the previous financial year. Total budgetary support for investment in the sector has been increasing rapidly over the last four years and stood at around INR 1.4 lakh crore during 2022-23 (as of 31 October 2022).

(Source: Economic Survey of India).

Our Growth Trajectory

Dec, 2021

The Sponsor acquired 100% control in 6 project SPVs from GIP

Annuity
- NBL
- SEPL

Toll
- UEPL
- DBCPL
- GEPL
- JPEPL

Aug, 2022

Transfer from the Sponsor to the Trust under InvIT Structure on August 24, 2022

NSE admitted listing of units of the Trust (issue size of INR 4,155 mn)

Sept, 2022

BSE admitted listing of debentures of the Trust (issue size of INR 6,500 mn)

Nov, 2022

Change of Investment Manager of the Trust from Virescent Infrastructure Investment Manager Private Limited to Highway Concessions One Private Limited and change of Project Manager from Virescent Renewable Energy Project Manager Private Limited to HC One Project Manager Private Limited

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

1. Industry

The highways sector has been the mainstay of infrastructure development in India for more than two decades. Realising the importance of highway development in connecting various parts of the country and providing both direct and indirect socio-economic benefits, government thrust on the sector has increased significantly over the last few years. Project execution currently is at an all-time high with more than 30 kms per day of highways construction.

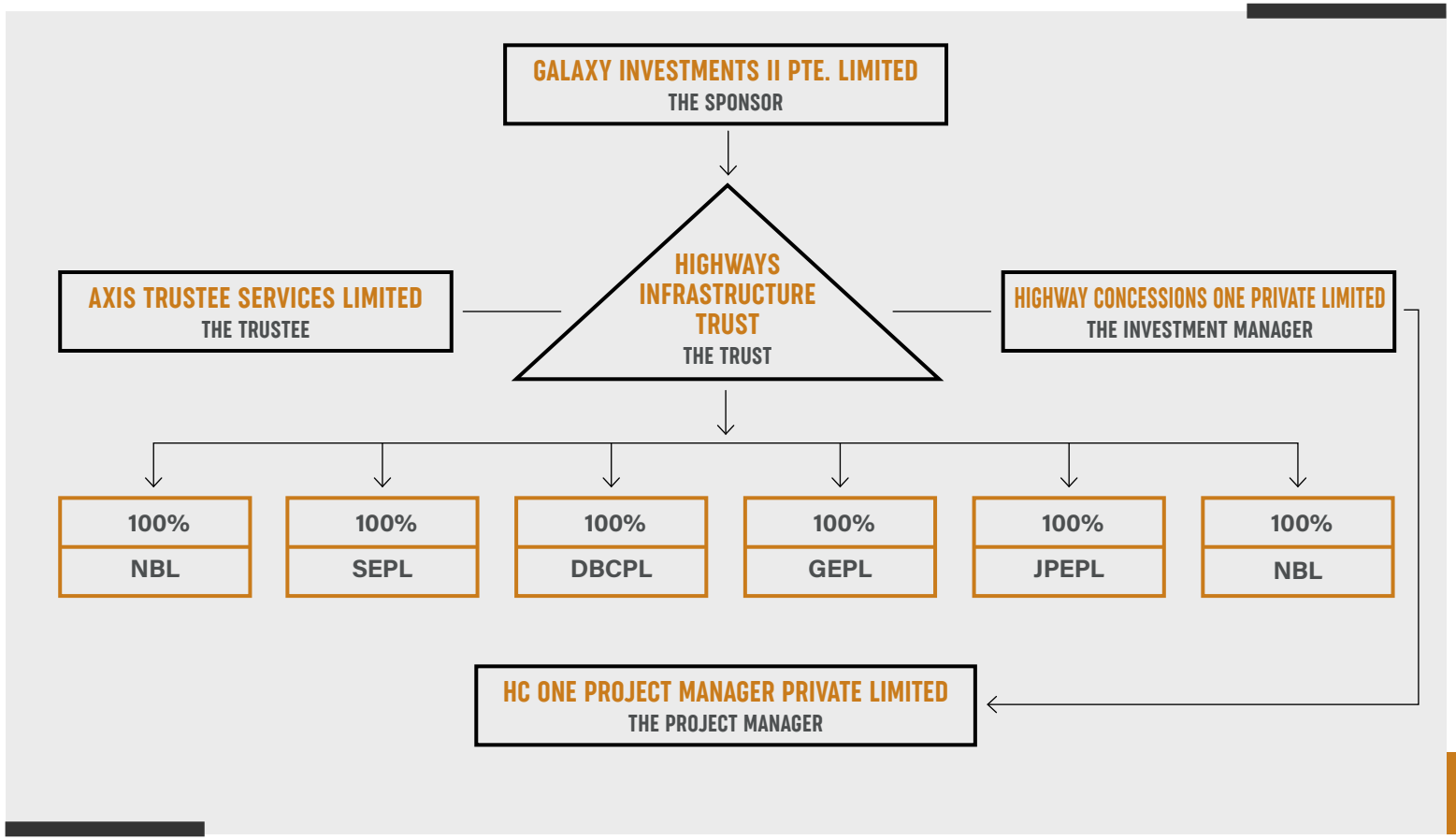
Ministry of Road Transport and Highways (MoRTH) and National Highways Authority of India (NHAI) are adopting a multipronged approach to increase the pace of roads construction through development of highways, economic corridors and logistics parks under Bharatmala Pariyojna, development of mega expressways connecting major economic centers, and capacity augmentation of existing 2 or 4 lane stretches.

In addition, multiple States have also set aside substantial budgetary allocation to focused highway development bodies for construction of expressways. For example, in Uttar Pradesh, UPEIDA has undertaken development of Agra-Lucknow Expressway, Ganga Expressway, Purvanchal Expressway and Bundelkhand Expressway. In Maharashtra, MSRDC is developing important projects, such as Mumbai-Nagpur Expressway, Mumbai-Pune missing link and, Nagpur-Goa Expressway.

2. InvIT Set-up

The Trust was registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 on December 23, 2021. The Sponsor of the Trust is Galaxy Investments II Pte. Ltd (an entity affiliated to funds, vehicles and/or entities managed and/or advised by affiliates of KKR & Co. Inc.). The Trust issued units on a private placement basis on August 23, 2023, and listed the units on the National Stock Exchange on August 25, 2022.

3. Structure of the Trust as at March 31, 2023



MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

4. Financing of the Trust

Post listing, the Trust has refinanced all third-party debt at project SPVs and consolidated all the borrowings at the Trust. We have tapped a diversified pool of lenders and have availed INR term loans from scheduled commercial banks and, bonds from mutual funds as well non-banking financial institutions. The Non-Convertible Debentures issued by the Trust have been listed on the Bombay Stock Exchange since September 26, 2022.. We have a healthy mix of floating as well as fixed rate borrowings with maturity ranging from 3 years and 3 months going upto 14 years. Going forward, the Trust shall continue to tap new sources of capital in order to derisk from market uncertainty. Our current consolidated net debt to enterprise value (as per SEBI InvIT Regulations) as at March 31, 2023, stands at ~23.6% which provides us a sufficient debt headroom to fund future acquisitions and improve returns for our unitholders.

5. Our Growth Plans

The Trust's initial formation portfolio comprises of 6 projects reflecting aggregate value of INR 52.40 bn as of March 31, 2023. On the back of robust financial and operational performance of the project portfolio, the Trust has made 4 distributions since listing, aggregating to INR 6.73 bn which is equivalent to INR 16.21 of distribution per unit.

Since listing, the Trust has entered into share purchase agreement(s) for acquisition of five projects (four hybrid annuity and one BOT toll) for a total enterprise value of ~INR 24,000 mn which once acquired will increase the value of assets under management ("AUM") by ~45% over the formation transaction base. With these transactions, toll projects will comprise ~75% of the total portfolio value and balance from annuity/ HAM projects. We continue to seek opportunities which are favourable on a risk-reward basis.

Snapshot of Assets under Acquisition

Name of the target	Concession Type	Location
H.G. Rewari Ateli Highway Private Limited	Hybrid Annuity	Four / Six lane of Rewari Ateli Mandi section commencing from 11.8 Km to 43.5 Km on NH 11 for a stretch of 30. 5 kms
H.G. Ateli Narnaul Highway Private Limited	Hybrid Annuity	Narnaul Bypass (design length 24 km) and four/ six lane of section commencing from Ateli Mandi to Narnaul from 43.445 Km to 56.90 Km (design length 14.0 Km) on NH 11 for a stretch of 40.8 kms
Gurgaon Sohna Highway Private Limited	Hybrid Annuity	Six-lane of section commencing from 11.7 Km to 24.4 Km on NH 248A for a stretch of 12.8 Kms
H.G. Rewari Bypass Private Limited	Hybrid Annuity	Bypass road for a length of 14.4 kms on NH 11
Navayuga Udupi Tollway Private Limited	Toll	Four-lane of road at Kundapur-Surathkal (74.8 km, Section 1) and Mangalore-Kerala border (15.3 km, Section 2)

Over the next couple of years, we expect INR 120 bn of opportunity being available in the highways sector, half of which is likely to be from HAM projects (projects with a total Bid Project Cost "**BPC**" of INR 90 bn are expected to become operational in the next two years) and balance through NHAI's monetisation plan through TOT mode. NHAI's overall monetisation plan is for 26,700 kms of roads which is expected to be valued at INR 1.6 bn, which shall provide a recurring pool of assets for market participants.

6. Details of Revenue During the Year, Project-wise from the underlying Projects

(INR in Million)

Sl. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1	Ulundurpet Expressways Private Limited ("**UEPL**")	1,640.67	1,287.10
2	Dewas Bhopal Corridor Private Limited ("**DBCPL**")	1,892.08	1,511.12
3	Godhra Expressways Private Limited ("**GEPL**")	1,434.98	1,175.59
4	Jodhpur Pali Expressway Private Limited ("**JPEPL**")	669.72	575.25
5	Nirmal BOT Limited ("**NBL**")	264.61	232.15
6	Shillong Expressway Private Limited ("**SEPL**")	199.40	252.47

Note:

1. Revenue is for the full year ended March 31, 2023 (and not from the date of acquisition of respective project SPVs).
2. Revenue for NBL and SEPL are disclosed as per Ind AS; for other project SPVs only toll income has been considered.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

7. Summary of the Audited Consolidated and Standalone Financial Statements for the year of the Trust

(INR in Million)

Particulars	Consolidated		Standalone	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022 *
Total Income	6,431.07	1,980.09	3,266.89	-
Total Expenditure	5,466.59	1,491.06	777.57	-
Profit before tax and Exceptional items	964.48	489.03	2,489.32	-
Less: Exceptional items	-	-	2,044.59	-
Profit before Tax	964.48	489.03	444.73	-
Less: Provision for Tax				-
Current Tax	225.67	81.95	18.27	-
Deferred Tax	396.82	(41.30)	-	-
Tax of earlier Period	-	-	-	-
Profit after Tax	341.99	448.38	426.46	-
Profit & Loss attributable to:				-
(a) Owners of parent				-
(b) Non-controlling Interest				-
Other Comprehensive Income	0.90	(0.23)		-
Total Comprehensive Income	342.89	448.15	426.46	-
Add: Profit / (loss) at the beginning of the year **	(6,249.66)	(6,697.81)		-
Less: Distribution made during the Year	6,030.00	-	6,030.00	-
Less: One time Share Issue Expense	111.58	-	111.58	-
Less: Transaction cost relating to buy back of Preferance Shares of SEPL	43.18	-		-
Add: Transfer from Security Premium to Retained Earnings pursuant to Capital Reduction in DBCPL	600.09	-		-
Add: Transfer from debenture redemption reserve in NBL and DBCPL	174.91	-		-
Other Comprehensive Income/(loss) for the Period		-	-	-
Balance Carried Forward to Balance Sheet	(11,316.54)	(6,249.66)	(5,715.12)	-

Note:

*The Trust commenced operations from the financial year 2022-23, hence the comparative figures of profit and loss account for the period 2021-22 are not applicable for standalone profit & loss account.

** Retained earnings of Audited Consolidated Financial Statements as on March 31, 2023 have been considered in profit / (Loss) at the beginning of the year as it was difficult to bifurcate cumulative opening profit / (loss) before any adjustments, like transfer from DRR, CRR & transfer to buy back tax, etc.

8. Control Systems and their Adequacy

The Trust has appropriate and sufficient internal control systems in place commensurate with the size and the industry it operates in. The Trust has a well-laid framework of systems, processes, procedures and policies to ensure compliance to statutes and laws, as well as to ensure optimum and sufficient use of resources. All rules, policies, statutes and legislations are strictly followed and adhered to by the Trust.

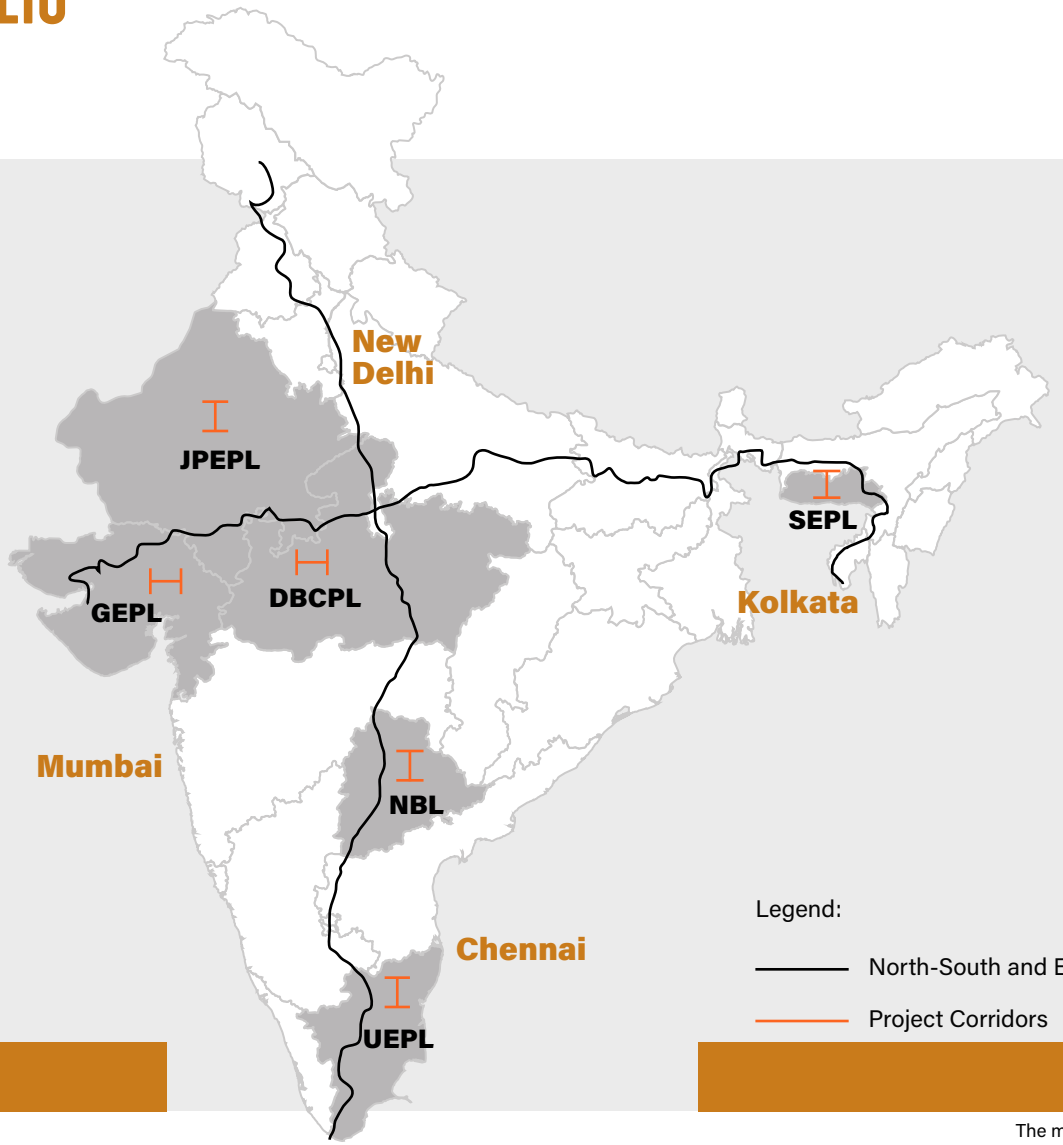
Regular internal audits are undertaken to ensure that responsibilities are executed effectively through an external agency (M/s. KMPG Assurance Consulting Services LLP, internal auditors of the project SPVs') for its project SPVs, to test the adequacy and effectiveness of project SPV's internal control processes and to suggest improvements/ upgrades to the management. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness of internal control systems and suggests improvements to further strengthen them.

Additionally, each Project SPV has engaged an external independent auditor, M/s. Mukund M. Chitale & Co. to examine the level of internal control over financial reporting (ICFR).

OVERVIEW OF THE ASSET PORTFOLIO

The Trust currently has a portfolio of 6 (six) project SPVs having an aggregate length of 452 kms (1,710 lane-kms) comprising of operational road projects (2 annuity projects and 4 toll projects) spread across 6 States in India (i.e., Gujarat, Rajasthan, Madhya Pradesh, Meghalaya, Tamil Nadu, and Telangana).





Six Operational
HIGHWAYS PROJECTS

452 kms
(1,710 LANE-KMS)

Six Projects
IN SIX STATES

The map of India does not purport to be the political map of India

Portfolio Snapshot

Collectively referred to as project SPVs



DEWAS BHOPAL CORRIDOR PVT. LTD.
Four-lane road section of SH-18 from Bhopal to Dewas in the State of Madhya Pradesh.

Read more on pg 16



GODHRA EXPRESSWAYS PVT. LTD.
Four-lane road section of NH-59 from Godhra to Gujarat/MP border in the State of Gujarat.

Read more on pg 17



JODHPUR PALI EXPRESSWAY PVT. LTD.
Four-lane road section of NH-65 from Jodhpur to Pali, including Pali Bypass in the State of Rajasthan.

Read more on pg 18



NIRMAL BOT LTD.
Four-lane road section of NH-7 from Kadtal to Armur in the State of Telangana.

Read more on pg 19



SHILLONG EXPRESSWAY PVT. LTD.
Two-lane Shillong Bypass in the State of Meghalaya.

Read more on pg 20



ULUNDURPET EXPRESSWAYS PVT. LTD.
Four-lane road section of NH-45 from Tindivanam to Ulundurpet in the State of Tamil Nadu.

Read more on pg 21

PORTFOLIO SNAPSHOT (CONTD.)

S. NO.	PROJECT SPVs	TYPE OF PROJECT MODEL (ANNUITY OR TOLL)	LENGTH (IN KM)	NO. OF LANES	STATE	AUTHORITY	COD	END OF CONCESSION PERIOD	BALANCE CONCESSION PERIOD
01	Dewas Bhopal Corridor Private Limited	Toll	140.79	4	Madhya Pradesh	MPRDC	February 10, 2009	December 1, 2033	10.70
02	Godhra Expressways Private Limited	Toll	87.10	4	Gujarat	NHAI	October 31, 2013	July 23, 2043*	20.30*
03	Jodhpur Pali Expressway Private Limited	Toll	71.35	4	Rajasthan	PWD, Government of Rajasthan	October 31, 2014	September 14, 2043**	20.50**
04	Nirmal BOT Limited	Annuity	30.89	4	Telangana	NHAI	July 22, 2009	October 29, 2027	4.60
05	Shillong Expressway Private Limited	Annuity	48.76	2	Meghalaya	NHAI	February 28, 2013	February 6, 2026	2.90
06	Ulundurpet Expressways Private Limited	Toll	72.90	4	Tamil Nadu	NHAI	July 23, 2009	February 28, 2027	3.90

MPRDC - Madhya Pradesh Road Development Corporation Limited
NHAI - National Highways Authority of India
PWD: Public Works Department

**In accordance with the GEPL Concession Agreement, the concession period will end on February 28, 2038. However, the concession period shall get extended until July 23, 2043 (by 5.4 years) in view of actual traffic being lower than the target traffic. Such extension has been recommended by the independent engineer and the NHAI project implementation unit but is subject to formal concurrence from the concessioning authority.*

***In accordance with the JPEPL Concession Agreement, the concession period will end on September 14, 2038. However, the concession period may get extended until September 14, 2043 (by 5 years) in view of actual traffic being lower than the target traffic. This extension is yet to be approved by the concessioning authority. This, however, remains subject to actual traffic volume tests to be undertaken on the specified dates in accordance with the JPEPL Concession Agreement.*

DEWAS BHOPAL CORRIDOR PRIVATE LIMITED (DBCPL)



Concession Agreement

A concession agreement has been executed between Madhya Pradesh Road Development Corporation Ltd. (MPRDC) and Dewas Bhopal Corridor Pvt. Ltd. (DBCPL) on June 30, 2007, for reconstruction, strengthening, widening, and rehabilitation of the Bhopal-Dewas section from Km 6.800 to Km 151.600 on State Highway 18* (SH-18) to 4-lane section in the State of Madhya Pradesh on build, operate, transfer (BOT) basis ("DBCPL Concession Agreement").

Under the DBCPL Concession Agreement, the concession has been granted to DBCPL by MPRDC for a period of 25 years, including the construction period. Post construction, DBCPL has the sole and exclusive right to demand, collect and appropriate toll fee payable by the vehicles using the project in accordance with the DBCPL Concession Agreement.

Traffic Volume

The table below sets forth the Annual Average Daily Traffic (AADT) by category of vehicles for fiscals 2023, 2022 and 2021:

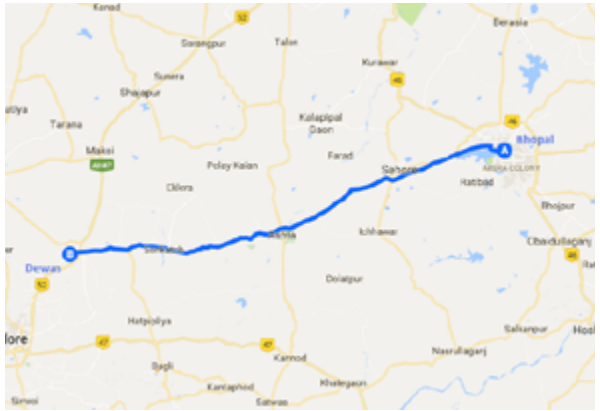
PARTICULARS	FISCAL		
	2023	2022	2021**
Car	9,442	7,536	7,425
LCV/Minibus	1,531	1,578	1,596
Bus	448	447	363
Trucks	854	759	896
MAV of more than 2 axles	1,632	1,346	1,411
AADT	13,906	11,666	11,691

*** Toll operations suspended for 33 days due to Covid-19 in April, 2020 and May, 2020*

Corridor Description

State Highway 18*, of which the project is a part, runs from Bhopal to the border of Gujarat.

The map below illustrates the location of the project and the corridor it covers:



**Subsequent to signing of the DBCPL Concession Agreement, the State Highway number has been revised to SH-28.*

The factors that contribute to traffic growth on the project include, among other things, (i) Lack of routes in the vicinity of toll plazas preventing the avoidance of the project road, (ii) The project being a part of the Kandla-Sagar economic corridor and being an important highway for the movement from the east to the west, and (iii) The project connecting Bhopal, the political capital of Madhya Pradesh to Indore, the business and trading capital of Madhya Pradesh.

GODHRA EXPRESSWAYS PRIVATE LIMITED (GEPL)



Concession Agreement

A concession agreement has been executed between National Highways Authority of India (NHAI) and Godhra Expressways Pvt. Ltd. (GEPL) on February 25, 2010, for four laning of Godhra to Gujarat/ Madhya Pradesh border section of National Highway 59* (NH-59) from Km 129.300 to Km 215.900 in the state of Gujarat under NHDP Phase III on design, build, finance, operate and transfer (DBFOT) basis ("GEPL Concession Agreement").

Under the GEPL Concession Agreement, the concession has been granted to GEPL by NHAI for a period of 27 years, including the construction period. Post construction, GEPL has the sole and exclusive right to demand, collect and appropriate toll fee payable by the vehicles using the project in accordance with the GEPL Concession Agreement.

The GEPL Concession Agreement provides that if the actual traffic volume differs from the target traffic volume provided in the GEPL Concession Agreement, the concession period shall be extended or reduced, as the case may be. Traffic studies conducted on the target date provides that the actual traffic volume on the target date was approximately 29% lower than the target traffic volume. Accordingly, the concession period may be extended by 5.4 years. Such an extension has been recommended by the independent engineer and the NHAI project implementation unit.

Traffic Volume

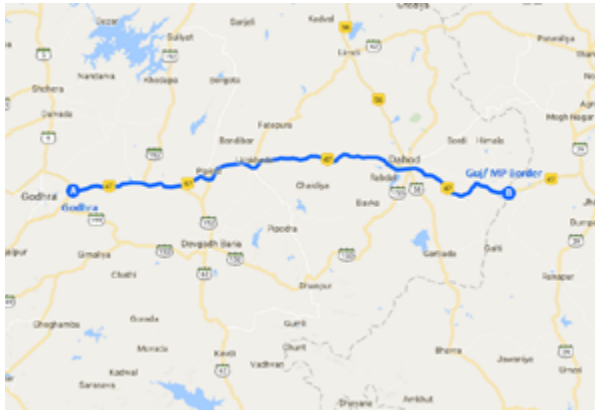
The table below sets forth the AADT by category of vehicles for fiscals 2023, 2022 and 2021:

PARTICULARS	FISCAL		
	2023	2022	2021**
Car	6,174	5,543	5,083
LCV	579	540	584
Bus/Truck	1,931	1,777	1,578
MAV	2,759	2,488	2,454
AADT	11,442	10,348	9,699

*Note: ** Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Corridor Description

National Highway 59* of which the project is a part, connects Ahmedabad in Gujarat to Indore in Madhya Pradesh. The map below illustrates the location of the project and the corridor it covers:



**Subsequent to signing of the GEPL Concession Agreement, the National Highway number has been revised to NH-47.*

The factors that contribute to traffic growth on the project include, among other things, (i) The fact that the tolling has been at place since 2013 and the travel pattern is well established, (ii) Lack of alternative routes from/to where the traffic may divert, (iii) The project corridor consisting of Devgadh Baria, Dahod 1 and Dahod 2 (Kharedi) industrial estates, and (iv) The project being a part of the Kandla-Sagar economic corridor and being an important highway for movement from the east to the west.

JODHPUR PALI EXPRESSWAY PRIVATE LIMITED (JPEPL)



Concession Agreement

A Concession Agreement has been executed between PWD, Government of Rajasthan (PWD-R) and Jodhpur Pali Expressway Pvt. Ltd. (JPEPL) on February 28, 2013, for the development and operation of Jodhpur Pali section of National Highway 65* (NH-65) from Km 308.000 to Km 366.000 and including bypass to Pali starting from Km 366.000 of NH-65, connecting National Highway 14 (NH-14) at Km 114 in the State of Rajasthan through Public Private Partnership on design, build, finance, operate and transfer (DBFOT) basis ("JPEPL Concession Agreement").

Under the JPEPL Concession Agreement, the concession has been granted to JPEPL by PWD-R for a period of 25 years, including the construction period. Post construction, JPEPL has the sole and exclusive right to demand, collect and appropriate toll fee payable by the vehicles using the project in accordance with the JPEPL Concession Agreement.

The JPEPL Concession Agreement provides that if the actual traffic volume differs from the target traffic volume provided in the concession agreement, the concession period shall be extended or reduced, as the case may be. Traffic studies conducted on the project estimates that the actual traffic volume on the target date to be approximately 32% lower than the target traffic volume. Accordingly, the concession period may be extended by 5 years. Such extension, however, remains subject to actual traffic volume tests to be undertaken in accordance with the JPEPL Concession Agreement.

Traffic Volume

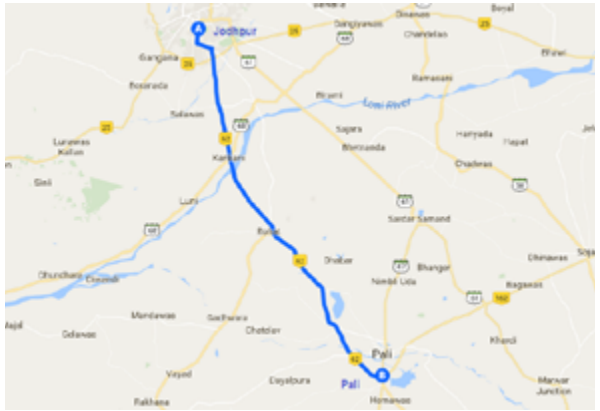
The table below sets forth the AADT by category of vehicles for fiscals 2023, 2022 and 2021:

PARTICULARS	FISCAL		
	2023	2022	2021**
Car	6,009	5,150	4,698
LCV/Minibus	317	285	535
Two-axle Bus	472	404	401
Two-axle Trucks	790	747	680
Three-axle Trucks/Bus	543	546	530
MAV (four-six axle)	1,300	1,289	1,177
AADT	9,432	8,420	8,021

*Note: ** Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Corridor Description

National Highway 65*, of which the project is a part, runs from Ambala in Haryana to Pali in Rajasthan. The map below illustrates the location of the project and the corridor it covers:



**Subsequent to signing of the JPEPL Concession Agreement, the National Highway number has been revised to NH-62.*

The factors that contribute to traffic growth on the project include, among other things, (i) The project being a connecting link between economic corridors and feeder roads, it is likely to remain an important national highway for movement from the north to the south, and (ii) The proposed Delhi-Mumbai Industrial Corridor forming part of the Western Dedicated Freight Corridor which may result in an upside with distributive traffic from railway node to the surrounding areas along the project.

NIRMAL BOT LIMITED (NBL)



Concession Agreement

A Concession Agreement has been executed between National Highways Authority of India (NHAI) and Nirmal BOT Ltd. (NBL) on May 4, 2007, for the design, construction, development, finance, operation and maintenance of section from Km 278.000 (Kadtal) to Km 308.000 (Armur) on National Highway 7* (NH-7) in the State of Telangana under North South Corridor (NHDP Phase II) on build, operate, transfer (annuity) basis ("NBL Concession Agreement").

Under the NBL Concession Agreement, the concession has been granted to NBL by NHAI for a period of 20 years, including the construction period. Post construction, NBL has the sole and exclusive right to demand, collect and appropriate annuities in accordance with the NBL Concession Agreement. As consideration, NHAI shall pay a semi-annual annuity of INR 238 million, in accordance with the payment mechanism described in the NBL Concession Agreement.

Details of Annuity

FISCAL	Annuity Amount (INR Million)	Remarks
2022-23	476.00	Actual Annuity
2021-22	476.00	Actual Annuity
2020-21	476.00	Actual Annuity

Corridor Description

National Highway 7*, of which the project is a section of the North-South corridor, starts from Varanasi and connects major cities like Jabalpur, Nagpur, Hyderabad, Kurnool, Bengaluru, Salem and Madurai.

The map below illustrates the location of the project and the corridor it covers:



Subsequent to signing of the NBL Concession Agreement, the National Highway number has been revised to NH-44.

SHILLONG EXPRESSWAY PRIVATE LIMITED (SEPL)



Concession Agreement

A Concession Agreement has been executed between National Highways Authority of India (NHAI) and Shillong Expressway Pvt. Ltd. (SEPL) on July 14, 2010, for two-laning of Shillong Bypass connecting National Highway 40 and National Highway 44 from Km 61.800 of National Highway 40* to Km 34.850 of National Highway 44* in the State of Meghalaya on design, build, finance, operate and transfer (DBFOT) basis ("SEPL Concession Agreement").

Under the SEPL Concession Agreement, the concession has been granted to SEPL by NHAI for a period of 15 years, including the construction period. Post construction, SEPL has the sole and exclusive right to demand, collect and appropriate annuities in accordance with the SEPL Concession Agreement. As consideration, NHAI shall pay a semi-annual annuity of INR 248.7 million, in accordance with the payment mechanism described in the SEPL Concession Agreement.

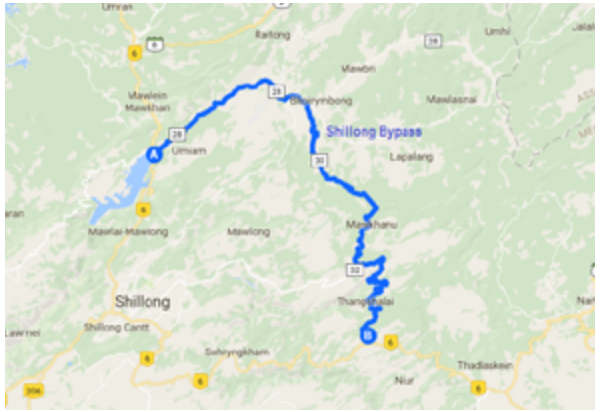
Details of Annuity

FISCAL	Annuity Amount (INR Million)	Remarks
2022-23	497.40	Actual Annuity
2021-22	497.40	Actual Annuity
2020-21	497.40	Actual Annuity

Corridor Description

The project is a part of National Highway 40* and National Highway 44* in the State of Meghalaya.

The map below illustrates the location of the project and the corridor it covers:



**Subsequent to signing of the SEPL Concession Agreement, the National Highway number has been revised to NH-6.*

ULUNDURPET EXPRESSWAYS PRIVATE LIMITED (UEPL)



Concession Agreement

A Concession Agreement has been executed between National Highways Authority of India (NHAI) and Ulundurpet Expressways Pvt. Ltd. (UEPL) on April 19, 2006, for design, engineering, construction, development, finance, operation and maintenance of four-laning the existing two-lane section from Km 121 (near Tindivanam) to Km 192.25 (near Ulundurpet) on National Highway 45* (NH-45) in the State of Tamil Nadu on built, operate, transfer (BOT) basis ("UEPL Concession Agreement").

Under the UEPL Concession Agreement, the concession has been granted to UEPL by NHAI for a period of 20 years, including the construction period. Post construction, UEPL has the sole and exclusive right to demand, collect and appropriate toll fee payable by the vehicles using the project in accordance with the UEPL Concession Agreement.

Traffic Volume

The table below sets forth the AADT by category of vehicles for fiscals 2023, 2022 and 2021:

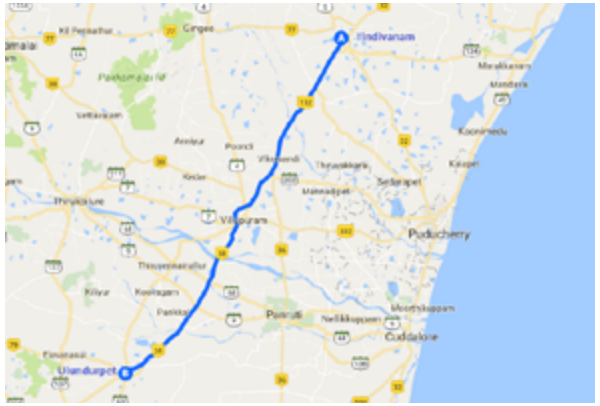
PARTICULARS	FISCAL		
	2023	2022	2021*
Car	19,683	16,778	16,324
LCV	1,937	1,769	1,812
Bus	3,267	2,349	1,707
Two-axle Trucks	1,840	1,619	1,555
MAV	2,994	2,864	2,762
AADT	29,721	25,379	24,160

*Note: *Toll operations suspended for 19 days due to Covid-19 in April, 2020*

Corridor Description

National Highway 45*, of which the project is a part, runs within Tamil Nadu and starts from Kathipura junction in Guindy area (in Chennai) and extends up to Theni.

The map below illustrates the location of the project and the corridor it covers:



**Subsequent to signing of the UEPL Concession Agreement, National Highway number has been revised to NH-132 and NH-38.*

The factors that contribute to traffic growth on the project include, among other things, (i) The unavailability of an alternative route in the vicinity of the project, (ii) The project being a part of the route connecting cities of Tamil Nadu with Chennai and, (iii) The project being a connecting link on the Chennai–Madurai/ Kanyakumari economic corridor.

AWARDS AND ACCOLADES



MoRTH initiated the National Highways Excellence Awards in 2018 to incentivise stakeholders in the highway construction and maintenance process. Four project SPVs of the Trust have received the excellence awards over the years.



2018
NBL:
Gold Award for Excellence in Highway Safety from the Ministry of Road Transport and Highways (MoRTH)



2019
NBL:
Silver Award for Excellence in Green Highways from MoRTH



2019
SEPL:
Silver Award for Excellence in Highway Safety (Hilly Terrain) from MoRTH



2020
UEPL:
Silver Award for Excellence in Operations and Maintenance from MoRTH



2020
UPEL:
Silver Award for Excellence in Toll Management from MoRTH



2021
GEPL:
Silver Award for Operations & Maintenance – Rigid Pavement from MoRTH



Global Safety Summit Awards

Global Safety Summit (GSS) Awards showcase the achievements of industries in environment, health, safety and CSR. GSS sets assessment criteria pertaining to the relevant industrial sector. In the year 2022, the Investment Manager of the Trust was selected at the Global Safety Summit for National Road Safety Award under the large enterprise category.



Industry Award

The Investment Manager of the Trust was selected by the Federation of Indian Chamber of Commerce and Industry (FICCI), the largest and oldest apex business organisation in India, for Outstanding Commitment to Road Safety for its road safety education initiative, Our Road Our Life (being implemented at DBCPL) in the year 2019.

Environment, Social and Governance (ESG)



ESG Committee

The Trust has a structured ESG governance framework, responsible for identifying, finalising and monitoring systems and processes considering ESG aspects. The Board of Directors of the Investment Manager in their meeting held on May 19, 2023 re-constituted the Environmental, Social and Governance (ESG) Committee as follows:

1. Mr. Neeraj Sanghi - CEO cum Whole-Time Director
2. Ms. Ami Momaya - Non-Executive Director
3. Mr. Manish Agarwal - Independent Director

The ESG Committee monitors and implements both ESG and Corporate Social Responsibility activities of the Trust. Refer to pg 30 for details.

What is the Trust's approach to ESG and what are the ESG principles followed by it?

At the Trust, we are committed to integrating ESG considerations into our business operations and decision-making processes. We recognise that our business activities have an impact on the environment, society and the economy, and we believe that responsible and sustainable practices are essential to creating long-term value for our stakeholders.

- Environment
- Social
- Governance

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (CONTD.)

Environment

Carbon Emissions
We actively seek to reduce greenhouse gas (GHG) emissions from our operations via the use of sustainable energy sources

Operational Efficiency
We ensure efficient use of resources required for our operations

Waste Management
We ensure proper disposal and recycling of waste in a sustainable manner

Pollution and Biodiversity
We monitor pollution (air, water and noise) and any biodiversity-related impact across our projects

Awareness
We enhance environmental conservation awareness within the organisation



ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (CONTD.)

Environment (Contd.)

Energy conservation

Energy constitutes a substantial part of our operations. Broadly, it can be divided into three main use cases viz., powering of facilities (toll plazas, site offices, etc.) transportation of material and manpower, etc., and street lights. We have worked to consciously reduce fuel consumption and have introduced solar panels to reduce reliance on conventional energy sources and have replaced standard lights with energy-efficient lights.

As on date, the installed capacity of solar panels across DBCPL, UEPL and NBL projects is 195 kW.

FASTag

We have adopted FASTag across our toll booths to reduce traffic interface, helping in saving fuel and reducing carbon emission. As on date, our 113 lanes process approximate 2.2 lac transactions per day with roughly 97% of all transactions through FASTag.

Overlay Technology

We have been at the forefront of using new and innovative technologies, which provides both economic and environmental benefits. This is best exemplified in our focus on reducing environmental impact during overlay work. Roads periodically need a renewal coat called "overlay". Normally, the overlay process requires large fuel and bitumen quantities. We endeavour to reduce the bitumen use in the overlay cycle by utilising waste plastic as an alternative, or recycle the recovered bitumen by means of hot in-place recycling.

195 tCO_2e

REDUCTION IN GHG EMISSIONS





ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (CONTD.)

Social

Health and Safety
We ensure health & safety risk mitigation across every part of our operations, targeting zero fatalities

Community Engagement
We engage with local communities to understand their expectations and desires and work towards supporting their needs via CSR

Road Safety
We develop community engagement along the corridor on road safety to prevent road traffic accidents

Diversity, Equity and Inclusion (DEI)
We encourage DEI principles across our business operations, fostering an equal and discrimination-free work environment



ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (CONTD.)

Social (Contd.)

Approach to Social Engagement

The Investment Manager and Project Manager focus on transformation of their employees by means of encouragement and training. Furthermore, occupational health and safety for employees and road safety in general are key to our social sustainability campaign. Employees are deeply involved in community training, covering issues such as health and safety. This ensures that our representatives on ground have community goodwill and support.

Offsites

One sure way of building bonds is to meet in informal, relaxed environments. By providing a shared experience outside of the normal work environment, offsites have helped in breaking down barriers and promoted new ways of thinking and problem-solving.

Trainings

Trainings help in providing employees with the necessary skills, knowledge and wherewithal to perform their job effectively. The primary aim of training at our organisation is to improve employee performance, increase efficiency and productivity, and align employee skills with the Trust's goals and objectives.

Employee Engagement

Employee engagement is a critical factor in determining the success of our organisation, as engaged employees are more productive, motivated and committed to achieving the organisation's goals. We believe that employee engagement has a direct impact on business outcomes in terms of performance and profitability, as we build a cohesive team which can take on any challenge.

The Investment Manager conducted a Great Place to Work® Survey. The IM was not only certified, it also received high scores against all parameters. In the Trust Index, which captures the overall view on culture, the IM scored 88, while on the factors of Credibility of Management and Camaraderie amongst Employees the Investment Manager scored 91.


Great Place To Work. Certified MAR 2023-MAR 2024 INDIA

This is to certify that HIGHWAY CONCESSIONS ONE PVT.LTD. has successfully completed the assessment conducted by Great Place to Work® Institute, India, and is certified as a great workplace.
Category: Under 100 Employees

This certificate is valid from Mar 2023 to Mar 2024.

Yeshasvini Ramaswamy
Chief Executive Officer
Great Place to Work® Institute, India

Note: The certificate is valid subject to the terms and conditions agreed to by the Organization.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) (CONTD.)

Governance

Corporate Governance

We conduct business in a manner to ensure excellence in governance, along with ensuring compliance with all statutory and internal voluntary requirements

Robust Governance Structure

We ensure robustness of our governance structure through a balanced composition of the Board of Directors consisting of independent directors, ably supported by the executive team

Board Committees

Our Board committees ensure ongoing review and supervision on critical business and operational areas, such as remuneration, audit and risk & ethics

Business Conduct

We establish clear standards of business conduct with robust ABAC Policy & Whistle-Blower Policy. Details of various policies and committees of the Investment Manager is set out on pg 50.



Corporate Social Responsibility (CSR)



COMMUNITY ENGAGEMENT FOR ROAD SAFETY EDUCATION

We are committed to promoting safer roads and humane highways in our communities and believe everyone has a role to play in this.

One of the ways we are promoting road safety is through our community programs. These aim to educate the public on safe driving practices, raise awareness of the dangers of reckless or distracted driving, and encourage everyone to take responsibility for their actions on the road.

Our site teams conduct road safety programs on a large scale.

These programs have been appreciated by both communities at our projects and our concessionaire authorities.

IMPACT OF OUR PROJECT SPVS ACTIVITES OVER THE YEARS

20,000+ school children
ROAD SAFETY BRIEFINGS AT LOCAL SCHOOLS, VILLAGES AND ROADSIDE EATERIES

10,000+ road users
DISTRIBUTING ROAD SAFETY DOS & DON'TS PAMPHLETS

DISPLAYING ROAD SAFETY POSTERS AT PROMINENT LOCATIONS

10,000+ road users covered in eye check-up camps
FREE EYE CHECK-UP CAMPS FOR ROAD USERS

CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)





Our project SPVs engage with our communities both by means of voluntary support and also via statutory CSR funds. The SPVs aim to focus on community development programmes in areas around our roads in accordance with our mission of being a socially responsible corporate citizen.

The Board of Directors of the Investment Manager of the Trust has adopted the Corporate Social Responsibility Policy to monitor the CSR programs/activities at a centralised level on its project SPVs. The ESG Committee of the Board of the Investment Manager monitors the CSR activities of the project SPVs. The ESG Committee comprises of atleast one independent director to ensure appropriate oversight on CSR spend.

Over 2022-23, we spent INR 14.9 million from the project SPVs as statutory obligation in compliance with Section 135 of the Companies Act, 2013.

CSR spending over the year (2022-23)
[INR in million]

15.7
CSR FUNDS ALLOTTED

14.9
CSR FUNDS UTILISED

8.8
EMPLOYMENT ACTIVITIES

6.1
EDUCATION ACTIVITIES

In DBCPL, the unspent amount of INR 0.8 million has been deposited to designated CSR unspent account within 30 days from the end of financial year, in accordance with the applicable law and will be utilised for the ongoing projects undertaken at DBCPL.

CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)

Education (Our Road Our Life or "OROL" Programme)

Our Road Our Life (OROL) is an innovative community outreach and engagement program with a focus on road safety that builds on the life skills framework promoted by Magic Bus, our NGO partner. The programme is active across 15 villages on the 142-km length of DBCPL. The program targets the most vulnerable road users, i.e., rural youth and adolescents. Magic Bus equips children and young people in the age group of 12 to 18 years, with the skills and knowledge necessary to move out of poverty. The programme is further enriched by embedding road safety education as it was a pertinent challenge along the corridor.

OROL communicates various road safety practices to the target individuals through briefings, engaging games and fun activities. We have also noticed that awareness has percolated to the families, and society in general is responding better to a live road next to their home.





Employment (Skill Development Centre)

DBCPL partnered with Pipal Tree Foundation and started a Skill Development Centre to train local youth and provide them livelihood opportunity based on the trainings. This new initiative is in line with GOI Skill India programme. The first batch consisted of 30 girls who were trained in health care. Thereafter, 3 more batches were also trained in health care before training in retail was started for the youth. As on January 2023, 380 students passed out of this training; 82% of them are females and 76% of them have already been placed in progressive employment.





SUMMARY OF VALUATION REPORT

1. Background

In accordance with the terms of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, the Investment Manager appointed Mr. S. Sundararaman ("Registered Valuer"), holding registration number IBBI/RV/06/2018/10238 with IBBI to undertake fair valuation of the project SPVs.

The Registered Valuer has undertaken a valuation of the project SPVs as on March 31, 2023 and the full valuation reports are available on our website https://highwaystrust.com.

Set out below is a brief summary of valuation:

1.1. Financial Assets to be Valued

The financial assets valued at Enterprise Value and Adjusted Enterprise Value are as follows:

Sr. No.	Name of the SPV
	Annuity Model Assets ("Annuity SPVs")
1	Nirmal BOT Limited ("NBL")
2	Shillong Expressway Private Limited ("SEPL")
	Toll Model Assets ("Toll SPVs")
3	Dewas Bhopal Corridor Private Limited ("DBCPL")
4	Godhra Expressways Private Limited ("GEPL")
5	Jodhpur Pali Expressway Private Limited ("JPEPL")
6	Ulundurpet Expressways Private Limited ("UEPL")

(Together referred to as "the project SPVs")

1.2. Scope of Valuation

1.2.1. Valuation Base

Fair Value basis for the valuation of the project SPV are as under:

(a) 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.

(b) Valuation Date

The valuation date considered for the fair enterprise valuation of the SPVs is March 31, 2023 ("Valuation Date").

(c) Premise of Value

Premise of value refers to the conditions and circumstances under which an asset is deployed. The valuation has been undertaken on a going concern basis.

(d) The discount rate considered for the respective project SPVs for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital ("WACC") for each of project SPVs. As all the project SPVs under consideration have executed projects under the BOT /DBFOT model, the operating rights of the underlying assets shall be transferred back to the appointing authority after

SUMMARY OF VALUATION REPORT (CONTD.)

the expiry of the concession period. At the end of the agreed concession period, the operating rights in relation to the roads, the obligation to maintain the road and the right to collect toll from the vehicles using the road revert to the government entity that granted the concession by the SPVs. 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, the Registered Valuer has arrived at the fair enterprise value of the project SPVs as on the valuation date:

Sr. No.	SPVs	Approximate Projection Period (Balance Project Period#)	WACC	Fair Value of EV* (INR Mn)	Fair Value of Adjusted EV** (INR Mn)
1	NBL	~4 years 7 months	8.3%	1,104	1,168
2	SEPL	~2 years 10 months	8.4%	220	531
3	DBCPL	~10 years 8 months	10.6%	15,709	15,863
4	GEPL	~20 years 5 months	10.5%	22,866	22,937
5	JPEPL	~20 years 8 months	10.5%	8,018	8,123
6	UEPL	~4 years 0 months	10.1%	4,484	4,944
Total				52,402	53,566

 # including likely extension(s)

** 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.*

*** Adjusted Enterprise Value of the project SPVs has been derived as the EV, as defined above plus cash or cash equivalents of the project SPVs as at the valuation date.*

DETAILS OF CHANGES DURING THE YEAR

Mandatory Disclosures as specified under Part-A of Schedule IV of Regulation 23(5) of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014

1. Addition and divestment of assets including the identity of the buyers or sellers, purchase or sale prices and brief details of valuation for such transactions.

During the financial year, the Trust acquired a total portfolio of 6 (six) project SPVs having an aggregate length of 452 kms (1,710 lane-kms) comprising of operational assets (2 annuity projects and 4 toll projects), which are spread across 6 States in India.

This was part of formation transaction and all details are available in the final placement memorandum. Refer Trust's website at https://highwaystrust.com/pdf/Project%20Galaxy%20-%20Final%20Placement%20memorandum%20v.22082022%20(1).pdf.

There was no divestment of assets during the year.

2. VALUATION OF ASSETS AND NET ASSET VALUE ("NAV")

Pursuant to the provisions of Regulation 10 of the SEBI InvIT Regulations, the NAV of the Trust was computed based on the valuation done by the Valuer and the same has been disclosed as part of the Audited Financial Information of the Trust filed with National Stock Exchange of India Limited on May 19, 2023 and is also available on the website of the Trust at www.highwaystrust.com.

A. Consolidated Statement of Net Assets at Fair Value

Amt in INR Mn

	As at March 31, 2023		As at March 31, 2022	
Particulars	**Book value**	**Fair value #**	Book value	Fair value #
A. Assets	23,316.49	57,872.75	27,394.19	53,889.16
B. Liabilities (at book value)	18,934.83	18,934.83	27,005.33	27,005.33
C. Net assets (A-B)	4,381.66	38,937.92	388.86	26,883.83
D. No of units (in millions)	415.50	415.50	*	*
E. NAV (C/D)	10.55	93.71	*	*

* In the previous year ended March 31, 2022, the number of units were not ascertainable considering the Trust was in the process of issuing its units in connection with private placement. Accordingly, disclosure in respect of Net Asset Value ("NAV") per unit has not been given for the previous year.

Fair value of total assets relating to the Trust as at March 31, 2023 and March 31, 2022 as disclosed above are primarily based on the fair valuation report of the Independent Valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

3. Details of Borrowings and Repayments:

Details of external borrowings availed & repaid, on standalone and consolidated basis, during 2022-23, are as follows:

Standalone:

Amt in INR Mn

Particulars	(April 01, 2022)	Loan availed during the period	Loan repaid during the period	Closing Balance (March 31, 2023)
Borrowings from Domestic - Banks/ Financial Institutions (including term loans)	0.00	7,969.03	80.00	7889.03
Non-Convertible Debentures (NCDs)	0.00	6,500.00	32.50	6467.50
Non-Convertible Preference Shares (NCRPs)	0.00	-	0.00	0.00
External commercial borrowing (ECBs)	0.00	-	0.00	0.00

Notes: The Trust acquired the project SPVs on August 23, 2022, and hence the external borrowings as at April 01, 2022 is not considered. Additionally, the Trust has availed a bank guarantee facility in April, 2023.

Consolidated:

Amt in INR Mn

Particulars	(April 01, 2022)	Loan availed during the period	Loan repaid during the period	Closing Balance (March 31, 2023)
Borrowings from Domestic - Banks/ Financial Institutions (including term loans)	0.00	7,969.03	80.00	7889.03
Non-Convertible Debentures (NCDs)	0.00	6,500.00	32.50	6467.50
Non-Convertible Preference Shares (NCRPs)	0.00	-	0.00	0.00
External commercial borrowing (ECBs)	0.00	-	0.00	0.00

Notes: The Trust acquired the project SPVs on August 23, 2022, and hence the external borrowings as at April 01, 2022 is not considered.

Details of borrowings and repayments: Please refer Consolidated and Standalone Financial statements of the Trust for the year ended March 31, 2023 which is forming a part of this Annual Report.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Statement of deviation/ variation in use of proceeds from issuance of Non Convertible Debentures:

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of instrument	Date of raising funds	Amount Raised (INR Million)	Funds utilized (INR Million)	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose for which the funds were utilised	Remarks, if any
1	2	3	4	5	6	7	8	9	10
Highways Infrastructure Trust	INE0KXY07018	Private Placement	Non-Convertible Debentures	23-09-2022	4,000	4,000	No	NA	-
Highways Infrastructure Trust	INE0KXY07026	Private Placement	Non-Convertible Debentures	23-09-2022	2,500	2,500	No	NA	-

There has been no deviation/ variation in use of issue proceeds during the year under review.

The Trust, through the Investment Manager, has sought approval from its unitholders (as of the cut-off date of June 09, 2023), through postal ballot notice dated June 12, 2023, for obtaining additional debt which may lead to the aggregate consolidated borrowings and deferred payments of the Trust to be more than 25% and upto 49% of the value of assets of the Trust. The voting period on the proposed resolution ends on 17:00 hours (IST) on July 03, 2023, and the results of the Postal Ballot shall be declared on or before Wednesday, July 05, 2023.

4. Sponsor, Investment Manager, Trustee, Valuer, Directors of the Trustee or Investment Manager or Sponsor, etc.

Details of Virescent Infrastructure Investment Manager Private Limited (Investment Manager) prior to November 23, 2022

Virescent Infrastructure Investment Manager Private Limited ("Virescent Infrastructure or Investment Manager") was the Investment Manager of the Trust until November 23, 2022. Virescent Infrastructure was incorporated in India as a private limited company on August 22, 2020 under the Companies Act, 2013 with corporate identification number U74999MH2020PTC344288. The Investment Manager's registered office and address for correspondence is 10th Floor, Parinee Crescenzo, C-30, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Maharashtra, India.

The role of Investment Manager is to manage the assets and investments of the Trust in accordance with the Trust Deed, Investment Management Agreement, and the SEBI InvIT Regulations in the interest of unitholders.

The Board of Directors of Virescent Infrastructure prior to change of Investment Manager on November 23, 2022

The Investment Manager had 6 (six) Directors. The Board of Directors of Virescent Infrastructure was duly constituted with three Independent Directors, including one Woman Director, two Non-Executive Directors and one Executive Whole-Time Director. The Board was responsible for the overall management and governance of the Investment Manager.

Sr. No.	Name	DIN	Designation
1.	Mr. Hardik Bhadrik Shah	06648474	Non-Executive Director
2.	Mr. Sanjay Grewal	01971866	Executive Whole-Time Director
3.	Mr. Panja Pradeep Kumar	03614568	Independent Non-Executive Director
4.	Mr. Akshay Jaitly	00042036	Independent Non-Executive Director
5.	Ms. Daisy Devassy Chittilapilly	09577569	Independent Non-Executive Director
6.	Mr. Aditya Narayan	00012084	Non-Executive Director

Details of Highway Concessions One Private Limited (Investment Manager) after change in the Investment Manager on November 23, 2022

Highway Concessions One Private Limited ("HC One or Investment Manager") is the Investment Manager of the Trust since November 23, 2022. HC1 was incorporated under the Companies Act, 1956 with corporate identification number U45200MH2010PTC208056. The Investment Manager's registered office and address for correspondence is Unit No. 316 & 317, C Wing, 3rd Floor, Kanakia Zillion, LBS Marg, BKC Annexe, Mumbai 400 070, Maharashtra.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Board of Directors of Investment Manager after change of Investment Manager on November 23, 2022

The Investment Manager has six Directors. The Board of Directors of the Investment Manager is duly constituted with three Independent Directors, including one Woman Director, two Non-Executive Directors and one Executive Whole-Time Director. The Board is responsible for the overall management and governance of the Investment Manager.

Sr. No.	Name	DIN	Designation	Date of appointment
1	Mr. Hardik Bhadrik Shah	06648474	Non-Executive Director	December 17, 2021
2	Ms. Ami Vinoo Momaya	06836758	Non-Executive Director	January 24, 2022
3	Mr. Janakiraman Subramanian	05299205	Independent Non-Executive Director	March 04, 2022
4	Mr. Manish Agarwal	09730028	Independent Non-Executive Director	September 14, 2022
5	Ms. Sudha Krishnan	02885630	Independent Non-Executive Director	September 14, 2022
6	Mr. Neeraj Sanghi	05110400	Executive Whole-Time Director	December 17, 2021

Note:

1. Mr. Hardik Bhadrik Shah (DIN 06648474) was appointed as Additional Director in the category of Non-Executive Director with effect from December 17, 2021;
2. Ms. Ami Vinoo Momaya (DIN 06836758) was appointed as Additional Director in the category of Non-Executive Director with effect from January 24, 2022;
3. Mr. Janakiraman Subramanian (DIN 05299205) was appointed as Additional Director in the category of Independent Director with effect from March 04, 2022;
4. Mr. Manish Agarwal (DIN 09730028) was appointed as Additional Director in the category of Independent Director with effect from September 14, 2022;
5. Ms. Sudha Krishnan (DIN 02885630) was appointed as Additional Director in the category of Independent Director with effect from September 14, 2022; and
6. Mr. Neeraj Sanghi was appointed as Chief Executive Officer of the Company on September 27, 2016 and he was also appointed as Additional Director in the category of Executive Whole-Time Director with effect from December 17, 2021.

The Board composition is in conformity with the provisions of the SEBI InvIT Regulations and Companies Act, 2013. All Directors are astute professionals coming from varied backgrounds possessing rich experience and expertise. All Directors attended majority of Board and Committee meetings held during the period under review. The detailed profile of all Directors can be viewed in this report and also on the Trust's website at https://highwaystrust.com/board-of-director/.

In terms of the provisions of Regulation 10(25) of the InvIT Regulations, Ms. Kunjal Shah, Company Secretary of the Company, was appointed as the "Compliance Officer" for Highways Infrastructure Trust in place of Ms. Charmy Bhoot w.e.f. November 23, 2022.

Brief profile of Ms. Kunjal Shah

Ms. Kunjal Shah, a Company Secretary by profession, has been an employee of the Investment Manager since May 02, 2014. She has over 15 years of expertise in handling Corporate Secretarial matters covering restructuring, refinancing, due diligence, SEBI compliances, RBI compliance and other Companies Act related compliances. Kunjal has handled preparing and filing reports, returns under various statutory acts, including handling corporate related activities like pledging of shares, acquisition of shares and declaration of interim and final dividend. Prior to Highway Concessions, Kunjal worked with Orbit Corporation Limited, an entity listed on both BSE and NSE. Kunjal has also managed listing related compliances, was involved in a capital raising program such as Qualified Institutional Placement (QIP), issuance and conversion of promoter warrants, conversion of IPO warrants, amalgamation and bonus shares.

Details of the Sponsor:

History and Certain Corporate Matters

Galaxy Investments II Pte. Ltd. is the Sponsor of the Trust. The Sponsor was incorporated on June 11, 2021 in Singapore with registration number 202120533M. The Sponsor is a private company limited by shares. The Sponsor's registered office is situated at 12 Marina View, #11-01, Asia Square Tower 2, Singapore 018961.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Background and Past Experience of Sponsor

Principal Activities of Galaxy

Galaxy Investments II Pte. Ltd. ("**Galaxy**") is a newly incorporated entity and shall be engaged in investment activities primarily with an objective of earning long-term capital appreciation. Galaxy seeks to invest in companies incorporated in India that operate in the "infrastructure" sector.

Brief description of the Group

As on date, Galaxy is a 100% subsidiary of Galaxy Investments Pte. Ltd., which is majority owned and controlled by KKR Asia Pacific Infrastructure Holdings Pte. Ltd. Galaxy is affiliated to funds, vehicles and/or entities managed and/or advised by affiliates of KKR.

Founded in 1976, KKR is a leading global investment firm, with US$510 billion in assets under management as of March 31, 2023, that offers alternative asset management as well as capital markets and insurance solutions. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of Global Atlantic Financial Group. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people and supporting growth in its portfolio companies and communities.

KKR's global infrastructure strategy

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having made approximately 65 infrastructure investments globally and more than US$50 billion in assets under management within infrastructure.

Today, KKR's Infrastructure platform has expanded to include approximately 75 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritise investments in other sectors as conditions change or cycles evolve. Among KKR's focus areas are investments in assets related to the global roads sector.

KKR's track record in India

KKR has invested or committed over US$6.7 billion of equity in private equity and infrastructure deals in India since 2010 with over 20 investments made and more than a dozen active portfolio companies today. KKR believe the long-term economic outlook in India is positive, given structural reforms, despite recent volatility, and continue to see attractive investment opportunities in the country.

India is one of the key markets that KKR's Asia Pacific Infrastructure strategy will actively seek to invest in. KKR believe that population growth is expected to drive significant demand for infrastructure in India over the next 25 years. This, combined with stable macroeconomic indicators, structural reforms, thrust on infrastructure development, and constructive FDI regime will continue to result in high foreign capital inflows and provide the needed impetus to make India a favoured infrastructure investment destination.

KKR's private equity current and past investments in India include, but are not limited to:

- Aricent Group (2009)
- Dalmia Cement (2010)
- Coffee Day Resorts Private Limited (2010)
- Magma Fincorp Limited (2011)
- TVS Logistics Services (2012)
- Alliance Tire Group (2013)
- Gland Pharma (2014)
- Emerald Media (2015)
- Max Financial Services (2016)
- Avendus Capital (2016)
- SBI Life Insurance (2016)
- Indus Towers Limited (f.k.a. Bharti Infratel) (2017 & 2008)
- Max Healthcare Institute (2017)
- Ramky Enviro Engineers (2018)
- Lighthouse Learning (f.k.a. Eurokids) (2019)

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

- Reliance Jio Platforms (2020)
- Reliance Retail (2020)
- JB Chemicals (2020)
- Five-Star Business Finance (2021)
- Lenskart (2021)
- Vini Cosmetics (2021)
- Ness Digital Engineering (2022)

KKR's Infrastructure investments in India include:

- IndiGrid (2019)
- Virescent Infrastructure (2020)
- Highway Concessions One (2021)
- Hero Future Energies (2022)
- Serentica Renewables (2022)

Brief Profile of the Directors of the Sponsor

Mr. Tang Jin Rong (Date of appointment: June 11, 2021)

Tang Jin Rong is a Director of the Sponsor. He holds a Bachelor of Accountancy, Honours, Second Class (Lower) from Nanyang Technological University, Nanyang Business School. Jin Rong joined KKR in 2020 as a member of the funds operation team. Previously, he worked at GIC Pte Ltd overseeing deal execution and finance operations matters. Prior to that, he was at PricewaterhouseCoopers LLP, providing assurance services to clients.

Ms. Madhura Narawane (Date of appointment: January 26, 2022)

Madhura Narawane is a Director of the Sponsor. She holds an MBA from the Harvard Business School and an AB from Harvard College. Madhura joined KKR in 2020, and is a Principal on the Asia Pacific Infrastructure team. She has been involved in KKR's investments in First Gen, Pinnacle Towers, SK E&S and Eco Solutions Group (now Ecorbit). Prior to KKR, Madhura was an investment executive at Baring Private Equity Asia, where she focused on buyout transactions across the technology services, business services and education industries, most recently in the Cross Border Investment team, and formerly in the India Investment team. She started her career in the Mergers & Acquisitions group at Citi in New York, where she advised global corporates on a variety of transactions across the technology, industrials and biotech industries.

Details of the Trustee

Axis Trustee Services Limited is the Trustee of the Highways Infrastructure Trust. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a Debenture Trustee since January 31, 2014, having registration number IND000000494 and is valid until suspended or cancelled by SEBI. The Trustee's registered office is Axis House, Bombay Dyeing Mills Compound, Pandhurang Budhkar Marg, Worli, Mumbai - 400 025, Maharashtra, India. The Trustee's address for correspondence is The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar West, Mumbai – 400 028, Maharashtra, India.

Background of the Trustee

The Trustee is a trusteeship company which has been registered with SEBI as a Debenture Trustee and has been promoted by Axis Bank Limited for providing corporate and other trusteeship services. The Trustee is a wholly-owned subsidiary of Axis Bank Limited. The Trustee also acts as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders. The Trustee is also authorised to provide services such as: (i) a facility agent for complex structured transactions; (ii) an escrow agent; (iii) a trustee to alternative investment funds and venture capital funds; (iv) custodian of documents as a safe-keeper; and (v) a trustee to real estate investment trust, etc.

The Trustee confirms that it has maintained, and undertakes to ensure that it will at all times maintain, adequate infrastructure personnel and resources to perform its functions, duties and responsibilities with respect to the Highways Infrastructure Trust, in accordance with the Trust Deed, the InvIT Regulations and other applicable laws.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Board of Directors of the Trustee

The board of directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. Please see below the details in relation to the board of directors of the Trustee:

Sr. No.	Name	DIN	Designation	Date of appointment
1.	Ms. Deepa Rath	09163254	Managing Director and Chief Executive Officer	May 1, 2021
2.	Mr. Rajesh Kumar Dahiya	07508488	Non-Executive Director	July 11, 2018
3.	Mr. Ganesh Sankaran	07580955	Non-Executive Director	April 18, 2019

Brief Profile of the Directors of Trustee

Mr. Deepa Rath (DIN: 09163254)

Deepa Rath is the Managing Director & CEO on the Board of Axis Trustee Services Limited.

Deepa is a senior banker with more than 20 years of experience in Corporate Banking, Fintech, Credit, Project Funding, MSME Financing, Retail Banking, Supply Chain Finance, Trade Finance, etc.

She is known for her strategic leadership, customer centric approach, and superior people & relationship management skills which have helped her set up and scale up new businesses & high impact teams across domains. Prior to taking over as MD & CEO of Axis Trustee Services Ltd, Deepa was part of the founding leadership team and spearheaded TReDS (Trades Receivable Discounting System) platform business at INVOICEMART / A. TREDS LTD (JV of Axis Bank & Mjunction), a pioneering work in the space of Digital & Transparent Financing of MSMEs, Financial Inclusion, API Integration & Blockchain implementation.

Previous to this, she led various business functions across geographies with Axis Bank Corporate Banking department. In the early part of her career, she took several roles with IDBI Bank and ICICI Bank Ltd within the Corporate Banking & Retail Banking franchise.

She has been a speaker on various Finance & Fintech related forums and was a part of Axis Bank's Senior Business Leadership program initiatives pertaining to Ethics & Sustainability (POSH), Recruitment & Employee Engagement, Corporate Social Responsibility etc. She is a panel /advisory member on the International Consulting/Advisory related to Supply Chain Finance, Fintech, Go-To-Market Strategy & Corporate Banking practices.

She holds an MBA- Finance from IMT Ghaziabad with Master's in Economics and an Advanced Diploma in Software Technology & Systems Management, NIIT. Apart from several certifications from Coursera, Axis Business Leadership Program - ISB Hyderabad, Deepa is currently pursuing "Advanced Program in Fintech & Financial Blockchain" from IIM Calcutta to continue her strive for knowledge and learning.

Mr. Rajesh Kumar Dahiya (DIN: 07508488)

Rajesh Kumar Dahiya is a non-executive director on the board of the Trustee.

Rajesh, Executive Director, Axis Bank Ltd, is an Engineer with a Masters in Management. Before joining Axis Bank in June 2010, he was associated with the Tata Group for 20 years where he handled various responsibilities across functions such as Human Resources, Manufacturing, Exports, Distribution and Institutional Sales. In his current role as Executive Director, he supervises all functions under Corporate Centre viz. Internal Audit, Human Resources, Compliance, Company Secretary, Corporate Communications, Corporate Real Estate Services, Chief Business Relations Officer (CBRO), Corporate Social Responsibility, Ethics & Sustainability and Law. In addition, Rajesh also oversees the functioning of the Axis Bank Foundation. He is also on the Board of Axis PE Ltd.

Ganesh Sankaran (DIN: 07580955)

Ganesh Sankaran is a non-executive director on the board of the Trustee.

Ganesh is the Group Executive – Wholesale Banking Coverage Group at Axis Bank Limited. He has nearly 25 years of experience across coverage, credit and risk functions and has handled verticals like Corporate Credit, Financial Institutions, Business Banking, Mortgages, Commercial Transportation, Equipment Finance & Rural Lending.

Before joining Axis Bank, he was Executive Director at Federal Bank, responsible for business architecture across the Wholesale Bank, Micro/Rural Bank, Business Banking and International Operations. Additionally, he had also served as a Member of the Board of Directors for Equirus Capital and Fedbank Financial Services. Prior to that he was associated with HDFC Bank where he was Co-Head, Corporate Banking. Ganesh is an Engineer with a Master's degree in Business Administration.

During the year under review, there have been no changes in the Directors of the Trustee.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Committees of the Board of Directors of the Investment Manager in Relation to Trust

The Trust was registered as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("InvIT Regulations") on December 23, 2021. The erstwhile Investment Manager (Virescent Infrastructure Investment Manager Private Limited) constituted the following committees which were disclosed in the Final Placement Memorandum filed with the Securities and Exchange Board of India.

Virescent Infrastructure had various committees to ensure independent board representation in compliance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as summarised below:

SL. No.	Date of Board Approval	Type of Committee	Member	Designation
1	March 15, 2022	InvIT Committee	Mr. Hardik Shah	Non-Executive Director
			Mr. Sanjay Grewal	Whole-Time Director
2	March 15, 2022	Investment Committee	Mr. Akshay Jaitly	Non-Executive Independent Director
			Mr. Hardik Shah	Non-Executive Director
			Mr. Sanjay Grewal	Whole-Time Director
3	March 15, 2022	Audit and Risk Management Committee	Mr. Panja Pradeep Kumar	Non-Executive Independent Director
			Mr. Akshay Jaitly	Non-Executive Independent Director
			Mr. Hardik Shah	Non-Executive Director

Thereafter, the composition of the Committee was reformed/constituted by the board of directors of Highway Concessions One Private Limited post the change in the Investment Manager of the Trust. The committees were established in their meeting held on November 15, 2022 and were operationalised with effect from November 23, 2022.

Audit Committee:

The Audit Committee ("Committee") is a committee constituted by the board of directors ("Board") of Highway Concessions One Private Limited ("HC One or Company or Investment Manager") for the operation of Highways Infrastructure Trust in accordance with the Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and is applicable to Highway Concessions One Private Limited in its capacity as Investment Manager to Highways Infrastructure Trust.

Composition

The Audit Committee comprises of the Board of Directors of the Investment Manager. The Chairperson of the Audit Committee is an Independent Director. All members of the Audit Committee are financially literate, and the Chairperson of the Committee has accounting and related financial management expertise. The company secretary of the Investment Manager acts as the secretary to the Audit Committee. The quorum shall be at least 50% of the directors, of which at least 50% of the directors present, shall be independent directors and subject to a minimum of two members being present in person.

The composition of the Audit Committee is as follows:

Name of Committee Members	CATEGORY
Ms. Sudha Krishnan	Independent Director
Mr. Janakiraman Subramanian	Independent Director
Mr. Hardik Shah	Non-Executive Director

Terms of reference of the Audit Committee

The main objective of the Audit Committee is to assist the board in fulfilling its fiduciary responsibilities towards the Trust in the best interest of all stakeholders of the InvIT, the Company and SPVs. In fulfilling its role, the Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain external legal and professional advise. In pursuing this goal, the Committee, inter alia, shall:

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

- Provide recommendations to the Board of Directors regarding any proposed distributions;
- Monitor the net distributable cashflows payable to the unitholders of the InvIT;
- Overseeing InvIT's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- To review the interim financial statements to be submitted by the InvIT, the Company or the SPVs to any shareholders, unitholders and regulatory or statutory authorities;
- Giving recommendations to the board of directors regarding appointment, reappointment and replacement, remuneration and terms of appointment of the statutory auditor and internal auditor of the InvIT and the audit fee, subject to the approval of the unitholders;
- Reviewing and monitoring the independence and performance of the statutory auditor of InvIT and effectiveness of the audit process;
- Approving payments to statutory auditors of the InvIT for any other services rendered by such statutory auditors;
- Reviewing the annual financial statements and auditor's report thereon of the InvIT, before submission to the board of directors for approval, with particular reference to changes, if any, in accounting policies and practices and reasons for such change; major accounting entries involving estimates based on the exercise of judgment by management; significant adjustments made in the financial statements arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions; and modified opinion in the draft audit report;
- Reviewing, with the management, all periodic financial statements, including but not limited to quarterly/ half-yearly and annual financial statements of the InvIT before submission to the board of directors for approval as applicable;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue of units by the InvIT (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;
- Approval or any subsequent modifications of transactions of InvIT with related parties including reviewing agreements or transactions in this regard;
- Scrutinizing inter-corporate loans and investments of the InvIT;
- Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;
- Reviewing and recommending the appointment (including terms thereof) of valuers to the board to undertake valuations of the assets held by the SPVs and the Trust including appointment of registered valuer in terms of InvIT Regulations;
- Evaluating financial controls and risk management systems of the Trust;
- Reviewing, with the management, the performance of statutory auditors of the Trust, and adequacy of the internal control systems, as necessary;
- Reviewing the adequacy of internal audit function if any of the Trust, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Reviewing the findings of any internal investigations in relation to the Trust, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;
- Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to the Trust and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fee or charges payable out of the Trust assets;
- Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;
- Reviewing and monitoring the independence and performance of the valuer of the Trust;

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

- Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to the Trust and payments to any creditors of the Trust or the SPVs, and recommending remedial measures;
- Reviewing management's discussion and analysis of financial condition and results of operations;
- Reviewing and overseeing the functioning of the whistle blower/ vigil mechanism;
- Discussion with internal auditors on any significant findings and follow up thereon;
- Noting the report of the compliance officer as per SEBI (Prohibition of Insider Trading) Regulations, 2015;
- Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time and verify that the systems for internal control are adequate and are operating effectively;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Trust/SPVs;
- To consider any other additional matters, as may be delegated from time to time, by the Board; and
- To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

The full details of the terms of reference of the Committee is also available on the Trust' website on https://highwaystrust.com/board-committees/

Note on the Committee's Meeting

Pursuant to the approval dated November 22, 2022 granted by the Securities and Exchange Board of India (SEBI) and the approval of the unitholders of the Trust as required under Regulation 9(15) of the InvIT Regulations obtained from the unitholders in the Extra-Ordinary General Meeting held on November 14, 2022, Highway Concessions One Private Limited (HC1) was appointed as the new Investment Manager of the Trust in place of Virescent Infrastructure Investment Manager Private Limited with effect from November 23, 2022. The Committee meetings held for the quarter ended September 30, 2022 and further held till November 11, 2022, were conducted by the erstwhile Investment Manager of the Trust. Thereafter, the Committee's meeting post were conducted by the new Investment Manager of the Trust.

Meetings of the Audit Committee

Five Audit Committee meetings (including meetings of the Audit Committee conducted by erstwhile Investment Manager of the Trust) were held during the year ended March 31, 2023 on July 08, 2022, August 30, 2022, November 11, 2022, December 20, 2022 and February 08, 2023.

Quorum

The necessary quorum was maintained for all the meetings.

Nomination and Remuneration Committee:

The Nomination and Remuneration Committee (NRC) comprises of board of directors of the Investment Manager. The Chairperson of the committee is an Independent Director. The company secretary of the Investment Manager acts as the secretary to the Committee. The quorum shall be at least 50% of the number of members of the Committee and subject to a minimum of two members.

Composition

The composition of the Nomination and Remuneration Committee is as follows:

Name of Committee Members	CATEGORY
Ms. Sudha Krishnan	Independent Director
Mr. Manish Agarwal	Independent Director
Mr. Janakiraman Subramanian[1]	Independent Director

Note 1:

Pursuant to the amendment dated February 14, 2023 to Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("**InvIT Regulations**"), certain provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") have been made mandatorily applicable to InvITs (even without listed debt instruments). As part of the amendment, the interpretation of the term "**Non-executive director**" in context of InvITs is required to be read as an "**Independent Director**" wherever it appears in the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**").

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Further, as part of the mandatory applicable provisions, the composition of the Nomination and Remuneration Committee ("**NRC**") is required to be undertaken in accordance with Regulation 19(1)(b) of SEBI LODR Regulations which states that "*all directors of the committee shall be non-executive directors*".

Accordingly, the Board through the Circular Resolution dated March 31, 2023 has re-constituted the NRC Committee by inducting Mr. Janakiraman Subramanian, Independent Director of the Company as a member in place of Mr. Hardik Shah, Non-Executive Director.

Terms of reference of the NRC Committee

The terms of reference of the Nomination and Remuneration Committee is as follows:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description;
- For the purpose of identifying suitable candidates, the Committee may:
  a. use the services of external agencies, if required;
  b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  c. consider the time commitments of the candidates.
     i. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
     ii. Devising a policy on diversity of board of directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the board, all remuneration, in whatever form, payable to senior management of the Company; and
- Performing such other activities as may be delegated by the board of directors of the Company and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

The full details of the terms of reference of the Committee is also available on the Trust's website on https://highwaystrust.com/board-committees/

Meetings of the NRC Committee

Two NRC Committee meetings were held during the year ended March 31, 2023 on February 08, 2023 and March 24, 2023.

Quorum

The necessary quorum was maintained for all the meetings.

Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee comprises of board of directors of the Investment Manager. The Chairperson of the Committee is Independent Director. The company secretary of the Investment Manager acts as the secretary to the Stakeholders' Relationship Committee. The quorum shall be at least 50% of the number of members of the Stakeholders' Relationship Committee and subject to a minimum of two members.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Composition

The composition of the Stakeholders' Relationship Committee is as follows:

Name of Committee Members	CATEGORY
Mr. Janakiraman Subramanian	Independent Director
Mr. Neeraj Sanghi	CEO cum Whole-Time Director
Ms. Ami Momaya	Non-Executive Director

Terms of reference of the Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee is as follows:

- Considering and resolving grievances of the unitholders, including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;
- Considering and resolving grievances of the debenture holders;
- Review of measures taken for effective exercise of voting rights by unitholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Reviewing of any litigation related to unitholders'/ debenture holders grievances;
- Undertaking all functions in relation to protection of unitholders' / debenture holders' interests and resolution of any conflicts, including reviewing agreements or transactions in this regard;
- Updating unitholders' / debenture holders' on acquisition / sale of assets by the Company and any change in the capital structure of the SPVs; and
- Reporting specific material litigation related to unitholders' / debenture holders' grievances to the board of directors;

The full details of the terms of reference of the Committee is also available on the Trust's website on https://highwaystrust.com/board-committees/

Meetings of the Stakeholders' Relationship Committee

One Stakeholders' Relationship Committee meeting was held during the year ended March 31, 2023 on February 08, 2023.

Quorum

The necessary quorum was maintained for the meeting.

Risk Management Committee

The Risk Management Committee comprises of board of directors of the Investment Manager. The company secretary of the Investment Manager acts as the secretary to the Committee. The quorum of the meeting shall be at least 2 members out of which 50% shall be Independent Directors.

Composition

The composition of the Risk Management Committee is as follows:

Name of Committee Members	Category
Mr. Neeraj Sanghi	CEO cum Whole-Time Director
Mr. Manish Agarwal	Independent Director
Mr. Narayanan Doraiswamy	Chief Financial Officer

Terms of reference of the Risk Management Committee

The terms of reference of the Risk Management Committee is as follows:

- To formulate a detailed Risk Management Policy which shall include:
  a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  b) Measures for risk mitigation including systems and processes for internal control of identified risks.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

c) Business continuity plan.

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- To coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice); and
- The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee period;

The full details of the terms of reference of the Committee is also available on the Trust's website on https://highwaystrust.com/board-committees/

Meetings of the Risk Management Committee

One Risk Management Committee meeting was held during the year ended March 31, 2023 on February 08, 2023.

Quorum

The necessary quorum was maintained for the meeting.

Other Committees in Relation to the Trust

InvIT Committee:

The InvIT Committee ("Committee") is a committee constituted by the Board of Directors ("Board") of Highway Concessions One Private Limited ("Company").

Composition

The composition of the InvIT Committee is as follows:

Name of Committee Members	CATEGORY
Mr. Neeraj Sanghi	CEO cum Whole-Time Director
Ms. Ami Momaya	Non-Executive Director

Terms of reference of the InvIT Committee

The terms of reference of the InvIT Committee is as follows:

- To do all acts and deeds in relation to any future issues that the InvIT may undertake;
- To authorise and approve any amendments to documents in relation to any future issues that the InvIT may undertake, including preliminary placement memorandum and placement memorandum;
- To decide and finalise the issue opening and issue closing dates of any future issues that the InvIT may undertake;
- To decide and finalise the issue price in relation to any future issues that the InvIT may undertake;
- To decide on all matters in relation to allotment of units to investors; and
- To decide on any other matter that may be routed through the InvIT Committee in relation to any fund raising by the InvIT.

The full details of the terms of reference of the Committee is also available on the Trust's website on https://highwaystrust.com/board-committees/

Meetings of the InvIT Committee

No InvIT Committee meeting was held during the year ended March 31, 2023.

Quorum

No InvIT Committee meeting was held.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

Investment Committee

The Investment Committee comprises of the board of directors of the Investment Manager. The company secretary of the Investment Manager acts as the secretary to the Investment Committee. The quorum shall be at least 50% of the number of members of the Investment Committee and subject to a minimum of two members.

Composition

The composition of the Investment Committee is as follows:

Name of Committee Members	CATEGORY
Mr. Hardik Shah	Non-Executive Director
Mr. Manish Agarwal	Independent Director
Ms. Sudha Krishnan	Independent Director
Mr. Neeraj Sanghi	CEO cum Whole-Time Director

Terms of reference of the Investment Committee

The terms of reference of the Investment Committee is as follows:

- To formulate strategic investment decisions and the expenditures to be involved;
- To review every investment and divestment transaction, including the terms of such transaction, with respect to the underlying assets or projects of the InvIT and the SPVs including any further investment or divestment;
- The Committee shall consider and require completion of all necessary due diligences, including legal and financial, before taking any decision as authorised in point 2 above;
- To review any transactions that are proposed to be entered into by the InvIT that have a potential for a conflict-of-interest in the assessment by the members of the Committee/ Board/ Sponsor/ KKR Group and refer to the Board for a final resolution thereof;
- To evaluate, review and approve all non-binding offers and approve the due diligence and transaction budget for the various Mergers and Amalgamations/ Takeover/Acquisitions opportunities;
- To evaluate, review and recommend to the Board the various Mergers and Amalgamations/ Takeover/ Acquisitions opportunities;
- To review periodically the portfolio investments and monitor the assets of SPVs;
- To receive reports from the valuers with respect to valuation of any assets or projects of the InvIT;
- To identify insurance agencies for entering into contract to secure the underlying assets and projects from any financial losses;
- To review the long-term and short-term investment plans to achieve the objectives of the InvIT and the SPVs;
- To invite an expert to advise the committee on technical matters and to carry out its duties, if necessary;
- To consider any other additional matters, as may be delegated by the Board; and
- To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

The full details of the terms of reference of the Committee is also available on the Trust's website on https://highwaystrust.com/board-committees/

Meetings of the Investment Committee

Five Investment Committee meetings (including meetings of the Investment Committee Conducted by erstwhile Investment Manager of the Trust) were held during the year ended March 31, 2023 on November 07, 2022, December 23, 2022 and February 08, 2023, March 17, 2023, March 24, 2023,

Quorum

The necessary quorum was maintained for all the meetings.

5. Clauses in Trust deed, investment management agreement or any other agreement entered into pertaining to the activities of the InvIT

During the reporting period, the following agreements were amended:

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

A. Pursuant to the Investment Management Agreement dated December 6, 2021 ("**Initial IM Agreement**"), Virescent Infrastructure Investment Manager Private Limited ("**Virescent Infrastructure**") was appointed as the first Investment Manager of the InvIT, in accordance with the provisions of the InvIT Regulations. Such appointment was made by the Trustee, after conducting an independent analysis and the Virescent Infrastructure was appointed to manage, administer and take any decisions in relation to the InvIT (to the extent delegated by the Trustee, in compliance with the InvIT Regulations), to carry out any and all of the objects and purposes of the InvIT as specified in the Initial IM Agreement and in accordance with the InvIT Regulations, to take any action, exercise any right or make any determination or decision and perform all acts and contracts and other undertakings, subject to applicable law as well as the terms and conditions set out in the Initial IM Agreement and the Deed.

   Virescent Infrastructure on October 18, 2022 resigned from its position to act as the Investment Manager of Highways Infrastructure Trust ("**Trust**"), which was subject to the approval of the unitholders and Securities and Exchange Board of India ("**SEBI**"). In accordance with such resignation, Axis Trustee Services Limited ("**Trustee**"), being the trustee to the Highways Infrastructure Trust called for an Extraordinary General Meeting of unitholders on November 14, 2022 for their approval on the resignation of the erstwhile IM and appointment of Highway Concessions One Private Limited as the new Investment Manager and the same was approved by them. Subsequently, vide letter dated November 22, 2022 (received by us on November 23, 2022), SEBI approved the appointment of Highway Concessions One Private Limited as the new Investment Manager of the Trust.

   With respect to the change in the Investment Manager, a revised Investment Management Agreement was executed on October 20, 2022 between Axis Trustee Services Limited, Highway Concessions One Private Limited and the project SPVs.

B. Virescent Renewable Energy Project Manager Private Limited ("**Virescent PM**") was appointed as the Project Manager for the project SPVs pursuant to the execution of Project Management Agreement dated August 8, 2022. Further, on October 18, 2022 Virescent PM resigned from its position to act as the project manager of project SPVs, which was subject to the approval of the unitholders. In accordance to such resignation, Axis Trustee Services Limited ("**Trustee**"), being the trustee to Highways Infrastructure Trust in consultation with the Virescent Infrastructure identified and intended to appoint HC One Project Manager Private Limited as the new project manager for the SPVs, and accordingly a fresh Project Management Agreement was executed on October 20, 2022 between Axis Trustee Services Limited, Virescent Infrastructure, HC One Project Manager Private Limited and project SPVs. Thereafter, Trustee called an extraordinary general meeting of unitholders on November 14, 2022 and obtained their approval on the resignation of Virescent PM and appointment of HC One Project Manager Private Limited for acting as the Project Manager to SPVs in accordance with the provisions of the InvIT Regulations.

C. On August 8, 2022 a Business Support Services Agreement was executed between Highway Concessions One Private Limited and Virescent PM and the project SPVs wherein Highway Concessions One Private Limited shall act as the Service Provider to the project SPVs by providing services as specified under the said agreement at a fee equivalent to 110% of the costs incurred by the service provider.

   However, on account of resignation of erstwhile IM and PM and subsequent appointment of Highway Concessions One Private Limited as Investment Manager and HC One Project Manager Private Limited as Project Manager a revised Investment Management Agreement and Project Management Agreement dated October 20, 2022 respectively were executed. The Business Support Services agreement was accordingly terminated. In accordance with the terms of these agreements, the consideration of the services to be rendered by the Investment Manager and the Project Manager to the InvIT, SPVs and/or Holdco, as the case may be, the Investment Manager and Project Manager shall charge a fee equivalent to 110% of the costs incurred (based on the benchmarking reports) by the Investment Manager and Project Manager in providing such services or such other percentage as may be mutually agreed in writing ("**Investment Management Fees and Project Management Fee**").

There have been no other changes in the clauses in the Trust Deed or any other agreement entered into pertaining to activities of the InvIT.

6. Any regulatory changes that has impacted or may impact cash flows of the underlying projects.

There have been no regulatory changes that has impacted or may impact cash flows of the underlying projects.

DETAILS OF CHANGES DURING THE YEAR (CONTD.)

7. Change in material contracts or any new risk in performance of any contract pertaining to the InvIT.

(i) The Trust has entered into a Share Purchase Agreement on May 03, 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in four special purpose vehicles owned by H.G. Infra Engineering Limited i.e. (i) H.G. Ateli Narnaul Highway Private Limited, (ii) H.G. Rewari Ateli Highway Private Limited, (iii) Gurgaon Sohna Highway Private Limited; and (iv) H.G. Rewari Bypass Private Limited. The target entities hold concession agreements under Hybrid Annuity Model granted by National Highways Authority of India ("NHAI") for projects situated in Haryana with a total length of ~ 100 km. Completion of the acquisition is subject to receipt of all regulatory approvals required for the transfer (including from NHAI) and other conditions agreed with the counter party.

(ii) The Trust entered into a Share Purchase Agreement on March 30, 2023 for acquisition of 100% (one hundred percent) shareholding in one or more tranches and management control in Navayuga Udupi Tollway Private Limited ("NUTPL"). The target entity holds a concession on a design, operate, finance, operate and transfer (DBFOT) basis for four-laning of road at Kundapur-Surathkal and Mangalore-Kerala Border for an aggregated length of ~ 90 km. Completion of the acquisition is subject to receipt of all regulatory approvals required for the transfer (including from NHAI) and other conditions agreed with the counter party.

(iii) In the case of all the SPVs i.e. UEPL, DBCPL, NBL, GEPL, JPEPL and SEPL, these SPVs have directly issued contracts to all the contractors e.g. Toll Collection, Routine Maintenance, Major Maintenance, Incident Management Services etc. and are directly making the payments to these respective contractors.

Their are no other changes in material contracts or any new risk in performance of any contracts pertaining to the InvIT.

8. Legal proceedings

During the reporting period, there have been no legal proceedings which may have significant bearing on the activities or revenues or cash flows of the Trust. A summary of material litigation is set out on page no. 54.

9. Financial Information of Investment Manager:

The financial information of Investment Manager is not disclosed because of the fact that there is no material erosion in the net worth as compared to the net worth as per the last disclosed financial statements.

POLICIES OF THE BOARD OF DIRECTORS OF THE INVESTMENT MANAGER IN RELATION TO THE TRUST

In order to adhere to the good governance practices, the Investment Manager has adopted the following policies in relation to the Trust in accordance with applicable law and the SEBI InvIT Regulations. The policies which are mandatory to the Trust are uploaded on the website of the Trust and such policies are available on the website of the Trust at https://highwaystrust.com/key-policies-2/

The terms of appointment of Non-Executive Independent Director is available on the website of the Trust at https://highwaystrust.com/wp-content/uploads/2023/04/HIT-Terms-of-Appointment.pdf

Sl. No.	Name of the Policy	Coverage
1	Distribution policy	The Policy on distribution of the net distributable cash flows of the Trust aims at formulating a structure for timely declaration of distribution of such Distributable Income to the Unitholders of the Trust.
2	Borrowing policy	Borrowing Policy aims to outline the borrowing strategy and process in relation to Highways Infrastructure Trust adopted by the Board of Directors of the Investment Manager.
3	Code of Conduct for the employees and directors	Outlining the standard of conduct and the values and principles of the Company. This policy sets out the Company's approach and guidelines on preventing, identifying, and disclosing any actual, potential, or perceived Conflict of Interest that may arise during the regular course of business.
4	Related Party Policy	The Related Party Policy is framed based on the provisions of the Companies Act, 2013 read with rules made thereunder and the InvIT Regulations. The Policy intends to ensure governance and reporting of transactions between the Company, the Trust and their Related Parties. The objective of this Policy is: to ensure transparency and fairness of Related Party transactions; and to ensure proper approval, supervision and reporting of the transactions and regulate the manner of dealing with the transactions between the Company, the Trust and their Related Parties.
5	Policy for determining Materiality of Information	The policy for determining materiality of information for periodic disclosures aims to outline process and procedures for determining materiality of information in relation to periodic disclosures required to be made on the website of the stock exchanges and to all stakeholders at large, in relation to the Trust. The purpose of the Policy is also to ensure that the Trust complies with applicable law, including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder and the listing agreements to be entered into with the stock exchanges.
6	Policy on UPSI and dealing in units by the parties	The policy aims to outline process and procedures for dissemination of information and disclosures in relation to the Trust on the website of the Trust, to the stock exchanges and to all stakeholders at large. The purpose of the Policy is also to ensure that the Trust and Investment Manager complies with applicable law, including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder, or such other Indian laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information.
7	Policy on appointment of Auditors and Valuers	The Policy aims at formulating a structure for ensuring compliance by the Trust, in appointment of its auditor and the auditing standards followed and the appointment of its valuer, with applicable law as applicable to an infrastructure investment trust, including the SEBI InvIT Regulations
8	Risk Management Policy	The Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Trust's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues
9	Nomination & Remuneration Policy	The policy is to establish governance standards for determining of compensation and remuneration of employees of IM.
10	Investment Policy (treasury)	Treasury management, in context of the Trust, comprise management of cash and liquidity of the Trust and the Holding Companies ("HoldCos") and Special Purpose Vehicles ("SPVs") owned by the Trust.
11	Policy on Preservation of Documents and Archival Policy	In terms of Regulation 9 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations"**), the Policy on preservation of documents and Archival Policy aims to provide a comprehensive policy on the preservation and conservation of the records and documents of the Trust. It provides guidance on the preservation and management of documents to help ensure the authenticity, reliability and accessibility of such documents.
12	Policy for Diversity, Equality and Inclusion (DEI)	The policy to demonstrate commitment of Diversity, Equality & Inclusion.

POLICIES OF THE BOARD OF DIRECTORS OF THE INVESTMENT MANAGER IN RELATION TO THE TRUST (CONTD.)

Sl. No.	Name of the Policy	Coverage
13	Anti-Bribery and Corruption Policy	Policy prohibiting our employees / consultants from engaging in bribery or corruption
14	Vigil Mechanism Policy	Policy for establishing a framework to facilitate the reporting of any wrongdoings, grievances, or other areas of concern regarding the operations of the organization.
16	Third Party Code of Conduct	Policy to codify general principles that govern the dealing of third parties with the Company
17	Environmental, Social & Governance (ESG) Policy	This policy intends to define clear framework enabling HIT in considering ESG factors in their business. The objective of the Committee is to prevent, detect, investigate and discipline unlawful or unethical behavior, take necessary corrective action and enforce adherence to all Company's policies.
18	Code of Conduct for InvIT Parties	This Policy on code of conduct required for Parties to the Trust aims at formulating a framework for ensuring protection of interest of all the Unitholders of the InvIT and proper conduct and carrying out of the business and affairs of the Trust in accordance with applicable law, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder.
19	Corporate Social Responsibility ("**CSR**") Policy	Policy for establishing a framework for identification of contribution and post contribution monitoring to ensure appropriate deployment of funds earmarked for CSR.

Disclosure of Sexual Harassment of Women at Workplace

HC One acting as Investment Manager of the Trust provides equal opportunities and is committed for creating a healthy working environment that enables employees to work with equality and without fear of discrimination, prejudice, gender bias or any form of harassment at the workplace.

The Investment Manager has in place an Anti-Harassment Policy/ Prevention of Sexual Harassment (POSH) Policy in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is communicated at regular intervals to all employees (permanent, contractual, temporary, trainees) through programs conducted at the registered office.

The Investment Manager has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The ICC comprises of the following members:

Sr. No.	Name	Designation
1	Ms. Savita Nayak	Presiding Officer
2	Dr. Deepa Sharma	Member from Non-Government Organisation
3	Ms. Meghana Singh	Member
4	Vidyadhar Dabholkar	Member

During 2022-23, no complaint was received by the Internal Complaints Committee (ICC).

As required under Section 21 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, the annual report on Sexual Harassment was submitted to the Office of Collector & District Magistrate Mumbai on January 04, 2023.

UNIT PRICE PERFORMANCE AND DISTRIBUTIONS

Initial offer of units through filing of final placement memorandum representing an undivided beneficial interest in the Trust by way of a private placement, in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, read together with the circulars and guidelines issued thereunder ("SEBI InvIT Regulations") was undertaken in August 22, 2022.

The Trust received the final approval of admission of dealings units w.e.f. August 25, 2022 on the National Stock Exchange of India Limited (the "NSE" or the "Stock Exchange") acting as Designated Stock Exchange. The description of Units of the Trust are as under:

Sr. No.	Description of Securities	Symbol	Series	No. of Securities	Mkt. Lot
1	Units of InvIT of INR 100/- each fully paid up	HIGHWAYS	IV	415500000	200000

The Trust has made an initial offer by way of fresh issue of 4,16,00,000 Units through a private placement at a price of INR 100 per unit (the "Issue Price"), aggregating to INR 4,160 million (the "Issue"). Further 37,39,00,000 units were issued to the Sponsor as part of the formation transaction.

Securities Information listed on NSE

Board Status	Trading Status	Trading Segment	Session No.	SLB	Class of Shares	Derivatives	Face Value	Issued Capital (Shares)	Surveillance Indicator
MAIN	ACTIVE	NORMAL MARKET	-	NO	EQUITY	NO	100	41,55,00,000	NA

Opening and closing of Bid

The Board of erstwhile Investment Manager in their meeting on August 08, 2022 had approved the Bid/ Issue Opening Date and Bid/ Issue Closing Date as under: -

"Bid/ Issue Opening Date: August 19, 2022"

"Bid/ Issue Closing Date: August 22, 2022"

Allotment of Units

The Board of erstwhile Investment Manager in their meeting on August 23, 2022 had approved the allotment of 37,39,00,000 Units of Highways Infrastructure Trust ("HIT") at an issue price of INR 100 per unit, being 89.99% of the total issued units of the Trust to Galaxy Investments II Pte. Ltd. (the "**Sponsor**"). The consideration being discharged by way of swap of securities held by the Sponsor in the project SPVs.

Subsequently, the Board of erstwhile Investment Manager in their meeting on August 24, 2022 had further approved the allotment of units aggregating to 4,16,00,000 to the eligible institutional investors and bodies corporate as defined under the SEBI InvIT Regulations at the issue price of INR 100 per Unit, being 10.01% of the total issued units against receipt of full payment of application monies in the designated account opened for the issue, aggregating to INR 416,00,00,000 in accordance with the details specified in the application form of the Trust.

During the period under review, the Trust has allotted 41,55,00,000 units at an issue price of INR 100 per Unit till March 31, 2023. The Trust has not issued any further allotment thereafter till the reporting date.

UNIT PRICE PERFORMANCE AND DISTRIBUTIONS (CONTD.)

Unit price quoted on NSE Limited at the beginning and the end of the year, the highest and the lowest unit price and the average daily volume traded during the financial year

The Trust had allotted 41,55,00,000 units of INR 100 each on August 23 & 24, 2022 which were listed on NSE w.e.f. August 25, 2022. Since the date of listing, the units have been very thinly traded and accordingly the aforesaid data is not applicable as on March 31, 2023.

Distributions made by the Trust

The Investment Manager on behalf of the Trust has made four distribution(s) aggregating to INR 16.21 per unit (Cumulative Distribution) for the period ended March 31, 2023.

Pursuant to the provisions of the SEBI InvIT Regulations and in line with the Distribution Policy of the Trust, the Transaction Documents and the Trust Documents, the investment manager of the Trust, has made timely distributions to the Unitholders. The detailed policy and the history of the distribution to the unitholders are also available on the website of the trust at www.highwaystrust.com.

The Investment Manager on behalf of the Trust has made the following Distributions till date:

Distribution	Date of approval of distribution	Record date of distribution	Total Distribution per unit	Interest per unit	Return of Capital per unit	Dividend per unit	Other Income	Cumulative Distribution
First Distribution	November 11, 2022	November 19, 2022	4.84	1.49	0.86	2.49	–	4.84
Second Distribution	February 08, 2023	February 14, 2023	4.84	1.99	1.45	1.36	0.03	9.68
Third Distribution	March 08, 2023	March 17, 2023	4.84	-	4.84	–	–	14.52
Fourth Distribution	May 19, 2023	May 27, 2023	1.69	0.70	0.69	0.30	–	16.21

Note: Rounded off up to two decimal.

DETAILS OF MATERIAL LITIGATIONS

1. Litigation involving the Trust

   There is no pending litigation involving the Trust during the period under review.

2. Litigation involving the Sponsor

   As at the date of this Annual Report, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Sponsor.

3. Litigation involving the Investment Manager

   As at the date of this Annual Report, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Investment Manager.

4. Litigation involving the Project Manager

   As at the date of this Annual Report, there are no outstanding criminal litigation, non-ordinary course regulatory actions or material civil litigation against the Project Manager.

5 Litigation involving the Trustee

   The Trustee has confirmed that there are no material litigations against the Trustee.

6. Litigation involving the Associates of the Sponsor, Investment Manager and Project Manager, including the common associates of the Sponsor the Investment Manager and the Project Manager, if any.

Brief details of material litigations and regulatory actions, which are pending, against the Trust, sponsor(s), Investment Manager, Project Manager(s), or any of their associates and the Trustee if any, as at the end of the period are provided as under:

Court Matters:

Sl. No.	Case/ Claim Details	Disputed Amount (Excluding Interest) (in Millions)	Current Status
1	Ulundurpet Expressways Pvt. Ltd. (UEPL)		
	No ongoing court matters		
2	Dewas Bhopal Corridor Pvt. Ltd. (DBCPL)		
i.	**Labour Cess** (Indemnity): DBCPL Vs. MP Labor Commission DBCPL has filed writ petition (no. 10812 of 2011) in MP High Court against imposition of labor cess amounting INR 4.68 Cr. under Building and other construction workers Welfare Cess Act, 1996.	INR 46.80	• MP High Court on September 09, 2015 (corrected vide order dated September 30, 2015) ordered that, pending disposal of writ petition, no coercive steps for recovery of cess shall be taken against DBCPL. • At present, case is pending final hearing.
ii.	**Stamp Duty on execution of Concession Agreement** (Indemnity): DBCPL Vs. State of MP and others DBCPL has filed special leave petition (civil) (no. 14693 of 2010 - converted into Civil Appeal No. 8987 of 2013) in Supreme Court against final order passed by MP High Court on 11 Feb. 2010 in regards to applicability of 2% stamp duty (on TPC) on execution of Concession Agreement.	INR 89.00	• Supreme Court on September 13, 2013 ordered that, interim stay granted earlier is extended until further orders. • At present, case is pending final hearing.

DETAILS OF MATERIAL LITIGATIONS (CONTD.)

Sl. No.	Case/ Claim Details	Disputed Amount (Excluding Interest) (in Millions)	Current Status
3	**Nirmal BOT Ltd. (NBL)**		
i.	**Stamp Duty on execution of Concession Agreement** (Indemnity)**:** NBL Vs. State of AP NBL has filed writ petition (WP 15464/2011) in AP High Court against District Registrar, Adilabad's notice in regards to applicability of 5% stamp duty (on TPC) on execution of Concession Agreement.	INR 135.90	• AP High Court on June 09, 2011 has granted stay order in favor of NBL and restrained the Registrar from taking any action against NBL pending the decision. • At present, case is pending before High Court.
4	**Godhra Expressways Pvt. Ltd. (GEPL)**		
	No ongoing court matters		
5	**Shillong Expressways Pvt. Ltd. (SEPL)**		
i.	**Additional bonus Annuity/ COS** (Pass through)**:** SEPL Vs. NHAI SEPL raised certain claims before the Arbitral Tribunal ("**Tribunal**"), against NHAI in relation to certain delays and defaults on part of NHAI, which resulted in breach of various provisions of the SEPL Concession Agreement. Such defaults by NHAI included, amongst others, (i) change in scope, (ii) faulty and factually incorrect drawings, and (iii) additional requirement of land ("**Defaults**"). Due to such Defaults, SEPL was not able to complete the relevant project highway as per the proposed timeline and in relation to which SEL also put forth eight claims before the Tribunal. The Tribunal by way of its award dated June 27, 2018, awarded a claim of ₹ 274.20 million in favour of SEL along with advancing the annuity dates as prayed by SEPL ("**Award**").	INR 143.50	• Subsequently, SEPL filed an execution petition dated October 26, 2018 ("Execution Petition") before the High Court of Delhi ("Court") for seeking the execution of the decree and direction to NHAI to pay the amount as sought by the Award. Thereafter, NHAI filed an application before the Court for setting aside the Award, which was dismissed by the Court by of its order dated November 2, 2018 ("Court Order"). • Thereafter, NHAI filed an appeal dated January 7, 2019 ("NHAI Appeal") challenging the Court Order before the Commercial Appellate Divisional bench of the Court ("Appellate Bench"). The Appellate Bench by way of an interim order dated January 22, 2019 upheld the partial Award and directed NHAI to deposit the amount towards additional bonus annuity i.e. INR 106.30 million with an additional interest amount of INR 37.20 million within a period of four weeks with the Court. The direction was complied with by NHAI. • The matter is currently pending in respect to the Execution Petition and the NHAI Appeal.
6	**Jodhpur Pali Expressway Pvt. Ltd. (JPEPL)**		
	No ongoing court matters		

Note:

i. Pass through: The project SPV needs to pass through the proceedings received, if any, to the erstwhile shareholders.

ii. Indemnity: The project SPV indemnified by the erstwhile shareholders in this matter.

DETAILS OF MATERIAL LITIGATIONS (CONTD.)

Litigations involving associates of Sponsor:

The following disclosure is made on the basis of public filings made by KKR &Co Inc. ("KKR") with the United States Securities and Exchange Commission for the period ended March 31, 2023

From time to time, KKR (including Global Atlantic) is involved in various legal proceedings, lawsuits, arbitration and claims incidental to the conduct of KKR's businesses. KKR's asset management and insurance businesses are also subject to extensive regulation, which may result in regulatory proceedings against them.

In December 2017, KKR & Co. L.P. (which is now KKR Group Co. Inc.) and its then Co-Chief Executive Officers were named as defendants in a lawsuit filed in Kentucky state court alleging, among other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals was appealed by plaintiffs to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. In January 2021, some of the attorneys for the private plaintiffs in the original lawsuit filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. The motion to intervene in the original lawsuit was denied. These "Tier 3" plaintiffs appealed the denial of their motion to intervene but then voluntarily dismissed their appeal on January 31, 2022. In addition, the Kentucky Retirement Systems had commissioned an investigation into certain matters alleged in the Attorney General's complaint. The trial court ordered that this investigation be completed by May 17, 2021, and the Attorney General was permitted to amend its complaint after reviewing the investigation's report within ten days of the Attorney General's receipt of it. On May 24, 2021, the Attorney General filed a First Amended Complaint on behalf of the Commonwealth of Kentucky. This complaint continues to name KKR & Co. L.P. and its then Co-Chief Executive Officers, as defendants, and makes similar allegations against them. KKR and the other defendants moved to dismiss the First Amended Complaint on July 30, 2021. The court held oral argument on these motions to dismiss on December 14, 2021. On July 9, 2021, the individual plaintiffs served an amended complaint, which purports to assert, on behalf of a class of beneficiaries of Kentucky Retirement Systems, direct claims for breach of fiduciary duty and civil violations under the Racketeer Influenced and Corrupt Organizations Act ("RICO"). This complaint was removed to the U.S. District Court for the Eastern District of Kentucky, which has entered an order staying this case until the completion of the Attorney General's lawsuit on behalf of the Commonwealth.

On August 20, 2021, the same and other individual plaintiffs filed a second complaint in Kentucky state court, purportedly on behalf of Kentucky Retirement Systems' funds, alleging the same claims against KKR & Co. Inc. and Messrs. Kravis and Roberts as in the July 9th amended complaint but without the RICO or class action allegations. KKR and the other defendants have moved to dismiss the August 20, 2021 complaint by the Tier 3 plaintiffs, whose motions are awaiting a decision from the Kentucky state court. On March 24, 2022, in a separate declaratory judgment action brought by the Commonwealth of Kentucky regarding the enforceability of certain indemnification provisions available to KKR & Co. Inc. and Prisma Capital Partners LP, the Kentucky state court found that it has personal jurisdiction over KKR & Co. Inc., and this finding is currently being appealed by KKR. On May 27, 2022, following a motion by KKR, the judge then adjudicating the lawsuits recused himself from the original 2017 action and the second Tier 3 action, and a new judge was assigned. On December 9, 2022, the new judge issued an order that held in abeyance the motions to dismiss filed by KKR and other defendants pending the outcome of appeals which challenge the trial court's December 28, 2020 order granting the Attorney General's motion to intervene. On April 14, 2023, the Kentucky Court of Appeals ruled in favor of KKR and the other defendants in their appeal of the trial court's December 28, 2020 order granting the Kentucky Attorney General's motion to intervene in the 2017 action, including that the trial court should have dismissed the entire

DETAILS OF MATERIAL LITIGATIONS (CONTD.)

2017 action after the Kentucky Supreme Court's 2020 decision. On May 4, 2023, the Attorney General filed a petition for rehearing with the Court of Appeals. The Court of Appeals' April 14, 2023 decision does not dismiss the Kentucky Attorney General's standalone lawsuit filed on July 21, 2020.

KKR (including Global Atlantic) currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the SEC, U.S. Department of Justice, U.S. state attorney generals, Financial Industry Regulatory Authority ("FINRA"), the U.K. Financial Conduct Authority, Central Bank of Ireland, Monetary Authority of Singapore, U.S. state insurance regulatory authorities, and the Bermuda Monetary Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel. KKR is presently subject to civil investigations and inquiries by the U.S. Department of Justice related to antitrust matters and by the SEC related to business-related electronic communications. KKR is currently cooperating with these civil investigations and inquiries.

Moreover, in the ordinary course of business, KKR (including Global Atlantic) is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other events. Such lawsuits may involve claims that adversely affect the value of certain investments owned by KKR's funds and Global Atlantic's insurance companies.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including among others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupportable, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such as contributions and/or indemnity, which may reduce any ultimate loss. KKR has included in its financial statements the reserve for regulatory, litigation and related matters that Global Atlantic includes in its financial statements, including with respect to matters arising from the conversion of life insurance policies from systems previously managed by Athene Holdings Limited to the platform of one of Global Atlantic's third party service providers, Alliance-One, a subsidiary of DXC Technology Company.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. Based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

RISK FACTORS

In this section (i) "We", "Our", "InvIT" means the Trust and/ or project SPVs owned by the Trust; (ii) "Erstwhile Investment Manager" means Virescent Infrastructure Investment Manager Private Limited: and (iii) "Erstwhile Project Manager" means Virescent Renewable Energy Project Manager Private Limited. The identified certain risk factors broadly in relation to the Trust's business and industry are as under: -

RISKS RELATING TO THE TRUST'S BUSINESS AND INDUSTRY

1. *The Trust is a newly settled Trust with no established operating history and no historical financial information and, as a result, investors may not be able to assess its prospects on the basis of past records.*

   The Trust was established on December 3, 2021; registered with SEBI on December 23, 2021 and acquired 100% of the issued and paid-up equity share capital of the project SPVs in August 2022. Accordingly, the Trust, as an infrastructure investment trust, has a limited operating history and historical financial information by which our past performance may be judged. There can be no assurance that we will be able to generate sufficient revenue from our operations or that the project SPVs will be able to generate sufficient cash flows from the operations of the projects to make distributions to our Unitholders.

2. *We may be subject to penalties and claims from the concessioning authorities and third parties during the course of operations of the Project and may not be able to recover all operational losses from the Erstwhile Project Manager, Project Manager and/ or other contractors providing operations and maintenance services to the projects.*

   The project SPVs may, from time to time, receive letters and notices from the concessioning authorities or other third parties imposing penalties and seeking claims for any deficiencies or non-compliance with the terms of the concession agreement or other project agreements or a claim or compensation under the terms of the concession agreements. The project SPVs may contest such claims or invoke any indemnification provided by the Erstwhile Project Manager, Project Manager and/ or any O&M contractor it has appointed or may appoint. However, there would be an adverse effect on the Project SPV's operations and financial condition if a claim is decided against such Project SPV.

   Further, the maximum aggregate liability of the Erstwhile Manager and/ or the Project Manager for any breach of any of the terms of the relevant agreement in a particular year, shall be limited to the service fee payable to the such entity for that year. Accordingly, claims exceeding the amount limits, which are not the liability of the Erstwhile Project Manager or the Project Manager, would have an adverse effect on the project SPVs' financial performance. Similarly, the limitation of liability of the O&M Contractors under the relevant O&M Agreements (other than the major maintenance agreements) is in the range of 10 to 12 percentage of the annual fee paid. Further, in case of major maintenance contracts, the limitation of liability of the O&M Contractors under the relevant O&M Agreements is typically 5% of the annual fee.

3. *The Valuation Report by Mr. S. Sundararaman (the "Valuer") is not an opinion as to the future trading price of Units or the financial condition of the Trust, and the valuation of the project SPVs contained in such Valuation Report may not be indicative of the true value of the project SPVs.*

   Mr. S. Sundararaman was appointed as the independent valuer (the "Valuer") to undertake independent appraisals of the project SPVs. The Valuer issued a letter and a report appended to it (together, the "Valuation Report"), which sets out its opinion as to the fair enterprise value of the project SPVs as of March 31, 2023. The Valuation Report is based on various assumptions with respect to the Project SPVs, including, amongst others, their revenue, cash flows, O&M expenses, major maintenance and repairs costs, depreciation and amortization, capital expenditure and working capital. Further, the valuation report has also taken into account potential extensions of the concession agreements in relation to two of our project SPVs. Such assumptions are based on the information provided by, and discussions with, the Investment Manager. Further, the Valuation Report 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.

   The Valuation Report is not an opinion, express or implied, as to the future trading price of Units or the financial condition of the Highways Trust. Further, the Valuation Report is necessarily based on financial, economic, monetary, market and other conditions as of the date of the Valuation Report. The Valuation Report has not been updated since the date of its issue and does not take into account any developments subsequent to the date of its issue.

   Overall, there can be no assurance that the Valuation Report reflects the true value of the project SPVs or that other independent valuers would arrive at the same valuation.

RISK FACTORS (CONTD.)

4. *The project SPVs have entered into concession agreements which contain certain onerous provisions and any failure to comply with such concession agreements could result in adverse consequences including penalties and the substitution of the concessionaire.*

   The project SPVs have entered into concession agreements with their respective concessioning authorities with which the project SPVs have a limited ability to negotiate the terms of the concession agreements. As a result, the concession agreements contain terms that may be onerous to the project SPVs in relation to, among other things, compliance with and monitoring of O&M requirements. The O&M requirements include, among other things, permitting the safe, smooth and uninterrupted flow of traffic, undertaking routine maintenance, including repairs of potholes, cracks, concrete joints, drains, line markings, lighting and signage, undertaking major maintenance in accordance with the relevant concession agreement, including but not limited to resurfacing of pavements, repairs to structures, and repairs and refurbishment of tolling system and other equipment and preventing, with the assistance of the concerned law enforcement agencies, any encroachments on, or unauthorized entry to the relevant Project. Failure to comply with these requirements could result in adverse consequences, including the project SPVs being liable for compensating the relevant concessioning authorities for such breach or termination.

   The concession agreements also require the project SPVs to indemnify the concessioning authorities, including for losses arising out of, or with respect to, the failure of the concessionaire to comply with applicable laws and permits, payment of taxes payable by the concessionaire or the non-payment of amounts arising out of materials or services provided to the relevant Project SPV, among others.

   Further, the GoI or respective State Governments where the project SPVs are located, may, on the occurrence of certain events, suspend toll collection at any of the projects. For example, as part of the GoI's demonetisation exercise, the GoI announced a toll exemption for all vehicles across all toll plazas from November 9, 2016 to December 2, 2016. Further, during the national and state lockdowns imposed from March 24, 2020 in India on account of the COVID-19 pandemic, the concessioning authorities suspended toll collection for a certain period. The lockdowns and these instances resulted in huge revenue loss and other work constraints (such as availability of labour and spare parts) for entities operating in the road sector, including the project SPVs. There is no assurance that if such situations occur in the future, to the extent the Highways Trust faces any loss of revenue, it would be able to claim for such loss of revenue and any such claim would be successful.

5. *The flexibility of the Highways Trust and the project SPVs to utilise available funds may be restricted by the escrow arrangements they are required to maintain under the concession agreements.*

   Under the terms of the concession agreements, the project SPVs are required to establish escrow accounts. The project SPVs are required to deposit all their cash inflows and receipts into the escrow accounts, including, among other things, tolls collected from the projects and any payments (including termination payments) by the concessioning authorities. The funds in such escrow accounts are to be utilised only in the manner prescribed in the escrow agreements and the concession agreements. The escrow arrangements typically prioritise the payment of all taxes due and payable by the Project SPV, followed by the payment of expenses in connection with, amongst others, (i) the construction of the projects, (ii) O&M expenses and other costs and expenses incurred by the relevant concessioning authority, (iii) any payments and dues payable to the relevant concessioning authority, and (v) debt servicing of the project lenders. The balance, if any, will be in accordance with the instructions of the project SPVs.

   Any withdrawals from the escrow accounts by the project SPVs during the concession periods must be made strictly in accordance with the terms of the concession agreements, debt documentation and escrow agreements, thereby limiting the flexibility of the project SPVs in utilising available funds to plan for, or react to, changes in their business needs, which could have an adverse effect on their business, financial condition and results of operations. These provisions may limit the ability of the Trust to make distributions to its unitholders.

6. *The concession agreements may be terminated prematurely under certain circumstances.*

   Under the terms of concession agreements entered into by the project SPVs, we have obligations to maintain our BOT and DBFOT road projects in good working order and maintain the roads periodically. Our road projects require repair or maintenance due to natural disasters, accidents and other factors beyond our control. The concessioning authorities will periodically carry out tests through one or more engineering firms to assess the quality of roads and their maintenance. If we fail to maintain the roads to the standards set forth in the relevant concession agreements, the concessioning authorities may impose penalties, withhold annuity payments and demand remedies within cure periods. If we fail to cure our defaults in a timely manner within such time as may be prescribed under

RISK FACTORS (CONTD.)

the concession agreement, our concession agreements may be terminated.

If a concession agreement is terminated by the concessioning authorities due to a default by a Project SPV, or by the Project SPV due to a default by the concessioning authorities, such Project SPV is entitled to termination payments or otherwise from the concessioning authorities in accordance with the terms of the relevant concession agreement.

Any failure by a Project SPV to maintain the relevant Project according to the terms of the concession agreement will entitle the concessioning authorities to terminate the concession agreement or take remedial actions at the risk and cost of the Project SPV and recover such cost and damages from the Project SPV from the escrow account as if such costs and damages were O&M expenses.

If a concession agreement is terminated by the concessioning authority due to a default by a Project SPV, the Project SPV may be exposed to additional liability as it is obliged to repair or rectify, at its own cost, any defects or deficiencies identified by the independent engineer of the Project for a period specified in the concession agreement upon such termination. In addition, the termination payment by the concessioning authority due to a default by a Project SPV, will be calculated according to the terms of the concession agreement, which may be less than the actual cost incurred by a Project SPV on its Project. Consequently, not only would the Project SPV recover less than the costs incurred, but such an occurrence would also have an adverse effect on the Highways Trust's financial performance.

The project SPVs have obtained loans from the Trust, there can be no assurance that the concessioning authorities will recognize such amounts as outstanding after the term of the original facilities obtained by the project SPVs from their respective senior lenders or allow creation/enforcement of security interest over the assets/ shares of the respective project SPVs to secure such financing.

There have been instances in India where the concessioning authority have terminated concession agreements to implement capacity augmentation for the project. In such cases, the concession holder will be entitled to compensation which typically covers the debt due (calculated as per the formula set out in the agreement) and certain returns on the equity invested in the project cost. There can be no assurance that such the amounts so paid will be equivalent to the cash flows which would have otherwise been generated from the project, and can potentially negatively impact the ability of the Trust to service the outstanding amounts under the financing agreement and provide returns to its unitholders.

7. *The Trust's financing agreements may entail interest at variable rates, and any increases in interest rates may adversely affect our results of operations, financial condition and cash flows. Further, the Highways Trust may be subject to restrictive covenants under their financing agreements that could limit our flexibility in managing our business or to use cash or other assets.*

We expect that rupee loan financing agreements/ bonds of the Highways Trust entail interest at variable rates with a provision for the periodic reset of interest rates. Under the said financing agreements, the lenders may be entitled to change the applicable rate of interest on any date and accordingly, the Highways Trust may be susceptible to changes in interest rates and the risks arising therefrom. Any increase in interest rates may have an adverse effect on our results of operations, financial condition and cash flows.

Further, the financing agreements entered into by the Highways Trust with certain banks and financial institutions contain certain restrictive covenants and cross default provisions. The financing agreements restrict the Highways Trust from, amongst other things, (i) incurring any indebtedness without prior approval of the lenders, other than indebtedness specifically permitted pursuant to the documents executed in connection with the facility from the lenders; (ii) make any capital expenditure or acquiring fixed assets on lease without prior consent of the lenders; and (iii) effecting changes in its ownership without prior approval of the lenders. In addition, these restrictive covenants may also affect some of the Highways Trust's ability to pay the distributions. In the event of any breach of any covenant contained in these financing agreements, apart from other consequences, the security trustee may enforce the security under the financing agreements which may adversely affect our business, financial condition and results of operations. We may also be required to immediately repay our borrowings either in whole or in part, together with any related costs. Any default in such repayments will entitle our lenders to enforce its securities including taking over our project SPVs.

8. *The project SPVs acquired from the Sponsor may be subject to certain risks, which may result in damages and losses. We may not be able to recover losses arising from the acquisition of the project SPVs from the Sponsor or third parties under relevant contractual arrangements.*

RISK FACTORS (CONTD.)

The project SPVs were not originally owned by the Sponsor, and were acquired by the Sponsor from India Infrastructure Fund, India Infrastructure Fund-II and Highway Concessions One Private Limited ("Original Seller") pursuant to share purchase agreements dated July 4, 2021 and the amended and restated share purchase agreement dated December 15, 2021 ("IIF SPAs"). The Highways Trust has relied on certain information and management representations provided by the Original Sellers uptil the date of acquisition of the project SPVs by the Sponsor and accordingly any adverse impact pursuant to such information or representations may affect the Highways Trust's earnings and cash flows. While, the IIF SPAs have been assigned to the Highways Trust , there is no assurance of enforcement and recovery of any losses arising on account of defects or deficiencies or any other issues in the Initial SPVs from the Original Sellers. Further, the Sponsor has not provided any representations in relation to the project SPVs for the time period between the date of acquisition of the project SPVs by the Sponsor and the date of Trust's acquisition of the project SPVs. There is no assurance that in the event any of defects or deficiencies in the project SPVs, we will be able to raise any claim or recover any losses from the Sponsor, in a timely manner, or at all.

Further, the project SPVs may have defects or deficiencies that were unknown or unquantified at the time of acquisition of the project SPVs and that may require additional capital expenditure or obligations to third parties, including to the relevant concessioning and statutory authorities, which may have an adverse effect on the Highways Trust's earnings and cash flows and the distributions to the Unitholders.

9. *Lower than expected returns on our investment in our projects may adversely affect our financial results.*

In our annuity based projects, our revenue depends on the fixed amounts paid to us semi-annually by our government clients. The amount of annuity is not necessarily linked to investment and will only be calculated pursuant to the relevant concession agreements. In our toll-based projects or projects with a toll component, our toll revenue depends on the tolling rates set by the relevant concessioning authority in accordance with the relevant concession agreements and the actual traffic volume using our roads. Our decision to undertake BOT or DBFOT road projects is largely based on our estimate of our expected toll revenue, which in turn is partly based on our estimate of the traffic volume using our roads.

Traffic volume may be affected by a number of factors beyond our control, including general economic conditions, alternate routes, alternate means of transportation, location of toll plazas, weather conditions, demographic changes, fuel prices, reduction in commercial or industrial activities in the regions served by the roads and natural disasters. Thus the actual traffic volume may be lower than our estimate. Any decrease in traffic volume, could result in a significant loss of our toll revenue. In addition, our concession agreements typically limit and regulate increases in tolling fees. In accordance with the Concession Agreements, the NHAI or other applicable authority sets the applicable tolling rates which is revised by such authority and we may not be able to increase tolling rates to cover increases in our operational costs.

Many factors causing such adverse changes (including lack of traffic or the fee revisions not being implemented) are beyond our control and we are usually not able to demand matching increases in our tolling fees over and above certain fixed increases, in accordance with the concession agreements.

As our projects often require significant capital investment with potential returns spread over a long period of time, inadequate toll revenues and annuities collected from our projects may result in a low return or even loss on our investment, which may adversely affect our liquidity, business, financial condition and results of operation.

10. *The acquisition of new assets may expose us to risks and have an adverse impact on our operations.*

The acquisition of new assets/ SPV may entail integration and management of these future assets to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business. The acquisition may cause disruptions to our operations and divert management's attention away from day-to-day operations. Newly acquired assets may require significant management attention that would otherwise be devoted to our ongoing business. Despite pre-acquisition due diligence, we do not believe that it is possible to fully understand an asset before it is owned and operated for an extended time. Further, the expected benefit, synergies or efficiencies from such acquisitions may take longer than expected to achieve or may not be achieved at all.

Further, the acquisition of the new assets/ SPV and any other alliances in the future may expose us to the risk of unanticipated business uncertainties or legal liabilities including defects in title and lack of appropriate approvals/ licenses in place for which the relevant parties in relation to such future assets may or may not indemnify us.

RISK FACTORS (CONTD.)

11. *Leakage of the tolls collected on the toll-linked projects may adversely affect the relevant project SPVs' revenues and earnings.*

    Four of the projects are exclusively toll based and two of the projects are annuity projects. Toll receipts are primarily dependent on the integrity of toll collection systems. The project SPVs that have a toll component generate revenues from the projects through the collection of tolls. On Indian toll roads, each motorist generally pays a one-time entry tariff to the toll operator at the point of entry to the toll road based on the average trip distance calculated for all users of the toll road. Such project SPVs employ toll management software to monitor their operations.

    Further, there may be occasions where political parties and local communities protest against the collection of tolls on roads. During such an event, a Project SPV could have limited ability to collect toll. Under the terms of the project SPVs' concession agreements, in the event that the concession agreement is terminated by either party as a result of an occurrence of a political event, the relevant concessioning authority is required to make payments to the affected Project SPV as a result of such an event; however there is no assurance that concessioning authorities will do so in a timely manner or at all.

    The level of revenues derived from the collection of tolls may be affected by reduction in toll rates as determined by the concessioning authorities. Toll revenues may also be affected by leakage through toll evasion, theft, fraud or technical faults in the toll systems or forced violations by users of toll roads.

12. *Our operating expenses are dependent on the routine and periodic major maintenance obligations contained in the concession agreements and are subject to fluctuations.*

    The project SPVs are required to operate and maintain the projects in accordance with the respective concession agreements. Accordingly, the project SPVs prepare a maintenance manual and a maintenance program in consultation with an independent engineer appointed by the NHAI or other concessioning authority for each Project, and are required to abide by the same. The project SPVs' maintenance obligations are primarily to operate and maintain the projects in order to permit the safe, smooth and uninterrupted flow of traffic and the related work and maintenance that they are required to undertake in order to fulfil such obligations.

    Routine and periodic major maintenance costs mainly comprise costs of raw materials and other items including fuel, equipment costs and labour expenses, besides maintenance and replacement of hardware, software, tolling expenses and equipment. The prices and supply of raw materials depend upon factors that are beyond our control, including, but not limited to, general economic conditions, transportation costs, global and domestic market prices, competition, production levels and import duties, which could be cyclical in nature. Unanticipated increases in the price of materials, fuel costs, labour or other inputs will affect the results of operations of the project SPVs, especially if the wear and tear on the relevant Project requires major work. The project SPVs' ability to absorb increases in the purchase price of materials, fuel and other inputs is limited.

    Further, our operational costs may also increase substantially, if the relevant O&M Contractors fail to perform its duties as per the O&M Agreements.

13. *We may be subject to inflation/deflation and interest rate risks.*

    There are no specific provisions in our concession agreements protecting us against increases in interest rates or cost of raw materials. Our lenders may have the right to periodically adjust our interest rates and our applicable interest rates may increase based on their review of our credit profile and perceived risks in our operations. Many factors causing such adverse changes are beyond our control and we are usually not able to demand matching increases in our tolling fee or annuities. While our tolling rates may increase with an increase in WPI, any increase may not be adequate to offset the negative impact of increases in interest rates or O&M costs. Further, our tolling rates may decrease with a decrease in WPI and accordingly, the business, financial condition and results of operations of the Highways Trust may be adversely affected.

14. *The project SPVs have a limited period to operate the projects as the concession periods granted to the project SPVs are fixed.*

    Each of the concession agreements entered into by the project SPVs provides for a fixed term concession, subject to some variations and extension as permitted under the concession agreements or as may be granted by the concessioning authorities, at the end of which the operation of the relevant Project will be transferred to the relevant concessioning authority. In addition, there can be no assurance that the Highways Trust will be able to successfully acquire new assets to replenish its portfolio once the existing concession agreements expire. Further, if the operating periods of the projects are shortened or disrupted or the project SPVs' rights to operate the projects are terminated before the expiration of the concessions, the business, financial condition and results of operations of the Highways Trust may be adversely affected.

15. *Notwithstanding that the concession periods granted to the project SPVs are fixed, concession periods may be modified under particular circumstances and affect the project SPVs' revenues.*

RISK FACTORS (CONTD.)

While the term of the concession agreements are typically fixed, certain concession agreements also provide that, if, amongst other things, the actual traffic volume falls short of, or exceeds, the target traffic volume on specified dates mentioned in such concession agreement, the concession period may be deemed to be extended or reduced, as the case may be, in accordance with the terms of the concession agreement.

The traffic reports related to the GEPL Project and JPEPL Project indicate that the concession periods for these projects will be extended by approximately 5.4 years and 5 years respectively. In accordance with the Traffic Reports, in respect of the GEPL Project, the traffic volume is approximately 30% lower than the targeted traffic volume and in respect of the JPEPL Project, the traffic volume may be 23.2% lower than the targeted traffic volume. Such extensions, however, remains subject to actual traffic volume tests undertaken or to be undertaken on the specified dates in accordance with the concession agreements.

There can be no assurance that any modifications to the concession periods will be implemented by the concessioning authorities. While there can be no assurance that the concession periods will be extended or reduced, any modification of the concession periods will affect the amount of toll revenue anticipated and may have an adverse effect on the Trust's business prospects, financial condition and results of operations and its ability to make distributions to Unitholders.

16. *The project SPVs, which are responsible for the operation and maintenance of the projects under the respective concession agreements, may be directed by the relevant concessioning authority to undertake, and the project SPVs will be obliged to perform, additional construction work.*

Under the terms of the concession agreements, the project SPVs are responsible for the operation and maintenance of the projects during the applicable concession periods. A concessioning authority may require a Project SPV to provide additional work and services not included in the original scope of the concession agreement. For example, if a Project SPV is required to construct additional fast tag lanes, in addition to the construction, it needs to facilitate electronic toll lanes and build weigh-in motion equipment to check for the overloading of vehicles, among other things. There is no assurance that the money spent on complying with change of scope orders will be reimbursed in a timely or complete manner by the concessioning authority.

Further, in accordance with the concession agreement, the concessioning authorities may require the project SPVs to procure capacity augmentation in relation to the projects which may result in significant capital expenditure for the project SPVs. On refusal or non-acceptance by the project SPVs to undertake such augmentation, or on the failure of the project SPVs to undertake such augmentation as per the timelines set out by the concessioning authority, the concessioning authorities may in their discretion terminate the concession agreement.

17. *Newly constructed roads or existing alternative routes may compete with the projects and result in the diversion of the vehicular traffic and a reduction of tolls that the project SPVs can collect.*

Under the terms of the concession agreements entered into by the project SPVs with a toll component, the relevant concessioning authority is entitled to construct an additional tollway for use by traffic which may serve as alternate routes to the projects after the expiry of determined time periods, depending on the terms of the concession agreements. Notwithstanding that, in some cases, the concession period will accordingly increase, the development of such an additional tollway during the subsistence of the concession agreement could compete with the relevant Project and attract users (who would have otherwise used the Project) to use the additional tollway and divert vehicular traffic from the projects, thereby reducing toll collections by the project SPVs which could have an adverse effect on their business, financial condition or results of operations.

There is no assurance that any alternative roads built or improved will not compete with the projects and have an adverse effect on the Highways Trust's business, financial condition, revenues and operations.

18. *Any inability to obtain, renew or maintain the required statutory and regulatory permits and approvals or to comply with the applicable laws may have an adverse effect on the business of the project SPVs.*

The project SPVs require certain approvals, licenses, registrations and permissions under regulations, guidelines, circulars and statutes regulated by the Indian regulatory and government authorities to be obtained at various stages and by a number of parties. There can be no assurance that the relevant authorities will issue these approvals or licenses, or renewals thereof, in a timely matter, or at all. In addition, the project SPVs are required to comply with a wide variety of Indian laws and regulations. There can be no assurance that the project SPVs are in compliance with such laws and regulations or as requested by the regulatory authorities, have obtained all necessary

RISK FACTORS (CONTD.)

approvals or that they will continue to obtain the necessary approvals or have been and will continue to be in compliance with all applicable laws and regulations. In the event of any failure to obtain or renew the approvals or if there is a delay in the obtaining of such approvals, the business and financial condition of the project SPVs could be adversely affected. Any non-compliance with the conditions of the approval may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals, and interrupt the operations of the project SPVs and may adversely affect the business, financial condition and results of operations of the project SPVs.

19. *Failure to comply with and changes in, safety, health and environmental laws and regulations in India may adversely affect the business, prospects, financial condition and results of operations of the project SPVs.*

The project SPVs are required to adhere to various environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations in India as per the requirements of the concession agreements they have entered into. If any of the project SPVs fail to meet environmental, health or safety requirements, they may also be subject to administrative, civil and criminal proceedings by government authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against the project SPVs as well as orders that could limit or halt the operations of the project SPVs. The Trust cannot assure the unitholders that the project SPVs have been and will continue to be in compliance with all environmental, health and safety and labour laws and regulations.

Further, any changes in, or amendments to, these standards or laws and regulations could further regulate the operations of the projects and could require the project SPVs to incur additional, unanticipated expenses in order to comply with these changed standards.

There can be no assurance that the project SPVs will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future. Clean- up and remediation costs, as well as damages, payment of fines or other penalties, other liabilities and related litigation, could adversely affect the business, prospects, financial condition and results of operations of the project SPVs.

20. *The current insurance coverage for the projects may not protect the project SPVs from all forms of losses and liabilities associated with their businesses.*

The project SPVs have in place various project-specific insurance policies covering the project SPVs against material damage, burglary, terrorism and all-risk policies against risk of fire and natural calamities. However, there can be no assurance that all risks are adequately insured against or that the project SPVs will be able to procure adequate insurance coverage at commercially reasonable rates in the future. Natural disasters in the future may disrupt traffic, thereby adversely affecting toll collections and causing significant disruption to the operations of the projects, and causing damage to the projects and the environment that could have an adverse impact on the business and operations of the project SPVs. In addition, not all of the above risks may be insurable on commercially reasonable terms, or at all. To the extent that the project SPVs suffer any damage or loss which is not covered by insurance, or exceeds the insurance coverage, the loss would have to be borne by the project SPVs. Further, the project SPVs have, from time to time, insurance claims pending, with respect to its insurance policies. The proceeds of any insurance claim may also be insufficient to cover rebuilding costs as a result of inflation, changes in regulations regarding infrastructure projects, environmental and other factors. The resulting costs could have an adverse effect on the Trust's business, prospects, financial condition or results of operations and no assurance can be given that losses in excess of insurance proceeds will not occur in the future.

21. *The cost of repairing and refurbishing existing equipment for operating, maintaining and monitoring the projects could be significant and could adversely affect the results of operations, cash flows and financial condition of the project SPVs.*

Some of the equipment used by the project SPVs at the projects have pre-determined useful lives and the project SPVs are required to repair or refurbish such equipment at periodical intervals, pursuant to the terms of the concession agreements. These obligations may be undertaken by the O&M contractors pursuant to O&M agreements. There can be no assurance that such replacement or refurbishment will be undertaken in a timely or efficient manner by such O&M contractors, and any increased costs to the project SPVs as a result of such replacement or refurbishment by the O&M contractors will not affect the profit margins of the project SPVs and adversely affect their cash flows.

22. *The cost of implementing new technologies for collection of tolls and monitoring our projects could materially and adversely affect our business, financial condition and results of operations.*

RISK FACTORS (CONTD.)

The future success of the project SPVs will depend, in part, on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write- down of assets. The concessioning authorities may also require the project SPVs to implement and adhere to certain technologies in connection with the projects in the future and there can be no assurance that we would be able to do so in a timely manner, or at all. Failure to successfully adopt such technologies in a cost effective and a timely manner could increase the costs of operating the projects. There is no guarantee that the cost of implementing new technologies for the projects will be fully reimbursed by the concessioning authority and any such cost may therefore have an adverse effect on our business, results of operations and financial condition.

23. *The business and financial performance of the Highways Trust, the operations of the projects and any future projects that the Highways Trust may acquire, are significantly dependent on the policies of, and relationships with, various government entities in India and could be affected if there are adverse changes in such policies or relationships.*

The operations of the projects and any future projects that the Highways Trust may acquire, are and will be significantly dependent on various central and state government entities, in terms of policies, incentives, budgetary allocations and other resources provided by these entities for the surface transportation industry, as well as the terms of the contractual arrangements, concessions and other incentives available from these government entities for the projects. Sustained increases in budgetary allocations by the GoI and various state governments for investments in the infrastructure sector, the development of structured and comprehensive infrastructure policies that encourage greater private sector participation and increased funding by international and multilateral development financial institutions in infrastructure in India have resulted in, and are expected to continue to result in, an increase in the amount of transportation infrastructure projects undertaken in India. Any adverse change in the focus or policy framework regarding infrastructure development or the surface transportation industry, of or change in the Highways Trust's relationships with the GoI or various government entities in India, could adversely affect the projects, the opportunities for the Highways Trust to secure new projects and the business, financial condition and results of operations of the Trust.

In addition, the projects in which government entities participate may be subject to delays, extensive internal processes, policy changes, changes due to local, national and internal political pressures and changes in governmental or external budgetary allocation and insufficiency of funds. Since government entities are responsible for awarding concessions and are parties to the development and operations of projects, projects are directly and significantly dependent on their support. Any withdrawal of support or adverse changes in their policies may lead to the agreements being renegotiated and could also adversely affect the financing, capital expenditure, revenues, development or operations relating to the Projects.

24. *The project SPVs and Projects may be subject to legal or regulatory action and the Highways Trust may be required to incur substantial expenses in defending any such actions and there is no assurance that the project SPVs will be successful in defending such actions.*

Certain project SPVs are involved in legal proceedings which are pending at different levels of adjudication before various courts, tribunals and regulatory authorities. In addition, arbitration and litigation proceedings in India can be time consuming and the project SPVs may have to incur costs and devote considerable resources towards defending the outstanding legal proceedings. There is no assurance that the legal proceedings will be decided in favour of the relevant project SPVs.

25. *The Sponsor, Investment Manager, Project Manager and/or their respective associates, and the Trustee are or may, from time to time, be involved in legal proceedings, which if determined against such parties, may have an adverse effect on the reputation, business and results of operations of the Highways Trust.*

The Sponsor, Investment Manager, Project Manager and/or their respective associates, and the Trustee are or may, from time to time, be involved in certain legal proceedings, including in relation to criminal matters, tax matters, civil and arbitration proceedings, which are or may be pending at different levels of adjudication before various courts, tribunals and appellate authorities. There is no assurance that these legal proceedings and regulatory matters will be decided in favour of the respective entities.

26. *The project SPVs may be held liable for the payment of wages to the contract labourers engaged indirectly in the operations of the Highways Trust.*

The project SPVs or the O&M contractors may appoint independent contractors who, in turn, engage on-site contract labour to perform certain operations. Some of the project SPVs have obtained the relevant registrations under the Contract Labour (Regulation and

RISK FACTORS (CONTD.)

Abolition) Act, 1970 (the "Contract Labour Act") for certain locations where workmen are employed through contractors or agencies licensed under the Contract Labour Act. Although the project SPVs do not engage the labourers directly, in the event of default by any independent contractor, the relevant Project SPV may be held responsible for any wage payments and other statutory benefits due to the labourers of such contractor. Any violation of the provisions of the Contract Labour Act by a Project SPV may result in penalties pursuant to the provisions of the Contract Labour Act. If any of the project SPVs are required to pay the wages of contracted workmen and subjected to other penalties under the Contract Labour Act, the reputation, results of operations, cash flows and financial condition of the Highways Trust could be adversely affected.

27. *The results of operations of the project SPVs could be adversely affected by strikes, work stoppages or increased wage demands by the employees of the Project SPV, O&M contractors or other sub-contractors.*

Under the O&M agreements, the project SPVs have engaged the O&M Contractors to conduct all O&M activities required under the respective concession agreements apart from certain services being provided by HC1. In the event of any strikes or work stoppages by employees of the Project SPV itself, the O&M Contractors or other sub-contractors due to increased wage demands or the inability of the Project SPV, O&M Contractors or other sub-contractors to either retain or recruit employees and sub-contractors with suitable credentials, the ability of the project SPVs to collect tolls and maintain and operate the projects will be adversely affected. In addition, any disruption to the services provided by the employees of the Project SPV, the O&M Contractors or other sub-contractors will have an adverse effect on the operations of the project SPVs. There can be no assurance that future disruptions will not be experienced due to disputes or other problems with the work force, which may adversely affect the business and results of operations of the project SPVs.

28. *The project SPVs have experienced losses in previous years and any losses in the future could adversely affect the Highways Trust's business, financial condition and the results of its operations, its ability to make distributions and the trading price of the Units.*

The project SPVs have experienced losses for one or more Fiscals in the last three Fiscals. Under the Companies Act, 2013, companies that do not generate "distributable profits" are not permitted to pay dividends. Accordingly, any Project SPV that fails to generate such distributable profits will not be permitted to pay dividends to the Highways Trust which will adversely affect the quantum of distributions made by the project SPVs to the Highways Trust. Such change may adversely affect the Highways Trust's ability to make distributions to Unitholders.

29. *The project SPVs may be required to pay additional stamp duty if any concession agreement is subject to payment of stamp duty as a deed creating leasehold rights, or as a development agreement.*

Currently, concession agreements are treated as agreements which are not lease deeds and stamp duty ranging between ₹ 100 to ₹ 500 is typically paid for such concession agreements. Stamp duty authorities of certain states in India have issued notices to some concessionaires alleging inadequate stamp duty on the concession agreements executed between the concessionaires and the concessioning authorities. The stamp authorities allege that since the concession agreements relate to the letting of tolls to the concessionaires in the form of leases, or as development agreements, such agreements were required to be stamped as lease agreements or development agreements, as applicable.

Accordingly, concession agreements that have not been stamped as such could be considered to be inadequately stamped. The High Courts of Allahabad and Madhya Pradesh have also held that a concession agreement ought to be stamped as a lease agreement and have upheld the imposition of a higher stamp duty on such agreements.

The stamp duty for a lease agreement or a development agreement ranges between 1.0% and 11.0% of the annual rent or premium payable or the market value of the property. Furthermore, stamp duty authorities may impose penalties for payment of inadequate stamp duty, which could extend up to 10 times the amount of the stamp duty payable.

If any of the concession agreements were determined to be inadequately stamped, then such agreements would be inadmissible as evidence in any legal action, until the deficient amount of stamp duty together with penalties, if any, was paid.

Any imposition of a demand for payment of a higher stamp duty or imposition of penalty would increase the costs of the projects, to the extent such additional costs are not recoverable from the concessioning authorities, and could adversely affect the business, results of operations and prospects of the project SPVs.

30. *We have entered into material related party transactions and may continue to do so in the future, which may potentially involve conflict of interests with the Unitholders.*

RISK FACTORS (CONTD.)

The transactions resulting from the agreements entered with the project manager, investment manager and sponsor (for acquisition of our project SPVs) are related party transactions and their terms may not be deemed as favourable to us as if they had been negotiated solely amongst unaffiliated third parties.

Furthermore, it is likely that we will enter into additional related party transactions in the ordinary course of our business. The terms of such transactions may not be as favourable to us as those negotiated solely amongst unaffiliated third parties and may involve conflicts of interest. Such transactions, individually or in the aggregate, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

31. *There may not be any eligible acquisition opportunities from the Sponsor or third parties in the future, which may adversely affect the Highways Trust's business, financial condition, results of operations and prospects.*

The Trust aims to achieve portfolio growth through its acquisition growth strategy. Accordingly, in respect of future acquisitions, the Trust may depend on third parties as a source of attractive acquisition opportunities. Further, the Highways Trust may also wish to acquire certain assets from the Sponsor in the future. There can be no assurance that any such acquisition opportunities will materialise and the Trust will be able to avail of the same.

Eligible acquisition opportunities from third parties (including the two share purchase agreements entered) may also not materialise or the Trust may face increased competition from other InvITs and third parties, which may cause the price at which the Highways Trust is able to acquire a given asset to not be financially desirable.

An inability to grow through prudent acquisitions may adversely affect the Trust's business, financial condition and results of operations.

The acquisitions of five assets covered under share purchase agreement(s) entered into by Trust is subject to satisfaction of certain conditions which include approval from concessioning authorities and lenders to the assets. There is no certainty that these will be obtained (if at all) in a timely manner and the failure to complete the acquisition of the assets may adversely impact the financial condition of the Trust.

32. *The Trust may not be able to successfully fund future acquisitions of new projects due to the unavailability of equity financing on acceptable terms, which could impede the implementation of its acquisition strategy and negatively affect its business.*

The Trust may fund the consideration (in whole or in part) for future acquisitions through the issuance of additional Units. Such issuances may result in the dilution of the interests in the Highways Trust held by existing unitholders. The Highways Trust may not be able to complete the issuance of the required number of Units on short notice or at all due to a lack of investor demand for the Units at prices that it considers to be in the interests of then- existing Unitholders. As a result of a lack of funding, the Trust may not be able to pursue its acquisition strategy successfully. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

Further, in addition to compliance with the provisions of the SEBI InvIT Regulations, due to the Sponsor being a non- resident entity, any future investment by us in holding companies or project SPVs may also be subject to the investment conditions prescribed under the extant foreign exchange regulations for investment in infrastructure sector. For example, any downstream or other investments made by us are subject to conditions under the extant foreign exchange regulations for investment in infrastructure sector, both in terms of investments and divestments.

33. *The use of additional leverage by the Investment Manager and the Trust are subject to risks. Further, the Trust may not be able to successfully fund future acquisitions of new projects due to the unavailability of debt financing, which could impede the implementation of its acquisition strategy and negatively affect its business*

The Trust's total outstanding consolidated net debt after full utilization of the Issue Proceeds, will be within the regulatory requirement of 49% of the value of the InvIT Assets upon completion of the Issue (net of cash and cash equivalents) as specified under the SEBI InvIT Regulations. Under the terms of the InvIT Regulations, the consolidated borrowings and deferred payments of the Highways Trust, net of cash and cash equivalents, cannot exceed 49% of the value of the assets of Trust until certain conditions are met, and cannot exceed 70% of the value of the assets of Trust until, amongst others, the Highways Trust has made six consecutive distributions to unitholders. Further, if the consolidated borrowings of the Trust exceed 25% of the value of the assets of the Trust, further borrowings, up to 49% of the value of the assets of the Trust, would be subject to: (i) obtaining a credit rating from a credit rating agency registered with SEBI; and (ii) approval of the Unitholders, in accordance with the InvIT Regulations and Trust Deed. There is no assurance that the relevant approvals can be obtained in a timely manner, or at all. The Highways Trust may want to rely on debt to expand its portfolio

RISK FACTORS (CONTD.)

of projects through acquisitions, which may not be available on favourable terms or at all.

Although the Investment Manager will seek to use leverage in relation to the Trust in a manner it believes is prudent and manage the Trust according to the Investment Objectives, the use of leverage will generally magnify both the opportunities for gain and risk of loss from any given asset. The cost and availability of leverage is variable and it is not always possible to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that will limit distributions made by the Highways Trust or appreciation of its investments. An increase in interest rates may decrease the profitability of the Trust or any of the project SPVs.

Further, debt financing to fund the acquisition of a project may not be available in accordance with applicable law, or may not be available on acceptable terms. Restrictions imposed by the Reserve Bank of India may limit the Highways Trust's ability to borrow overseas for projects under development and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals or borrowing in foreign currencies will be granted to the Highways Trust without onerous conditions, or at all.

Debt financing may increase the Trust's vulnerability to general adverse economic and industry conditions by limiting its flexibility in planning for or reacting to changes in its business and its industry. The Trust will also be subject to the risk that certain covenants in connection with any future borrowings may limit or otherwise adversely affect its operations and its ability to make distributions to its Unitholders.

34. *It may be difficult for the Trust to dispose of its non- performing assets.*

    The projects may be illiquid as a result of the current market condition or the limited residual life of the projects, among other things. In the event that the projects are performing poorly, the Highways Trust may experience difficulty in realising, selling or disposing its shareholding in a Project at the appropriate time or at all or at an attractive price, and this may have an adverse effect on the business, prospects, financial condition and results of operations of the Highways Trust.

RISKS RELATING TO OUR ORGANISATION AND STRUCTURE

35. *Our success depends in large part upon the Investment Manager and Project Manager, the management and personnel that they employ, and their ability to attract and retain such persons.*

    Our ability to make consistent distributions to our Unitholders depends on the continued service of management teams and personnel of the Investment Manager and Project Manager. Each of the Investment Manager and Project Manager may face challenges in recruiting and retaining a sufficient number of suitably skilled personnel. Generally, there is significant competition for management and other skilled personnel in our industry in India, and it may be difficult to attract and retain the skilled personnel that the Investment Manager and Project Manager need for our operations. Furthermore, the Investment Manager and Project Manager may not be able to adequately re-deploy and re-train their employees to keep pace with evolving industry standards and changing customer preferences. The loss of key personnel of either of the Investment Manager or the Project Manager, may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows of the Highways Trust.

36. *The Investment Manager has limited experience in investment management activities for an InvIT and may not be able to successfully implement its investment strategy for and Investment Objectives of the Highways Trust or to manage the Highways Trust's growth effectively.*

    The Investment Manager, and its directors and employees have limited experience in investment management activities for an InvIT.

    Further, there can be no assurance that the Investment Manager will be able to implement its investment strategy or Investment Objectives successfully or that it will be able to expand the portfolio of the Highways Trust at all, or at any specified rate or to any specified size or make distributions as projected. The results of the operations of the Highways Trust will depend on many factors, including but not limited to, its ability to operate and manage the projects efficiently, changes in the regulatory framework, competition for assets or macro-economic condition. These factors will, in turn, affect the availability of further opportunities for the acquisition of road assets and the availability of finance to achieve leverage. The Highways Trust will be relying on external sources of funding to expand its asset portfolio, which may not be available on favourable terms, or at all. Even if the Highways Trust is able to successfully acquire additional road assets, portfolio growth and expansion could place significant demands on the management and administrative resources of the Investment Manager and the capital resources of the Highways Trust and there can be no assurance that the Highways Trust will be able to efficiently manage such assets and achieve its intended return on such acquisitions.

    The Investment Manager can also stop acting as the Investment Manager by providing notice under the Investment Management Agreement or the Highways Trust may replace the Investment

RISK FACTORS (CONTD.)

Manager in accordance with the terms of the Trust Deed. There is no assurance that the financial performance of the Trust would not be affected upon the appointment of a new investment manager.

37. *The Sponsor may be able to exercise significant influence over activities of the Highways Trust, on which, Unitholders are entitled to vote. The Sponsor's interests may be different from Unitholders.*

Under the InvIT Regulations, the Sponsor must continue to own all of its Units for one year and must own 15% of the outstanding Units for three years from the date of listing of the Units, subject to the conditions specified in the InvIT Regulations. As a result, the Sponsor, may be able to control the outcome of matters on which Unitholders are entitled to vote and for which the Sponsor is not prohibited from voting due to a conflict of interest. The interests of the Sponsor may be different from those of the Unitholders.

38. *The Trust may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders.*

The Trust is an irrevocable trust registered under the Indian Registration Act, 1908 and it may only be extinguished: (i) if it is impossible to continue with the Highways Trust or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the InvIT Regulations; (iii) if our Units are delisted from the Stock Exchange; (iv) if the SEBI passes a direction to wind up the Highways Trust or the delisting of the Units; or (v) in the event our activities are rendered illegal. Should the Trust be dissolved, depending on the circumstances and the terms upon which our assets are disposed of, there is no assurance that our Unitholders will recover all or any part of their investment.

If a default is triggered under the financing documents the Highways Trust is a party to, the Trustee will take steps to cure such default and/or to repay the affected lender by appropriate means, including divesting or liquidating the assets of the Trust or raising additional financing, in accordance with such financing documents and applicable laws. If such default is not cured, and the affected lender initiates proceedings against the Highways Trust, the Highways Trust will be terminated immediately in accordance with applicable laws. In the event of a termination of the Trust, the net assets which will be paid to the unitholders will take into account the debt, liabilities and obligations of the Highways Trust. There is no assurance that our Unitholders will recover all or any part of their investment.

39. *Information and the other rights of Unitholders under Indian law may differ from such rights available to equity shareholders of an Indian company or under the laws of other jurisdictions.*

The Trust Deed and various provisions of Indian law govern the Trust's affairs. Legal principles relating to these matters and the validity of procedures, fiduciary duties and liabilities, and Unitholders' rights may differ from those that would apply to a company in India or a trust in another jurisdiction.

40. *Parties to the Highways Trust are required to satisfy the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Highways Trust.*

Each of the parties to the Trust is required to satisfy the eligibility conditions specified in the InvIT Regulations on an ongoing basis.. We may not be able to ensure such ongoing compliance by the Sponsor, the Investment Manager, the Project Manager and the Trustee, which could result in the cancellation of the registration of the Highways Trust.

41. *We are governed by the provisions of, amongst others, the InvIT Regulations and the Securities Contracts (Regulation) Act, 1956 ("SCRA"), the implementation and interpretation of which, is evolving. The evolving regulatory framework governing infrastructure investment trusts in India may have a material adverse effect on the ability of certain categories of investors to invest in the Units, our business, financial condition and results of operations and our ability to make distributions to the Unitholders.*

The Trust has been constituted under the InvIT Regulations which were issued in 2014, as amended and supplemented with additional guidelines and circulars.

As the regulatory framework governing infrastructure investment trusts in India comprises a separate set of regulations, interpretation and enforcement by regulators and courts involves uncertainties.

The InvIT Regulations and other corresponding changes to applicable law, are largely untested in their implementation. Uncertainty in applicability, interpretation or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future and consequently, our ability to make distributions to the

RISK FACTORS (CONTD.)

Unitholders. Changes to our organizational structure, changes to our agreements, cost increases, fines, legal fees or business interruptions may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations. In addition, new costs may arise from audit, certification and/or self-assessment standards required to maintain compliance with new and existing InvIT Regulations, which may render it economically unviable to continue conducting business as an infrastructure investment trust or otherwise have a material, adverse effect on our business, financial condition, results of operations and cash flows.

Further, SEBI has the right to, with or without prior notice, order inspection of the books of accounts, records and other documents pertaining to our operations, either on its own or, upon receipt of complaint. Upon review of the inspection report, SEBI is entitled to, if it so deems appropriate (in the interest of the securities markets or our investors) (a) to require us to surrender our certificate of registration; (b) to wind-up our operations; (c) to sell our assets; (d) direct us to not operate or access the capital markets for a specified period; or (e) direct us to not do such things as SEBI may deem appropriate in the interest of our investors. Any such occurrence may have a material adverse effect on our business, result of operations, financial conditions and cash flows.

There can be no assurance that the legal framework for infrastructure trusts will not impose additional regulations and policies which could impact our operations and it is difficult to forecast how any new laws, regulations or standards or future amendments to the InvIT Regulations, the SCRA and other applicable law will affect infrastructure trusts and the infrastructure sector in India. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. We may incur increased costs and other burdens relating to compliance with such new regulations, which may also require significant time and other resources, and any failure to comply with these changes may adversely affect our business, results of operations and prospects.

42. *The reporting requirements and other obligations of infrastructure investment trusts are still evolving. Accordingly, the level of ongoing disclosures made to and the protection granted to our Unitholders may be more limited than those made to or available to shareholders of a company that has listed its equity shares upon a recognised stock exchange in India.*

    The InvIT Regulations, along with the guidelines and circulars issued by the SEBI from time to time, govern the infrastructure investment trusts in India. However, as compared with the statutory and regulatory framework governing companies that have listed their equity shares or debt securities on recognised stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving.

    Accordingly, the ongoing disclosures made to our Unitholders under the InvIT Regulations may differ from those made to shareholders of a company that has listed its equity shares on a recognised stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the rights of our Unitholders may not be as extensive as the rights of shareholders of a company that has listed its equity shares on a recognised stock exchange in India, and accordingly, the protection available to our Unitholders may be more limited than those available to such shareholders.

43. *The InvIT Regulations allow for sponsors of listed infrastructure investment trusts to be declassified from the status of sponsors subject to certain conditions. There can be no assurance that our Sponsor will not exercise its ability to be declassified as the Sponsor of the Highways Trust.*

    The InvIT Regulations, pursuant to amendments made in June 2020, permit sponsors of listed infrastructure investment trusts to be declassified from the status of sponsors subject to compliance with the prescribed conditions.

    There can be no assurance that in the future, our Sponsor, upon fulfilment of the aforementioned conditions or any other conditions that SEBI prescribes for declassifications of sponsors, will not exercise its ability to declassify itself from the status of our Sponsor.

44. *It may be difficult for the Unitholders to remove the Trustee or the Investment Manager.*

    Under the InvIT Regulations, the Trustee or the Investment Manager cannot be removed without the prior approval of Unitholders where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against such resolution. Accordingly, the Unitholders may face difficulties in removing and replacing the Trustee or the Investment Manager. Further, under the InvIT Regulations, prior approval of SEBI is required for change in the Investment Manager of the Highways Trust.

RISK FACTORS (CONTD.)

45. *Unitholders will have no vote in the election or removal of Directors in the Investment Manager and will be able to remove the Investment Manager and Trustee only pursuant to a majority resolution.*

    The Investment Manager has the responsibility of managing the Highways Trust.

    Unitholders have no vote in the election or removal of Directors in the Investment Manager. Unitholders' recourse is the removal of the Investment Manager by way of a resolution where Unitholders holding at least 60% of the Units must vote in favour of the resolution. In comparison, the Companies Act, 2013 requires the removal of a director of a public company to be by way of an ordinary resolution approved by a simple majority.

    Similarly, Unitholders may remove the Trustee only if they believe that the acts of the Trustee are detrimental to the interests of the Unitholders and by way of a resolution where the votes cast in favour of the resolution must meet the required percentage as set out in the InvIT Regulations. Further, the Investment Manager and the Trustee cannot be discharged until a suitable replacement is appointed in their place, and there can be no guarantees that a suitable replacement will be appointed, or that appointment will take place in a timely manner, or at all.

    Accordingly, as opposed to shareholders removing a director of a public company, it may not be as easy for Unitholders to remove the Investment Manager or the Trustee.

RISKS RELATING TO THE UNITS

46. *The sale or possible sale of a substantial number of Units by the Sponsor in the public market following the end of its lock- in requirement as prescribed under the InvIT Regulations could adversely affect the price of the Units.*

    Under the InvIT Regulations, the Sponsor is required to hold a minimum of 15% of our Units for a minimum period of three years from the date of listing pursuant to this Issue and the balance of its unitholding in the Highways Trust is required to be locked in for a period of one year from the date of listing of the Units.

    The Units are listed on the Stock Exchange. If the Sponsor, subsequent to the end or lapse of either of the aforesaid lock-in periods directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected.

47. *Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer or redeem Units, which may adversely impact the trading price of the Units.*

    Under foreign exchange regulations currently in force in India, transfers of units between non-residents and residents are permitted, subject to certain exceptions, if they comply with the pricing and reporting requirements specified by RBI. If a transfer of units is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by RBI, then RBI's prior approval is required.

    Additionally, unitholders who seek to convert Indian rupee proceeds from a sale of units in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

48. *Market and economic conditions may affect the market price and demand for the Units.*

    Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

49. *There is no assurance that our Units will remain listed on the stock exchange.*

    Although it is currently intended that the Units will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Units. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchange. Accordingly, Unitholders will not be able to sell their Units through trading on the Stock Exchange if the Units are no longer listed on the Stock Exchange.

50. *Any future issuance of units by us may dilute investors' Unitholding. The sale or possible sale of a substantial number of Units by the Sponsor or another significant Unitholder could adversely affect the price of the units.*

    Where new Units are issued at less than the market price of the Units, the value of an investment in the Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of units may experience a dilution of their interest in the Trust.

RISK FACTORS (CONTD.)

51. *Rights of Unitholders under Indian law may be more limited than under the laws of other jurisdictions.*

    Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and unitholders' rights may differ from those that would apply to a company in another jurisdiction. Unitholders' rights under Indian law may not be as extensive as Unitholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as unitholder in an Indian entity than as unitholder of a corporation in another jurisdiction.

52. *Changes in legislation or the rules relating to tax regimes could materially and adversely affect our business, prospects and results of operations.*

    Tax and other levies imposed by the Government and state governments may include: (i) income tax (including withholding tax and tax collection at source); (ii) wealth tax (which was withdrawn with effect from January 1, 2016); (iii) excise duty; (iv) value added tax/ central sales tax/ goods and service tax; (v) service tax; (vi) stamp duty; and (vii) other special taxes and surcharges that are introduced on a temporary or permanent basis from time to time. In some cases, these taxes and other levies may be changed from year to year and the Indian courts which interpret tax legislation may apply such interpretations with retroactive effect. Also, the Government in certain situations has the authority to change tax laws retrospectively.

53. *Tax laws are subject to changes and differing interpretations, which may adversely affect our operations and returns to the unitholders*

    Tax laws and regulations are subject to differing interpretations by tax authorities. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action, including by retrospective legislation, by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. These events may result in a material, adverse effect on our business, financial condition, results of operations and prospects. Tax authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability. In addition to the impact on our business these uncertainities will also impact the tax applicable on the distributions made to the unitholders, and unitholders should obtain regular advice on the exact impact of the taxability of the distributions received from the Trust.

CREDIT RATINGS

The Trust has been given a rating of (i) 'CRISIL AAA/Stable (Reaffirmed)' by CRISIL Ratings, for bank loan facilities aggregating to INR 8,000 million and, (ii) a rating of 'CRISIL AAA/Stable'(Reaffirmed) for non-convertible debentures aggregating to INR 6,500 million, by way of its letters dated April 12, 2023, the rationale for which is available on their website at https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/HighwaysInfrastructureTrust_April%2011,%202023_RR_316982.html. The rating has been reaffirmed by CRISIL on May 12, 2023 after considering the material developments involving execution of share purchase agreement dated May 03, 2023 for acquisition of 100% (one hundred percent) shareholding in four special purpose vehicles owned by H.G. Infra Engineering Limited, i.e., (i) H.G. Ateli Narnaul Highway Private Limited, (ii) H.G. Rewari Ateli Highway Private Limited, (iii) Gurgaon Sohna Highway Private Limited; and (iv) H.G. Rewari Bypass Private Limited. The rating is available at the following link https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/HighwaysInfrastructureTrust_May%2012,%202023_RR_319327.html.

Additionally, the Trust has been reaffirmed a rating of 'IND AAA/Stable' by India Ratings, for bank loan facilities aggregating to INR 8,000 million, non-convertible debentures aggregating to INR 6,500 million and bank guarantee limit of INR 750 million, by way of its letter dated May 2, 2023, the rationale for which is available at their website https://www.indiaratings.co.in/pressrelease/61803.

The summary of current rating is as follows:

Instrument Type	Size of Issue (INR million)	India Rating		CRISIL	
		Rating	Date of Rating	Rating	Date of Rating
Bank guarantee (BG)	750	IND AAA/Stable	May 2, 2023	-	-
Non-convertible debentures (NCDs)	6,468 (reduced from 6,500)	IND AAA/Stable	May 2, 2023	CRISIL AAA/Stable	May 12, 2023
Rupee term loan (RTL)	7,889 (reduced from 8,000.0)	IND AAA/Stable	May 2, 2023	CRISIL AAA/Stable	May 12, 2023

The rating rationale, as obtained on periodically, has been communicated to the stock exchanges on immediate basis and the same is also placed on the Trust's website: www.highwaystrust.com.

RELATED PARTY TRANSACTIONS

Update on the details of all related party transactions during the year, value of which exceeds five percent of the value of the InvIT, if any :

Please refer to note no. 31 of the Standalone Financial Statements and note no. 44 of Consolidated Financial Statements of the Trust for the March 31, 2023 which forms part of the Annual Report.

The details of all Related Party Transactions during the year, value of which exceeds five percent of value of InvIT (assets) :

A summary of the related party transactions exceeding 5% of total book value is tabulated as under:

(All amounts in INR millions)

Particulars	01 April 2022 to 31 March 2023
	(Audited)
Galaxy Investment II Pte Ltd.	
Transaction during the period	
Proceeds from issue of Compulsory convertible debentures ('CCD's')	-
Issue of unit capital	37,390.00
Investment in CCD's	3,060.00
Distribution to unit-holders^	5,426.28
Balance outstanding at the end of the period	
Unit capital	37,390.00

^ Pertains to the distributions made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital and redemption of instruments.

Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle (SPVs), in which, it has invested :

Details regarding the monies lent to the Project SPVs are as under:

Sl. No.	Lenders	Project SPVs	Date of Availment		Tenure		Amount outstanding (in INR Mn as on March 31, 2023)		Type of Instrument INR Term Loan (RTL)/ Optionally Convertible Debentures (OCDs)	
			Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
1	Highways Infrastructure Trust	UEPL	September 9, 2022	December 20, 2021	2.6 Years	30 years	1,169.65	80.00	RTL	RTL and OCDs
2	Highways Infrastructure Trust	DBCPL	September 27, 2022	Not Applicable	8.5 Years	30 years	2,699.94	600.14	RTL	RTL
3	Highways Infrastructure Trust	GEPL	September 23, 2022	December 20, 2021	13.5 Years	30 years	4,054.40	4532.38	RTL	OCDs
4	Highways Infrastructure Trust	JPEPL	November 15, 2022	December 20, 2021	13.8 Years	30 years	2,519.81	2683.83	RTL	RTL and OCDs
5	Highways Infrastructure Trust	NBL	September 23, 2022	December 20, 2021	3.5 Years	30 years	969.42	10.00	RTL	OCDs
6	Highways Infrastructure Trust	SEPL				Not Applicable				

Note:

1. During the reporting year, the Board of Directors of the Project SPVs has approved to modify terms and conditions of the Compulsory convertible debenture ("CCDs") held by Highways Infrastructure Trust ("**HIT")** in the project SPVs, inter alia to delete the compulsory convertibility clause and to allow redemption of the CCDs i.e. ("**Optionally Convertible Debentures**").

OTHER MANDATORY DISCLOSURES

Update on development of under-construction projects, if any

All the project assets of the Trust are in operation. Hence, this is not applicable during the period under review.

Revenue of the InvIT for the last 5 years, project-wise

The Trust was formed on December 3, 2021 and was registered as an Infrastructure Investment Trust under the SEBI InvIT Regulations on December 23, 2021. Accordingly, revenue details for the last 5 years is not applicable for the Trust.

Details of issue and buyback of units during the year, if any

During the year under review, the Trust issued of 4,16,00,000 units through a private placement as initial offer and 3,73,900,000 unit issued by Swap to the Sponsor under the formation transaction at a price of INR 100 per unit aggregating to INR 41,550 million and the units were got listed on the National Stock Exchange of India Limited ("**NSE**") w.e.f. August 25, 2022.

During the year under review, there was no further issue or buy back of any units by the Trust.

Past performance of the Trust with respect to unit price, distributions made and yield for the last 5 years, as applicable.

The units of the Trust got listed with NSE w.e.f August 25, 2022, therefore, past performance of the InvIT with respect to unit price and yield for the last 5 years is not applicable for the Trust during the period under review.

The details of the distributions made since listing are set out in page no. 53.

The total operating expenses of the InvIT along with detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the year.

The details of total operating expenses of the InvIT along with detailed break-up, including all fees and charges paid to the Investment Manager and any other parties are disclosed in note no. 20, 21, 31 and 37 of the standalone financial statements of the Trust for the financial year ended March 203.

Brief details of material and price sensitive information

During the period, the Investment Manager, from time to time, has been providing price sensitive details of material and price sensitive information to the stock exchanges in relation to the Trust by the Investment Manager, in accordance with the provisions of the SEBI InvIT Regulations and other applicable laws. The submitted announcements in relation to material and price sensitive information can be viewed on the Trust's website at www.highwaystrust.com.

Material Information and Events - Except otherwise specified or disclosed to the exchanges from time to time, during the period under review, there were no material changes, events or material and price sensitive information to be disclosed for the Trust.

The Trust has devised and maintained a Structured Digital Database (SDD) in compliance with Regulation 3(5) and 3(6) of SEBI (PIT) Regulations, 2015.

The policy **on UPSI and dealing in units by the parties are available on the website of the Trust at** https://highwaystrust.com/pdf/policies/Policy%20on%20UPSI%20and%20Dealing%20in%20Units%20by%20the%20Parties.pdf

Details of outstanding borrowings and deferred payments of InvIT including any credit rating, debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis

Details of outstanding borrowings: The details of outstanding borrowings are disclosed in page no. 35 of the Annual Report.

The details of debt maturity profile:

Please refer to note no. 29 of Standalone and note no. 41 of Consolidated Financial Statements.

There is no deferred payment in the Trust as on March 31, 2023.

The details of Credit Rating: Please refer the section on Credit Rating page no. 73.

The details of Gearing Ratios: Please refer to note no. 30 of Standalone and note no. 42 of Consolidated Financial Statements.

Investor Complaints

In compliance with Regulation 23 of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, read with Circular No. CIR/IMD/DF/127/2016 dated November 29, 2016, and SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/600 dated July 22, 2021 and pursuant to Regulation 13(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Statement of Investor Complaints for the Trust, issued by Link Intime India Private Limited, Registrar & Share Transfer Agent of the Trust, was submitted to the stock exchange on a quarterly basis and the can be viewed on the Trust's website at www.highwaystrust.com.

OTHER MANDATORY DISCLOSURES (CONTD.)

Table I: Details of investor complaints received and redressed during the year ended March 31, 2023 are as follows:

Particulars	All complaints including SCORES complaints	SCORES complaints
Number of investor complaints pending at the beginning of the year.	0	0
Number of investor complaints received during the year	0	0
Number of investor complaints disposed of during the year	0	0
Number of investor complaints pending at the end of the year.	0	0
Average time taken for redressal of complaints	0	0

Table II For Quarter Ending (QE) 31-MAR-2022

Particulars	All complaints including SCORES complaints	SCORES complaints
Number of investor complaints pending at the beginning of the quarter.	0	0
Number of investor complaints received during the quarter	0	0
Number of investor complaints disposed of during the quarter	0	0
Number of investor complaints pending at the end of the quarter.	0	0
Average time taken for redressal of complaints	0	0

Table III For Complaints pending during Financial Year Ended (FYE) 31-MAR-2023

	Less than 1 month	1–3 Months	3-6 Months	6-9 Months	9-12 Months	Greater than 12 Months	Total
All complaints including SCORES complaints	0	0	0	0	0	0	0
SCORES complaints	0	0	0	0	0	0	0

Table IV For Complaints pending during Quarter Ending (QE) 31-MAR-2022

	Less than 1 month	1–3 Months	3-6 Months	6-9 Months	9-12 Months	Greater than 12 Months	Total
All complaints including SCORES complaints	0	0	0	0	0	0	0
SCORES complaints	0	0	0	0	0	0	0

Table V For complaints disposed of during Financial Year Ended (FYE) 31-MAR-2023

	Less than 1 month	1–3 Months	3-6 Months	6-9 Months	9-12 Months	Greater than 12 Months	Total
All complaints including SCORES complaints	0	0	0	0	0	0	0
SCORES complaints	0	0	0	0	0	0	0

Table VI For complaints disposed of during Quarter Ending (QE) 31-MAR-2022

	Less than 1 month	1–3 Months	3-6 Months	6-9 Months	9-12 Months	Greater than 12 Months	Total
All complaints including SCORES complaints	0	0	0	0	0	0	0
SCORES complaints	0	0	0	0	0	0	0

Investor Relations Contacts

Ms. Kunjal Shah
Company Secretary and Compliance Officer
ACS No. A8978
Unit No. 316 & 317, C Wing, 3rd Floor,
Kanakia Zillion,
LBS Marg, BKC Annexe,
Mumbai 400 070, Maharashtra.
Phone: +91 7506333447
Email: kunjal.shah@highwayconcessions.com

Registrar and Transfer Agent:
Link Intime India Private Limited
247 Park C-101, 1st Floor, LBS Marg,
Vikhroli (West), Mumbai 400 083,
Maharashtra, India.
Contact person: Ajit Patankar
Phone: +91 22 4918 6000
Email: ajit.patankar@linkintime.co.in

Information of the contact person of the InvIT

Ms. Kunjal Shah
Company Secretary and Compliance Officer
ACS No. A8978
Unit No. 316 & 317, C Wing, 3rd Floor,
Kanakia Zillion, LBS Marg, BKC Annexe,
Mumbai 400 070, Maharashtra.
Phone: +91 7506333447
Email: kunjal.shah@highwayconcessions.com

OTHER MANDATORY DISCLOSURES (CONTD.)

Listing details of all listed instruments of the Trust

Name and address of the stock exchange	Security Type (privately placed)	Issue Size (INR Million)	Scrip Code/Symbol	Scrip Code/Symbol
National Stock Exchange of India Limited Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E), Mumbai-400051	Units	41,550	HIGHWAYS	
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai — 400 001	Non-Convertible Debentures (NCDs)	4,000	Series I - 974228	INE0KXY07018
	Non-Convertible Debentures (NCDs)	2,500	Series II - 974227	INE0KXY07026

Listed of Non-Convertible Debentures

During the period under review, the Board of Directors of Virescent Infrastructure Investment Manager Private Limited (the erstwhile Investment Manager of the Trust) in their meeting held on September 23, 2022, has approved the allotment 6,500 senior, secured, taxable, rated, listed, redeemable, non-convertible debt securities having a face value of INR 10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to INR 650,00,00,000/- (Rupees Six Hundred and Fifty Crores only), in 2 (two) series of (i) up to INR 400,00,00,000 (Rupees Four Hundred Crores only) (the "**Series I Debt Securities**"); and (ii) up to INR 250,00,00,000 (Rupees Two Hundred and Fifty Crores only) (the "**Series II Debt Securities**") (the Series I Debt Securities and Series II Debt Securities collectively, the "**Debt Securities**") by way of private placement ("**Issue**") and Debt Securities were got listed with BSE Limited on the BSE Debt segment on September 26, 2022.

Credit Ratings:

Please refer the section on Credit Rating page no. 73

Debenture Trustee of Debt Securities

Catalyst Trusteeship Limited
Address: Windsor, 6th floor, Office No. 604,
C.S.T Road, Kalina, Santacruz (East),
Mumbai - 400098
Phone No.: 022-49220548
Website: www.catalysttrustee.com
Email: priti.shetty@ctltrustee.com
Contact Person: Priti Shetty

Registrar of the Trust for Debt Securities:

Name: Link Intime India Private Limited
Address: 247 Park, C-101lst Floor, L B S Marg,
Vikhroli (West), Mumbai 400 083,
Maharashtra, India.
Phone No.: +91 22 4918 6000
Website: www.linkintime.co.in
Email: ajit.patankar@linkintime.co.in
Contact Person: Ajit Patankar

Statement of deviation/ variation in use of Issue proceeds:

Until March 31, 2023, there has been no deviation/ variation in use of proceeds from the initial offer of units ("**Issue Proceeds**").

The Trust, though the Investment Manager, has sought approval from its unitholders (as of the cut-off date of June 09, 2023), through postal ballot notice dated June 12, 2023, for a change in the utilization of the Issue Proceeds. The voting period on the proposed resolution ends on 17:00 hours (IST) on July 03, 2023, and the results of the Postal Ballot shall be declared on or before Wednesday, July 05, 2023.

Summarized here are the details for proposed changes in the use of Issue Proceeds. At the time of undertaking the initial offer of units of the Trust ("**Initial Offer**"), it was estimated that the expenses for the issue (consisting of fee and commissions payable to the lead managers, fee payable to legal counsels, fee and commission payable to escrow collection bank, banks, registrar and other advisors or arrangers and all other incidental and miscellaneous expenses for undertaking the formation transactions and for listing the units on the Stock Exchange(s)) ("**Issue Expenses**") will be upto INR 138.50 million. Accordingly, appropriate amounts were stated in the 'Use of Proceeds' section of the Placement Memorandum dated August 08, 2022 and Final Placement Memorandum dated August 22, 2022 (together the "**Placement Documents**").

Whilst the Investment Manager (on behalf of the Trust) has made best efforts to utilise the Issue Proceeds as per the 'Use of Proceeds' set out in the Placement Documents, however, as on March 31, 2023, the Trust has an un-utilized sum of INR 26.88 million under the head of Issue Expenses on account of reduction in actual issue expenses incurred ("**Unutilised Issue Proceeds**"). The Trust proposes to use the Unutilised Issue Proceeds for meeting the interest payment/principal repayment (including creation of Debt Service Reserve), for Non-Convertible Debentures issued /to be issued by the Trust or loans raised by the Trust, and in each case, top-up thereof.

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

for the Financial Year Ended March 31, 2023

To

The Unitholders,

Highways Infrastructure Trust
(Acting through its Investment Manager – Highway Concessions One Pvt. Ltd.)
2nd Floor, Piramal Tower, Peninsula Corporate Park,
Lower Parel, Mumbai – 400 013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Highways Infrastructure Trust (hereinafter refereed as 'the INVIT') to be ensured by Highway Concessions One Private Limited acting as Investment Manager of the INVIT (hereinafter 'the Investment Manager').** Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the secretarial audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the INVIT and also the information provided by the INVIT, its officers, and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the INVIT has, during the audit period covering the financial year ended on 31st March, 2023 (hereinafter called the '**Audit Period'**) complied with the statutory provisions listed hereunder and also that the INVIT has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the INVIT for the financial year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 **(the Act),** and the rules made there under; **(Not applicable to the INVIT during the audit period)**

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment. **(Overseas Direct Investment and External Commercial Borrowings are Not applicable to the INVIT during the audit period)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the INVIT during the audit period)**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; **(Not applicable to the INVIT during the audit period)**

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the INVIT during the audit period)**

e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable to the INVIT during the audit period)**

f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021**; (Not Applicable to the INVIT during the Audit Period);**

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the INVIT during the Audit Period)**

j. Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("**InvIT Regulations**")

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not applicable to the INVIT during the audit period)**

SECRETARIAL AUDIT REPORT (CONTD.)

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 to the extent applicable to the INVIT. ("Listing Regulations");

Further, the INVIT being High Value Debt Listed Entity, it is complying with the provisions of Listing Regulations on Comply and Explain basis and is in the process of full compliance.

During the period under review, the INVIT has complied with the provisions of the above Rules, Regulations, Guidelines and Standards made there under. The Company has duly made the payment of Interest and Principal (part/partial redemption) of secured, rated, listed Non-Convertible Debentures in accordance with the redemption schedule of debenture trust deed and the intimation under Regulation 57(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was disseminated with the Stock Exchanges for the quarter ended 31st December, 2022 in pdf format and has uploaded such intimation on their website. However, XBRL Intimation for payment of debenture interest dated 28th December, 2022 is not filed to BSE Limited as per BSE Circular dated 15th September, 2021, and in two instances there were delay in intimation of record date to BSE Limited under regulation 60(2) of listing regulation.

We further report that

The Governing Board of the **Investment** Manager of the INVIT is duly constituted with proper balance of Executive Member, Non-Executive Members, and Independent Members. The changes in the composition of the Governing Board of the **Investment** Manager that took place during the audit period were carried out in compliance with the applicable provisions.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent with required compliances and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Governing Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Governing Board or Committee of the Board, as the case may be.

For the purpose of checking the compliances of the InvIT regulations where certificates were issued by independent third parties such as valuer and auditors, we have relied upon the certificates and reports given by them.

We further report that there are adequate systems and processes in the INVIT commensurate with the size and operations of the INVIT to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the INVIT has:

- The Company has allotted total 41,55,00,000 units to the unitholders by way of fresh issue as under: -
  - i. Issued, allotted and listed 37,39,00,000 units to the Sponsor by way of a swap arrangement of project special purpose vehicles acquired from Sponsor via private placement in accordance with the final placement memorandum.
  - ii. Issued, allotted and listed 4,16,00,000 units to eligible investors via private placement in accordance with the final placement memorandum.
- Issued, allotted and listed 7.71% Secured, Guaranteed, Senior, Taxable, Non-Cumulative, Rated, Redeemable, Non-Convertible Debentures ("Series I") amounting to INR 4,00,00,00,000 and 8.25% Secured, Guaranteed, Senior, Taxable, Non-Cumulative, Rated, Redeemable, Non-Convertible Debentures ("Series II") amounting to INR 25,00,00,000 through private placement The debentures (Series I and II) have been redeemed in accordance with the redemption schedule as provided in debenture trust deed.
- Changed the Investment manager of the INVIT from Virescent Infrastructure Investment Manager Private Limited to Highway Concession One Private Limited.
- Changed the Project manager of the INVIT from Virescent Renewable Energy Project Manager Private Limited to HC One Project Manager Private Limited.

For MMJB & Associates LLP
Company Secretaries

Bhavisha Jewani
Partner
FCS: 8503
CP: 9346
PR: 2826/2022
UDIN: F008503E000336523

Date: May 19, 2023
Place: Mumbai

***This report is to be read with our letter of event date which is annexed as Annexure A and forms an integral part of this report.**

SECRETARIAL AUDIT REPORT (CONTD.)

Annexure A

To

The Unitholders,

Highways Infrastructure Trust
(Acting through its Investment Manager – Highway Concessions One Pvt. Ltd.)
2nd Floor, Piramal Tower, Peninsula Corporate Park,
Lower Parel, Mumbai – 400 013.

Our report of event date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the INVIT. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the INVIT.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the INVIT nor of the efficacy or effectiveness with which the management has conducted the affairs of the INVIT.

For MMJB & Associates LLP
Company Secretaries

Bhavisha Jewani
Partner
FCS: 8503
CP: 9346
PR: 2826/2022
UDIN: F008503E000336523

Date: May 19, 2023
Place: Mumbai

FORM NO. MR.3

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES

for the Financial Year Ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

M/s Godhra Expressways Private Limited

316-317, 'C' Wing, 3rd Floor, Kanakia Zillion,
L.B S. Marg, BKC Annex, Kurla (W)
Mumbai , MH-400070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Godhra Expressways Private Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with ***Annexure 1*** attached to this report:-:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the Audit Period)**

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); **(Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB) are Not applicable during the audit period)**

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(to the extent applicable as Material Subsidiary)**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 **(Not applicable to the Company during the Audit Period**)

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)** ;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**

*The Company being a material subsidiary of Highway Infrastructure Trust ("HIT"), directors and certain employees of the Company have been categorised as Designated Persons and are covered by the Code of Conduct under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, of Highway Infrastructure Trust ("HIT").

VI. Following specific regulation is applicable to the Company:

The Company has complied with provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014**. (To the extent Applicable)**

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Listing Agreement entered into by the Company with Stock Exchange. **(Not Applicable during the period under Review)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines to the extent applicable, Standards, etc. mentioned above.

Based on the information received and records maintained, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. *However the Nominee Director of previous Investment Manager of Highway Infrastructure Trust (i.e. Virescent Infrastructure Investment Manager Private Limited) were continued as a Nominee Director of present Investment Manager of Highway Infrastructure Trust (i.e. Highway Concessions One Private Limited)*

2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings along with agenda and detailed notes on agenda except at shorter notice wherever required and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting in compliance of the Act.

3. Majority decision is carried through and recorded in the minutes of the Meetings. Further as informed, no dissent was given by any director in respect of resolutions passed in the board and committee meetings.

Based on the compliance mechanism established by the company and on the basis of the Compliance Certificate (s) placed and taken on record by the Board of Directors at their meeting (s), **we further report that;**

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has not incurred any specific event / action that can have major bearing on the company's affairs in pursuance of above referred laws, rules, regulations; guidelines, standards etc. except as follows-

i. SPA was executed between Virescent Infrastructure Investment Manager Private Limited and Galaxy Investments II Pte. Ltd., Highways Infrastructure Trust, and the Company on 08.08.2022 for transferring of the Equity shares including transfer of beneficial interest of the nominee shares. In compliance to the aforesaid agreements, the entire shareholding of Galaxy Investments II Pte. Ltd i.e. 2,33,80,840 Equity Shares of Rs, 10/- each was transferred to Highways Infrastructure Trust on 23.08.2022 and Transfer of 2,30,16,554 Compulsory Convertible Debentures (CCDs) of Rs. 100/- each to Highways Infrastructure Trust by Galaxy Investments II Pte. Ltd.

ii. SPA was executed between Virescent Infrastructure Investment Manager Private Limited and Galaxy Investments II Pte. Ltd., Highways Infrastructure Trust, and the Company on 08.08.2022 for transferring of the 2,79,24,804 Compulsory Convertible Debentures (CCDs) of Rs. 100/- each to Highways Infrastructure Trust, in compliance of the agreement it was transferred to Highways Infrastructure Trust on 26.08.2022

5,09,41,358, Compulsorily Convertible Debentures ("CCDs) held by Highways Infrastructure Trust of Rs.100/- each were converted into OCD's by way of Circular resolution passed on 19/12/2022

iii. The terms and conditions of the Unsecured, Unlisted Compulsory Convertible Debentures (CCDs) were modified; the date of payment of Interest has been altered.

iv. Partial Repayment of 5,09,41,358 Unsecured Optionally Convertible Debentures (OCDs) of INR 100 each for an amount of INR 56,17,58,000/- as approved in the Board Meeting held on 24.01.2023

v. Reduction of Share Capital- The Company has approved the Reduction of Equity Share Capital which shall result in cancellation of 32,25,807 Equity shares out of 2,33,80,840 of Rs. 10/- each amounting to Rs.153,22,58,325/- at Rs. 475 per Equity shares subject to approval of the NCLT (Mumbai Bench).

For J Kathuria & Associates
Company Secretaries

(JUHI KATHURIA)
Company Secretary in Whole time Practice
M.No. 38056
COP No. 14913
Peer Review No. 3365/2023
UDIN: A038056E000163491

Date: April 21, 2023
Place: New Delhi

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Annexure 1

To,

The Members,

M/s Godhra Expressways Private Limited
316-317, 'C' Wing, 3rd Floor, Kanakia Zillion,
L.B S. Marg, BKC Annex, Kurla (W)
Mumbai , MH-400070

Subject: Our Secretarial Audit for the Financial Year ended March 31, 2023 of even date is to be read along with this letter.

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis to our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and for which we relied on the report of statutory auditor.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. As per the information provided by the Company, there are no pending cases filed by or against the company which will have major impact on the company.

For J Kathuria & Associates
Company Secretaries

(JUHI KATHURIA)
Company Secretary in Whole time Practice
M.No. 38056
COP No. 14913
Peer Review No. 3365/2023
UDIN: A038056E000163491

Date: April 21, 2023
Place: New Delhi

FORM NO. MR.3

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES

for the Financial Year Ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

M/s Shillong Expressway Private Limited
316-317, 'C' Wing, 3rd Floor, Kanakia Zillion,
L.B S. Marg, BKC Annex, Kurla (W)
Mumbai , MH-400070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shillong Expressway Private Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with ***Annexure 1*** attached to this report:-:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the Audit Period)**

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); **(Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB) are Not applicable during the audit period)**

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(to the extent applicable as Material Subsidiary)**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 **(Not applicable to the Company during the Audit Period**)

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)** ;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**

*The Company being a material subsidiary of Highway Infrastructure Trust ("HIT"), directors and certain employees of the Company have been categorised as Designated Persons and are covered by the Code of Conduct under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, of Highway Infrastructure Trust ("HIT").

VI. Following specific regulation is applicable to the Company:

The Company has complied with provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014**. (To the extent Applicable)**

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Listing Agreement entered into by the Company with Stock Exchange. **(Not Applicable during the period under Review)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, and Guidelines to the extent applicable, Standards, etc. mentioned above.

Based on the information received and records maintained, we further report that:

5. The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. *However the Nominee Director of previous Investment Manager of Highway Infrastructure Trust (i.e. Virescent Infrastructure Investment Manager Private Limited) were continued as a Nominee Director of present Investment Manager of Highway Infrastructure Trust (i.e. Highway Concessions One Private Limited)*

   Adequate notice of at least seven days was given to all directors to schedule the Board Meetings along with agenda and detailed notes on agenda except at shorter notice wherever required and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting in compliance of the Act.

6. Majority decision is carried through and recorded in the minutes of the Meetings. Further as informed, no dissent was given by any director in respect of resolutions passed in the board and committee meetings.

   Based on the compliance mechanism established by the company and on the basis of the Compliance Certificate (s) placed and taken on record by the Board of Directors at their meeting (s), w**e further report that;**

   There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

   We further report that during the audit period the company has not incurred any specific event / action that can have major bearing on the company's affairs in pursuance of above referred laws, rules, regulations; guidelines, standards etc. except as follows-

i. SPA was executed between Virescent Infrastructure Investment Manager Private Limited and Galaxy Investments II Pte. Ltd., Highways Infrastructure Trust, and the Company on 08.08.2022 for transferring of the Equity shares including transfer of beneficial interest of the nominee shares. In compliance to the aforesaid agreements, the entire shareholding of Galaxy Investments II Pte. Ltd i.e.5,00,000 Equity Shares was transferred to Highways Infrastructure Trust on 23.08.2022 and Transfer of 18,17,000 6% Non Cumulative Redeemable Preference Shares (CCPs) of Rs. 300/- each to Highways Infrastructure Trust by Galaxy Investments II Pte. Ltd noted by way of circulation on 26.08.2022

ii. The 100 % Equity shares of the Company were pledged against a Debt of Rs. 15,000 Millions to Catalyst Trusteeship Limited

iii. The terms and conditions of the 6 % Non- cumulative Redeemable Preference Shares modified; the date of payment of has been altered.

iv. Partial Redemption of 9,08,500, 6 % Non Cumulative Redeemable Preference Shares (CCPs) of Rs. 300/- approved in the Board Meeting held on 07.11.2022.

v. Withdrawal of Capital reduction Application

   On 20.10.2020, the Company has filed a capital reduction application with the National Company Law Tribunal (NCLT), Mumbai bench. The reduction in the preference share capital shall be effected by way of:-

- cancellation / reduction of 18,17,000 (Eighteen Lakhs Seventeen Thousand) 6% Non-Cumulative Redeemable Preference Shares, of INR 10/- (Indian Rupees Ten) each fully paid at an aggregate consideration of INR 54,51,00,000/-. (Indian Rupees Fifty Four Crores Fifty One Lakhs only). Such Consideration will be discharged by payment of cash consideration to the extent of INR 15,00,00,000/ (Indian Rupees Fifteen Crores Only) and rest by way of issue of 3951 1% Unsecured Non-Convertible Debentures of face value of INR 1,00,000/- (Indian Rupees One Lakh Lakh) each, to be issued at par, to the holder of the Preference Shares .

- 18,17,000 (Eighteen Lakhs Seventeen Thousand) Preference Shares of INR 10/- each so reduced, shall stand cancelled, extinguished and

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

rendered invalid, without any further act or deed by the Company or by the shareholders of the Company.

However the Company has withdrawal the application as the existing preference shareholders i.e. India Infrastructure Fund II have informed the company that they are proposing to sell the same to an identified buyer. Accordingly the EOGM were called on 27.05.2022 of preference shareholders and on 30.05.2022 of Equity Shareholders their consent has been accorded and withdrawal Application was made and the order was received on 28th June, 2022 by NCLT, Mumbai

For J Kathuria & Associates
Company Secretaries

(JUHI KATHURIA)
Company Secretary in Whole time Practice
M.No. 38056
COP No. 14913
Peer Review No. 3365/2023
UDIN: A038056E000163456

Date: April 21, 2023
Place: New Delhi

Annexure 1

To,

The Members,

M/s Shillong Expressway Private Limited
316-317, 'C' Wing, 3rd Floor, Kanakia Zillion,
L.B S. Marg, BKC Annex, Kurla (W)
Mumbai , MH-400070

Sub: Our Secretarial Audit for the Financial Year ended March 31, 2023 of even date is to be read along with this letter.

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis to our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and for which we relied on the report of statutory auditor.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. As per the information provided by the Company, there are no pending cases filed by or against the company which will have major impact on the company.

For J Kathuria & Associates
Company Secretaries

(JUHI KATHURIA)
Company Secretary in Whole time Practice
M.No. 38056
COP No. 14913
Peer Review No. 3365/2023
UDIN: A038056E000163456

Date: April 21, 2023
Place: New Delhi

FORM NO. MR.3

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES

for the Financial Year Ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
NIRMAL BOT LIMITED
CIN: U45201MH2006PLC164728
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion, LBS Marg, BKC Annexe
Mumbai – 400070

Date of Incorporation: 19/09/2006
Authorized Share Capital: 35,00,00,000
Paid-up Share Capital: 31,50,00,000

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NIRMAL BOT LIMITED** (CIN: U45201MH2006PLC164728) (hereinafter called "**the Company**"/ **"Project SPVs to Highways Infrastructure Trust"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the financial year ended on **March 31, 2023** generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **March 31, 2023** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under – Not Applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not Applicable

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi. Following specific law is applicable to the Company:

   The Company has complied with the provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 – Complied to the extent applicable during the audit period

We have also examined compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Adequate notice is given to all Directors to schedule Board and Committee Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board and Committees meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events/ actions having major bearing on the Company's affairs had taken place:

1. The Company has made pre-payment/ early full redemption of 9.38%, 2760 Listed, Secured, Rated, Taxable, and Redeemable Non-Convertible Debentures at par amounting to Rs. 119,64,01,406/- (including principal prepayment & interest incurred thereon), on 23rd September, 2022.
2. The Company has delisted 9.38%, 2760 Listed, Secured, Rated, Taxable, and Redeemable Non-Convertible Debentures of the Company of Rs. 10,00,000/- each aggregating to Rs. 2,76,00,00, 000/- (the "Debentures/NCDs") from the BSE Limited.
3. The Company has changed the terms of Compulsory Convertible Debentures held by Highways Infrastructure Trust by deleting the compulsorily convertibility clause and allowed redemption of the CCDs i.e. ("Optionally Convertible Debentures – OCD's"). Further Company has partially repaid/redeemed 33,11,246 OCDs of Face value Rs. 100/- each amounting to Rs. 32,11,24,600.

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159524

Place: Mumbai
Date: April 21, 2023

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure - A

To,
The Members,
NIRMAL BOT LIMITED
CIN: U45201MH2006PLC164728
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion, LBS Marg, BKC Annexe
Mumbai – 400070

Our report of even date is to be read along with this letter:

Management's responsibility

The Management along with the Board of Directors are responsible for ensuring that the Company complies with the provisions of all applicable laws and maintains the required statutory records and documents in the prescribed manner.

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Basis for Opinion

1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159524

Place: Mumbai
Date: April 21, 2023

FORM NO. MR.3

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES

for the Financial Year Ended March 31, 2023

[Pursuant to Regulation 24A of Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015]

To,
The Members,
DEWAS BHOPAL CORRIDOR PRIVATE LIMITED
CIN: U45203MH2007PTC170813
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion,LBS Marg, BKC Annexe
Mumbai - 400070

Date of Incorporation: 14/05/2007
Authorized Share Capital: 70,00,00,000
Paid-up Share Capital: 9,52,630

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DEWAS BHOPAL CORRIDOR PRIVATE LIMITED** (CIN: U45203MH2007PTC170813) (hereinafter called "**the Company**"/ **"Project SPVs to Highways Infrastructure Trust"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the financial year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **March 31, 2023** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under – Not Applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable

iv. Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 – Not Applicable

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not Applicable

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021- Not Applicable

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Complied to the extent applicable during the audit period.

vi. Following specific regulation is applicable to the Company:

   The Company has complied with provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 - Complied to the extent applicable during the audit period.

We have also examined compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Adequate notice is given to all Directors to schedule Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board and Committees meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events/ actions having major bearing on the Company's affairs had taken place:

1. The Company has redeemed 17,000, Secured, Non-convertible debentures at a par amounting to Rs. 1,60,87,04,354 on 27th September, 2022.
2. The Company has reduced the paid-up share capital from 10,00,000/- to Rs. 9,52,630/- at Rs. 1,26,691/- per equity shares aggregating to Rs. 60,01,35,267/- by vide special resolution dated 19th October, 2022 and Hon'ble NCLT order dated 10th February, 2023.
3. The Company has declared & paid Interim dividend in accordance with the provision of section 123 of Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014 and the details of the same are as follows

Date of Declaration	Interim Dividend Amount (in Rs.)
November 11, 2022	103,22,05,000
January 24, 2023	61,00,00,000

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159590

Place: Mumbai
Date: April 21, 2023

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure - A

To,
The Members,
DEWAS BHOPAL CORRIDOR PRIVATE LIMITED
CIN: U45203MH2007PTC170813
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion, LBS Marg, BKC Annexe
Mumbai - 400070

Our report of even date is to be read along with this letter:

Management's responsibility

The Management along with the Board of Directors are responsible for ensuring that the Company complies with the provisions of all applicable laws and maintains the required statutory records and documents in the prescribed manner.

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Basis for Opinion

1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159590

Place: Mumbai
Date: April 21, 2023

FORM NO. MR.3

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES

for the Financial Year Ended March 31, 2023

[Pursuant to Regulation 24A of Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation, 2015]

To,
The Members,
ULUNDURPET EXPRESSWAYS PRIVATE LIMITED
CIN: U45203MH2006PTC265580
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion, LBS Marg, BKC Annexe
Mumbai – 400070

Date of Incorporation: 20/03/2006
Authorized Share Capital: 350,00,00,000
Paid-up Share Capital: 264,55,23,650

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ULUNDURPET EXPRESSWAYS PRIVATE LIMITED** (hereinafter called "**the Company**"/ **"Project SPVs to Highways Infrastructure Trust"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the financial year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **March 31, 2023** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under – Not Applicable

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable

iv. Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 – Not Applicable

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – Not Applicable

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021- Not Applicable

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Complied to the extent applicable during the audit period.

vi. Following specific regulation is applicable to the Company:

   The Company has complied with provisions of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 - Complied to the extent applicable during the audit period.

We have also examined compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Adequate notice is given to all Directors to schedule Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific events/ actions having major bearing on the Company's affairs had taken place:

1. The Company has redeemed 26470, Secured, Non-convertible debentures at a par amounting to Rs. 1,59,56,84,418/-
2. The Company has filed a petition with the Hon'ble National Company Law Tribunal, Mumbai Bench (the "Tribunal") on December 02, 2022 for reduction of 16,76,96,382 Equity Shares of Rs. 10/- each, fully paid-up out of total existing paid-up equity share capital of the Company of Rs. 2,64,55,23,650/- divided into 26,45,52,365 equity shares of Rs. 10/- each and that such reduction shall be effected by returning to the shareholders INR 11.33 per equity share, aggregating to an amount of INR 190,00,00,008/-, which shall be kept outstanding as a loan to the Company on the terms and conditions mutually agreed.

   Post the reduction, the paid-up equity share capital shall be reduced to 9,68,55,983 Equity shares of Rs. 10/- each, fully paid up.
3. The Company has changed the terms of Compulsory Convertible Debentures held by Highways Infrastructure Trust by deleting the compulsorily convertibility clause and allowed redemption of the CCDs i.e. ("Optionally Convertible Debentures – OCD's"). Further the Company has partially repaid/redeemed 21,90,493 OCDs of face value Rs. 100/- each amounting to Rs. 20,90,49,300/-.

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159557

Place: Mumbai
Date: April 21, 2023

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARIES (CONTD.)

Annexure - A

To,
The Members,
ULUNDURPET EXPRESSWAYS PRIVATE LIMITED
CIN: U45203MH2006PTC265580
Unit No 316 & 317, C Wing, Third Floor,
Kanakia Zillion, LBS Marg, BKC Annexe
Mumbai – 400070

Our report of even date is to be read along with this letter:

Management's responsibility

The Management along with the Board of Directors are responsible for ensuring that the Company complies with the provisions of all applicable laws and maintains the required statutory records and documents in the prescribed manner.

Auditor's responsibility

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS.

Basis for Opinion

1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dhrumil M. Shah & Co. LLP
Practising Company Secretaries
ICSI URN: L2023MH013400
PR: 3147/2023

Dhrumil M. Shah
Partner
FCS 8021 | CP 8978
UDIN: F008021E000159557

Place: Mumbai
Date: April 21, 2023

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Highways Infrastructure Trust

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Highways Infrastructure Trust ('the Trust'), which comprise the Standalone Balance Sheet as at 31 March 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Unit Holders equity for the year then ended, the Standalone Statement of Net Assets at Fair Value as at 31 March 2023, the Standalone Statement of Total Returns at Fair Value and the Standalone Statement of Net Distributable Cash Flows for the year then ended, and notes to the standalone financial statements, including and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') as defined in the Rule 2(1)(a) of the companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Trust as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in unitholder's equity for the year ended on that date, the net assets at fair value as at 31 March 2023, the total returns at fair value and net distributable cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SA's) and other pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Trust in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
A. **Impairment assessment of non-current investments in and loans given to subsidiaries** Refer note 2B(f) for significant accounting policies and note 3, 4, 6, 9 and note 22 of the standalone financial statements of the Trust for the year ended 31 March 2023. The Trust has aggregate investment (net) in equity instruments of subsidiaries of ₹ 29,056.38 millions carried at cost in accordance with Ind AS 27, Separate Financial Statements ('Ind AS 27'), investment in preference shares and optionally convertible debentures (OCDs) aggregating to ₹ 7,395.59 millions carried at amortised cost in accordance with IND AS 109, Financial Instruments ('Ind AS 109') and loans given to subsidiaries amounting to ₹ 12,456.86 millions outstanding as at 31 March 2023. The Trust has assessed impairment of these investments and loans since recoverability of the investments and loans is significantly dependent upon valuations of the assets held and cash flow projections of these investee companies.	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of the Trust's policies and procedures to identify impairment indicators for investments and loans, and process for fair valuation of investments and loans; b) Evaluated the design of key controls implemented for identification of impairment indicators, and for fair valuation of investments and loans including controls around cash flow projections; c) Verified underlying supporting documents for all significant investments made during the year to ensure that the transaction have been accurately recorded in the standalone financial statements in accordance with Ind AS 27 and Ind AS 109, as applicable; d) Involving an auditor's valuation expert, assessed the appropriateness of the valuation methodology and assumptions used by management's valuation expert in determining the recoverable amount/fair value such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, independence, experience, and competency of the management's experts involved in the process;

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key audit matter	How our audit addressed the key audit matter
The recoverable amount of the aforesaid investments in subsidiaries has been determined by the management using discounted cash flow ('DCF') valuation method. The key assumptions underpinning management's assessment of the recoverable amounts includes but are not limited to projections of future cash flows, revenue growth rates, external market conditions and the discount rates, which involves estimation and significant management judgement. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in impairment of the carrying value of such assets. Accordingly, considering the materiality, complexity and significance of judgement involved, impairment assessment of investments in and loans given to subsidiaries has been considered as a key audit matter for the current year audit.	e) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs); f) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; g) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; h) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and i) Evaluated the appropriateness and adequacy of disclosures made in the standalone financial statements in relation to impairment of non-current investments in and loans given to subsidiaries.
B. Computation and disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value ("the statements") as per SEBI regulations Refer statement disclosed in the accompanying standalone financial statements pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the SEBI Regulations, which requires fair valuation of the net assets and total returns of the Trust carried out by an independent valuer appointed by the Trust. For the above purpose, fair value is determined by the management using discounted cash flow ('DCF') valuation method which involves significant management judgement in respect of various estimates used as inputs such as determination of future cash flows, discount rates, revenue growth rates, inflation rates, tax rates, amongst others. The determination of fair value involves judgement due to inherent high estimation uncertainty in the underlying assumptions.	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of regulatory requirements by reading the requirements of SEBI Regulations along with the relevant SEBI circulars, pursuant to which the Statements are prepared by the Investment Manager of the Trust; b) Obtained an understanding of the Trust's policies and procedures adopted by the Investment Manager for computation and disclosure of the Statements; c) Involving an auditor's expert, assessed the appropriateness of the valuation methodology and assumptions applied by management's valuation expert in determining the fair value such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, independence, experience, and competency of the management's experts involved in the process;
Considering the importance of the disclosure required under the SEBI Regulations to the users of the standalone financial statements, significant management judgement involved in determining the fair value of the assets of the Trust, the aforesaid computation and disclosure has been considered as a key audit matter for the current year audit.	d) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs). e) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; f) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; g) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and h) Evaluated the appropriateness and adequacy of disclosures for compliance with the relevant requirements of SEBI regulations.

Information other than the Financial Statements and Auditor's Report thereon

6. The Board of Directors of the Investment Manager are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Responsibilities of Investment Manager and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager of the Trust). The Investment Manager is responsible for the matters with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, changes in unitholders' equity, net assets at fair value, total returns at fair value and net distributable cash flows of the Trust in accordance with accounting principles generally accepted in India including the Ind AS and SEBI Regulations read with the SEBI Circular and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors of Investment Manager are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of Investment Manager either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors of Investment Manager are also responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

11. As part of an audit in accordance with Standards on Auditing issued by ICAI, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Trust has in place adequate internal financial controls with reference to standalone financial statements and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Investment Manager;
- Conclude on the appropriateness of Board of Directors of Investment Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

INDEPENDENT AUDITOR'S REPORT (CONTD.)

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The standalone financial statements of the Trust for the period from 03 December 2021 to 31 March 2022 and as at 31 March 2022 included as comparative financial information in the accompanying standalone financial statements have been certified by the Board of Directors of Investment Manager, but have not been subjected to either audit or review.

Report on Other Legal and Regulatory Requirements

16. Based on our audit and as required by the SEBI Regulations, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) the Standalone Balance Sheet and the Standalone Statement of Profit and Loss (including Other Comprehensive Income) are in agreement with the books of account of the Trust; and

    c) in our opinion, the aforesaid standalone financial statements comply with Ind AS and/or any addendum thereto as defined in Rule 2(1a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 23507000BGYERQ8879

Place: Mumbai
Date: 19 May 2023

STANDALONE BALANCE SHEET

(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Financial assets			
Investments	3	36,159.46	-
Loans	4	11,450.25	-
Non-current tax assets (net)	5	1.16	-
Total non-current assets		**47,610.87**	**-**
Current assets			
Financial assets			
Investments	6	292.52	-
Cash and cash equivalents	7	265.54	-
Bank balances other than cash and cash equivalents above	8	976.43	-
Loans	9	1,006.61	-
Other current assets	10	3.02	-
Total current assets		**2,544.12**	**-**
Total assets		**50,154.99**	**-**
EQUITY AND LIABILITIES			
EQUITY			
Unit capital	11	41,550.00	-
Other equity	12	(5,715.12)	-
Total equity		**35,834.88**	**-**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13	14,024.18	-
Total non-current liabilities		**14,024.18**	**-**

STANDALONE BALANCE SHEET (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
Current liabilities			
Financial liabilities			
Borrowings	14	225.00	-
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	15	1.54	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	50.49	-
Other financial liabilities	16	2.49	-
Other current liabilities	17	16.41	-
Total current liabilities		**295.93**	**-**
Total liabilities		**14,320.11**	**-**
Total equity and liabilities		**50,154.99**	**-**
Summary of significant accounting policies	2B		

This is the Standalone Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

STANDALONE STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ millions unless otherwise stated)

	Note	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Income and gains			
Revenue from operations			
Dividend income from subsidiaries (refer note 31)		1,642.21	-
Interest income on loans from subsidiaries	18	1,581.93	-
Other income			
Interest on fixed deposits		42.75	-
Total income and gains		**3,266.89**	**-**
Expenses and losses			
Finance costs			
Interest on term loan and non convertible debentures	19A	584.13	-
Other finance costs	19B	0.57	-
Valuation expenses		1.78	-
Audit fees	20	17.38	-
Investment manager fees (refer note 37)	37	24.87	-
Trustee fees		2.69	-
Rating fee		0.49	-
Legal and professional fees		129.33	-
Other expenses	21	16.33	-
Total expenses and losses		**777.57**	**-**
Profit before exceptional items and tax for the year/period		**2,489.32**	**-**
Exceptional items	22	2,044.59	
Profit before tax for the year/period		**444.73**	**-**

STANDALONE STATEMENT OF PROFIT AND LOSS (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	Note	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Tax expense			
Current tax	24	18.27	
Deferred tax		-	-
Total tax expense		**18.27**	**-**
Net profit for the year /period		**426.46**	**-**
Other comprehensive income		-	-
Total other comprehensive income for the year/period		**-**	**-**
Total comprehensive income for the year/period		**426.46**	**-**
Earning per unit capital (Nominal value of unit capital ₹ 100 per unit)			
Basic (₹)	25	1.70	-
Diluted (₹)	25	1.70	-
Summary of significant accounting policies	2B		

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

STANDALONE CASH FLOW STATEMENT

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
A.	**Cash flows from operating activities**		
	Profit before tax	**444.73**	**-**
	Adjustments for:		
	Interest on compulsory convertible debentures ("CCD'S")	(357.06)	-
	Interest on rupee term loan ("RTL")	(923.98)	-
	Interest on optionally convertible debenture ("OCD'S")	(300.89)	-
	Dividend income from subsidiaries	(1,642.21)	
	Exceptional items (refer note 22)	2,044.59	-
	Interest income on bank deposits	(42.75)	-
	Loss on reduction of investment in equity	14.22	-
	Finance costs	584.70	-
	Operating loss before working capital changes and other adjustments	**(178.64)**	**-**
	Working capital changes and other adjustments:		
	Financial and other assets		
	Other current assets	(3.02)	-
	Trade payables	52.05	-
	Other financial liabilities	2.49	-
	Other current liabilities	16.41	-
	Cash used in operating activities post working capital changes	**(110.71)**	**-**
	Income tax paid (net)	(19.43)	-
	Net cash used in operating activities (A)	**(130.14)**	**-**
B.	**Cash flows from investing activities**		
	Loan given to subsidiaries	(13,606.74)	-
	Investment in CCD's of subsidiaries	(3,060.00)	-
	Proceeds from loan given to subsidiaries	1,773.52	-
	Proceeds from redemption of OCD's of subsidiaries	1,091.93	-
	Investment in bank deposits	(976.43)	-
	Investment in preference shares of subsidiary	(545.10)	-
	Redemption of preference shares	272.55	-
	Interest received on OCD's and CCD's	1,177.64	-
	Dividend received from subsidiaries	1,642.21	

STANDALONE CASH FLOW STATEMENT (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
	Interest received on rupee term loan	900.47	-
	Interest received on bank deposits	42.75	-
	Net cash used in investing activities (B)	**(11,287.21)**	**-**
C	**Cash flows from financing activities**		
	Proceeds from issuance of units	4,160.00	-
	Proceeds from borrowings	14,469.03	-
	Repayment of borrowings	(112.50)	-
	Processing fees	(118.89)	-
	Unit issue expenses	(111.58)	-
	Distribution made to unit-holders	(6030.00)	-
	Interest paid	(573.17)	-
	Net cash flow from financing activities (C)	**11,682.89**	**-**
D	**Net increase in cash and cash equivalent (A+B+C)**	**265.54**	**-**
E	Cash and cash equivalent at the beginning of the year	-	-
	Cash and cash equivalent at the end of the year (D+E) (refer note 7)	**265.54**	**-**

Note:

The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

This is the Standalone Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

STANDALONE STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY

A Unit capital*

(All amounts in ₹ millions unless otherwise stated)

Particulars	Number of units	Amount
Balance as at 03 December 2021	**-**	**-**
Changes in unit capital	-	-
Balance as at 31 March 2022	**-**	**-**
Changes in unit capital	415,500,000	41,550.00
Balance as at 31 March 2023	**415,500,000**	**41,550.00**

B Other equity**

Particulars	Retained earnings	Total
Balance as at 03 December 2021	-	-
Net profit for the period	-	-
Other comprehensive income	-	-
Balance as at 31 March 2022	**-**	**-**
Net profit for the year	426.46	426.46
Other comprehensive income	-	-
Total comprehensive income for the year	**426.46**	**426.46**
Less: Distribution to unit holders^	(6030.00)	(6030.00)
Less: Formation and issue expenses^^	(111.58)	(111.58)
Balance as at 31 March 2023	**(5,715.12)**	**(5,715.12)**

^ Pertains to the distributions made during the financial year and does not include the distribution relating to the last quarter of FY 2022-23 which will be paid after 31 March 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the InvIT Regulations and includes interest, dividend and repayment of capital.

^^Formation and issue expenses are one time expenses incurred in relation to the formation of the Trust

* Refer note 11

** Refer note 12

The accompanying notes form an integral part of the Standalone Financial Statements.

This is the standalone statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

Disclosure persuant to SEBI circular (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the SEBI regulations with read SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited standalone financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

Statement of Net Distributable Cash Flows

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Net Distributable Cash Flows of the Project Entities**		-
	a) in the form of interest / accrued interest / additional interest	2,078.10	
	b) in the form of dividend	1,893.32	-
	c) in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Trust	3,264.77	-
	d) in the form of proceeds through capital reduction by way of a buy back or any other means as permitted, subject to applicable law	294.45	
2	Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.	18,629.03	-
3	Any other income accruing at the Highways Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Highways Trust	42.75	-
	Total cash inflow at the InvIT level (A)	**26,202.42**	**-**
	Adjustments:		
4	Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.	(889.75)	-
5	Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust	(116.10)	-
6	Income tax (if applicable) for standalone Highways Trust and / or payment of other statutory dues	(18.27)	-
7	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(112.50)	-
8	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(976.43)	-
9	Amount invested in any of the Project SPVs for service of debt or interest	(17,211.84)	-
10	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	(146.33)	-
	Total adjustments at the Trust level (B)	**(19,471.22)**	**-**
	Net Distributable cash flows (C)=(A+B)	**6,731.20**	**-**

The accompanying notes form an integral part of the Standalone Financial Statements.

This is the Statement of Net Distributable Cash Flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
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Chief Financial Officer

Place: Mumbai
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Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

Disclosure persuant to SEBI circular (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the SEBI regulations with read SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited standalone financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

Standalone Statement of Net Assets at Fair Value

Particulars	As at 31 March 2023		As at 31 March 2022	
	Book value	Fair value^	Book value	Fair value^
A. Assets	50,154.99	53,258.18	-	-
B. Liabilities (at book value)	14,320.11	14,320.11	-	-
C. Net assets (A-B)	35,834.88	38,938.07	-	-
D. No of units (in millions)	415.50	415.50	-	-
E. NAV (C/D)	86.25	93.71	-	-

^Fair values of total assets relating to the Trust as at 31 March 2023 as disclosed above are based on the fair valuation report of the independent valuer appointed by the Trust.

Standalone Statement of Total Return at Fair Value:

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022^
Total comprehensive income for the year (As per the Standalone Statement of Profit and Loss)	426.46	-
Add: Other changes in fair value for the year *	3,103.19	-
Total return	**3,529.65**	**-**

*In the above statement, other changes in fair value for the year ended 31 March 2023 has been computed as difference between book value of total assets as at 31 March 2023 and the fair value of total assets as at 31 March 2023 which is based on the valuation report of the independent valuer appointed by the Trust.

** The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act , 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations,as on 23 December 2021 having registration number IN/InvIT/21-22/0019. The Trust alloted units to sponsor on 22 August 2022 pursuant to private placement of units of the Trust, hence, the Statement of Net Asset at Fair Value and Statement of Total Returns at Fair Value as at 31 March 2022 and from the period from 03 December 2021 to 31 March 2022 is not given.

The accompanying notes form an integral part of the Standalone Financial Statements.

This is the Standalone Statement of Net Assets at Fair Value and Standalone Statement of Total Return at Fair Value referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

(All amounts in ₹ millions unless otherwise stated)

1. Trust Information

The Trust is an irrevocable trust settled by Galaxy Investment II Pte. Ltd (hereinafter referred as "Sponsor") on 03 December 2021 pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and registered with Securities and Exchange Board of India ("SEBI") vide Certificate of Registration dated 23 December 2021 as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulation 2014 as amended from time to time ("SEBI Regulations") . The Trustee of the Trust is Axis Trustee Services Limited (the "Trustee"). The Investment manager for the Trust was Virescent Infrastructure Investment Manager till 22 November 2023 and with effect from 23 November 2023 the same is Highway Concessions One Private Limited (the "Investment Manager")

The objectives of the Trust are to undertake activities as an infrastructure investment trust in accordance with the provisions of the SEBI Regulations and the Trust Deed. The principal activity of the Trust is to own and invest in the road sector in India. All the road projects are implemented and held through special purpose vehicles ("SPVs/ subsidiaries").

During the current year ended 31 March 2023, the Trust acquired 100% equity control in following Project SPVs from the Sponsor w.e.f. 23 August 2022. The SPVs have entered into concession agreements with various authorities (given below) to design, build, finance, operate and transfer (DBFOT) or build, operate and transfer (BOT) national or state highways in various locations.

Name of Project SPV	Extent of Control as at 31 March 2023	Date of incorporation	Principal place of business	Commencement of operation	Authority
Ulundurpet Expressways Private Limited ("UEPL")	100%	20 March 2006	Tamil Nadu	23 July 2009	National Highways Authority of India (NHAI)
Shillong Expressway Private Limited ("SEPL")	100%	09 June 2010	Meghalaya	28 February 2013	National Highways Authority of India (NHAI)
Jodhpur Pali Expressway Private Limited ("JPEPL")	100%	10 January 2013	Rajasthan	31 October 2014	Public Works Department (PWD) Rajasthan
Godhra Expressways Private Limited ("GEPL")	100%	21 January 2010	Gujrat	31 October 2013	National Highways Authority of India (NHAI)
Dewas Bhopal Corridor Private Limited ("DBCPL")	100%	14 May 2007	Madhya Pradesh	10 February 2009	Madhya Pradesh Road Development Corporation Limited (MPRDC)
Nirmal Limited ("NBL" Bot)	100%	19 September 2006	Telangana	22 July 2009	National Highways Authority of India (NHAI)

The address of the registered office of the Investment Manager is Unit no.316-317,3rd Floor, C Wing, Kanakia Zillion BKC Annex, Kurla West, Mumbai, MH -400070. The standalone financial statements were authorized for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 19 May 2023

2A. Standards issued but not yet effective

Amendment to Ind AS 1, Presentation of Financial Statements

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 1 which requires entities to disclose material accounting policies instead of significant accounting policies. Accounting policy information considered together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The amendment also clarifies that immaterial accounting policy information need not be disclosed. If it is disclosed, it should not obscure material accounting information. The Trust is evaluating the requirement of the said amendment and it's impact on these standalone financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Amendment to Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 8 which specifies an updated definition of an 'accounting estimate.' As per the amendment, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty and measurement techniques and inputs are used to develop an accounting estimate. Measurement techniques include estimation techniques and valuation techniques. The Trust is evaluating the requirement of the said amendment and it's impact on these standalone financial statements.

Amendment to Ind AS 12, Income Taxes

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 12, which requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases of lessees and decommissioning obligations and will require recognition of additional deferred tax assets and liabilities. The Trust is evaluating the requirement of the said amendment and it's impact on these standalone financial statements.

2B. Summary of significant accounting policies

a. **Overall consideration**

The standalone financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the standalone financial statements.

Basis of preparation and presentation

The standalone financial statements of the Trust have been prepared in accordance with the Indian Accounting Standards and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rule, 2015, as amended ('Ind AS') and SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("SEBI Regulations") including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 & 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvIT's) (herein after collectively referred to as 'SEBI Circulars'). The Trust has uniformly applied the accounting policies during the periods presented.

The Standalone financial statements are presented in India Rupees which is also the functional currency of the Trust and all values are rounded to the nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00.

These Standalone Financial Statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the standalone financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, which are measured at fair values as explained in relevant accounting policies.

The standalone financial statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager' of the Trust) on 19 May 2023. The revision to the financial statements is permitted by the Board of Directors of the Investment Manager after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act 2013 ("Act").

b. **Use of estimates and judgements**

The preparation of standalone financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the standalone financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

i. **Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

ii. **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

iii. **Recoverability of loans/ receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

iv. **Contingent liabilities**

The Trust is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Trust often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Trust accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

(All amounts in ₹ millions unless otherwise stated)

v. **Impairment of investments, loans, optionally convertible debentures and preference shares**

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments, loans, optionally convertible debentures and preference shares are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from forecasts over the life of the projects of SPVs.

vi. **Useful lives of depreciable / amortizable assets**

Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

vii. **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Trust engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of investments are disclosed in the notes to standalone financial statements.

viii. **Income taxes**

The Trust's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The extent to which deferred tax assets/minimum alternate tax credit can be recognized is based on management's assessment of the probability of the future taxable income against which the deferred tax assets/minimum alternate tax credit can be utilized.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

c. **Basis of classification as current and non-current**

The Trust presents assets and liabilities in the Standalone balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets have been classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Trust classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Trust is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Trust's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

d. **Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for those goods or services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognized :

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

Dividend Income

Income from dividend is accrued in the year in which it is declared, whereby the Trust's right to receive is established.

Other operating income/other income

All other operating income/income is recognized on accrual basis when no significant uncertainty exists on their receipt.

e. **Taxation**

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Trust and the same taxation authority.

f. **Impairment of non-financial assets**

At each reporting date, the Trust assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, an estimate the recoverable amount of the asset / cash generating unit. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

g. **Provisions, contingent liabilities and contingent assets**

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Trust; or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is recognized

h. **Investments in subsidiaries**

The Trust accounts for its investments in equity share capital of subsidiaries at cost less accumulated impairment losses, if any in accordance with Ind AS 27, Separate Financial Statements ('Ind AS 27') and investment in preference shares optionally convertible debentures (OCD's) at amortized cost in accordance with Ind AS 109 "Financial Instruments".

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

i. **Financial Instruments**

Initial recognition and measurement

Financial instruments are recognised when the Trust becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Subsequent measurement

i. **Financial assets at amortised cost-** A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cashflows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Trust has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted**.**

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de- recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

j. **Fair value measurement**

The Trust measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Refer Note 28 for fair value hierarchy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within

the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable.

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as investments, where required. Involvement of external valuers is decided by the Trust on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The Trust after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Trust analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Trust's accounting policies. For this analysis, the Trust verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

(All amounts in ₹ millions unless otherwise stated)

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures of Statement of Net Assets at fair value and Statement of Total Returns at fair value
- Quantitative disclosures of fair value measurement hierarchy (note 28)
- Financial instruments (including those carried at amortized cost) (note 29).

k. **Impairment of financial assets**

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Trust applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Trust in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Trust is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

l. **Segment reporting**

The Trust is engaged in investment in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Trust's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

m. **Borrowing costs**

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the Trust incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

n. **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

o. **Contributed equity**

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in equity, net of tax.

p. Classification of Unitholders' fund

Under the provisions of the SEBI InvIT Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of Trust for each financial period . Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind .AS 32 - Financial Instruments: Presentation.

(All amounts in ₹ millions unless otherwise stated)

However, in accordance with SEBI Circulars (No. CIR/IMD/DF-1 14/2016 dated 20 October 2016 and No. CIR/IMD/DF /127 /2016 dated 29 November 2016) issued under the SEBI InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

q. **Distribution to unit holders**

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the SEBI Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

r. **Earnings per unit**

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period.

For the purpose of calculating diluted earnings per unit, the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
3 Non-current investments		
Investment in equity instruments (unquoted, at cost)^		
Investment in related parties (refer note 31)		
264,552,365 (31 March 2022: Nil) equity shares of UEPL of face value ₹ 10/- each	3,004.95	-
31,500,000(31 March 2022: Nil) equity shares of NBL of face value ₹ 10/- each	354.41	-
23,380,840(31 March 2022: Nil) equity shares of GEPL of face value ₹ 10/- each	11,167.09	-
95,263 (31 March 2022: Nil) equity shares of DBCPL of face value ₹ 10/- each *	12,355.00	-
500,000 (31 March 2022: Nil) equity shares of SEPL of face value ₹ 10/- each	356.27	-
61,640 (31 March 2022: Nil) equity shares of JPEPL of face value ₹ 10/- each	3,863.25	-
Investment in Optionally Convertible Debentures unquoted, at cost#		
Investment in related parties (refer note 31)		
50,941,358 (31 March 2022: Nil) OCD's of GEPL of face value ₹ 88.97/- each **	4,586.36	-
23,338,315 (31 March 2022: Nil) OCD's of JPEPL of face value ₹ 100/- each **	2,516.72	-
	38,204.05	**-**
Less: Impairment of non-current investments	2,044.59	-
	36,159.46	**-**
Aggregate amount of unquoted investments	36,159.46	-
Aggregate amount of impairment in the value of investments	2,044.59	-

^Investments in subsidiaries are stated at cost using the exemption provided as per Ind AS 27 'Separate Financial Statements'.

*The National Company Law Tribunal (NCLT) has approved the capital reduction scheme of DBCPL on 23 February 2023. As per the NCLT order, the paid-up equity share capital of DBCPL will be reduced from 100,000 equity shares of ₹10/- each to 95,263 equity shares of ₹ 10/- each. The aforesaid share capital reduction was made at fair market valuation of equity shares of DBCPL, and the said consideration is presented as loan given to subsidiary in the standalone financial statetments of Highways Infrastructure Trust pursuant to the capital reduction scheme. The resultant difference between carrying amount of investment and fair value of loan has been recognized in the statement of profit or loss of the standalone financial statement of the Trust.

** Includes interest accrued of ₹ 54.11 millions in GEPL and ₹ 183.02 millions in JPEPL.

These are measured at amortised cost in accordance with Ind AS 109 "Financial Instruments".

Notes:

(i) For assets pledged as security, refer note 23.

(ii) During the financial year ended 31 March 2023, the compulsory convertible debentures (CCD) has been converted into optional convertible debentures (OCD) having a term of 30 years from the original date of issue. The outstanding OCD shall earn coupon at the rates of 14% p.a. payable annually or as may be mutually agreed between holder and issuer.

(All amounts in ₹ millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
4 Non-current loans		
Loans receivables considered good - Secured		
Loan to related parties (refer note 31)		
UEPL	521.86	-
NBL	915.08	-
GEPL	4,037.42	-
DBCPL	2,440.94	-
JPEPL	2,514.81	-
Loans receivables considered good - Unsecured		
Loan to related parties (refer note 31)		
JPEPL	350.00	-
UEPL	70.00	-
DBCPL {refer note (iii) below}	600.14	-
Total	**11,450.25**	**-**

Notes:

(i) Refer note 28 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and note 29 - Financial risk management for assessment of expected credit losses.

(ii) For assets pledged as security, refer note 23.

(iii) The National Company Law Tribunal (NCLT) has approved the capital reduction scheme of DBCPL on 23 February 2023. As per the NCLT order, the paid-up equity share capital of DBCPL will be reduced from 100,000 equity shares of ₹10/- each to 95,263 equity shares of ₹ 10/- each. The aforesaid share capital reduction was made at fair market valuation of equity shares of DBCPL, and the said consideration is presented as loan given to subsidiary in the standalone financial statetments of Highways Infrastructure Trust pursuant to the capital reduction scheme. The resultant difference between carrying amount of investment and fair value of loan has been recognized in the statement of profit or loss of the standalone financial statememt of the Trust.

	As at 31 March 2023	As at 31 March 2022
5 Non-current tax assets (net)		
Advance income tax (net of provisions)	1.16	-
	1.16	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
6 Investments - Current		
Investment in preference shares unquoted, at cost^		
Preference shares of SEPL	272.55	-
Investment in Optionally Convertible Debentures (OCD's),at cost^		
2,190,493 OCD's of UEPL of face value Rs. 4.56/-	9.99	-
3,311,246 OCD's of NBL of face value Rs. 3.02/-	9.98	-
	292.52	**-**

^ These are measured at amortised cost in accordance with Ind AS 109 "Financial Instruments".

	As at 31 March 2023	As at 31 March 2022
7 Cash and cash equivalents		
Balances with banks:		
- in current accounts	2.09	-
- deposits with original maturity less than three months*	263.45	-
	265.54	**-**

* Includes interest accrued but not due

Notes:

(i) For assets pledged as security, refer note 23.

	As at 31 March 2023	As at 31 March 2022
8 Bank balances other than cash and cash equivalents		
Deposits with original maturity more than three months but less than twelve months*#	976.43	-
	976.43	**-**

* Includes interest accrued but not due

Includes deposits pledged against Major maintenance reserve (MMR) and debt service reserve account (DSRA)

Notes:

(i) For assets pledged as security, refer note 23.

(ii) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the reporting year and the comparative year.

(All amounts in ₹ millions unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022
9 Loans - current		
Loans receivables considered good - secured		
Loan to related parties (refer note 31)		-
UEPL	648.32	-
NBL	54.71	-
GEPL	18.53	-
DBCPL	262.71	-
JPEPL	22.34	-
Total	**1,006.61**	**-**

(i) For assets pledged as security, refer note 23.

(ii) The carrying values are considered to be a reasonable approximation of fair value.

(iii) Includes interest accrued but not due

	As at 31 March 2023	As at 31 March 2022
10 Other current assets		
Prepaid expenses	3.02	-
	3.02	**-**

	As at 31 March 2023	As at 31 March 2022
11 Equity		
a) Unit capital		
415,500,000 units (31 March 2022 : Nil) of ₹100 each	41,550.00	-
	41,550.00	**-**

(i) Terms/rights attached to unit capital:

Subject to the provisions of the SEBI Regulations, the indenture of fund, and applicable rules, regulations and guidelines, the rights of the unit holders include:

a) The beneficial interest of each Unitholder shall be equal and limited to the proportion of the number of Units held by the Unitholder to the total number of Units. Each Unit represents an undivided beneficial interest in the Highways Infrastructure Trust ("the Trust').

b) Right to receive income or distributions with respect to the units held.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

c) Right to attend the annual general meeting and other meetings of the unit holders which are conducted in accordance with the SEBI Regulations.

d) Right to receive periodic information-the Investment Manager, on behalf of the Highways Infrastructure Trust, shall also submit such information to the Stock Exchange and the Unitholders, on a periodical basis as may be required under the InvIT Regulations and the Listing Agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Trust) shall disclose to the Stock Exchange, the Unitholders and SEBI, all such information and in such manner as specified under the InvIT Regulations and such other requirements as may be specified by SEBI.

e) Any buyback and de-listing of Units shall be in accordance with the Trust Deed and the SEBI Regulations.

f) The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the Highways Trust, and the Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Investment Manager shall maintain records of the Unitholders' grievances and the actions taken thereon, including copies of correspondences made with the Unitholders.

No Unitholder of the Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes. However, subordinate Units may be issued only to the Sponsor and its Associates, where such subordinate units carry only inferior voting or any other rights compared to other units in the future in accordance with Regulation 4(2)(h) of the SEBI Regulations

In terms of the InvIT Regulations not less than 90% of the net distributable cash flows of the Trust shall be distributed to the Unitholders. Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year.

Limitations to the liability of unitholders

A Unitholder has no equitable or proprietary interest in the InvIT Assets and is not entitled to transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of the Trust. A Unitholder's right is limited to the right to require due administration of the Highways Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement

(ii) Reconciliation of units outstanding at the beginning and at the end of the year/period :

	31 March 2023		31 March 2022	
	No. of units	(₹ in million)	No. of units	(₹ in million)
Unit capital of ₹100 each fully paid up				
Balance at the beginning of the year/period	-	-		-
Add: Units issued during the year/period	415,500,000	41,550.00	-	-
Balance at the end of the year/period	**415,500,000**	**41,550.00**	**-**	**-**

(All amounts in ₹ millions unless otherwise stated)

(iii) Unitholders holding more than 5% of units of the Trust as at balance sheet date

	31 March 2023		31 March 2022	
	No. of units	% holding	No. of units	% holding
Galaxy Investments II Pte. Ltd.	373,900,000	89.99%	-	0%
2452991 Ontario Limited	31,200,000	7.51%	-	0%

(iv) There were no units issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issue and/or brought back since the date of incorporation.

	As at 31 March 2023	As at 31 March 2022
12 Other equity		
Retained earnings	(5,715.12)	-
	(5,715.12)	**-**

Description of nature and purpose of each reserve:

Retained earnings

Retained earnings are created from the profit/(loss) of the Trust, as adjusted for distributions to owners, transfers to other reserves, etc.

	As at 31 March 2023	As at 31 March 2022
13 Borrowings		
Term Loans (secured)		
Non convertible debentures	6,351.05	
Rupee term loans from banks	7,673.13	-
Total Non-current borrowings (excluding current maturities)	**14,024.18**	**-**
Current maturities of long-term borrowings (refer note 14)		
-Rupee term loans from banks	160.00	
-Non convertible debentures	65.00	
Total borrowings (including current maturities)	**14,249.18**	**-**

(i) Refer note 28 - Fair value disclosures for disclosure of fair value in respect of financial liabilities measured at amortised cost and note 29 - Financial risk management for presentation of financial instruments by category

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(ii) **Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:**

Particulars	Non-current borrowings (including current maturities)
Balance as at 03 December 2021	-
Cash flows:	
Proceeds from issue of unit capital	-
Repayment of borrowings	-
Processing fees	-
Non-cash:	
Impact of amortised cost adjustment for borrowings	-
Balance as at 31 March 2022	-
Cash flows:	
Proceeds from borrowings (net of processing fees)	14,350.14
Repayment of borrowings	(112.50)
Non-cash:	
Impact of amortised cost adjustment for borrowings	11.54
Balance as at 31 March 2023	**14,249.18**

For repayment terms and security details of the outstanding non-current borrowings (including current maturities) refer the table below:

A. Repayment terms

Repayment terms of rupee (including short term borrowings) term loan (RTL):

Rupee term loan from banks (including short term borrowings) of ₹ 7,833.13 millions (31 March 2022: Nil) which carries weighted average interest rate of @ 7.94% p.a. (31 March 2022: Nil) linked to 1 year MCLR of respective banks plus spread, the interest rate will reset on an annual basis. The said loan is repayable in 55 structured quaterly installments starting from 30 September 2022 and ending on 31 March 2036.

Repayment terms of non-convertible debentures (NCD):

The Trust has raised senior, secured, taxable, rated, listed, redeemable, non-convertible debt (NCDs) amounting to ₹4,000 millions for Series I at coupon rate of 7.71% p.a. and ₹2,500.00 millions for Series II at coupon rate of 8.25% p.a having an outstanding balance as at 31 March 2023 of ₹ 6,416.05 millions (31 March 2022: ₹ Nil) which will mature on 22 December 2025 and 22 September 2029 respectively.The NCDs are listed on Bombay Stock Exchange (BSE). The said series I NCDs is repayable in 13 structured quaterly installments starting from 31 December 2022 and ending on 22 December 2025. Further series II NCDs is repayable in 28 structured quaterly installments starting from 31 December 2022 and ending on 22 September 2029.

(All amounts in ₹ millions unless otherwise stated)

B. Security clause: non-convertible debenturs (NCD) and rupee term loan (RTL) are secured by:

a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust ('the Issuer'), present and future, including but not limited to: (i) all receivables of the Issuer from the HoldCos and SPVs; (ii) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs; (iii) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer; (iv) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/or insurances (in each instance, if any) of the Issuer; and (v) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future;

(b) first ranking pari passu charge by way of mortgage on all immovable assets of the Issuer (if any), both present and future ;

(c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs.;

(d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, as applicable, the bank guarantee or fixed deposit in lieu of the DSRA.;

(e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan.;

(f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities");

(g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee; and

(h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee")

	As at 31 March 2023	As at 31 March 2022
14 Current borrowings		
Current maturities of non-current borrowings (refer note 13)		
- Rupee term loans from banks	160.00	-
- Non convertible debentures	65.00	-
	225.00	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

		As at 31 March 2023	As at 31 March 2022
15	**Trade payables**		
	Total outstanding dues of micro and small enterprises (refer note (ii) below)	1.54	-
	Total outstanding due to creditors other than micro and small enterprises		
	- Related parties (refer note 31)	22.76	-
	- Others	27.73	-
		52.03	**-**
Note:-			
(i)	Refer note- 29 Financial risk management for presentation of financial instruments by category.		
(ii)	**Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006**		
	On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Trust, the following are the details:		
a)	the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	1.54	-
b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c)	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

(All amounts in ₹ millions unless otherwise stated)

Ageing schedule of trade payable.

Particulars	As at 31 March 2023					
	Outstanding for following period from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	-	1.54	-	-	-	1.54
(ii) Undisputed dues - Others	28.45	22.04	-	-	-	50.49
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**28.45**	**23.58**	**-**	**-**	**-**	**52.03**

Particulars	As at 31 March 2022					
	Outstanding for following period from due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues - MSME	-	-	-	-	-	-
(ii) Undisputed dues - Others	-	-	-	-	-	-
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

		As at 31 March 2023	As at 31 March 2022
16	**Other financial liabilities**		
	Interest accrued on rupee term loan	1.19	-
	Interest accrued on Non Convertible Debentures ('NCD's')	1.30	-
	Others payable	0.00	-
		2.49	**-**
17	**Other current liabilities**		
	Statutory liabilities	16.41	-
		16.41	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
18	**Interest income from subsidiaries**		
	- Interest on compulsory convertible debentures ("CCD'S")	357.06	-
	- Interest on rupee term loan ("RTL")	923.98	-
	- Interest on OCD'S	300.89	-
		1,581.93	**-**
19A	**Interest on term loan and non convertible debentures**		
	- on rupee term loan	308.71	-
	- on non-convertible debentures	275.42	-
		584.13	**-**
19B	**Other finance costs**		
	Finance and bank charges	0.57	-
		0.57	**-**
20	**Audit fees**		
	Statutory audit and limited review fees	15.43	-
	Certification fees	1.24	-
	Out of pocket expenses	0.71	-
		17.38	**-**
21	**Other expenses**		
	Telephone and communication	0.01	-
	Rates and taxes	0.01	-
	Demat fees	0.02	-
	Loss on reduction of investment in equity	14.22	-
	Miscellaneous expenses	2.07	-
		16.33	**-**

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
22	**Exceptional items**		
	Impairment of non-current investments - SEPL	154.38	-
	Impairment of non-current investments - NBL	244.05	-
	Impairment of non-current investments - JPEPL	1,509.31	
	Impairment of non-current investments - DBCPL	136.85	
		2,044.59	**-**

Note

As per Ind AS 36 'Impairment of Assets', management carried out the impairment assessment of investment in subsidiaries and provided for an impairment loss of ₹ 2,044.59 millions (03 December 2021 to 31 March 2022: ₹ Nil) basis the fair valuation conducted as per the future projected cash flows of the assets (after performing sensitivity analysis) during the year ended 31 March 2023. The recoverable value determined through value in use method in respect of investment in subsidiary. The discount rate used for determining the recoverable value is 10.55% for DBCPL, 10.50 % for JPEPL, 8.38% for SEPL and 8.35% for NBL for the year ended 31 March 2023 and Nil for period from 03 December 2021 to 31 March 2022.

Recoverable Value:	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
DBCPL	12,218.15	-
SEPL	201.89	-
NBL	110.36	-
JPEPL	2,353.95	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

		As at 31 March 2023	As at 31 March 2022
23	**Assets pledged as security**		
	Current		
	Investments (refer note 6)	292.52	-
	Cash and cash equivalents and bank balances other than cash and cash equivalents (refer note 7 and 8)	1,241.97	-
	Loans (refer note 9)	1,006.61	-
	Other current assets (refer note 10)	3.02	-
	Total current assets pledged as security	**2,544.13**	**-**
	Non-current		
	Investments (refer note 3)	36,159.46	-
	Loans (refer note 4)	11,450.25	-
	Non-current tax assets (net)(refer note 5)	1.16	-
	Total non-currents assets pledged as security	**47,610.86**	**-**
	Total assets pledged as security	**50,154.99**	**-**

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
24	**Tax expense**		
	Income tax expense recognised in Statement of Profit and Loss		
	Current tax	18.27	-
		18.27	**-**
	The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows:		
	Profit before tax	444.73	-
	Income tax using the Trust's domestic tax rate *	42.74%	-
	Expected tax expense [A]	**190.10**	**-**
	Tax effect of adjustment to reconcile expected income tax expense to reported income tax expense		
	Tax impact of exempt income as per Income Tax Act, 1961	(1,378.12)	-
	Tax impact of non-deductable expenditure pursuant to section 14A of the Income Tax Act, 1961	1,206.30	-
	Total adjustments [B]	**(171.83)**	**-**

(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Actual tax expense [C=A+B]	**18.27**	**-**
* Domestic tax rate applicable to the Trust has been computed as follows:		
Base tax rate	30.00%	-
Surcharge (% of tax)	37.00%	-
Cess (% of tax)	4.00%	-
Applicable tax rate	42.74%	-

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
25	**Earnings per unit (EPU)**		
	Net profit attributable to unitholders	**426.46**	**-**
	Number of weighted average units (nominal value of Rs 100 each)**		
	- Basic EPU	25,15,76,712	-
	- Diluted EPU	25,15,76,712	-
	Earnings per unit - after exceptional items and tax		
	- Basic EPU	1.70	-
	- Diluted EPU	1.70	-

Basic EPU amounts are calculated by dividing the profit for the period attributable to Unit holders by the weighted average number of units outstanding during the year. Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

** Units were issued on 23 August 2022, however for the purpose of earning per unit has been arrived without considering weighted average number of units as the income statement pertains to year ended 31 March 2023.

26 Capital and other commitments

Commitments as at 31 March 2023 is Nil (31 March 2022: Nil)

27 Contingent liabilities and claims

Contingent Liabilities as at 31 March 2023 is Nil (31 March 2022: Nil)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

28 Fair value disclosures

(i) Fair value of instruments measured at amortised cost:

Fair value of instruments measured at amortised cost for which fair value is disclosed as follows using Level 3 inputs:

Particulars	Level	As at 31 March 2023		As at 31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Investments (refer note 3 and 6)	Level 3	36,451.98	38,846.67	-	-
Cash and cash equivalents (refer note 7)	Level 3	265.54	265.54	-	-
Bank balances other than cash and cash equivalents above (refer note 8)	Level 3	976.43	976.43	-	-
Loans	Level 3	12,456.86	12,456.86	-	-
Total financial assets		**50,150.81**	**52,545.50**	**-**	**-**
Financial liabilities					
Borrowings (including current maturities of non-current borrowings) (refer note 13 and 14)	Level 3	14,249.18	14,249.18	-	-
Trade payables (refer note 15)	Level 3	52.03	52.03	-	-
Other financial liabilities (refer note 16)	Level 3	2.49	2.49	-	-
Total financial liabilities		**14,303.70**	**14,303.70**	-	-

Valuation process and technique used to determine fair value

*The fair values of the Trust's loans and Investments are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The own non-performance risk as at the reporting year end was assessed to be insignificant.

Note: There are no level 1 and level 2 Investment made by the Trust as at 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

29 Financial risk management

i) Financial instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments* (refer note 3 and 6)	-	-	7,395.59	-	-	-
Cash and cash equivalents (refer note 7)	-	-	265.54	-	-	-
Bank balances other than cash and cash equivalents above (refer note 8)	-	-	976.43	-	-	-
Loans (refer note 4 and 9)	-	-	12,456.86	-	-	-
Total	**-**	**-**	**21,094.42**	**-**	**-**	**-**
Financial liabilities						
Borrowings (including current maturities of non-current borrowings) (refer note 13 and 14)	-	-	14,249.18	-	-	-
Trade payables (refer note 15)	-	-	52.03	-	-	-
Other financial liabilities (refer note 16)	-	-	2.49	-	-	-
Total	**-**	**-**	**14,303.70**	**-**	**-**	**-**

*Excludes investment in equity instruments of subsidiaries amounting to ₹ 29,056.38 carried at cost in accordance with Ind AS 27, Separate Financial Statements ('Ind AS 27')

ii) Risk Management

The Trust's activities expose it to market risk, liquidity risk and credit risk. The Board of Directors of the Investment Manager of the Trust has overall responsibility for the establishment and oversight of the Trust's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the Standalone financial statements :

Risk	Exposure arising from	Measurement	Management manages risk by
Credit risk	Cash and cash equivalents, Loans carried at amortised cost Bank balances other than cash and cash equivalents	Ageing analysis	Investing in bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk : price risk	Investments measured at fair value through profit and loss	Sensitivity analysis	Diversification of portfolio of its assets.
Market risk : interest rate	Borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

The Trust's risk management is carried out by a project finance team and treasury team under policies approved by Board of Directors of Investment manager. The Board of Directors of Investment manager provides principles for overall risk management, as well as policies covering specific areas ,such as interest rate risk,credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Trust. The Trust is exposed to this risk for various financial instruments, for example by granting loans and making deposits, etc. The Trust's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets:

- cash and cash equivalents,
- loans and receivables carried at amortised cost.

a) Credit risk management

The Trust assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of counterparties, identified either individually or by the Trust, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Trust assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

Assets under credit risk :

Credit rating	Particulars	As at 31 March 2023	As at 31 March 2022
A: Low	Cash and cash equivalents	265.54	-
	Bank balances other than cash and cash equivalents above	976.43	-
B. High	Investments	7,395.59	-
	Loans to related parties	12,456.86	-
	Total	**21,094.42**	**-**

Cash and cash equivalents and bank balances other than cash and cash equivalents

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Loans and non-current investments measured at amortised cost

Loans measured at amortised cost loans given to related parties. Credit risk related to these financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(All amounts in ₹ millions unless otherwise stated)

b) Expected credit losses

Financial assets (other than trade receivables)

The Trust provides for expected credit losses on loans and advances by assessing individual financial instruments for expectation of any credit losses.

- For cash and cash equivalents- Since the Trust deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- For loans - Credit risk is evaluated based on the Trust's knowledge of the credit worthiness of those parties and loss allowance is measured. Since, this category includes loans which has been given to its subsidiary companies, credit risk in respect of these loans is evaluated as high.

B) Liquidity risk

Liquidity risk is the risk that the Trust may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Trust's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Trust requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The Trust closely monitors its liquidity and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

a) Financing arrangements

The Trust has access to no undrawn borrowing facilities at the end of the 31 March 2023 and 31 March 2022.

b) Maturities of financial liabilities

The tables below analyse the Trust's financial liabilities into relevant maturity categories based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2023	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including current maturities of non-current borrowings)	1,359.85	6,618.14	2,632.74	10,925.12	**21,535.85**
Other financial liabilities	2.49	-	-	-	**2.49**
Trade payable	52.03	-	-	-	**52.03**
Total	**1,414.37**	**6,618.14**	**2,632.74**	**10,925.12**	**21,590.38**

As at 31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including current maturities of non-current borrowings)	-	-	-	-	**-**
Other financial liabilities	-	-	-	-	**-**
Trade payable	-	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**-**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

C) Price risk

i) Exposure

The Trust is not exposed to price risk as at balance sheet date.

D) Interest rate risk

i) Liabilities

The Trust's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting periods end, the Trust is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Trust's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Trust to interest rate risk:

Particulars	As at 31 March 2023	As at 31 March 2022
Variable rate borrowing	7,833.13	-
Fixed rate borrowing	6,416.05	-
Total borrowings	**14,249.18**	**-**
Amount disclosed under current borrowings	225.00	-
Amount disclosed under non current borrowings	**14,024.18**	**-**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2023	As at 31 March 2022
Interest sensitivity*		
Interest rates – increase by 100 bps*	78.33	-
Interest rates – decrease by 100 bps*	(78.33)	-

** Holding all other variables constant*

ii) Assets

The Trust's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107 'Financial Instruments Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(All amounts in ₹ millions unless otherwise stated)

30 Capital management

For the purpose of the Trust's capital management, capital includes issued unit capital and all other equity reserves attributable to the unit holders of the Trust. The primary objective of the Trust's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Trust may return capital to shareholders or issue new shares. The Trust monitors capital using a gearing ratio, which is net debt divided by total equity. The Trust's policy is to keep the gearing ratio optimum. The Trust includes within its net debt, borrowings less cash and cash equivalents.

Debt equity ratio

Particulars	31 March 2023	31 March 2022
Net debts*	13,983.64	-
Total equity	35,834.88	-
Net debt to equity ratio	**0.39**	-

Net debt*

Particulars	31 March 2023	31 March 2022
Non current borrowings	14,024.18	-
Current borrowings	225.00	-
Less: Cash and cash equivalents	(265.54)	-
Net debt	**13,983.64**	**-**

31 Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures

I. Following are the related parties and transactions entered with related parties for the year ended 31 March 2023 and for the period ended 31 March 2022:

A. Related parties where control exists

Subsidiaries

Ulundurpet Expressways Private Limited '
Nirmal BOT Limited
Godhra Expressways Private Limited
Dewas Bhopal Corridor Private Limited
Shillong Expressway Private Limited
Jodhpur Pali Expressway Private Limited

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Holding Entity

Galaxy Investments II Pte. Ltd

Intermediate holding entities

Galaxy Investments Pte Ltd

KKR Asia Pacific Infrastructure Holdings Pte Ltd

KKR Asia Pacific Infrastructure Investors SCSp

Ultimate holding entity

KKR & Co. Inc.

Fellow subsidiaries*

Highway Concessions One Private Limited ("HC1")

**With whom the Trust had transactions during the current or previous period*

Key managerial personnel (KMP) as per Ind AS 24- "Related party disclosures"

Refer note II C (v) for details of KMP of Highway Concessions One Private Limited who is acting as an investment manager on behalf of the trust w.e.f 23 November 2022 and II C (ii) for details of KMP of Virescent Infrastructure Investment Manager acting as investment manager of the trust uptil 22 Novemeber 2022.

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to Highways Infrastructure Trust

Galaxy Investments II Pte. Ltd - Sponsor of Highway Infrastructure Trust

Highway Concessions One Private Limited ("HC1")- Investment Manager of Trust (w.e.f 23 November 2022)

Virescent Infrastructure Investment Manager Private Limited - Investment Manager of Trust (upto 22 November 2022)

HC One Project Manager Private Limited- Project manager of the Trust (w.e.f 14 November 2022)

Virescent Renewable Energy Project Manager Private Limited - Project manager of the Trust (upto 13 November 2022)

Axis Trustee Services Limited (ATSL) - Trustee of Highways Infrastructure Trust

B. Promoters of the parties to Highways Infrastructure Trust specified in II(A) above

Axis Bank Limited - Promoter of Axis Trustee Services Limited

Highway Concessions One Private Limited -Promoter of HC One Project Manager Private Limited Highway concessions one (w.e.f. 14 November 2022)

Virescent Infrastructure Investment Manager Private Limited -Promoter of Virescent Renewable Energy Project Manager Private Limited (upto 13 November 2022)

Galaxy Investments Pte. Ltd - Promoter of Galaxy Investments II Pte. Ltd

Galaxy Investments II Pte. Ltd -Promoter of Highway Concessions One Private Limited (w.e.f 23 November 2022)

Terra Asia Holdings II Pte. Ltd.- Promoter of Virescent Infrastructure Investment Manager Private Limited Terra (upto 22 November 2022)

(All amounts in ₹ millions unless otherwise stated)

C. Directors of the parties to Highways Infrastructure Trust specified in II(A) above

(i) Directors of Galaxy Investment II Pte. Ltd

Mr. Cecilio Velasco (Director) (upto 26 January 2022)

Mr. Tang Jin Rong (Director)

Mr. Madhura Narawane (Director) (W.e.f 26 January 2022)

(ii) Directors and KMP of Virescent Infrastructure Investment Manager Private Limited

Mr. Vinay Kumar Pabba, Director w.e.f 26 November 2021 till 01 February 2022

Mr. Pradeep Kumar Panja, Director

Mr. Sanjay Grewal , Wholetime Director

Mr. Akshay Jaitly, Independent Director

Mr Hardik Bhadrik Shah, Director

Mr Aditya Narayan, Independent Director

Ms Daisy Devassy Chittilapilly, Independent Director

Ms. Charmi bhoot , Company Secretary and Compliance Officer

(iii) Directors of Virescent Renewable Energy Project Manager Private Limited

Mr. Sanjay Grewal , Director

Mr. Atul Raizada , Director

(iv) Directors of Axis Trustee Services Limited

Ms. Deepa Rath CEO (KMP), Managing Director

Mr. Rajesh Kumar Dahiya (Director)

Mr. Ganesh Sankaran (Director)

(v) Directors and KMP of Highway Concessions One Private Limited

Mr Hardik Bhadrik Shah, Non-executive Director

Mr Neeraj Sanghi, CEO (KMP), Whole time Director

Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022)

Ms. Ami Vinoo Momaya , Non-executive Director

Mr Subramanian Janakiraman , Independent Director (w.e.f 04 March 2022)

Mr Manish Agarwal, Independent Director (from w.e.f 14 September 2022)

Ms. Kunjal Shah , Company Secretary and Compliance Officer

Mr. Narayanan Doraiswamy, Chief Financial Officer

(vi) Directors of HC One Project Manager Private Limited

Mr Neeraj Sanghi, Director (w.e.f 20 September 2022)

Mr Zafar Khan, Director (w.e.f 20 September 2022)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

III. Transactions and outstanding balances with related party

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Galaxy Investment II Pte. Ltd		
Transaction during the year/period		
Issue of unit capital	37,390.00	-
Distribution to unit-holders^	5,426.24	-
Investment in compulsarily convertible debentures ('CCD's)	3,060.00	
Investment in preference shares	545.10	
Balance outstanding at the end of the year/period		
Unit capital	37,390.00	-
Virescent Infrastructure Investment Manager Private Limited		
Transaction during the year/period		
Investment manager fees	2.36	-
Reimbursement of expenses	71.25	-
Balance outstanding at the end of the year/period		
Investment manager fees payable	2.16	-
Highway Concessions One Private Limited		
Transaction during the year/period		
Investment manager fees	22.51	-
Reimbursement of expenses	44.85	-
Balance outstanding at the end of the year/period		
Investment manager fees payable	20.60	-
Nirmal BOT Ltd		
Transaction during the year/period		
Loan given	1,158.30	-
Proceeds from redemption of OCD's of subsidiaries	321.11	-
Refund of loan given	188.88	-
Investment in optionally convertible debentures of subsidiaries (OCD's)	331.11	-
Impairment of non current investment (exceptional items)	244.05	-
Investment in equity instruments of subsidiaries	354.41	-
Interest on loan given	82.82	-
Interest on CCD's and OCD's given	25.36	-

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Balance outstanding at the end of the year/period		
Investments in equity instruments of subsidiaries (net of impairment)	110.36	-
Investment in optionaly convertible debentures of subsidiaries (OCD's)	9.98	-
Interest receivable	0.37	-
Loan receivable	969.42	-
Dewas Bhopal Corridor Private Limited		
Transaction during the year/period		
Loan given	2,814.94	-
Recognition of loan pursuant to equity share capital reduction	600.14	-
Refund of loan given	115.00	-
Impairment of non current investment (exceptional items)	136.85	-
Investment in equity instruments of subsidiaries	12,969.36	-
Reduction in value of investment in equity pursuant to share capital reduction	614.36	
Interest on loan given	203.45	-
Dividend distribution	1,642.21	-
Loss on reduction of investment in equity	14.22	-

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Dewas Bhopal Corridor Private Limited		
Balance outstanding at the end of the year/period		
Investment in equity instruments of subsidiaries	12,218.15	-
Loan recievable	3,300.08	-
Interest recievable	3.71	-
Ulundurpet Expressways Private Limited		
Transaction during the year/period		
Loan given	2,699.29	-
Proceeds from redemption of OCD's of subsidiaries	209.05	-
Refund of loan given	1,459.64	-
Investment in optionally convertible debentures of subsidiaries (OCD's)	219.04	-
Investment in equity instruments of subsidiaries	3,004.95	-
Interest on loan given	189.12	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Interest on CCD's and OCD's	16.88	-
Balance outstanding at the end of the year/period		
Investment in equity instruments of subsidiaries	3,004.95	-
Investment in optionaly convertible debentures (OCD's) of subsidiaries	9.99	-
Interest recievable	0.53	-
Loan recievable	1,239.65	-
Godhra Expressways Private Limited		
Transaction during the year/period		
Loan given	4,059.40	-
Proceeds from redemption of OCD's of subsidiaries	561.76	-
Refund of loan given	5.00	-
Investment in optionally convertible debentures (OCD's) of subsidiaries	5,094.01	-
Investment in equity instruments of subsidiaries	11,167.09	-
Interest on loan given	295.69	-
Interest on CCD's and OCD's	417.88	-
Balance outstanding at the end of the year/period		
Investment in equity instruments of subsidiaries	11,167.09	-
Investment in optionaly convertible debentures (OCD's) of subsidiaries	4,532.25	-
Interest Receivable on rupee term loans (RTL)	1.55	-
Interest Receivable on OCD's	54.11	-
Loan Receivable	4,054.40	-
Jodhpur Pali Expressway Private Limited		
Transaction during the year/period		
Loan given	2,874.81	-
Refund of loan given	5.00	-
Investment in optionally convertible debentures of subsidiaries	2,333.70	-
Investment in equity instruments of subsidiaries	3,863.25	-
Interest on loan given	152.90	-
Interest on CCD's and OCD's	197.83	-
Impairment of non current investment (exceptional items)	1,509.31	

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Jodhpur Pali Expressway Private Limited		
Balance outstanding at the end of the year/period		
Investment in equity instruments of subsidiaries	2,353.94	-
Investment in optionally convertible debentures of subsidiaries	2,333.70	-
Interest Receivable on OCD's and CCD's	183.02	-
Interest Receivable on RTL	17.34	-
Loan Receivable	2,869.81	-
Shillong Expressway Private Limited		
Transaction during the year/period		
Impairment of non current investment (exceptional items)	154.38	-
Investment in equity instruments of subsidiaries	356.27	-
Investment in preference shares of subsidiaries	545.10	-
Proceeds from redemption of preference shares	272.55	-
Balance outstanding at the end of the year/period		
Investments in equity instruments of subsidiaries (net of impairment)	201.89	-
Investment in preference shares of subsidiaries	272.55	-
Axis Trustee Services Limited		
Transaction during the year/period		
Trustee fees	0.83	-

^ Pertains to the distributions made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the InvIT Regulations and includes interest, dividend and repayment of capital.

IV. Details in respect of related party transactions involving acquisition of InvIT assets as required by Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 on audited standalone financial statement for the year ended 31 March 2023 are as follows:

A Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in equity share capital of subsidiaries of the Trust during the financial year ended 31 March 2023

Particulars	Name of subsidiaries of the Trust					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	9.10%	9.50%	10.70%	10.40%	9.60%	10.30%
Method of valuation	Discounted cash flows					

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

B Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in Compulsorily Convetible Debentures (CCD):

Particulars	Name of Project SPVs					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	-	13.71%	13.71%	13.70%	13.71%	-
Method of valuation	Discounted cash flows					

* During the financial year, the terms of Compulsorily Convertible Debentures ("CCDs") were converted into Optionally Convertible Debentures ("OCDs")

C Material conditions or obligations in relation to the transactions:

The acquisition have been made pursuant to the terms mentioned in final placement memorandum dated 22 August 2022. 'Pursuant to assignment agreement entered between the Trust and the Sponsor, the sponsor has assigned its rights and obligations under Security Purchase Agreement to the Trust subject to certain terms and conditions. The Trust has acquired six Project SPV's which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022.

D No external financing has been obtained for acquisition of above subsidiaries.

E No fees or commisiom received or to be received from any associate party in relation to acquisition of Project SPVs.

32 Information on segment reporting pursuant to Ind AS 108 - Operating Segments

The Trust's activities comprise of owning and investing in Infrastructure SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

33 Revenue from contracts with customers

A Disaggregation of revenue

Revenue recognised mainly comprises of interest income on loan to related parties and dividend income from related parties. Set out below is the disaggregation of the Trust's revenue from contracts with customers:

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Operating revenue		
Interest on compulsory convertible debentures ("CCD'S")	357.06	-
Interest on rupee term loan ("RTL")	923.98	-
Interest on optionally convertible debenture ("OCD'S")	300.89	-
Dividend income from related parties	1,642.21	-
Total revenue	**3,224.14**	**-**

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2023 and year ended 31 March 2022 :

(All amounts in ₹ millions unless otherwise stated)

S.No.	Types of Products by Nature	Types of Services by timing	For the year ended 31 March 2023	For the year ended 31 March 2022
1	Interest income	Over the period of time	1,581.93	-
2	Dividend income	At the point of time	1,642.21	-

B Assets and liabilities related to contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

Description	As at 31 March 2023	As at 31 March 2022
Contract assets		
Interest Receivable on OCD's	237.13	-
Interest Receivable on RTL	23.51	-
Total	**260.64**	-

C There is no adjustment made to the contract price of the contract and hence the revenue recognised in the statement of profit and loss is in agreement to the with the contracted price under the Contract.

34 Financial ratios

Ratio	Numerator	Denominator	As at 31 March 2023 Ratio	As at 31 March 2022 Ratio	% Change*
Current ratio	Current assets	Current liabilities	8.60	-	100.00%
Debt-equity ratio	Total debt [Non-current borrowings + Current borrowings]	Total equity	0.40	-	100.00%
Debt service coverage ratio	Profit before tax + finance costs+ exceptional items	Finance costs + Principal repayment for borrowings	4.41	-	100.00%
Return on equity ratio (in %)	Profit after tax	Average of total equity	2.38%	-	100.00%
Inventory turnover ratio**	Costs of materials consumed	Average inventories	N.A	-	
Trade receivables turnover ratio***	Revenue from operations	Average trade receivables	N.A	-	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Ratio	Numerator	Denominator	As at 31 March 2023 Ratio	As at 31 March 2022 Ratio	% Change*
Trade payables turnover ratio	Other expenses	Average trade payables	3.71	-	100.00%
Interest service coverage ratio	Profit before tax + finance costs	finance cost	5.26	-	100.00%
Net capital turnover ratio	Revenue from operations	Working capital [Current assets - Current liabilities]	1.43	-	100.00%
Net profit ratio	Profit after tax	Revenue from operations	13.23%	-	100.00%
Return on capital employed (in %)	Earnings before depreciation and amortisation, interest and tax [Earnings = Profit after tax + Tax expense + Depreciation and amortisation expense + Finance costs]	Capital employed [Total assets - Current liabilities + Current borrowings]	0.02	-	100.00%
Return on investment (in %)	Revenue from operations	Instruments entirely equity in nature + Instruments in OCD & CCD +Rupee term loan given to SPV's	6.77%	-	100.00%

*The Trust was formed on 03 December 2021 and there were no transactions in the period from 03 December 2021 to 31 March 2022 as certified by management.

** The Trust does not have any inventory, therefore inventory turnover ratio is not applicable.

*** The Trust does not have any trade receivables, therefore, trade receivable turnover ratio is not applicable.

Note:

The Trust has outstanding secured non-convertible debentures (NCD's) amounting to ₹ 6,416.05 millions (31 March 2022 : Nil) for Series I and Series II which will mature on 22 December 2025 and 22 September 2029 respectively. The NCD's are listed on Bombay Stock Exchange (BSE). The asset cover exceeds 100% of the principal amount of NCD's as at 31 March 2023. For details with respect to security refer note 13.

(All amounts in ₹ millions unless otherwise stated)

35 The Board of Directors of the Investment Manager have declared distribution of ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,010.00 millions, ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,009.98 millions and ₹ 4.8376 (rounded off) per unit amounting to ₹ 2,010.02 millions in their meeting held on 11 November 2022, 08 February 2023 and 08 March 2023 respectively and the aforesaid distribution was paid to eligible unitholders on 19 November 2022, 15 February 2023 and 18 March 2023 respectively. Subsequent to year end 31 March 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.20 millions in their meeting held on 19 May 2023.

36 The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act , 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations, as on 23 December 2021 having registration number IN/InvIT/21-22/0019. The Trust alloted units to sponsor on 22 August 2022 pursuant to private placement of units of the Trust, hence, the Statement of Net Asset at Fair Value and Statement of Total Returns at Fair Value as at 31 March 2022 and from the period from 03 December 2021 to 31 March 2022 is not given. Further, the standalone financial information for the period 03 December 2021 to 31 March 2022 and as at 31 March 2022, as reported in these standalone financial statements have been certified by the Investment Manager of the Trust and not been subjected to audit or review.

37 Investment manager fees

Pursuant to the Investment Management Agreement dated 06 December 2021 with the erstwhile Investment Manager i.e Virescent Infrastructure Investment Manager Private Limited, Investment Manager was entitled to fees @ 10% markup over the cost per annum. Standalone financial Statement for the year ended 31 March 2023 includes amount of ₹ 2.36 Million (For the period from 03 December 2021 to 31 March 2022, ₹ Nil) toward Investment manager fees paid to Viresecent Infrastructure Investment Manager who was Investment Manager till 22 November 2022. Subsequently, pursuant to the Investment Management Agreement with the current Investment Manager i.e Highway Concession One Private Limited dated 20 October 2022 as amended, Investment Manager is entitled to fees @ 10% markup over the cost per annum. The Investment Management Fees shall be borne by the InvIT and the Special Purpose Vehicles of the InvIT ("SPVs') in the proportion of 20:80. Amongst the SPVs, the Fees would be allocated as mutually agreed with the SPVs. Standalone financial statement for the year ended 31 March 2023 of ₹ 22.51 Million (03 December to 31 March 2023 includes amount of ₹ Nil million) towards Investment Manager Fees to Highway Concession One Private Limited who is appointed as Investment Manager w.e.f 23 November 2022.

38 The Trust acquired the following companies (Project SPV's) on 23 August 2022 :

(i) Dewas Bhopal Corridor Private Limited ("DBCPL")
(ii) Nirmal BOT Limited ("NBL")
(iii) Jodhpur Pali Expressway Private Limited ("JPEPL")
(iv) Godhra Expressways Private Limited ("GEPL")
(v) Ulundurpet Expressways Private Limited ("UEPL")
(vi) Shillong Expressway Private Limited ("SEPL")

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

39 During the current year ended 31 March 2023, pursuant to the approval dated 22 November 2022 granted by the Securities and Exchange Board of India ("SEBI") and the approval of the unitholders of the Trust as required under Regulation 9(15) of the InvIT Regulations obtained from the unitholders in the extraordinary general meeting held on 14 November 2022, Highway Concessions One Private Limited ("HC 1") and HC One Project Manager Private Limited ("HC One") was appointed as the new Investment Manager and Project Manager of the Trust respectively in place of Virescent Infrastructure Investment Manager Private Limited ("erstwhile Investment Manager") and Virescent Renewable Energy Project Manager Private Limited ("erstwhile Project Manager of the Trust"). The appointment of the new Investment Manager was also approved by the Board of erstwhile Investment Manager of the Trust vide its circular Resolution dated 19 October 2022. Consequently, Highway Concessions One Private Limited and HC One Project Manager Private Limited have been acting as the new Investment Manager and Project Manager of the Trust effective from 23 November 2022 and 14 November 2022 respectively.

40 During the current year ended 31 March 2023, three of the project SPV's Viz. GEPL, DBCPL and UEPL has filed the petition with the Hon'ble National Company Law Tribunal , Mumbai Bench ('NCLT') for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPVs which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders. NCLT admission order has been received for the applications in GEPL,DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's. The final order for approving the capital reduction scheme in DBCPL was received on 27 February 2023 however, final order for approving the capital reduction scheme is awaited in GEPL and UEPL. The necessary impacts on account of capital reduction in DBCPL have been considered in these audited standalone financial statements for the year ended 31 March 2023.

41 Other statutory information

(i) The Trust does not have any Benami property, where any proceeding has been initiated or pending against the Trust for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Trust has not advanced or loaned or invested funds to any other person(s) or enitity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: - Directly or indirectly lend or invest in other persons or entties identified in any manner whatsoever ny or on behlaf of the Trust (Unlimate Beneficiaries) or - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(iii) The Trust has not received any fund from any person(s) or enitity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Trust shall: - Directly or indirectly lend or invest in other persons or entties identified in any manner whatsoever by or on behlaf of the Funding Party (Unlimate Beneficiaries) or - Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iv) The Trust have not traded or invested in Cryptocurrency or Virtual Digital Currency during the financial year ended 31 March 2023.

(All amounts in ₹ millions unless otherwise stated)

(v) The Trust does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(vi) The Trust does not have any transactions with struck - off companies.

(vii) The Trust has not been declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulter issued by the Reserve Bank of India.

42. The financial statements have been approved by the Board of Directors of the Investment Manager to the Trust in its meeting held on 19 May 2023.

43. All values are rounded to the nearest millions, unless otherwise indicated. Certain amount that are required to disclosed and do not appear due to rounding off are expressed as 0.00.

For **Walker Chandiok & Co LLP**	**For and on behalf of Board of Directors of**
Chartered Accountants	Highway Concessions One Private Limited
Firm's Registration No.: 001076N/N500013	(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal	**Kunjal Shah**	**Narayanan Doraiswamy**	**Neeraj Sanghi**
Partner	Compliance officer	Chief Financial Officer	Whole Time Director and CEO
Membership No.: 507000	Membership No: A27382		DIN:05110400
Place: Mumbai	**Place:** Mumbai	**Place:** Mumbai	**Place:** Mumbai
Date: 19 May 2023	**Date:** 19 May 2023	**Date:** 19 May 2023	**Date:** 19 May 2023

INDEPENDENT AUDITOR'S REPORT

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023.

To the Unitholders' of Highways Infrastructure Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Highways Infrastructure Trust ('the Trust') and its subsidiaries (the Trust and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended, the Consolidated Statement of Net Assets at Fair Value as at 31 March 2023, the Consolidated Statement of Total Returns at Fair Value and the Consolidated statement of Net Distributable Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, as referred to in paragraph 16 below, the aforesaid consolidated financial statements give the information required the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') as defined in the Rule 2(1)(a) of the Companies Indian Accounting Standards Rules, 2015, as amended and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in unitholder's equity for the year ended on that date, the consolidated net assets at fair value as at 31 March 2023 , the consolidated total returns at fair value and the consolidated net distributable cash flows for the year ended then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SA's) and other pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
A. Acquisition of road assets Refer note 2B(b) for significant accounting policies and refer note 48 to the consolidated financial statements of the Trust for the year ended 31 March 2023. During the current year ended 31 March 2023, the Trust has invested in following special purpose infrastructure project entities ('SPVs') identified by the Board of Directors of the Investment Manager and acquired such entities on 23 August 2022 ('acquisition date') for an equity consideration of ₹ 31,715.33 millions from Galaxy Investments II Pte Limited namely Ulundurpet Expressways Private Limited ("UEPL"), Nirmal BOT Limited ("NBL"), Godhra Expressways Private Limited ("GEPL"), Dewas Bhopal Corridor Private Limited ("DBCPL"), Shillong Expressway Private Limited ("SEPL"), Jodhpur Pali Expressway Private Limited ("JPEPL")	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of management's process of business combination accounting and evaluated the design of the Trust's key controls over the accounting of business combination; b) Obtained the executed agreements and contracts relating to the acquisition and identified pertinent terms relevant to the accounting of the transaction in addition to comparing the underlying information inputs such as purchase consideration, net assets acquired etc.;

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023.(Cont'd)

Key audit matter	How our audit addressed the key audit matter
Galaxy Investments II Pte Limited had earlier acquired DBCPL, NBL, JPEPL, GEPL and UEPL on 17 December 2021 and SEPL on 13 January 2022. As defined under Appendix C to Ind AS 103 - Business combinations, 'Business combinations of entities under common control' means a business combination involving entities in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The management has evaluated that the Investment Manager of the Trust is acting on behalf of Sponsor and primary unitholder of the Trust , Galaxy Investments II Pte Limited, while carrying out its responsibilities with respect to the Trust, and thus, the Trust and all the project SPVs have considered to be ultimately controlled by Galaxy Investments II Pte Limited, both before and after the acquisition. Accordingly, the acquisition of the SPVs by the Trust was determined to be a common control business combination accounted for using the 'Pooling of interests' method prescribed under Appendix C to Ind AS 103, according to which the assets, liabilities and reserves of SPVs acquired have been recorded at their respective book values and the difference between the purchase consideration and the aforesaid book value, amounting to ₹ 28,514.38 has been adjusted with the 'Acquisition adjustment deficit account' under Other equity as further described in aforementioned note. Further, the comparative periods presented in the financial statements have been restated as if the acquisition had occurred on 17 December 2021 for DBCPL, NBL, JPEPL, GEPL and UEPL and on 13 January 2022 for SEPL, irrespective of the actual date of the combination which is 23 August 2022. Considering the magnitude of the transaction and management judgement involved, the aforesaid business combination treatment in consolidated financial statements has been considered to be a key audit matter for the current year audit.	c) Obtained the financial statements audited by respective auditors of DBCPL, NBL, JPEPL, GEPL, UEPL as at 17 December 2021 and 23 August 2022 and for SEPL as at 13 January 2022 and 23 August 2022; d) Assessed the appropriateness of the accounting policy adopted by the Investment Manager for the business combination in accordance with Appendix C to Ind AS 103; e) Evaluated management's assessment of accounting for the business combination and computation of restated comparative financial information and determined that it is appropriately accounted for in accordance with 'Pooling of interests' method prescribed under Appendix C to Ind AS 103; and f) Evaluated the appropriateness and adequacy of disclosures for compliance with the relevant requirements of Appendix C to Ind AS 103.

Key audit matter	How our audit addressed the key audit matter
B. Impairment of intangible assets recognized pursuant to service concession arrangement Refer note 5 to the consolidated financial statements. As at 31 March 2023, the carrying amount of intangible assets of the Group is ₹ 19,353.89 millions relating to licenses to collect toll from road infrastructure projects as an infrastructure concession operator under service concession arrangements accounted for in accordance with Appendix D of Ind AS 115, Service Concession Arrangements. Management regularly reviews whether there are any indicators of impairment and where impairment indicators exist, the management estimates the recoverable amounts of these assets, basis value in use. The value in use of the underlying assets is determined based on the discounted cash flow projections which involves use of key assumptions such as discounting rate, expected change in traffic and toll rates. Such assumptions and estimates require significant management judgment due to high inherent estimation uncertainty. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the future cash flow projections, we have determined this to be a key audit matter for the current year audit.	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of the Group's policies and procedures to identify impairment indicators of intangible assets and for determining the fair valuation of intangible assets; b) Evaluated the design of key controls implemented for identification of impairment indicators and fair valuation of intangible assets; c) Involving an auditor's expert, assessed the appropriateness of the valuation methodology and assumptions applied by management's valuation expert in determining the recoverable amount such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, independence, experience, and competency of management's experts involved in the process; d) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs); e) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; f) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; g) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and h) Evaluated the appropriateness of disclosures made in the consolidated financial statements in relation to impairment of licenses to collect toll under service concession arrangements in accordance with requirements of the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023. (Cont'd)

Key audit matter	How our audit addressed the key audit matter
C. Computation and disclosures relating to Consolidated Statement of Net Assets at Fair Value and Consolidated Statement of Total Returns at Fair Value as per SEBI regulations ("the statement") Refer the Statement disclosed in the accompanying consolidated financial statements pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the SEBI Regulations, which requires fair valuation of the net assets and total returns of the Trust carried out by an independent valuer appointed by the Trust. For the above purpose, fair value is determined by the management using discounted cash flow ('DCF') valuation method which involves significant management judgement in respect of various estimates used as inputs such as determination of future cash flows, discount rates, revenue growth rates, inflation rates, tax rates, amongst others. The determination of fair value involves judgement due to inherent high estimation uncertainty in the underlying assumptions. Considering the importance of the disclosure required under the SEBI Regulations to the users of the consolidated financial statements, significant management judgement involved in determining the fair value of the assets of the Group, the aforesaid computation and disclosure has been considered as a key audit matter for the current year audit.	**Our key procedures included, but were not limited to, the following:** a) Obtained an understanding of regulatory requirements by reading the requirements of SEBI Regulations along with the relevant SEBI circulars, pursuant to which the Statements are prepared by the Investment Manager; b) Obtained an understanding of the Trust's policies and procedures adopted by the Investment Manager for computation and disclosure of the Statements; c) Involving an auditor's expert, assessed the appropriateness of the valuation methodology and assumptions applied by management's valuation expert in determining the fair value such as weighted average cost of capital (in particular, the underlying parameters such as risk-free return, market return, risk premium and beta). We also evaluated the objectivity, experience, independence and competency of the management's experts involved in the process; d) Assessed the reasonableness of the key assumptions and appropriateness of the key drivers of the cash flow forecasts as approved by the Investment Manager considered in aforesaid valuations (in particular, revenue projections based on the independent expert's traffic study report, routine maintenance projections and growth of recurring operating and capital expenditure amongst other inputs). e) Discussed and evaluated potential changes in key drivers as compared to previous period / actual performance with management to test consistency and historical accuracy of such assumptions used in cash flow forecasts; f) Evaluated management's assumptions by performing sensitivity analysis around the key assumptions to ascertain estimation uncertainty involved; g) Tested arithmetic accuracy of cash flows projections and sensitivity analysis; and h) Evaluated the appropriateness and adequacy of disclosures for compliance with the relevant requirements of SEBI regulations.

Key audit matter	How our audit addressed the key audit matter
D. Measurement of operation and maintenance and major maintenance expenses Refer note 2B(iii) of significant accounting policies and note 19 and 25 to the consolidated financial statements. The Group is obligated to carry out operation and maintenance and major maintenance expenditure ("O&M and MM expenses") of the toll roads on periodic basis in accordance with service concession agreements with National Highway Authority of India ('NHAI') / Public Works Department ('PWD')/ Madhya Pradesh Road Development Corporation ('MPRDC'), as applicable. Measurement of major maintenance obligation is a key accounting estimate under both intangible assets model where the Group has a contractual right to charge users of the public service and financial asset model where the Group has a contractual right to receive cash from NHAI. Further, operation and maintenance cost is also a key accounting estimate with respect to financial assets model accounting. The measurement of O&M and MM expenses obligations require detailed workings and includes management estimates of items of cost required for repair and maintenance including but not limited to quantity and cost of building material, labour and other expenses, etc, and the timing of such repairs needed which is dependent upon future usage of the assets. The Group reviews such estimated O&M and MM expense obligations on an annual basis. Considering the high inherent estimation uncertainty in measurement of O&M and MM expense obligations and amounts involved, we have considered this matter as a Key audit matter in the current year audit.	**Our audit procedures included, but were not limited to, the following:** a) Obtained an understanding of the process associated with the estimation of O&M and MM expenses; b) Verified the Group's obligations for such O&M and MM expenses as per terms of service concession agreements; c) Assessed the management's significant judgements / estimates used in evaluation of inputs for the purpose of measurement of O&M and MM expense obligations under financial assets model and/ or intangible assets model as applicable; d) Evaluated the workings, methodology and key assumptions adopted by the management in estimating such O&M and MM expenses in future, including projections of future use of assets, by reviewing terms of the service concession agreements, inputs from management's inhouse technical team, Group's actual cost experience and considering historical accuracy of such assumptions; e) Analysed changes in the estimates of O&M and MM expenses from prior periods and assessed the consistency of these changes with progress of the projects, if any, during the year; and f) Tested the arithmetic accuracy and evaluated the appropriateness of disclosures made in the consolidated financial statements for compliance with applicable accounting standard.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023. (Cont'd)

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Board of Directors of Investment Manager are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Investment Manager and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Board of Directors of the Investment Manager of the Trust. The Investment Manager is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in unit holders' equity, consolidated cash flows, consolidated net assets at fair value, consolidated total returns at fair value and consolidated net distributable cash flows of the Group in accordance with the accounting principles generally accepted in India including the Ind AS and SEBI Regulations read with the SEBI Circulars. The respective Board of Directors of the Investment Manager of the Trust and of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Investment Manager of the Trust, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the Investment Manager of the Trust and of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the entities included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing issued by ICAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023. (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances , but not for the purpose of expressing an opinion on whether the Trust has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Investment Manager;
- Conclude on the appropriateness of Board of Director of Investment Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

15. We also performed procedures in accordance with Regulation 13(2)(e) of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended to the extent applicable.

Other Matters

16. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹ 8,909.72 millions and net assets of ₹ 169.44 millions as at 31 March 2023, total revenues of ₹ 2,680.80 millions, and net cash outflows amounting to ₹ 38.64 millions for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Investment Manager and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

17. The consolidated financial statements of the Trust for the period from 03 December 2021 to 31 March 2022 and as at 31 March 2022 included as comparative financial information in the accompanying consolidated financial statements have been certified by the Board of Directors of the Investment Manager of the Trust, but have not been subjected to either audit or review.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Independent Auditors report on even date to the unit holders of Highways Infrastructure Trust on the Consolidated Financial Statements for the year ended 31 March 2023. (Cont'd)

Report on Other Legal and Regulatory Requirements

18. Based on our audit and on the consideration of the reports of the other auditors referred to in paragraph 16 on separate financial statements of the subsidiaries and as required by the SEBI Regulations, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss (including Other comprehensive Income) are in agreement with the relevant books of account of the Trust; and

    c) in our opinion, the aforesaid consolidated financial statements comply with Ind AS and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015; as amended

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000
UDIN: 23507000BGYERT6831

Place: Mumbai
Date: 19 May 2023

Annexure 1

List of subsidiaries included in the Statement (in addition to Highways Infrastructure Trust)

a. Nirmal BOT Limited
b. Godhra Expressways Private Limited
c. Ulundurpet Expressways Private Limited
d. Jodhpur Pali Expressways Private Limited
e. Dewas Bhopal Corridor Expressways Private Limited
f. Shillong Expressway Private Limited

CONSOLIDATED BALANCE SHEET

(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	100.00	130.04
Capital work-in-progress	4	-	2.39
Intangible assets	5	19,353.89	20,246.56
Financial assets			
Other financial assets	6	541.71	1,387.67
Non-current tax assets (net)	7	83.57	89.40
Other non-current assets	8	6.26	0.28
Total non-current assets		**20,085.43**	**21,856.34**
Current assets			
Financial assets			
Investments	9	648.60	2,152.39
Trade receivables	10	0.16	37.30
Cash and cash equivalents	11	349.11	365.82
Bank balances other than cash and cash equivalents above	12	1,546.58	1,972.62
Other financial assets	13	631.38	936.82
Other current assets	14	55.23	72.90
Total current assets		**3,231.06**	**5,537.85**
Total assets		**23,316.49**	**27,394.19**
EQUITY AND LIABILITIES			
EQUITY			
Unit capital	15	41,550.00	-
Other equity	16	(37,168.34)	388.86
Total equity		**4,381.66**	**388.86**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	17	14,541.86	21,260.80

CONSOLIDATED BALANCE SHEET (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	Note	As at 31 March 2023	As at 31 March 2022
Other financial liabilities	18	1,556.83	1,276.93
Provisions	19	281.56	324.84
Deferred tax liabilities (net)	20	1,246.18	849.36
Total non-current liabilities		**17,626.43**	**23,711.93**
Current liabilities			
Financial liabilities			
Borrowings	21	225.00	2,007.63
Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	22	10.18	18.66
(b) Total outstanding dues of creditiors other than micro enterprises and small enterprises	22	377.53	302.14
Other financial liabilities	23	227.12	649.37
Other current liabilities	24	43.11	31.16
Provisions	25	425.46	280.15
Current tax liabilities (net)	26	-	4.29
Total current liabilities		**1,308.4**	**3,293.40**
Total liabilities		**18,934.83**	**27,005.33**
Total equity and liabilities		**23,316.49**	**27,394.19**
Significant accounting policies	2B		

The accompanying notes form an integral part of the consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ millions unless otherwise stated)

	Note	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Income and gains			
Revenue from operations	27	6,152.35	1,876.03
Interest income from bank deposits		121.51	27.67
Profit on sale of assets/investments	27.1	126.04	30.35
Other income	28	31.17	46.04
Total income and gains		**6,431.07**	**1,980.09**
Expenses and losses			
Valuation expenses		2.40	0.85
Audit fees (statutory auditor of Trust)	31.1	17.38	-
Audit fees (auditor of subsidiaries)		5.64	5.21
Insurance expenses		45.66	8.47
Employee benefits expense	29	104.03	27.76
Project management fees	55	53.55	-
Investment manager fees	55	111.61	-
Management support services fee		247.43	51.24
Trustee fees		4.43	0.75
Depreciation on property, plant and equipment	3	26.96	6.03
Amortization of intangible assets	5	1,139.01	282.17
Finance costs			
- Interest on term loan and non convertible debentures		1,743.11	709.16
- Other finance costs	30	447.48	73.60
Rating fee		2.35	0.32
Operation and maintenance		433.39	139.29
Corporate social responsibility		15.16	1.74
Provision for major maintenance obligation		416.39	100.14
Operating expenses	31	365.44	46.69
Independent consultancy and project monitoring fees		69.28	18.11
Legal and professional		152.55	1.76
Other expenses	32	63.34	17.77
Total expenses and losses		**5,466.59**	**1,491.06**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

	Note	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Profit before tax for the year / period		**964.48**	**489.03**
Tax expense			
Current tax	34	225.67	81.95
Deferred tax	34	396.82	(41.30)
Total tax expense		**622.49**	**40.65**
Net Profit after tax for the year / period		**341.99**	**448.38**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains /(losses) on defined benefit obligations		0.90	(0.23)
Income tax relating to these items		-	-
Total other comprehensive income / (loss) for the year /period (net of tax)		**0.90**	**(0.23)**
Total comprehensive income for the year /period (net of tax)		**342.89**	**448.15**
Earning per unit capital (Nominal value of unit capital ₹ 100 per unit)			
Basic (₹)	35	0.82	*
Diluted (₹)	35	0.82	*
*refer note 35			
Summary of significant accounting policies	2B		

The accompanying notes form an integral part of the Consolidated Financial Statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
A.	**Cash flows from operating activities**		
	Profit before tax	**964.48**	**489.03**
	Adjustments for:		
	Depreciation on property, plant and equipment	26.96	6.03
	Amortization of intangible assets	1,139.01	282.17
	Gain on sale of property, plant and equipment (net)	(0.02)	(0.65)
	Gain on sale of investments (net)	(123.66)	(29.70)
	(Gain)/loss on investments carried at fair value through profit or loss (net)	(2.36)	6.26
	Excess provisions written back	(9.15)	(1.00)
	Bad debts written back	9.34	-
	Provision for major maintenance obligation	416.39	100.14
	Interest income	(121.51)	(27.67)
	Finance cost		
	Interest on term loan and non convertible debentures	1,684.64	709.16
	Unwinding finance cost on deferred payment to National Highway Authority of India ('NHAI') for purchase of right to charge users of toll road	177.46	42.50
	Unwinding of discount on provisions and financial liabilities carried at amortised cost	110.04	13.18
	Unwinding of discount on provision for major maintainance	51.31	15.87
	Finance and bank charges	162.08	2.05
	Modification loss on financial liability	5.06	-
	Modification loss / (gain) on annuity	298.58	(243.08)
	Modification gain on financial liability	-	(26.03)
	Operating profit before working capital changes and other adjustments	**4,788.65**	**1,338.26**
	Working capital changes and other adjustments:		
	Trade receivables	36.95	9.54
	Other financial assets	621.00	916.58
	Other assets	11.70	16.26
	Trade payables	66.91	222.87
	Provisions	(314.36)	(766.62)
	Financial liabilities	72.32	37.62
	Other liabilities	11.99	19.86
	Cash flow from operating activities post working capital changes	**5,295.16**	**1,794.36**
	Income tax paid (net of refund)	(267.30)	(96.93)
	Net cash flow from operating activities (A)	**5,027.86**	**1,697.43**

CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
B.	**Cash flows from investing activities**		
	Acquisition of property, plant and equipments	(13.34)	(55.65)
	Proceeds from disposal of property plant and equipment	18.83	8.55
	Investment in compulsarily convertible debentures ('CCD's)	(3,060.00)	-
	Investment in bank deposits	-	(800.99)
	Investment in preference shares	(545.10)	-
	Proceeds from maturity of bank deposits	784.00	-
	Purchase of current investments	-	(170.34)
	Proceeds from maturity of current investments	1,629.82	-
	Interest received on bank deposits and others	-	27.67
	Net cash used in investing activities (B)	**(1,185.79)**	**(990.76)**
C	**Cash flows from financing activities**		
	Proceeds from issuance of units	4,160.00	-
	Repayment of current borrowings	(112.50)	(7,693.51)
	Repayment of non-current borrowings	(14,300.60)	-
	Proceeds from compulsorily convertible debentures	-	7,562.77
	Proceeds from current borrowings	14,469.03	-
	Formation and issue expenses	(111.58)	-
	Processing fees	(118.90)	-
	Finance costs paid	(1,814.23)	(724.39)
	Distribution made to unit-holders	(6,030.00)	-
	Net cash used in financing activities (C)	**(3,858.78)**	**(855.13)**
D	**Net decrease in cash and cash equivalent (A+B+C)**	**(16.71)**	**(148.46)**
E	Cash and cash equivalents acquired under business combinations (refer note 48)	-	514.28
F	Cash and cash equivalent at the beginning of the year	365.82	-
	Cash and cash equivalent at the end of the year/period (D+E+F) (refer note 11)	**349.11**	**365.82**
	Note: The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.		

The accompanying notes form an integral part of the Consolidated financial statements.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY

(All amounts in ₹ millions unless otherwise stated)

A Unit capital *

Particulars	Number of unit	Amount (in million)
Balance as at 03 December 2021	**-**	**-**
Units issued during the period	-	-
Balance as at 31 March 2022	**-**	**-**
Units issued during the year	415,500,000	41,550.00
Balance as at 31 March 2023	**415,500,000**	**41,550.00**

B Other equity**

Particulars	Units pending isssuance	Equity component of loan to related parties	Reserves and surplus					Total
			Securities premium reserve	Debenture redemption reserve	Capital redemption reserve	Retained earnings	Amalgmation adjustment deficit account	
Balance as at 03 December 2021	**3,200.95**	**-**	**-**	**-**	**-**	**-**	**-**	**3,200.95**
Net profit for the period	-	-	-	-	-	448.38	-	**448.38**
Other comprehensive income for the period								
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	-	(0.23)	-	**(0.23)**
Total comprehensive income for the period	**3,200.95**	**-**	**-**	**-**	**-**	**448.15**	**-**	**3,649.10**
Acquisiton under common control business combinations (refer note 48)	-	384.95	2,874.88	174.91	2.83	(6,697.81)	-	**(3,260.24)**
Balance as at 31 March 2022	**3,200.95**	**384.95**	**2,874.88**	**174.91**	**2.83**	**(6,249.66)**	-	**388.86**
Net profit for the year	-	-	-	-	-	341.99	-	341.99
Other comprehensive income for the year								
Remeasurement of defined benefit obligations (net of tax)	-	-	-	-	-	0.90	-	0.90
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**342.89**	-	**342.89**
Transfer from units pending issuance to acquisition adjustment account pursuant to common control business combinations (refer note 48)	(3,200.95)	-	-	-	-	-	3,200.95	-
Amount paid to sponsor pursuant to business combinations (refer note 48(c))	-	-	-	-	-	-	(31,715.33)	(31,715.33)

CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Particulars	Units pending isssuance	Equity component of loan to related parties	Reserves and surplus					Total
			Securities premium reserve	Debenture redemption reserve	Capital redemption reserve	Retained earnings	Amalgmation adjustment deficit account	
Formation and issue expenses^^	-	-	-	-	-	(111.58)	-	(111.58)
Transfer from security premium to retained earnings pursuant to capital reduction in DBCPL (refer note 54)	-	-	(600.09)	-	-	600.09	-	-
Transaction cost relating to buy back of preferance shares of SEPL	-	-	-	-	-	(43.18)	-	(43.18)
Transfer from debenture redemption reserve in NBL and DBCPL	-	-	-	(174.91)	-	174.91	-	-
Distributions to unit holders ^	-	-	-	-	-	(6,030)	-	(6,030)
Balance as at 31 March 2023	**-**	**384.95**	**2,274.79**	**-**	**2.83**	**(11,316.54)**	**(28,514.38)**	**(37,168.34)**

^Pertains to the distribution made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distribution made by Trust to its unitholders are based on Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital.

^^ Formation and issue expenses are one time expenses incurred in relation to the formation of the Trust .

* refer note 15.

** refer note 16.

The accompanying notes form an integral part of the Consolidated financial statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023.

(All amounts in ₹ millions unless otherwise stated)

A. Consolidated Statement of net assets at fair value

Particulars	As at 31 March 2023		As at 31 March 2022	
	Book value	Fair value #	Book value	Fair value #
A. Assets	23,316.49	57,872.75	27,394.19	53,889.16
B. Liabilities (at book value)	18,934.83	18,934.83	27,005.33	27,005.33
C. Net assets (A-B)	4,381.66	38,937.92	**388.86**	**26,883.83**
D. No of units (in millions)	415.50	415.50	*	*
E. NAV (C/D)	10.55	93.71	*	*

* In the previous year ended 31 March 2022, the number of units were not ascertainable considering the Trust was in the process of issuing its units in connection with private placement. Accordingly, disclosure in respect of Net Asset Value ("NAV") per unit has not been given for the previous year.

Fair values of total assets relating to the Trust as at 31 March 2023 and 31 March 2022 as disclosed above are primarily based on the fair valuation report of the independent valuer appointed appointed by the trust.

Project wise break up of fair value of assets as at 31 March 2023:

Projects	Fair value** As at 31 March 2023	Fair value** As at 31 March 2022
Highways Infrastructure Trust	1,039.02	-
Shillong Expressways Private Limited (SEPL)##	516.26	1,519.49
Ulunderpret Expressways Private Limited (UEPL)##	5,491.57	7,009.33
Dewas Bhopal Corridor Private Limited (DBCPL)##	15,564.28	16,194.45
Godhra Expressways Private Limited (GEPL)##	25,630.72	19,579.95
Nirmal BOT Limited (NBL)##	1,136.37	1,951.16
Jodhpur Pali Expressways Private Limited (JPEPL)##	8,494.53	7,634.78
Total Assets	**57,872.75**	**53,889.16**

**Fair values of assets as disclosed above are the fair values of the total assets of the Group which are included in the Consolidated Financial Statements.

##The Trust has acquired these projects with effect from 23 August 2022. (refer note 48)

B. Statement of consolidated total return at fair value:

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Total comprehensive income for the year/period (As per the Consolidated Statement of Profit and Loss)	342.89	448.15
Add: Other changes in fair value for the year (refer note 1 and 2)	3,983.59	(534.89)
Total return	**4,326.48**	**(86.74)**

Note 1:

In the above statement, other changes in fair value for the financial year ended 31 March 2023 note 1 has been computed based on the difference in fair values of total assets as at 31 March 2023 and as at 31 March 2022 which is based solely on the valuation report of the independent valuer appointed appointed by the trust.

Note 2:

In the above statement, other changes in fair value for the financial year ended 31 March 2022 has been computed based on the difference in fair values of total assets as at 03 December 2021 (certified by investment manager of Trust and are not subject to audit or review) and as at 31 March 2022 (based solely on the valuation report of the independent valuer appointed appointed by the trust).

The accompanying notes form an integral part of the Consolidated financial statements.

This is the Consolidated Statement of Net Assets at Fair Value and Consolidated Statement of Total Return at Fair Value referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 (Contd.)

(All amounts in ₹ millions unless otherwise stated)

Statement of Net Distributable Cash Flows for the year ended 31 March 2023

(i) Highways Infrastructure Trust

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Net Distributable Cash Flows of the Project Entities**		-
	a) in the form of interest / accrued interest / additional interest	2,078.10	
	b) in the form of dividend	1,893.32	-
	c) in the form of proceeds towards repayment of the debt issued to the Project SPVs by the Trust	3,264.77	-
	d) in the form of proceeds through capital reduction by way of a buy back or any other means as permitted, subject to applicable law	294.45	
2	Cash flows from additional borrowings (including debentures / other securities), fresh issuance of units, etc.	18,629.03	-
3	Any other income accruing at the Highways Trust and not captured above, as deemed necessary by the Investment Manager, including but not limited to interest / return on surplus cash invested by the Highways Trust	42.75	-
	Total cash inflow at the InvIT level (A)	**26,202.42**	
	Adjustments:		
4	Any payment of fees, interest and expenses incurred at the Trust, including but not limited to the fees of the Investment Manager, Project Manager, Trustee, Auditor, Valuer, Credit Rating Agency, etc.	(889.75)	-
5	Any expenditure reimbursed to Investment Manager which the Investment Manager incurred on behalf of Trust	(116.10)	-
6	Income tax (if applicable) for standalone Highways Trust and / or payment of other statutory dues	(18.27)	-
7	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(112.50)	-
8	Net cash set aside to comply with borrowing requirements such as DSRA, minimum cash balance, etc.	(976.43)	-
9	Amount invested in any of the Project SPVs for service of debt or interest	(17,211.84)	-
10	Any provision or reserve deemed necessary by the Investment Manager for expenses / liabilities which may be due in future	(146.33)	-
	Total adjustments at the Trust level (B)	**(19,471.22)**	-
	Net Distributable cash flows (C)=(A+B)	**6,731.2**	-

(ii) Dewas Bhopal Corridor Private Limited ("DBCPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Profit after tax as per Statement of Profit and Loss (A)**	**1,020.54**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	203.45	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	173.42	-
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	0.05	-
	▪ deferred tax, lease rents, provisions, etc.	(177.84)	-
	▪ any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	42.22	-
5	Decrease in working capital	(15.74)	-
6	Gain on sale of investments	(45.53)	-
7	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.	2,814.94	-
8	Capital expenditure, if any	(1.25)	-
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(2,853.41)	-
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	944.47	-
	Total adjustments at the Trust level (B)	**1,084.78**	-
	Net Distributable cash flows (C)=(A+B)	**2,105.32**	-

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 (Contd.)

(All amounts in ₹ millions unless otherwise stated)

(iii) Nirmal BOT Limited

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(243.95)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	126.47	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	1.97	-
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	(0.92)	-
	▪ deferred tax, lease rents, provisions, etc.	(11.75)	-
5	Decrease in working capital	(18.92)	-
6	Gain on sale of investments	(5.22)	-
7	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	389.41	-
8	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.	1,158.30	-
9	Capital expenditure, if any	(0.51)	-
10	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(1,249.10)	-
11	Payment of any other liabilities (not covered under working capital)	(5.18)	-
12	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	518.45	-
	Total adjustments at the Trust level (B)	**903.00**	-
	Net Distributable cash flows (C)=(A+B)	**659.05**	-

(iv) Jodhpur Pali Expressway Private Limited

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	**(527.30)**	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	479.63	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	65.45	-
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	0.87	-
	▪ deferred tax, lease rents, provisions, etc.	103.67	-
	▪ any other items charged / credited to the profit and loss account which do not involve corresponding cash flows	81.48	-
5	Decrease in working capital	(184.18)	-
6	Gain on sale of investments	(8.19)	-
7	Capital expenditure, if any	(7.70)	-
8	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raised by refinancing of existing debt	(1,254.35)	-
9	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.	1,506.19	
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	120.01	-
	Total adjustments at the Trust level (B)	**902.87**	-
	Net Distributable cash flows (C)=(A+B)	**375.58**	-

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 (Contd.)

(All amounts in ₹ millions unless otherwise stated)

(v) Godhra Expressways Private Limited ("GEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	(630.19)	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	998.96	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	113.42	-
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	0.39	-
	▪ deferred tax, lease rents, provisions, etc.	429.25	-
	▪ any other items charged / credited to the profit and loss account which do not involve corresponding cash flows	177.42	-
5	Decrease in working capital	(19.96)	-
6	Gain on sale of investments	(28.02)	-
7	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.	4,059.40	-
8	Capital expenditure, if any	(122.55)	-
9	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(4,100.76)	-
10	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	850.64	-
	Total adjustments at the Trust level (B)	**2,358.19**	-
	Net Distributable cash flows (C)=(A+B)	**1,728.00**	-

(vi) Ulundurpet Expressways Private Limited ("UEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	(9.33)	-
	Adjustments:		
2	Interest (including interest on unpaid interest), if any, on loans availed from / debentures issued to Highways Trust as per profit and loss account	218.10	-
3	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	811.42	-
4	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	0.09	
	▪ deferred tax, lease rents, provisions, etc.	(2.45)	-
	▪ any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	323.37	-
5	Increase in working capital	43.35	-
6	Gain on sale of investments	(39.65)	-
7	Net proceeds (after applicable taxes) from sale of assets / investments not distributed pursuant to an earlier plan to reinvest, if such proceeds are not intended to be invested subsequently.	17.43	-
8	Amount invested by the Trust in the Project Entity for service of debt or interest, through internal accruals to the extent allowed under the SEBI InvIT Regulations.	2,699.29	-
9	Capital expenditure, if any	(1.83)	-
10	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(2,840.24)	-
11	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	1,046.15	-
	Total adjustments at the Trust level (B)	**2,275.03**	**-**
	Net Distributable cash flows (C)=(A+B)	**2,265.70**	**-**

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 (Contd.)

(All amounts in ₹ millions unless otherwise stated)

(vi) Shillong Expressway Private Limited ("SEPL")

S. No.	Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	**Loss after tax as per Statement of Profit and Loss (A)**	(82.03)	-
	Adjustments:		
2	Depreciation, impairment (in case of impairment reversal, same will be deducted) and amortisation as per profit and loss account.	0.29	-
3	Any other item of non-cash expense / non-cash income (net of actual cash flows for these items), including but not limited to		
	▪ any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	0.12	-
	▪ deferred tax, lease rents, provisions, etc.	(47.21)	-
	▪ any other items charged / credited to the Profit and loss account which do not involve corresponding cash flows	26.66	-
4	Decrease in working capital	(36.92)	-
5	Gain on sale of investments	(9.11)	-
6	Any amount received from tolls or annuities not recognised as income for the purposes of working out the profit after tax	497.40	-
7	Capital expenditure, if any	(0.06)	-
8	Repayment of third-party debt (principal) / redeemable preference shares / debentures, etc., net of any debt raisedby refinancing of existing debt	(702.33)	-
9	Such portion of the existing cash balance available, if any, as deemed necessary by the Investment Manager in line with the SEBI InvIT Regulations	750.16	-
	Total adjustments at the Trust level (B)	**479.01**	-
	Net Distributable cash flows (C)=(A+B)	**396.98**	-

The accompanying notes form an integral part of the Standalone Financial Statements.

This is the Statement of Net Distributable Cash Flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of Board of Directors of
Highway Concessions One Private Limited
(as Investment Manager of Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
Membership No: A27382

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole Time Director and CEO
DIN:05110400

Place: Mumbai
Date: 19 May 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

(All amounts in ₹ millions unless otherwise stated)

1. Group Information

The consolidated financial statements comprise financial statements of Highways Infrastructure Trust ("the Trust") and its subsidiaries (collectively, the Group) for the year ended 31 March 2023. The Trust is an irrevocable trust settled by Galaxy Investment II Pte. Ltd (hereinafter referred as "Sponsor") on 03 December 2021 pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882 and registered with Securities and Exchange Board of India ("SEBI") vide Certificate of Registration dated 23 December 2021 as an Infrastructure Investment Trust under Regulation 3(1) of the Securities Exchange Board of India (Infrastructure Investment Trust) Regulations. The Trustee of the Trust is Axis Trustee Services Limited (the "Trustee"). The Investment manager for the Trust was Virescent Infrastructure Investment Manager Private Limited till 22 November 2023 and with effect from 23 November 2023 the same is Highway Concessions One Private Limited (the "Investment Manager")

The objectives of the Trust are to undertake activities as an infrastructure investment trust in accordance with the provisions of the SEBI Regulations and the Trust Deed. The principal activity of the Trust is to own and invest in the road sector in India. All the road projects are implemented and held through special purpose vehicles ("SPVs/Project SPVs/ subsidiaries").

During the current year ended 31 March 2023, the Trust acquired 100% equity control in following Project SPVs from the Sponsor w.e.f. 23 August 2022. The SPV's have entered into concession agreements with various authorities (given below) to design, build, finance, operate and transfer (DBFOT) or build, operate and transfer (BOT) national or state highways in various locations.

Name of Project SPV	Extent of Control as at 31 March 2023	Date of incorporation	Principal place of business	Commencement of operation	Authority
Ulundurpet Expressways Private Limited ("UEPL")	100%	20 March 2006	Tamil Nadu	23 July 2009	National Highways Authority of India (NHAI)
Shillong Expressway Private Limited ("SEPL")	100%	09 June 2010	Meghalaya	28 February 2013	National Highways Authority of India (NHAI)
Jodhpur Pali Expressway Private Limited ("JPEPL")	100%	10 January 2013	Rajasthan	31 October 2014	Public Works Department (PWD) Rajasthan
Godhra Expressways Private Limited ("GEPL")	100%	21 January 2010	Gujarat	31 October 2013	National Highways Authority of India (NHAI)
Dewas Bhopal Corridor Private Limited ("DBCPL")	100%	14 May 2007	Madhya Pradesh	10 February 2009	Madhya Pradesh Road Development Corporation Limited (MPRDC)
Nirmal Bot Limited ("NBL")	100%	19 September 2006	Telangana	22 July 2009	National Highways Authority of India (NHAI)

The address of the registered office of the Investment Manager is Unit no.316-317,3rd Floor, C Wing, Kanakia Zillion BKC Annex, Kurla West, Mumbai, MH -400070. The consolidated financial statements were authorized for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 19 May 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

2A. Standards issued but not yet effective

Amendment to Ind AS 1, Presentation of Financial Statements

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 1 which requires entities to disclose material accounting policies instead of significant accounting policies. Accounting policy information considered together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The amendment also clarifies that immaterial accounting policy information does not need to disclose. If it is disclosed, it should not obscure material accounting information. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements.

Amendment to Ind AS 8, Accounting Policies, Change in Accounting Estimates and Errors

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 8 which specifies an updated definition of an 'accounting estimate'. As per the amendment, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty and measurement techniques and inputs are used to develop an accounting estimate. Measurement techniques include estimation techniques and valuation techniques. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements.

Amendment to Ind AS 12, Income Taxes

The Ministry of Corporate Affairs ("MCA") vide notification dated 31 March 2023, has issued an amendment to Ind AS 12, which requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This will typically apply to transactions such as leases of lessees and decommissioning obligations and will require recognition of additional deferred tax assets and liabilities. The Trust is evaluating the requirement of the said amendment and it's impact on these consolidated financial statements

2B. Summary of significant accounting policies

a) **Overall consideration**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the consolidated financial statements.

(All amounts in ₹ millions unless otherwise stated)

i) **Basis of preparation and presentation**

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rule, 2015, as amended ('Ind AS') and Securities and Exchange Board of India (Infrastructure Investment Trust) Regulation, 2014 as amended from time to time ('SEBI Regulations') including SEBI Circular CIR/IMD/DF/127/2016 dated 29 November 2016 and continuous disclosure requirements specified under paragraph 5.1 and 5.2.1 of the SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2018/71 dated 13 April 2018 for issuance of debt securities by Infrastructure Investment Trusts (InvITs) (hereinafter collectively referred to as 'SEBI Circulars')

The Consolidated financial statements are presented in India Rupees which is also the functional currency of the Group and all values are rounded to the nearest millions, unless otherwise indicated. Certain amounts that are required to be disclosed and do not appear due to rounding-off are expressed as 0.00

These Consolidated Financial Statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the consolidated financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities, which are measured at fair values as explained in relevant accounting policies.

The Consolidated Financial Statements for the year ended 31 March 2023 were authorized and approved for issue by the Board of Directors of Highway Concessions One Private Limited (the 'Investment Manager' of the Trust) on 19 May 2023. The revision to the consolidated financial statements is permitted by the Board of Directors of Investment Manager after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Companies Act, 2013 ('the Act").

ii) **Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2023. Control is achieved when the Group has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group combines the financial statements of the Trust and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated.

iii) **Use of estimates and judgements**

The preparation of consolidated financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below:

- **Revenue recognition - Applicability of service concession agreement accounting**

  Appendix C "Service concession arrangements" applies to "public to private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to main public facilities for a specified period of time in return of managing the infrastructure used to deliver those public services.

(All amounts in ₹ millions unless otherwise stated)

More specifically, it applies to public to private service concession arrangement if the grantor:

- Controls or regulates what services the operators must provide with the infrastructure, to whom it must provide them, and at what price; and
- Controls through ownership or otherwise –any significant residual interest in the infrastructure at the end of the term of the arrangement.

The subsidiary – Shillong Expressway Private Limited ("SEPL") and Nirmal Bot Limited ("NBL") have the right to receive fixed annuity payments from NHAI during the concession period and have adopted 'Financial Asset Model.'

Accounting under "Financial Asset Model" involves extensive use of estimates. The Group has allocated the contract revenues into distinct individual performance obligations i.e. Construction, operation and maintenance based on their relative stand-alone selling prices which are derived by as per amount estimated by the Management of Subsidiary on actual/estimated cost to be incurred. Accordingly, annuity payment receivable has been classified as a "Financial asset" at the inception of concession period at fair value. The future annuity payments have been bifurcated towards construction services and unearned finance income based on the effective interest rate model.

- **Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

- **Provision for major maintenance obligation**

The operating and maintenance cost includes routine, periodic/major maintenance, manpower costs and operational expenses, including, but not limited to, road and site work expenses, employee benefit expenses and other operating and maintenance costs. The provision for potential periodic / major maintenance cost is created based on the estimates provided by the management and the same is adjusted for actual expenditures in the year of occurrence.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

- **Useful lives of depreciable/amortizable assets**

  Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, IT equipment and other plant and equipment.

- **Defined benefit obligations (DBO)**

  Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

- **Evaluation of indicators for impairment of assets**

  The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

- **Recognition of deferred tax assets**

  The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

- **Recoverability of advances / receivables**

  At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

- **Contingent liabilities**

  The Group is the subject of legal proceedings and tax issues covering a range of matters, which are pending in various jurisdictions. Due to the uncertainty inherent in such matters, it is difficult to predict the final outcome of such matters. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business management consults with legal counsel and certain other experts on matters related to litigation and taxes. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated.

(All amounts in ₹ millions unless otherwise stated)

- **Fair value measurements**

  Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of intangible assets are disclosed in the notes to consolidated financial statements.

- **Impairment of annuity and intangible assets**

  Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the annuity and intangible assets are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from forecasts over the life of the projects of SPVs.

- **Income taxes**

  The Groups tax jurisdiction is in India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The extent to which deferred tax assets/minimum alternate tax credit can be recognized is based on management's assessment of the probability of the future taxable income against which the deferred tax assets/minimum alternate tax credit can be utilized.

- **Fair valuation and disclosures**

  SEBI Circular issued under the SEBI Regulations requires disclosures relating to net assets at fair value and total returns at fair value. In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The Investment Manager of the Trust works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as Weighted average cost of capital ('WACC'), tax rates, inflation rates etc. Changes in assumptions about these factors could affect the fair value.

b) Business combination (refer note 48)

During the current year ended 31 March 2023, the Trust acquired the SPVs pursuant to common control method of business combination. Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonize the accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to Amalgamation Adjustment Deficit Account.

c) Basis of classification as current and non-current

The Group presents assets and liabilities in the Consolidated balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets have been classified as non-current.

A liability is current when:

(All amounts in ₹ millions unless otherwise stated)

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Group is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Group's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

d) Revenue recognition

Effective 01 April 2018, the Project SPV Group adopted Ind AS 115 "Revenue from Contracts with customers" using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before 31 March 2018.

To determine whether to recognize revenue, the Project SPV Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price is allocated amongst the various performance obligations based on their relative standalone selling price. The transaction price excludes amounts collected on behalf of third parties. The consideration promised include fixed amounts, variable amounts, or both.

The specific recognition criteria described below must also be met before revenue is recognized.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Toll Collections

Toll collections from the users of the infrastructure facility constructed by the Group under the Service Concession Arrangement is accounted for based on actual collection. Revenue from electronic toll collection is recognized on accrual basis.

Claims with National Highways Authority of India ('NHAI')

Claims with National Highways Authority of India ('NHAI') and other Government Authorities are accounted as revenue as and when it becomes probable that such claims will be received and which can be measured reliably.

Contract revenue (Construction contracts)

Contract revenue associated with the construction of road is recognized at cost of work performed on the contract plus proportionate margin, where required, using the percentage of completion method.

Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the statement of profit or loss in the period in which the change is made and in subsequent periods.

Contract cost include costs that relate directly to the specific contract and allocated cost that are attributable to the Construction of the road.

Rendering of services

Revenue from major maintenance obligation and regular operation and maintenance is measured using the percentage of completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and are recognized net of taxes.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

(All amounts in ₹ millions unless otherwise stated)

Other operating income/other income

All other operating income/income is recognized on accrual basis when no significant uncertainty exists on their receipt.

e) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Group and the same taxation authority.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and recognize when the Group will pay normal income tax during the specified period. Minimum alternate tax ('MAT') credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

f) Property, plant and equipment (PPE)

Property, plant and equipment and capital work in progress are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment loss, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Depreciation on PPE held by UEPL, SEPL, JPEPL, GEPL and NBL is calculated on a straight-line basis over the estimated useful lives of the respective assets as prescribed in the Schedule II of the Act

(All amounts in ₹ millions unless otherwise stated)

Depreciation on PPE held by DBCPL is provided on written down value method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule II of the Companies Act, 2013 ("the Act").

The Group has estimated the following useful lives for its tangible fixed assets:

Assets class	Useful life
Building	25 years
Plant and equipment	7 year - 15 years
Furniture & fixtures	8 year - 10 years
Vehicles	8 year - 10 years
Office equipments	3 year - 10 years
Computers	3 year - 5 years

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from the date on which asset is ready for use and up to the date on which the asset is disposed of/fully depreciated.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Intangible assets

On transition to Ind AS, the Project SPV Group exercised first time adoption under Ind AS 101 "First-time Adoption of Indian Accounting Standards" and has elected to continue with the carrying value of its "Toll Collection Rights" (Intangible Assets), as recognised in the Special Purpose Combined Financial Statements as at the date of transition (i.e. 01 April 2015 for all SPVs other than DBCPL and 01 April 2018 for DBCPL) measured as per the previous GAAP and uses that as its deemed cost as at date of transition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Accounting of intangible assets under Service Concession agreement

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") and design, build, finance, operate and transfer (DBFOT) project undertaken by the Group. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India authorities, if any. Till the completion of the project, the same is recognized under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets. Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development.

Other intangible assets

Other intangible assets comprise of cost for software and other application software acquired / developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are derecognized when no future economic benefits are expected from use or disposal.

Amortization of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortization method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortization is provided based on proportion of actual revenue to reflect the pattern in which the assets economic benefits will be consumed. At each balance sheet date, the projected revenue for the balance toll period is reviewed by the management. If there is any change in the projected revenue from previous estimates, the amortisation of toll collection rights is changed prospectively to reflect any changes in the estimates.

(All amounts in ₹ millions unless otherwise stated)

Toll collection rights in respect of road projects commissioned after 1 April 2016 are amortized over the useful economic life using the straight-line method. The amortization period and the amortization method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense is recognised in the statement of profit and loss.

Specialized software held by the Group is amortized over a period of six years on straight line basis from the month in which the addition is made.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

h) Financial asset under Service Concession Agreement

Under the arrangement, the SPV recognizes a financial asset arising from service concession agreement as it has an unconditional right to receive cash from grantor (NHAI/State authorities) for the construction service, major maintenance obligations and regular operation and maintenance services over the concession period. Such financial asset is measured at fair value on initial recognition and classified under the head "Other Financial Assets". Subsequent to initial recognition, the financial asset is measured at amortized cost. Under this model, the financial asset will be reduced as and when grant is received from Grantor (NHAI/State authorities).

As per the salient feature of the arrangement, the operator has a two-fold activity based on which revenue is recognized in the financial statements in line with the requirement of Appendix C of Ind AS 115. The activities are given below:

a. a construction activity in respect of its obligation to design, build, finance an asset that it makes available to the Grantor (NHAI)

b. Revenue from major maintenance obligation and operation and maintenance activity in respect of the assets during the concession period in accordance with Ind AS 115.

i) Lease

Where the Group is the lessee

A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration'. To assess whether a contract conveys the right to

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group obtains substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

Recognition and initial measurement

At lease commencement date, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate.

Subsequent measurement

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit and loss on a straight-line basis over the lease term.

Where the Group is the lessor

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified and accounted for as finance lease. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. Contingent rents are recognized as revenue in the period in which they are earned.

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognized on straight-line basis over the lease term. Rental income from operating lease is recognized on a straight-line basis or another systematic basis as per the terms of the relevant lease.

j) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate the recoverable amount of the asset / cash generating unit. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of profit and loss.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. The impairment loss recognised in prior accounting periods is reversed if there has been an increase in the recoverable value due to a change in the estimate.

k) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when there is a present obligation, as a result of past events and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Contingent liability is disclosed for possible obligations which will be confirmed only by future events not wholly within the control of the Trust; or present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed except when realization of income is virtually certain, related asset is recognized.

l) Cash support (grant) from grantor

Grant received are considered as a part of total outlay of the construction project. The same shall be recognised when the Group complies with the conditions attaching to collection of grant considered as a financial asset and it shall be simultaneously reduced from the cost of acquisition of the intangible asset and are recognised.

m) Financial Instruments

Initial recognition and measurement

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price

Subsequent measurement

i. **Financial assets at amortised cost-** A financial instrument is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method.

(All amounts in ₹ millions unless otherwise stated)

ii. Financial assets at fair value

- Mutual funds – All mutual funds in scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted.

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effect of EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

n) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Refer Note 40 for fair value hierarchy.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

External valuers are involved for valuation of significant assets such as annuity and intangible assets, where required. Involvement of external valuers is decided by the Group on a need basis and relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The Group after discussion with the external valuers, which valuation techniques and inputs to use for each case.

(All amounts in ₹ millions unless otherwise stated)

At each reporting date, the Group analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures of Statement of Net Assets at fair value and Statement of Total Returns at fair value
- Quantitative disclosures of fair value measurement hierarchy (note 40)
- Investment in quoted mutual fund (note 9)
- Financial instruments (including those carried at amortized cost) (note 41).

o) Impairment of financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets carried at amortised cost.

ECL is the weighted average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

the cash flows, the Group is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets; and
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables:

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets:

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

p) Segment reporting

The Group is engaged in "Road Infrastructure Projects" which in the context of Ind AS 108 "Operating Segment" is considered as the only segment. The Group's activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

(All amounts in ₹ millions unless otherwise stated)

q) Employee benefits

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Group define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Group.

Gratuity is post-employment benefit and is in the nature of a defined benefit plan. The liability recognized in the consolidated financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

The Group makes contribution towards employee state insurance scheme (ESIS), a defined contribution benefit plan for qualifying employees. The Group's contribution to the ESIS is deposited by the Group under the Employees State Insurance Act, 1948. The contributions deposited with authorities are recognized as on expense during the year.

r) Borrowing costs

Borrowing cost include interest calculated using the effective interest method, amortization of ancillary costs and other costs the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary, interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

s) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

t) Contributed equity

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in equity, net of tax.

u) Classification of Unitholders' fund

Under the provisions of the SEBI Regulations, Trust is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of Trust for each financial period. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation.

However, in accordance with SEBI Circulars (No. CIR/IMD/DF/1 14/2016 dated 20 October 2016 and No. CIR/IMDDF/127/2016 dated 29 November 2016) issued under the SEBI Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

v) Cash flow statement

Cash flows are reported using indirect method, whereby net profits / loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

w) Distribution to unit holders

The Group recognizes a liability to make cash distributions to unit holders when the distribution is authorized and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorized when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognized directly in equity.

x) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period.

For the purpose of calculating diluted earnings per unit, the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

3. Property, plant and equipment (PPE)

	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment	100.00	130.04
	100.00	**130.04**

The changes in the carrying value of property, plant and equipment for the year /period ended 31 March 2023 and 31 March 2022 are as follows :

Description	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross block								
Balance as at 03 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	4.37	13.11	58.77	7.99	31.47	29.44	12.42	40.28
Additions for the period	-	1.85	8.59	0.59	-	27.58	1.65	40.28
Transfer from capital work-in-progress for the period	-	-	15.37	-	-	-	-	15.37
Disposals/adjustments for the period	-	-	9.40	(0.03)	(0.02)	(0.55)	(0.24)	8.55
Balance as at 31 March 2022	**4.37**	**14.97**	**92.13**	**8.55**	**31.44**	**56.46**	**13.85**	**221.77**
Additions for the year	-	4.32	5.02	0.21	0.48	1.93	1.37	13.34
Transfer from capital work-in-progress during the year	-	2.39	-	-	-	-	-	2.39
Disposals/adjustments for the year	-	(0.19)	(3.07)	(1.04)	(2.43)	(21.75)	(0.08)	(28.56)
Balance as at 31 March 2023	**4.37**	**21.49**	**94.08**	**7.72**	**29.50**	**36.65**	**15.13**	**208.93**
Accumulated depreciation								
Balance as at 03 December 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	-	2.02	38.91	3.40	16.41	16.82	8.76	86.31
Charge for the period	-	0.20	2.30	0.15	1.05	1.68	0.65	6.03
Disposals/adjustments for the period	-	-	-	(0.03)		(0.37)	(0.21)	(0.61)
Balance as at 31 March 2022	**-**	**2.22**	**41.22**	**3.51**	**17.46**	**18.13**	**9.19**	**91.73**
Charge for the year	-	0.88	14.43	0.46	3.12	5.86	2.22	26.96
Disposals/adjustments for the year	-	(0.09)	(2.18)	(0.94)	(2.31)	(4.15)	(0.08)	(9.75)
Balance as at 31 March 2023	**-**	**3.01**	**53.46**	**3.02**	**18.27**	**19.84**	**11.33**	**108.93**
Net block at date of acquisition	**4.37**	**11.09**	**19.86**	**4.59**	**15.06**	**12.62**	**3.66**	**71.26**
Net block as at 31 March 2022	**4.37**	**12.75**	**50.92**	**5.04**	**13.99**	**38.33**	**4.65**	**130.04**
Net block as at 31 March 2023	**4.37**	**18.48**	**40.62**	**4.69**	**11.23**	**16.81**	**3.81**	**100.00**

Notes:

(i) Contractual obligations :

Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) For assets pledged as security, refer note 33.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

4. Capital work-in-progress

	As at 31 March 2023	As at 31 March 2022
Capital work in progress	-	2.39
	-	**2.39**

The changes in the carrying value of capital work-in-progress for year/period ended 31 March 2023 and 31 March 2022 are as follows:

Particulars	Amount
Balance as at 03 December 2021	**-**
Acquisition under common control business combinations (refer note 48)	15.37
Add: Additions for the period	2.39
Less: transfer to property, plant and equipment for the period (refer note 3)	(15.37)
Capital work-in-progress as at 31 March 2022	**2.39**
Add: additions during the year	-
Less: transfer to property, plant and equipment during the year (refer note 3)	(2.39)
Capital work-in-progress as at 31 March 2023	**-**

Ageing schedule of capital work-in-progress

As at 31 March 2023	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

As at 31 March 2022	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.39	-	-	-	2.39

Note:

(i) Contractual obligations :

Refer note 37 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) For assets pledged as security, refer note 33.

(All amounts in ₹ millions unless otherwise stated)

5. Intangible assets

	As at 31 March 2023	As at 31 March 2022
Intangible assets	19,353.89	20,246.56
	19,353.89	**20,246.56**

The changes in the carying value of intangible assets for the year/period ended 31 March 2023 and 31 March 2022 are as follows:

Description	Toll collection rights	Software	Total intangible assets
Gross block			
Balance as at 03 December 2021	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	**28,712.09**	**13.68**	**28,725.77**
Additions for the period	-	-	-
Disposals/adjustments for the period	-	-	-
Balance as at 31 March 2022	**28,712.09**	**13.68**	**28,725.77**
Additions for the year	246.37	-	246.37
Disposals/adjustments for the year	-	(0.02)	(0.02)
Balance as at 31 March 2023	**28,958.46**	**13.66**	**28,972.12**
Accumulated amortisation			
Balance as at 03 December 2021	**-**	**-**	**-**
Acquisition under common control business combinations (refer note 48)	**8,191.35**	**5.70**	**8,197.06**
Charge for the period	281.75	0.42	282.17
Balance as at 31 March 2022	**8,473.10**	**6.13**	**8,479.22**
Charge for the year	1,137.61	1.40	1,139.01
Balance as at 31 March 2023	**9,610.71**	**7.53**	**9,618.22**
Net block at date of acquisition	**20,520.73**	**7.98**	**20,528.70**
Net block as at 31 March 2022	**20,239.00**	**7.55**	**20,246.56**
Net block as at 31 March 2023	**19,347.75**	**6.14**	**19,353.89**

Notes:

(i) Contractual obligations:

Refer note 37 for disclosure of capital and other commitments for the acquisition of intangible assets.

(ii) For assets pledged as security, refer note 33.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

6 Others non-current financial assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Security deposits	5.14	4.79
Receivables under service concession arrangements (refer note 6 (ii) below)	536.57	1,024.92
Bank deposits with more than 12 months maturity*	-	357.96
	541.71	**1,387.67**

** includes interest accrued but not due*

Notes:

(i) **Movement in receivables under service concession arrangements during the financial year :**

	As at 31 March 2023	As at 31 March 2022
Opening balance	1,944.23	-
Acquisition under common control business combinations (refer note 48)	-	1,832.94
Add: Interest income on annuity receivable from National Highway Authority of India ('NHAI') (refer note 27)	183.75	55.54
Add: Revenue from operations and maintenance of road (refer note 27)	280.23	61.37
Less: Modification (loss) /gain on annuity	(298.58)	243.08
Less: Annuity received from NHAI	(973.37)	(248.70)
Closing balance	**1,136.26**	**1,944.23**

(ii) **Movement in receivables under service concession arrangements during the financial year :**

	As at 31 March 2023	As at 31 March 2022
- Non-current (refer note 6)	536.57	1,024.92
- Current (refer note 13)	599.69	919.31
	1,136.26	**1,944.23**

(iii) Refer note 40 - Fair value disclosures for disclosure of fair value in respect of financial assets measured at amortised cost and refer note 41 - Financial risk management for assessment of expected credit losses.

(iv) For assets pledged as security, refer note 33.

(All amounts in ₹ millions unless otherwise stated)

7 Non-current tax assets (net)

	As at 31 March 2023	As at 31 March 2022
Advance income tax (net of provisions)	83.57	89.40
	83.57	**89.40**

8 Other non-current assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good)		
Other- fair value of plan assets	1.08	0.28
Balances with statutory authorities*	5.18	-
	6.26	**0.28**

*includes deposit paid under protest with statutory authority

9 Investments

	As at 31 March 2023	As at 31 March 2022
Current		
Investment in mutual funds - quoted (fully paid)^	648.60	2,152.39
	648.60	**2,152.39**
Notes:		
Aggregate amount of quoted investments- at market value	648.60	2,152.39
Aggregate amount of quoted investments- at cost	651.64	2,102.25
For assets pledged as security, refer note 33.		

^ These are measured at fair value through profit and loss ('FVTPL')

*Amount of ₹ 6.4 million and ₹ 2.5 millions invested in mutual fund on 28 March 2023 and 29 March 2023 respectively, however units were allotted on 02 April 2023.

(a) **Details of investment in mutual funds- quoted (fully paid)**

	As at 31 March 2023	As at 31 March 2022
IDFC Overnight Fund Direct Plan - Growth- 52,739.30 units as at 31 March 2023 (31 March 2022: 1,898,422 units;)	63.06	2,152.39
Bandhan Overnight Fund Direct Plan-Growth (erstwhile IDFC Overnight Fund Direct Plan Growth) - 489735.11 units as at 31 March 2023 (31 March 2022 : NIL) (erstwhile IDFC Overnight Fund Direct PlanGrowth)	585.54	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

10 Trade receivables

	As at 31 March 2023	As at 31 March 2022
Trade receivables considered good- unsecured	0.16	37.30
Total	**0.16**	**37.30**

Notes:

(i) For assets pledged as security, refer note 33

(ii) Refer note 41 - Financial risk management for assessment of expected credit losses

(iii) The carrying value are considered to be a reasonable approximation of fair value

Trade receivable ageing schedule

As at 31 March 2023	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	0.16	-	-	-	0.16
Undisputed trade receivables – considered doubtful	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-
Disputed trade receivables – considered doubtful	-	-	-	-	-
Total	0.16	-	-	-	0.16

As at 31 March 2022	Outstanding from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables – considered good	9.80	4.66	-	22.84	37.30
Undisputed trade receivables – considered doubtful	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-
Disputed trade receivables – considered doubtful	-	-	-	-	-
Total	9.80	4.66	-	22.84	37.30

(All amounts in ₹ millions unless otherwise stated)

11 Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Balances with banks:		
- in current accounts	63.01	52.89
- deposits with original maturity less than three months*	282.35	308.92
Cash on hand	3.75	4.01
	349.11	**365.82**

** Includes interest accrued but not due*

Notes:

(i) For assets pledged as security, refer note 33.

(ii) Other than as disclosed, there are no repatriation restrictions with respect to cash and cash equivalents as at the end of the respective reporting year.

12 Bank balances other than cash and cash equivalents above

	As at 31 March 2023	As at 31 March 2022
Fixed deposit with bank		
Deposits with original maturity more than three months but less than twelve months*#	1,546.58	1,972.62
	1,546.58	**1,972.62**

** Includes interest accrued but not due*

 # Includes deposits pledged against Major maintenance reserve (MMR) and debt service reserve account (DSRA)

Notes:

(i) For assets pledged as security, refer note 33.

(ii) Other than as disclosed, there are no repatriation restrictions with respect to other bank balances as at the end of the respective reporting periods.

13 Others current financial assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured, Considered good unless otherwise stated)		
Receivables under service concession arrangements (refer note 6 (ii) above)	599.69	919.31
Other receivables	31.69	17.51
	631.38	**936.82**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

14 Other current assets

	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good')		
Supplier advances	4.31	1.80
Balances with statutory authorities	14.39	22.46
Other- fair value of plan assets	0.29	0.33
Prepaid expenses	36.24	48.09
Other receivables	-	0.22
	55.23	**72.90**

15 Equity

	As at 31 March 2023	As at 31 March 2022
a) Unit capital		
415,500,000 (31 March 2022: Nil) of ₹100 each	41,550.00	-
	41,550.00	**-**

(i) Terms/rights attached to unit capital :

Subject to the provisions of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (as amended)('SEBI Regulations'), the indenture of fund, and applicable rules, regulations and guidelines, the rights of the unit holders include:

a) The beneficial interest of each Unitholder shall be equal and limited to the proportion of the number of Units held by the Unitholder to the total number of Units. Each Unit represents an undivided beneficial interest in the Highways Infrastructure Trust ("the Trust')

b) Right to receive income or distributions with respect to the units held.

c) Right to attend the annual general meeting and other meetings of the unit holders which are conducted in accordance with the SEBI Regulations.

d) Right to vote upon any matter/resolutions proposed in relation to the unitholders

e) Right to receive periodic information-the Investment Manager, on behalf of the Highways Trust, shall also submit such information to the Stock Exchange and the Unitholders, on a periodical basis as may be required under the SEBI Regulations and the Listing Agreement to be entered into with the Stock Exchange. The Investment Manager (on behalf of the Trust) shall disclose to the Stock Exchange, the Unitholders and SEBI, all such information and in such manner as specified under the SEBI Regulations and such other requirements as may be specified by SEBI.

(All amounts in ₹ millions unless otherwise stated)

f) Any buyback and de-listing of Units shall be in accordance with the Trust Deed and the SEBI Regulations

g) The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of the Highways Trust, and the Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Investment Manager shall maintain records of the Unitholders' grievances and the actions taken thereon, including copies of correspondences made with the Unitholder.

h) No Unitholder of the Trust shall enjoy superior voting or any other rights over another Unitholder. Further, the Units shall not have multiple classes. However, subordinate Units may be issued only to the Sponsor and its Associates, where such subordinate units carry only inferior voting or any other rights compared to other units in the future in accordance with Regulation 4(2)(h) of the SEBI Regulations.

i) In terms of the SEBI Regulations not less than 90% of the net distributable cash flows of the Trust shall be distributed to the Unitholder Such distribution shall be declared and made such that the time period between any two declarations of distribution shall not exceed one year.

Limitations to the liability of unitholders

A Unitholder has no equitable or proprietary interest in the InvIT Assets and is not entitled to transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of the Trust. A Unitholder's right is limited to the right to require due administration of the Highways Infrastructure Trust in accordance with the provisions of the Trust Deed and the Investment Management Agreement;

(ii) Reconciliation of units outstanding at the beginning and at the end of the year :

	As on 31 March 2023		As on 31 March 2022	
	No. of units	(₹ in million)	No. of units	(₹ in million)
Unit capital of ₹ 100 each fully paid up				
Balance at the beginning of the year /period	-	-	-	-
Add: units issued during the year /period	415,500,000	41,550.00	-	-
Balance at the end of the year	**415,500,000**	**41,550.00**	**-**	**-**

(iii) Unitholders holding more than 5% of units of the Trust as at balance sheet date:

	As on 31 March 2023		As on 31 March 2022	
	No. of units	% of holding	No. of units	% of holding
Galaxy Investments II Pte. Ltd.	373,900,000	89.99%	-	-
2452991 Ontario Limited	31,200,000	7.51%	-	-

(iv) There were no units issued pursuant to contract without payment being received in cash, alloted as fully paid up by way of bonus issue and/or bought back since the date of incorporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

16 Other equity

	As at 31 March 2023	As at 31 March 2022
Units pending issuance	-	3,200.95
Equity component of loan to related parties	384.95	384.95
Securities premium reserve	2,274.79	2,874.88
Debenture redemption reserve	-	174.91
Capital redemption reserve	2.83	2.83
Retained earnings	(11,316.53)	(6,249.66)
Amalgmation adjustment deficit account	(28,514.38)	-
	(37,168.34)	**388.86**

Description of nature and purpose of each reserve:

Units pending issuance

Units pending issuance represents net assets acquired assuming common control is established from the date of earlier acquisition of the SPVs by the Sponsor i.e. 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL. Subsequently, 'Units pending issuance' credited as at 31 March 2022 have been further adjusted against difference of net assets and purchase consideration calculated as at 23 August 2022 i.e. when Trust acquired the SPVs.

Equity component of loan

This includes the equity component of the long term loan taken from GMR Highway Limited and India Infrastructure Fund (erstwhile promoter of UEPL). In earlier year, the equity component represents the interest-free feature of the loan. The liability component is reflected in non-current borrowings. (refer note 17)

Security premium reserve

Securities premium reserve represents premium received on issue of shares.These reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Debenture redemption reserve

Debenture redemption reserve is created out of the profits which is available for payment of dividend for the purpose of redemption of debentures.

Capital redemption reserve

Capital redemption reserve has been created as a result of transfer of the nominal value of shares upon buyback of shares, in accordance with Section 69 of the Companies Act, 2013.

(All amounts in ₹ millions unless otherwise stated)

Amalgmation adjustment deficit account

Amalgamation adjustment deficit account has been created as a result of Excess of purchase consideration paid over net assets of project SPVs acquired on 23 August 2022 (Refer Note 48)

Retained earnings

Retained earnings are created from the profit / loss of the Group, as adjusted for distributions to owners, transfers to other reserves, etc.

17 Non current borrowings*

	As at 31 March 2023	As at 31 March 2022
Secured		
Rupee term loan from banks	7,673.13	1,720.97
Term loan from financial institutions	-	2,753.37
Non-convertible debentures	6,351.05	8,337.70
Unsecured		
Loan from GMR Highways Limited	517.68	470.62
Compulsory convertible debentures (CCD's)	-	7,978.14
Total Non-current borrowings (excluding current maturities) (A)	**14,541.86**	**21,260.80**
Current maturities of long-term borrowings (refer note 21)		
- Unsecured liability component of compound financial instruments	-	519.08
- Rupee term loans from banks	160.00	324.21
- Term loans from financial institutions	-	422.72
- Non-convertible debentures	65.00	741.62
Total current borrowings (B)	**225.00**	**2,007.63**
Total borrowing (A+B)	**14,766.86**	**23,268.43**

*refer note 17(ii) for repayment terms and security details of the outstanding non-current borrowings (including current maturities)

*refer note 21(i) Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:

(i) Refer note 40- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 41-Financial risk management for assessment of expected credit lossess

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(ii) Notes:

For repayment terms and security details of the outstanding non-current borrowings (including current maturities) refer the table below:

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
1	Rupee term loans from banks (secured)	Highways Infrastructure Trust	7,833.13	-	**Rate of Interest and Repayment Terms** 'Rupee term loan from banks of ₹ 7,833.13 millions (31 March 2022: Nil) which carries weighted average interest rate of @ 7.94% p.a. (31 March 2022: Nil) linked to 1 year MCLR of respective banks plus spread, the interest rate will reset on an annual basis. The said loan is repayable in 55 structured quaterly installments starting from 30 September 2022 and ending on 31 March 2036. **The Rupee Loan is secured by way of :** a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust ('the Issuer'), present and future, including but not limited to: (a) all receivables of the Issuer from the HoldCos and SPVs; (b) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs; (c) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer; (d) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/ or insurances (in each instance, if any) of the Issuer; and (e) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets,including but not limited to its goodwill, undertaking and uncalled capital, both present and future; b) first ranking pari passu charge by way of mortgage on all immovable assets of the Issuer (if any), both present and future. it is clarified that, as on the date hereof, there is no immovable property owned by the Issuer. c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs. d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, asapplicable, the bank guarantee or fixed deposit in lieu of the DSRA. e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan. f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities"); g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee . h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee")
2	Rupee term loans from banks (secured)	Shillong Expressway Private Limited	-	701.68	**Rate of Interest and Repayment Terms:** Indian rupee term loans from Bank as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 701.68 millions); which carries average interest rate of Nil (31 March 2022 - 7.6%,). Loan is repayable in percentage of facility at semi annually instalments. **The Rupee term loan is secured by way of :** pari passu first charge by way of hypothecation of entire movable assets of the Project SPV, both present and future, including movable plant & machinery, machinery spares, tools and accessories, furniture ,fixture, vehicles and all other movable assets, both present and future except project asset (as defined under concession agreement). First charge over all accounts of Project SPV including ESCROW account and Sub-Accounts but not limited to Major Maintenance reserve, Debt Service Reserve account and any other reserve and other bank accounts of the Project SPV wherever maintained that may be opened in accordance with the financing documents and all funds from time to time deposited therein. First Charge on all intangibles assets including but not limited to goodwill,

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
					rights, undertaking and uncalled capital present and future excluding the project assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account and that the charges on the same shall be subject to the extent permissible as per the priority specified in the concession agreement and relevant clauses of the Escrow Agreement.) Further, a charge on uncalled capital, as set in above, shall be subject however to the provision of the concession agreement. A first charge on assignment by way of Security in : (i) all the right, title, interest, benefits, claims, and demands whatsoever of the Project SPV in the project documents ; (ii) the right, title and interest of the Project SPV in, to and under all the government approvals; (iii) all the right, title, interest, benefits, claims and demands whatsoever of the Project SPV in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the project documents; (iv) all the right, title, interest, benefits, claims, and demands whatsoever of the Project SPV under all insurance contracts. Shares are required to pledged as a security for this. Previously, the shares of the Project SPV was pledged to the Lender (Axis Bank). pursuant to the transfer, the Project SPV is under the process of pledging the shares again and is waiting for RBI approval on FC-GPR filing First pari-passu charge on Pledge of 30% each of equity shares and preference shares and Non Disposal Undertaking of 21% each of equity shares and preference shares of the Project SPV held by the sponsor in dematerialized form aggregating to 51% each of the total paid up equity share capital and preferences shares of the Project SPV. Provided that any enforcement of pledge over the shares shall be subject to the applicable provisions of the concession agreement and the prior written approval of NHAI as provided therein. The shares to be pledged shall be free from any restrictive covenants / lien or other encumbrance under any contract/ arrangement including shareholder agreement/ joint venture agreement/ financing arrangement Loan is repayable in percentage of facility at semi annually instalments. However the entire loan has been repaid on 15 April 2022 and 16 June 2022.
3	Rupee term loans from banks (secured)	Jodhpur Pali Expressway Private Limited	-	1,343.50	**Rate of Interest and Repayment Terms** Indian rupee term loans from banks as at 31 March 2023 of ₹ Nil (31 March 2022:₹ 1,343.50 millions;) which carries average interest rate of Nil (31 March 2022 - 9.50%,). The loan is to be repaid in 67 unequal quarterly installments starting from 15 October 2017 and ending on 15 July 2034. **The rupee term loan is secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by by way of first pari passu charge on the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 51% of equity share capital of the Borrower held by the Sponsor. To enable the change in ownership of the Project from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. . The Company is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the same has been repaid on 15 November 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
4	Rupee term loan from financial institutions (Secured)	Dewas Bhopal Corridor Private Limited	-	1,223.88	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 1,233.88 millions;) which carries rate of interest rate of Nil (31 March 2022: 8.50% p.a for both RTL -I and RTL-II,). The interest rate is linked to 6-month MCLR of SBI plus spread of respective facility with MCLR reset on semi-annual basis and spread reset on annual basis. Both the term loans are repayable in 53 unequal quarterly installments starting from 31 March 2018 and ending on 31 March 2031. **The rupee term loan is secured by first charge on :-** (a) all movable assets present and future except the project assets; (b) all revenues which may be received by the Borrower under the Project Documents or otherwise; (c) all bank accounts of the Borrower; (d) all intangibles including goodwill, undertaking of the Borrower, uncalled capital, trademarks, patents, present and future; (e) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, all as amended, varied or supplemented from time to time; (f) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contactor guarantees and liquidated damages and performance bond provided by any party to the Project Documents; (g) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower under the insurance Contracts; and (h) by way of pledge of Shares of 51% of the Equity of the SPV and charge on 51% of Loans and Other Securities, subject to the terms of the financing agreements, the Concession Agreement and Escrow Agreement. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the said loan has been repaid on 27 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV. .
5	Rupee term loan from financial institutions (Secured)	Godhra Expressways Private Limited	-	156.63	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 156.63 millions;) which carries interest rate of 31 March 2023: Nil (31 March 2022 - 10.50%,) per annum payable monthly. The loan is to be repaid in 67 unequal quarterly instalments starting from 30 September 2019 and ending on 28 February 2036. **The rupee term loan is secured by the way of :** a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables; and d) First charge by way of pledge of Shares held by the Sponsor representing 51% of Equity Share Capital till the Final Settlement Date. A Non-Disposal Undertaking by the Sponsor, undertaking non-disposal of 49% of Shares till 31 March 2023. Assignment of the Sponsor's rights in relation to 51% of Sponsor Contributions and 51% of Sponsor Debentures in favour of Project Security Trustee.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
					To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has received NOC from AD bank on 25 April 2022. However the same has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
6	Term loan from financial institutions (Secured)	Ulundurpet Expressways Private Limited	-	1,795.58	**Rate of Interest and Repayment Terms** Indian rupee term loans from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹ 1,795.58 millions;) which carries interest rate of 31 March 2023: Nil (31 March 2022 - 10.50%,) per annum payable monthly. The loan is to be repaid in 67 unequal quarterly instalments starting from 30 September 2019 and ending on 28 February 2036. **The term loan is secured by the way of :** a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables; and d) First charge by way of pledge of Shares held by the Sponsor representing 51% of Equity Share Capital till the Final Settlement Date. A Non-Disposal Undertaking by the Sponsor, undertaking non-disposal of 49% of Shares till 31 March 2023. Assignment of the Sponsor's rights in relation to 51% of Sponsor Contributions and 51% of Sponsor Debentures in favour of Project Security Trustee. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. To enable the change in ownership of the Company from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10th December 2021. The Company is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the same has been repaid on 09 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
7	Non-convertible debentures (Secured)	Dewas Bhopal Corridor Private Limited	-	1,613.56	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution of Nil (31 March 2022: ₹ 1,613.56 millions;) which carries average interest rate of Nil (31 March 2022- 8.28%,). The NCDs are redeemable in 57 unequal quarterly instalments starting from 31 March 2016 and ending on 31 March 2030 during the financial year ended 31 March 2022. **The Non-Convertible Debentures are secured by the way of :** (a) SPV's movable properties, both present and future, except project assets; (b) All accounts, both present and future including escrow account, major maintenance reserve, DSRA and other reserves and bank accounts of borrower; (c) Intangibles assets including goodwill, rights, undertaking and uncalled capital, excluding project assets; (d) by way of pledge of Shares of 51% of the Equity of the SPV , subject to the terms of the financing agreements, the Concession Agreement and Escrow Agreement; and (e) all the rights, title interest, benefits, claims and demands of borrower in project agreements, goverment approvals, letter of credit, guarantees. (f) a first charge by way of mortgage over identified immovable properties, save and except Project Assets (g) a negative lien on 26% of the Equity of the Issuer by the Other Shareholders until Final Settlement Date or receipt of approval of MPRDC for divestment of such shareholding.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
					Provided that the aforesaid mortgage, hypothecation charges, assignments and the pledge of Shares and negative lien on Shares shall rank pari passu inter se amongst -The Debenture Holders without any preference or priority to one over the other or others; and -The Debenture Holders and the Rupee Lenders (for Facility-I and Facility-II) without any preference or priority to one over the other or others, subject to and in accordance with the Concession Agreement and the IDF Tripartite Agreement (as approved by MPRDC); To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 29 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and had recreated the pledge, since it has recieved NOC from AD bank on 25 April 2022. However the said loan has been repaid on 27 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
8	Non-convertible debentures (Secured)	Godhra Expressways Private Limited	-	3,922.40	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹. 3,922.40 millions;) which carries average interest rate of Nil (31 March 2022 - 9.73%,). The NCDs are redeemable in 76 unequal quarterly instalments starting from 30 June 2017 and ending on 28 February 2036. **The Non-Convertible Debentures are secured by the way of :** a) first mortgage and charge on all the Borrower's Mortgaged Properties, immovable properties, both present and future, save and except the Project Assets; b) a first charge on all the Borrower's tangible movable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, current assets and non-current assets, both present and future, save and except the Project Assets; c) a first charge over all accounts of the Borrower, including, the Escrow Account and the Sub-Account(s) (including the DSRA and the MMRA) (or any account in substitution thereof) that may be opened in accordance with the Escrow Agreement and the Supplementary Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Escrow Account, and a first charge on the receivables; and d) The Secured Debt is secured on a pari passu basis by a first ranking charge in relation to the Rupee Facility/ NCDs on Mortgaged Properties, all tangible movable assets, all intangible assets excluding Project Assets, all accounts of the SPV and by way of pledge of Shares of 51% of the Equity of the SPV/ Sponsor's Debentures and by way of assignment of 51% of other Sponsor Contributions, subject to the terms of the Concession Agreement and Escrow Agreement. The Debt is further secured by non-disposal undertaking for the balance 49% of the shares of the SPV until 31 March 2023. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 13 December, 2021. The Project SPV had filed an application on 24 December 2021 for No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and has recreated the pledge, since it has received NOC from AD bank on 25 April 2022. However the said loan has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
9	Non Convertible debentures (Secured)	Jodhpur Pali Expressway Private Limited	-	1,254.35	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹. Nil (31 March 2022: ₹. 1,254.35 millions;) which carries average interest rate of Nil (31 March 2022 - 9.35%,). NIIF NCD is redeemable in unequal quarterly instalments starting from 15 January 2018 and ending on 15 January 2034. **The Non-Convertible Debentures are secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery, the Receivables of the Borrower and Intangible Asset, except Project Assets as defined in the Concession Agreement. Further secured by way of first pari passu charge on the rights, title, interest, benefit, claims, of the Project SPV in respect of the project agreements executed / to be executed, government approvals, insurance policies both present and future, Letter of Credit / guarantees / liquidated damages and performance bond provided by any party and all rights, title, interest, benefit, claims, demands of the Project SPV in respect of monies lying to the credit of Escrow account and other accounts. First pari passu pledge of 51% of equity share capital of the Borrower held by the Sponsor. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Company is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank, in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. However the said loan has been repaid on 15 November 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
10	Non-convertible debentures (Secured)	Nirmal BOT Limited	-	1,249.10	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹. Nil (31 March 2022: ₹. 1,249.10 millions;) which carries average interest rate of Nil % (31 March 2022 - 9.38%,). Debentures are redeemable semi annually (unevenly) starting from 18th November 2010 and ending on 18 May 2026. **The Non-Convertible Debentures are secured by the way of :** a) The land is under lien by way of mortgage to Axis Trustee Services Limited acting as Debenture Trustee, by way of charge dated 16 December 2010; and b) Debenture's are secured by way of first and exclusive charge on all assets both present and future and annuity receivables, excluding the project assets as defined in the Concession Agreement. Undertakings from the Sponsor to deposit the amount of difference between the actual O&M costs and the O&M costs as per the Trust and Retention Account and difference between the actual annuity received and annuity as per annuity schedule. However the said loan has been repaid on 23 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.
11	Non-convertible debentures (Secured)	Ulundurpet Expressways Private Limited	-	1,039.91	**Rate of Interest and Repayment Terms** Non-Convertible Debentures from Financial Institution as at 31 March 2023 of ₹ Nil (31 March 2022: ₹. 1,039.91 millions;) which carries average interest rate of Nil (31 March 2022 - 9.90%,). These are redeemable in 40 unequal quarterly instalments starting from 30 April 2015 and ending on 15 January 2025. **The Non-Convertible Debentures are secured by the way of :** Pari passu first charge over SPV's movable properties, both present and future, including plant and machinery and Intangible Asset excluding project assets. Further secured by the rights, title, interest, benefit, claims, of the SPV in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the SPV in respect of monies lying to the credit of Escrow account and other accounts. A first charge by way of pledge of Shares of 51% of Equity of the Issuer. To enable the change in ownership of the Project SPV from India Infrastructure Fund – II to Galaxy Investments II Pte. Ltd., the abovementioned pledge on the equity shares has been released on 10 December 2021. The Project SPV is currently awaiting No-Objection Certificate (NOC) from the Authorised Dealer (AD) Bank as per application filed on 24 December 2021 , in terms of the FEMA regulations and will recreate the pledge, once the said NOC is received from the AD bank. Additionally, Non-Disposal Undertaking (NDU) has been marked over 51% of the CCDs of the Project SPV held by it in favour of IDBI Trusteeship Services Limited (for the benefit of existing lenders of the Project SPV). However the said loan has been repaid on 09 September 2022 pursuant to the refinancing arrangement entered into between Trust and Project SPV.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
12	Listed, redemable, non-convertible debentures	Highways Infratsructure Trust	6,416.05	-	**Rate of Interest and Repayment Terms** 'The Trust has raised senior, secured, taxable, rated, listed, redeemable, non-convertible debt (NCDs) amounting to ₹400.00 crores for Series I at coupon rate of 7.71% p.a. and ₹250.00 crore for Series II at coupon rate of 8.25% p.a which will mature on 22 December 2025 and 22 September 2029 respectively.The NCDs are listed on Bombay Stock Exchange (BSE). . The said series I NCDs is repayable in 13 structured quaterly installments starting from 31 December 2022 and ending on 22 December 2025. Further series II NCDs is repayable in 28 structured quaterly installments starting from 31 December 2022 and ending on 22 September 2029. **The non convertible debentures (NCD) are secured by way of :** a) first ranking pari passu security interest, by way of hypothecation on all movable assets and the receivables of Highways Infrastructure Trust ('the Issuer'), present and future, including but not limited to: (a) all receivables of the Issuer from the HoldCos and SPVs; (b) loans and advances, and interest on such loans and advances advanced by the Issuer to the HoldCos and SPVs; (c) dividends and any other amounts to be paid / payable by the HoldCos and SPVs to the Issuer; (d) inventories, contractual rights, securities, patents, trademarks, other intellectual property, equipment and/ or insurances (in each instance, if any) of the Issuer; and (e) all other current assets of the Issuer, including all the Issuer's tangible and intangible assets,including but not limited to its goodwill, undertaking and uncalled capital, both present and future; b) first ranking pari passu charge by way of mortgage on all immovable assets of the Issuer (if any), both present and future. it is clarified that, as on the date hereof, there is no immovable property owned by the Issuer. c) first ranking pari passu charge by way of hypothecation over all bank accounts of the Issuer, including but not limited to the Escrow Account and the Sub-Accounts (or any account in substitution thereof), and in all funds from time to time deposited therein (including the reserves) and the permitted investments or other securities representing all amounts credited to the Escrow Account including the cash flows to be received from the HoldCos and SPVs. d) first ranking pari-passu charge over DSRA all funds from time to time deposited therein and all permitted investments or other securities representing all amounts credited to the DSRA or, as applicable, the bank guarantee or fixed deposit in lieu of the DSRA. e) first ranking pari passu charge by way of assignment through hypothecation by way of security of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Issuer in, to and under all the loans and advances extended by the Issuer to any of the HoldCos and SPVs present and future (collectively, the "Issuer Loans"); (b) the right, title and interest and benefits of the Issuer in, to and under all the SPV Financing Documents, deeds, documents and agreements or any other instruments (both present and future) which are now executed or may hereafter be executed by the Issuer with respect to the Issuer Loans including the rights and securities available to the Issuer in respect of the Issuer Loans including documents in respect of Issuer Loan. f) a first ranking pari passu pledge over all the equity shares, preference shares, debentures (whether convertible or not) representing 100% (one hundred percent) of such securities, respectively, issued by each of the SPVs and the HoldCos to the Issuer / HoldCo ("Pledged Securities"); g) undertaking from SPV and Holdco, in a form and manner satisfactory to the Debenture Trustee, as a part of the Corporate Guarantee . h) unconditional and irrevocable corporate guarantee by each of the SPVs and the Holdcos, in a form and manner satisfactory to the Trustee (the "Corporate Guarantee")
13	Loan from others (unsecured)	Ulundurpet Expressways Private Limited	517.68	470.62	**Rate of Interest and Repayment Terms** Interest free loans from GMR Highway Limited of ₹ 517.68 millions (31 March 2022: ₹ 470.62 millions;) repayable on or before 22 January 2027, however repayment can be made only after repayment of term loan, however in case surplus cash available as per the terms of financing document, the same can also be prepaid.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
14	Compulsory convertible debentures (CCD's)	Ulundurpet Expressways Private Limited	-	219.05	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2023 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into equity shares of INR 10 based on fair market value of such equity shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the equity shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into equity shares each with voting and economic rights at par with all other outstanding equity shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of equity shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair market value of the equity shares as on date of conversion of the CCD on a fully diluted basis] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022.
15	Compulsory convertible debentures (CCD's)	Jodhpur Pali Expressway Private Limited	-	2,333.83	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2023 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into equity shares of INR 10 based on fair market value of such equity shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the equity shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into equity shares each with voting and economic rights at par with all other outstanding equity shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of equity shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair market value of the equity shares as on date of conversion of the CCD on a fully diluted basis] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
16	Compulsory convertible debentures (CCD's)	Godhra Expressways Private Limited	-	5,094.14	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2023 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into Equity Shares of INR 10 based on fair market value of such Equity Shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the Equity Shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into Equity Shares each with voting and economic rights at par with all other outstanding Equity Shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of Equity Shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair Market Value of the Equity Shares as on date of conversion of the CCD on a fully diluted basis] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022. However out of the total CCD's , consideration of CCD's amounting to ₹ 3060 Millions were paid in cash by Highways Infrastructure Trust.
17	Compulsory convertible debentures (CCD's)	Nirmal BOT Limited	-	331.12	The SPV has issued Compulsory Convertible Debentures (CCDs) having a term of 30 years from the date of issue. The outstanding CCD shall earn coupon at the rates of 14% p.a. payable annually every financial year starts from 31 March 2023 till 30 November 2051 or as may be mutually agreed between holder and issuer. Upon maturity each CCDs shall be converted into equity shares in the following manner:- a. Convertible into Equity Shares of INR 10 based on fair market value of such Equity Shares as on the date of conversion (which shall not, unless otherwise permitted by Applicable Laws, be lower than the fair market value of the Equity Shares as on date of allotment of the CCDs), which will be mutually agreed; b. The CCDs shall be compulsorily converted, on the date falling at the expiry of Tenure or prior to the Conversion Date, at the option of the holder of the CCDs, into Equity Shares each with voting and economic rights at par with all other outstanding Equity Shares as on the Conversion Date; c. Upon conversion, the Equity Shares shall rank pari passu with the other Equity Shares without any preference or priority over them; and d. Each CCD shall be converted into such number of Equity Shares (subject to the CCDs not converting into Equity Shares at less than face value) as per the conversion formula given below: [Face Value of the CCD] / [Fair Market Value of the Equity Shares as on date of conversion of the CCD on a fully diluted basis] Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the CCD's were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Nature of borrowing	Name of Entity	As at 31 March 2023	As at 31 March 2022	Repayment terms and security disclosure
18	Liability portion of compound instruments- Preference Shares	Shillong Expressway Private Limited	-	519.08	The SPV has only one class of 2,100,000, Non cumulative Redeemable preference shares at par value of ₹ 10 per share . The SPV has classified Non cumulative redeemable preference shares as compound financial instrument and bifurcated equity and liability component with retrospective effect from its origination date.During the year 2018-19, the SPV has redeemed the 283,000 no. of 6% Non-Cumulative Redeemable Preference Shares (Preference shares) out of 2,100,000 preference shares at price of ₹ 300 each.. As per shareholders meeting held on 30 June 2020, the terms of preference shares are changed and the same are now redeemabale at any time on or before 31 March 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited.. As per Board meeting held on 31 March 2021, the terms of preference shares are changed again and the same are now redeemable at any time on or before 31 May 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited. As per Board meeting held on 13 May 2021, the terms of preference shares are changed again and the same are now redeemable at any time on or before 30 September 2021 subject to availability of cash at the option of the SPV i.e. Shillong Expressway Private Limited. As per Board meeting held on 24 September 2021, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 4th January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 31st December 2021 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited. These terms subsequently revised and the redemption date extended to 31 March 2022. As per resolution passed through circular by board of directors on 07 April 2022, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 04 January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 30th September 2022 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited." Pursuant to the share purchase agreement dated 08 August 2022 entered between the erstwhile shareholders i.e Galaxy Investment II Private limited, Highways Infrastructure Trust and the Project SPV's the preference shaees were transferred from Galaxy Investment II private limited to Highways Infrastructure trust on 23 August 2022. As per resolution passed through circular by board of directors on 30 August 2022, the terms of preference shares are changed as:1,817,000 nos. of Preference Shares issued on 4th January 2011 redeemable at a price of ₹ 300/- each, at any time on or before 30th September 2024 subject to availability of cash at the option of the Company i.e. Shillong Expressway Private Limited." As per resolution passed through circular by board of directors on 7th November 2022, the company partial redemption of 9,08,500 no. of 6% non-cumulative redeemable preference shares of INR 10/- each aggregating to INR 90,85,000/- at the price of INR 300/- each per preference shares aggregating to INR 27,25,50,000/-
	Total		**14,766.86**	**23,268.43**	

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

18 Other non-current financial liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred payment liabilities-payable to concession authorities for toll collection rights	1,556.83	1,276.93
	1,556.83	**1,276.93**

(i) Refer note 40- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 41-Financial risk management for assessment of expected credit lossess

19 Non-current provisions

	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
Gratuity (refer note 39)	9.25	8.35
Compensated absence (refer note 39)	4.62	4.65
Other provisions		
Major maintenance obligation (refer note (i)(a) and (ii) below)	267.69	311.84
	281.56	**324.84**

Notes:

(i) Information about individual provisions and significant estimates

(a) Provision for major maintenance obligation

Each SPV of the Group is required to operate and maintain the project highway during the entire concession period and hand over the project back to National Highways Authority of India ('NHAI'), Madhya Pradesh Road Development Corporation ('MPRDC'), Public Work Department ('PWD') as per the maintenance standards prescribed in respective concession arrangements. For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repair of structures and other equipments and maintenance of service roads. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually. Considering that the expense to be incurred depends on various factors including the usage, wear and tear of the highway, bituminous overlay, etc, it is not possible to estimate the exact timing and the quantum of the cash flow. The management does not expect any re-imbursement towards the expenses to be incurred.

(b) For disclosures required related to provision for employee benefits, refer note 39 - Employee benefit obligations.

(All amounts in ₹ millions unless otherwise stated)

(ii) Movement in major maintenance obligation during the financial year :

	As at 31 March 2023	As at 31 March 2022
- Non-current (Refer Note 19)	267.69	311.84
- Current (Refer Note 25)	424.24	279.05
Total provision	**691.93**	**590.89**

Particulars	Major maintenance obligation
Balance as at 03 December 2021	**-**
Acquisition under common control business combinations (refer note 48)	1,232.83
Additions during the period	100.14
Utilised during the period	(757.95)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	15.87
Balance as at 31 March 2022	**590.89**
Additions during the year	416.39
Utilised during the year	(366.66)
Increase in the discounted amount arising from the passage of time and effect of any change in discount rate	51.31
Balance as at 31 March 2023	**691.93**

20 Deferred tax liabilities (net)*

	As at 31 March 2023	As at 31 March 2022
Deferred tax liability arising on account of :		
Timing difference on amortisation of intangible assets and depreciation of property plant and equipment	2,270.69	1,632.90
Adjustment on account of interest free loan and upfront fees on borrowings	-	2.34
Fair valuation of investments	0.17	2.07
Sub-total (A)	2,270.86	1,637.31
Deferred tax asset arising on account of :		
Provision for major maintenance obligation	-	66.53
Amount payable to Concession Authorities as per service concession agreement	417.52	287.52
Tax credit (minimum alternative tax)	607.16	433.90
Sub-total (B)	**1,024.68**	**787.95**
Deffered tax liabilities (net) (A-B)	**1,246.17**	**849.36**

* refer note 33 for details with respect to deferred tax not recognized on unused tax losses and credits.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

20.1 Component wise movement of Deferred tax liabilities /(asset) for the year / period ended 31 March 2023 and 31 March 2022

Particulars	01 April 2022	Recognised in the Statement of Profit and Loss during the year	31 March 2023
Liabilities			
Timing difference on amortisation of intangible assets and depreciation of property, plant and equipment	1,632.90	637.79	2,270.69
Adjustment on account of interest free loan and upfront fees on borrowings	2.34	(2.34)	-
Fair valuation of investments	2.07	(1.90)	0.17
Sub-Total	1,637.31	633.55	2,270.86
Assets			
Provision for major maintenance obligation	66.53	(66.53)	-
Amount payable to concession authorities as per service concession agreement	287.52	130.00	417.52
Tax credit (minimum alternative tax)	433.90	173.26	607.16
Sub-Total	787.95	236.73	1,024.68
	849.36	**396.82**	**1246.18**

Particulars	03 December 2021	Acquisition under common control business combinations (refer note 48)	Recognised in the Statement of Profit and Loss during the period	31 March 2022
Liabilities				
Timing difference on amortisation of intangible assets and depreciation of property plant and equipment		1,533.95	98.96	1,632.90
Adjustment on account of interest free loan and upfront fees on borrowings		0.57	1.77	2.34
Fair valuation of investments		3.05	(0.98)	2.07
Sub-Total		1,537.56	99.75	1,637.31
Assets				
Provision for major maintenance obligation			66.53	66.53
Amount payable to Concession Authorities as per service concession agreement		252.71	34.80	287.52
Unused business loss		9.59	(9.59)	
Tax credit (minimum alternative tax)		384.65	49.30	433.90
Sub-Total	-	646.95	141.04	787.95
	-	**890.61**	**(41.30)**	**849.36**

(All amounts in ₹ millions unless otherwise stated)

21 Current borrowings

	As at 31 March 2023	As at 31 March 2022
Unsecured		
Liability component of compound financial instruments	-	519.08
Secured		
Current maturities of long-term borrowings (also refer note 17)		
- Rupee term loans from banks	160.00	324.21
- Term loans from related parties	-	422.72
- Non-convertible debentures	65.00	741.62
	225.00	**2,007.63**

(i) Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 - Cash flows:

Particulars	Long-term borrowings (including current maturities)
Balance as at 03 December 2022	**-**
Acquisition under common control business combinations (refer note 48)	23,412.35
Cash flows:	
Proceeds	7,562.77
Repayment/ redemption	(7,693.51)
Non-cash:	
Impact of amortised cost adjustment for borrowings	(13.18)
Balance as at 31 March 2022	**23,268.43**
Cash flows:	
Proceeds	14,469.03
Repayment/ redemption	(14,413.10)
Non-cash:	
Units alloted against redemption of compulsory convertible debentures ('CCD')	(7,978.14)
Units alloted against redemption of preference share capital	(519.08)
Impact of amortised cost adjustment for borrowings	(60.30)
Balance as at 31 March 2023	**14,766.86**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

22 Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro and small enterprises [refer note (iii) below]	10.18	18.66
Total outstanding dues to creditors other than micro and small enterprises		
- to related parties (refer note 44)	154.03	0.82
- to others	223.50	301.32
	387.71	**320.80**

Note:

(i) Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit lossess

(ii) The carrying values are considered to be a reasonable approximation of fair value.

(iii) **Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006**

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Group, the following are the details:

		As at 31 March 2023	As at 31 March 2022
a)	the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	10.18	18.66
b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c)	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

(All amounts in ₹ millions unless otherwise stated)

(iv) **Ageing of undisputed Trade Payables:**

As at 31 March 2023	Outstanding from the due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	6.72	3.46	-	-	-	10.18
Others	182.22	172.51	12.14	10.39	0.26	377.53
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Total	188.94	175.97	12.14	10.39	0.26	387.71

As at 31 March 2022	Outstanding from the due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro, small and medium enterprises	-	18.66	-	-	-	18.66
Others	-	290.32	1.02	10.01	0.78	302.14
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Total	-	308.98	1.02	10.01	0.78	320.80

23 Other current financial liabilities

	As at 31 March 2023	As at 31 March 2022
Deferred payment liabilities-payable to concession authorities for toll collection rights	136.53	130.04
Retention money	40.20	52.35
Advance against customers	3.81	-
Interest accrued on Rupee term loan	1.19	-
Interest accrued on Non convertible debentures ('NCD's)	1.30	-
Interest accrued but not due borrowings	-	366.76
Employees payable	5.01	5.58
Provision for corporate social responsibility (CSR) (refer note 31.2)	0.78	0.49
Other payables	38.30	94.16
	227.12	**649.37**

Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit lossess

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

24 Other current liabilities

	As at 31 March 2023	As at 31 March 2022
Payable to statutory authorities	43.11	30.15
Other payables	-	1.01
	43.11	**31.16**

(i) Refer note 39- Fair value disclosure for disclosure of fair value in respect of financial assets measured at amortised cost and note 40-Financial risk management for assessment of expected credit lossess

25 Provisions

	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
Gratuity (refer note 39)	0.80	0.65
Compensated absence (refer note 39)	0.42	0.45
Other provisions		
Major maintenance obligation (refer note 19)	424.24	279.05
	425.46	**280.15**

(i) For disclosures related to provision for employee benefits, refer note 39 - Employee benefit obligations.

26 Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for income tax (net)	-	4.29
	-	**4.29**

27 Revenue from operations*

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Income arising out of toll collection	5,637.45	1,465.61
Interest income on annuity receivable from National Highways Authority of India ("NHAI")	183.75	55.54
Revenue from operations and maintenance of road	280.23	61.37
Change of scope and utility shifting expenses	50.92	50.43
Gain on modification of annuity	-	243.08
	6,152.35	**1,876.03**

*refer note 43

(All amounts in ₹ millions unless otherwise stated)

27.1 Profit on sale of assets/investments

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Gain on sale of property, plant and equipment (net)	0.02	0.65
Gain on investments carried at fair value through profit or loss (net)	2.36	-
Gain on sale of investments (net)	123.66	29.70
	126.04	**30.35**

28 Other income

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Interest income		
- Income tax refund	1.43	-
- Others	10.35	2.21
Insurance claims	8.03	2.02
Excess provisions written back	9.15	1.00
Gain on modification of financial liability	-	26.03
Miscellaneous income	2.21	14.78
	31.17	**46.04**

29 Employee benefits expense

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Salary, wages and bonus	87.20	21.18
Contribution to provident and other funds	5.53	1.79
Staff welfare expenses	11.30	4.79
	104.03	**27.76**

For disclosures related to provision for employee benefits, refer note 39 - Employee benefit obligations

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

30 Other finance costs

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Unwinding finance cost on deferred payment to National Highways Authority of India ('NHAI') for purchase of right to charge user of toll roads	177.46	42.50
Unwinding of discount on major maintenance provision	51.31	15.87
Unwinding of discount on provisions and financial liabilities carried at amortised cost	110.04	13.18
Modification loss on financial liability	5.06	-
Finance and bank charges	103.61	2.05
	447.48	**73.60**

31 Operating expenses

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Expenses related to claim from National Highways Authority of India ('NHAI') / Public Works Department ('PWD')	28.62	-
Modification loss on annuity	298.57	-
Change of scope and utility shifting expenses	38.23	46.69
	365.44	**46.69**

31.1 Audit fees*

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Statutory audit and limited review fees	15.43	-
Certification fees	1.24	-
Out of pocket expenses	0.71	-
Total	**17.38**	**-**

*Including goods and service tax, as applicable

31.2 Corporate social responsibility (CSR)

Pursuant to provisions of section 135 of the Companies Act 2013 ('the Act') are applicable on few subsidiaries of the Trust. In accordance with the provisions of section 135 of the Act, the Board of Directors of the respective subsidiaries (where applicable) of Trust had constituted CSR Committee.The details of CSR activities are as follows:-

(All amounts in ₹ millions unless otherwise stated)

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022*
(A) Amount required to be spent by the Company during the year	15.16	11.86
(B) Total of previous year of shortfall	0.49	1.18
(C) Total amount required to be spent (A+B)	**15.65**	**13.04**
(D) Amount of expenditure incurred	14.87	12.55
(E) Unspent amount at the end of the year (C-D)	**0.78**	**0.49**

*Details of CSR disclosure for the comparative period is given from 01 April 2021 to 31 March 2022

^The unspent amount has been deposited to designated CSR unspent account within 30 days from the end of financial year in accordance with provision of Companies Act, 2013 read with relevant rules made thereunder.

		01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022*
	Nature of CSR activities		
A.	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation.	10.33	10.73
B.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.	4.54	1.81
C.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].	-	-
D.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.	-	-
E.	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports.	-	-
F.	Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.	-	-
	Total expenditure incurred	**14.87**	**12.55**

Notes:

(i) The Group carries provision for corporate social responsibility for the current year and previous year.

(ii) The Group have a ongoing projects in one subsidiaries as at 31 March 2023 and 31 March 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

32 Other expenses

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Power, fuel and water charge	32.30	6.10
Communication	2.93	0.87
Loss on investments carried at fair value through profit or loss (net)	-	6.26
Rates and taxes	0.61	0.06
Travelling and conveyance	9.19	3.19
Rent (refer note 36)	1.97	0.63
Bad debts written off	9.34	-
Printing and stationery	0.63	0.25
Miscellaneous expenses	6.37	0.41
	63.34	**17.77**

33 Assets pledged as security

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Investments (refer note 9)	648.60	2,152.39
Trade receivables (refer note 10)	0.16	37.30
Cash and cash equivalents and bank balances (refer note 11 and 12)	1,895.69	2,338.44
Other financial assets (refer note 6 and 13)	631.38	936.82
Other current assets (refer note 14)	55.23	72.90
Total current assets pledged as security	**3,231.06**	**5,537.85**
Non-current		
Property, plant and equipment (refer note 3)	100.00	130.04
Capital work in Progress (refer note 4)	-	2.39
Intangible assets (refer note 5)	19,353.89	20,246.56
Other non-current financial assets (refer note 6)	541.71	1,387.67
Non-current tax assets (net) (refer note 7)	83.57	89.40
Other non-current assets (refer note 8)	6.26	0.28
Total non-currents assets pledged as security	**20,085.42**	**21,856.34**
Total assets pledged as security	**23,316.49**	**27,394.19**

(All amounts in ₹ millions unless otherwise stated)

34 Tax expense

(i) Income tax expense recognised in Consolidated Statement of Profit and Loss

	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Current tax	225.67	81.95
Deferred tax	396.82	(41.30)
	622.49	**40.65**
The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate and the reported tax expense in profit or loss are as follows :		
Profit before tax	964.48	489.03
Income tax using the Group's domestic tax rate *	29.12%	29.12%
Expected tax expense [A]	**280.86**	**142.41**
Tax effect of amount which are not deductible/ (taxable) in calculating taxable income		
Tax impact of exempt income pursuant to tax holiday and other exemptions as per Income Tax Act, 1961	(360.76)	(90.08)
Minimum Alternate Tax (MAT) credit recognized	(173.27)	(49.28)
Impact on account of change in rates	-	(32.98)
Deferred tax asset not recognised due to absence of certainity of realisibility	364.58	70.58
Recognition of additional deferred tax liability pursuant to extension impact considered in subsidiaries of the Trust	510.66	-
Others	0.42	-
Total adjustments [B]	**341.64**	**(101.76)**
Actual tax expense [C=A+B]	**622.49**	**40.65**
* Domestic tax rate applicable to the Group has been computed as follows:		
Base tax rate	25.00%	25.00%
Surcharge (% of tax)	12.00%	12.00%
Cess (% of tax)	4.00%	4.00%
Applicable rate	29.12%	29.12%

Note:

Tax rate applicable on the project SPV's have been considered for the purpose of above disclosure.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(ii) Unused tax losses and credits:

- Unused tax losses:

Unused tax losses for which no deferred tax asset has been recognised*

Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)

Particulars	As at 31 March 2023	As at 31 March 2022
Unused tax losses and unabsorbed depreciation for which no deferred tax asset has been recognised (Refer (a) and (b) below)	10,201.07	10,220.05
Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)	2,970.55	2,976.08

a) Unused business loss can be carried forward based on the year of origination as follows:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2023	31 March 2031	471.14	-
		471.14	**-**

b) Unabsorbed depreciation:

Unabsorbed depreciation for which no deferred tax asset has been recognised*

Potential tax benefit @ 29.12% (31 March 2022 : 29.12%)

Unabsored depreciation carried forward based on the year of origination as follows:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2010	Infinite period	-	496.18
31 March 2011	Infinite period	830.08	833.84
31 March 2012	Infinite period	736.96	736.96
31 March 2013	Infinite period	558.61	558.61
31 March 2014	Infinite period	1,361.35	1,361.35
31 March 2015	Infinite period	1,894.20	1,894.20
31 March 2016	Infinite period	1,620.12	1,620.55
31 March 2017	Infinite period	1,196.37	1,196.37
31 March 2018	Infinite period	658.23	658.23
31 March 2019	Infinite period	383.77	383.77
31 March 2020	Infinite period	217.85	208.65
31 March 2021	Infinite period	29.99	29.99
31 March 2022	Infinite period	242.40	241.35
31 March 2023	Infinite period	214.94	-
		9,729.93	**10,220.05**

(All amounts in ₹ millions unless otherwise stated)

b) Minimum alternate tax ('MAT'):

Unused MAT credit

There are unused minimum alternate tax credits as mentioned below which have not been recognized as an asset in the books of accounts considering the Group believes that it is not probable that the same can be utilized during the specified allowable year against the future taxable profits to be computed as per the normal provisions of the Income Tax Act, 1961:

Financial year of origination	Financial year of expiry	As at 31 March 2023	As at 31 March 2022
31 March 2014	31 March 2029	2.34	2.34
31 March 2015	31 March 2030	10.05	10.05
31 March 2016	31 March 2031	6.68	6.68
31 March 2017	31 March 2032	23.11	23.11
31 March 2018	31 March 2033	20.69	20.69
31 March 2019	31 March 2034	5.34	5.34
31 March 2020	31 March 2035	41.94	41.94
31 March 2021	31 March 2036	39.73	39.73
31 March 2022	31 March 2037	29.77	17.49
		179.64	**167.37**

35 Earnings per unit (EPU):

Particulars	As at 31 March 2023	As at 31 March 2022
Net profit attributable to unitholder (₹ in millions)	**341.99**	-
Number of weighted average equity shares (Nominal value of ₹ 100 each)**		
- Basic (₹)	415,500,000	-
- Diluted (₹)	415,500,000	-
Earnings per unit - after exceptional items and tax		
- For Basic (₹)	0.82	*
- For Diluted (₹)	0.82	*

Note:

*The number of units issued by Highways Infrastructure Trust to the unit holders in exchange for the shareholding of the project SPVs were issued during the current year, hence earning per unit has not been calculated for the period 03 December 2021 to 31 March 2022.

**Units were issued on 23 August 2022, however for the purpose of Earnings per unit has been arrived without considering weighted average number of units as the income statement pertains to financial year ended 31 March 2023 based on the common control arrangement of business combination as explained in note 48.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

36 Information on Lease transactions pursuant to Ind AS 116-Leases

The group is a lessee under various short term leases. Rental expense on short term or low value leasees for the financial years ended 31 March 2023 and 31 March 2022 are ₹ 1.97 million, ₹ 0.63 million respectively.

37 Capital and other commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated project cost for construction of highway committed to be executed	30.57	27.13

38 Contingent liabilities and claims

Particulars	As at 31 March 2023	As at 31 March 2022
Sales tax / service tax and income tax cases in respect of which Group is in appeals	138.19	138.19
Claim against the SPV Group raised by the Engineering Procurement Construction (EPC) contractor, not acknowledged as debt	-	-
Income tax cases in respect of Group	4.03	-
Claims raised against the Group for Stamp Duty dues under the Indian Stamp Act, 1899 under appeals *	221.19	221.19
Labour welfare dues in respect of which Group is in appeals*	47.78	47.78
Total	**411.19**	**407.16**

*The said contingent liability is covered under pass through arrangement as per assignment agreement of the project SPV's. Therefore, any liability which may arise will be borne by erstwhile owners ("assignors") of the Project SPV's as defined under respective assignment agreements, and no liability in (net) will devolve on the Trust.

39 Disclosure relating to employee benefits pursuant to Ind AS 19 - Employee Benefits

A Disclosure Contribution plan

The group's contribution to the employees provident fund is deposited with the provident fund commissionaire which is recognised by the Income Tax authorities. The group recognised ₹ 5.13 million (for the period 03 December 2021 to 31 March 2022: ₹1.68 million) for provident fund contribution and the group's contribution to the employee state insurance corporation fund is deposited with Authority which is recognised by the Income Tax authorities for the year ended 31 March 2023. The group recognised ₹ 0.40 million (for the period 03 December 2021 to 31 March 2022: ₹ 0.11 million) for Employee State Insurance Corporation in the consolidated statement of profit or loss for the year ended 31 March 2023.

(All amounts in ₹ millions unless otherwise stated)

B Summary of gratuity and compensated absences:

Description	As at 31 March 2023		As at 31 March 2022	
Provisions:	Current	Non-Current	Current	Non-Current
Gratuity	0.80	9.25	0.65	8.35
Compensated absences	0.42	4.62	0.45	4.65
Total provisions	**1.21**	**13.87**	**1.09**	**13.00**
Fair value of plan assets of gratuity	0.29	1.08	0.33	0.28

C Disclosure of gratuity

Gratuity (funded)

The group provides for gratuity, a defined benefit retirement plan covering eligible employees. The gratuity plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment. The group provides for gratuity, based on actuarial valuation as of the balance sheet date. Vesting occurs upon completion of 5 years of service.

Description of risk exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Group is exposed to various risks as follows:

(a) **Salary increases** -Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

(b) **Investment risk** - If plan is funded then assets / liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

(c) **Discount rate- Reduction in discount rate in subsequent valuations can increase the plan's liability.**

(d) **Mortality and disability** - Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

(e) **Withdrawals** - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact liability.

(i) **Amount recognised in the Consolidated Statement of Profit and Loss is as under:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Current service cost	2.21	0.56
Interest cost	0.52	0.29
Net impact on profit (before tax)	**2.73**	**0.85**
Actuarial (gain) / loss recognised during the year / period	(0.90)	0.23
Amount recognised in total comprehensive income	**1.83**	**1.08**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(ii) **Movement in present value of obligation:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Present value of defined benefit obligation as at the beginning of the year /period	11.41	-
Acquisition under common control business combinations (refer note 48)	-	11.96
Transfer out obligation	(0.86)	(0.57)
Current service cost	2.21	0.56
Interest cost	0.74	0.29
Benefits paid	(0.67)	(0.99)
Actuarial (gain) / loss recognised during the year / period	(0.91)	0.16
Present value of defined benefit obligation as at the end of the year / period	**11.91**	**11.41**

(iii) **Movement in the plan assets recognised in the Consolidated Balance Sheet is as under:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Fair value of plan assets at the beginning of the year /period	**3.03**	**-**
Acquisition under common control business combinations (refer note 48)	-	2.90
Actual return on plan assets	0.22	0.06
Contributions	-	0.00
Actuarial (gain)/ loss	(0.01)	0.07
Fair value of plan assets at the end of the year / period	**3.23**	**3.03**

(iv) **Reconciliation of present value of defined benefit obligation and the fair value of assets:**

Description	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation as at the end of the year	11.91	11.41
Fair value of plan assets as at the end of the year funded status	3.23	3.03
Unfunded/funded net liability recognized in consolidated balance sheet	**8.68**	**8.38**

(v) **Breakup of actuarial (gain)/loss:**

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Actuarial gain from financial assumption	(0.63)	(0.39)
Actuarial (gain) / loss from experience adjustment	(0.28)	0.56
Return on plan assets (excluding amounts included in net interest expense)	0.01	0.06
Total actuarial (gain) / loss for the year / period	**(0.90)**	**0.23**

(All amounts in ₹ millions unless otherwise stated)

(vi) **Actuarial assumptions:**

Description	As at 31 March 2023	As at 31 March 2022
Discount rate-range	7.4% to 7.45%	6.35% to 7.75%
Rate of increase in compensation levels-range	6% to 8%	6% to 8%
Retirement age	58 years	58 years

Notes:

1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.

2) The estimates of rate of escalation in salary considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(vii) **Sensitivity analysis for gratuity liability:**

Description	As at 31 March 2023	As at 31 March 2022
Impact of change in discount rate		
Present value of obligation at the end of the year	**11.91**	**11.41**
- Impact due to increase of 0.50% - 1 %	11.32	(0.57)
- Impact due to decrease of 0.50% - 1 %	12.54	0.62
Impact of change in salary increase		
Present value of obligation at the end of the year	**11.91**	**11.41**
- Impact due to increase of 0.50% - 1 %	12.42	0.47
- Impact due to decrease of 0.50% - 1 %	11.40	(0.49)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(viii) **Maturity profile of defined benefit obligation:**

Description	As at 31 March 2023	As at 31 March 2022
Within next 12 months	0.86	0.71
Between 1-5 years	4.03	3.07
Beyond 5 years	7.02	7.63
Total expected payments	11.91	11.41
The weighted average duration of the defined benefit plan obligation at the end of the reporting period	**7.75 - 15.67 years**	**9.03 - 16.16 years**

B Compensated absence

Amount recognised in the Consolidated Statement of Profit and Loss is as under:

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Current service cost	1.15	0.30
Interest cost	0.33	0.08
Actuarial gain recognised during the year	(0.82)	(0.51)
Amount recognised in the Consolidated Statement of Profit and Loss	**0.65**	**(0.13)**

40 Categories of financial instruments and fair value measurement hierarchy:

i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value are divided into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets measured at fair value - recurring fair value measurements:

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	648.60	-	-	**648.60**

(All amounts in ₹ millions unless otherwise stated)

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Assets at fair value				
Investments measured at fair value through profit and loss	2,152.39	-	-	**2,152.39**

Valuation process and technique used to determine fair value

The fair value of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at each reported balance sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the Investor.

(ii) Fair value of instruments measured at amortised cost:

Fair value of instruments measured at amortised cost for which fair value is disclosed as follows using Level 3 inputs:

Particulars	Level	As at 31 March 2023		As at 31 March 2022	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Receivables under service concession arrangements	Level 3	1,136.25	1,345.51	1,944.23	1,944.23
Other financial assets	Level 3	36.84	36.83	380.26	380.26
Trade receivables	Level 3	0.16	0.16	37.30	37.30
Cash and cash equivalents	Level 3	349.11	349.11	365.82	365.82
Bank balances other than cash and cash equivalents above	Level 3	1,546.58	1,546.58	1,972.62	1,972.62
Total financial assets		**3,068.94**	**3,278.19**	**4,700.23**	**4,700.23**
Financial liabilities					
Borrowings (including current maturity and interest accrued)	Level 3	14,766.86	14,766.86	23,268.43	23,268.43
Trade payables	Level 3	3,87.70	387.71	320.80	320.80
Other financial liabilities	Level 3	1,783.95	1,783.94	1,926.30	1,926.30
Total financial liabilities		**16,938.51**	**16,938.51**	**25,515.53**	**25,515.53**

The management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other current financial assets, trade payables and other current financial liabilities (except current maturities of long term borrowings, deferred payment liabilities and current portion of annuity receivable) is approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

(i) Long-term fixed rate receivables are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and other market risk factors.

(ii) The fair values of the Group's loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting year. The own non-performance risk as at the reporting period end was assessed to be insignificant.

(iii) All the other long term borrowing facilities availed by the Group are variable rate facilities which are subject to changes in underlying interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Group's creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Group. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

41 Financial risk management

i) Financial instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments	648.60	-	-	2,152.39	-	-
Other financial assets	-	-	1,173.09	-	-	2,324.49
Trade receivables	-	-	0.16	-	-	37.30
Cash and cash equivalents	-	-	349.11	-	-	365.82
Other bank balances	-	-	1,546.58	-	-	1,972.62
Total	**648.60**	**-**	**3,068.94**	**2,152.39**	**-**	**4,700.23**
Financial liabilities						
Borrowings	-	-	14,766.86	-	-	23,268.43
Trade payables	-	-	387.70	-	-	320.80
Other financial liabilities	-	-	1,783.95	-	-	1,926.30
Total	**-**	**-**	**16,938.51**	**-**	**-**	**25,515.53**

(All amounts in ₹ millions unless otherwise stated)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, bank balances other than cash and cash equivalents above, trade receivables, financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk : price risk	Investment at fair value through profit or loss	Sensitivity analysis	Diversification of its portfolio of assets.
Market risk : interest rate	Borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

The Group's risk management is carried out by a project finance team and treasury team under policies approved by Board of Directors of respective SPVs. The Board of directors of Investment manager provides principles for overall risk managment, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

A) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to Special Purpose Vehicles (SPVs), placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of following types of financial assets:

- cash and cash equivalents,
- trade receivables,
- loans and receivables carried at amortised cost, and
- deposits with banks

a) Credit risk management

The Group assesses and manages credit risk based on internal credit rating system, continuously monitoring defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

Assets under credit risk :

Credit rating	Particulars	As at 31 March 2023	As at 31 March 2022
A: Low	Other current and non current financial assets	1,173.09	2,324.49
	Cash and cash equivalents	349.11	365.82
	Bank balances other than cash and cash equivalents above	1,546.58	1,972.62
B: Medium	Trade receivables from National Highways Authority of India ('NHAI')	0.16	37.30

Cash and cash equivalent and bank balances other than cash and cash equivalents

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

Trade Receivables

The Group has trade receivables primarily from government authority National Highways Authority of India ('NHAI'). Credit risk related to these receivables is managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortised cost includes security deposits, annuity receivable, receivable from related parties and Other financial assets measured at amortised cost Annuity receivable is primarily from government authority National Highways Authority of India ('NHAI'). Credit risk related to these receivables is managed by monitoring the recoverability of such amounts continuously. Credit risk related to these other financial assets (except annuity receivables) is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

b) Expected credit losses

Trade receivables

The Group is engaged in infrastructure development business under Build-Operate-Transfer ("BOT") and design, build, finance, operate and transfer (DBFOT) project. It currently derives its revenue primarily from toll collection / annuity business. Since the annuity receivables are from National Highway Authority of India ('NHAI') and various Government authorities, the credit risk with respect to such receivables from government institutions is expected to be very low and hence, no provision for expected credit loss is deemed necessary except in the case where individual receivables are known to be uncollectable. During the current year, the Group has not recognized any further provision for expected credit losses. There is no outstanding allowance of expected credit losses amounts as at 31 March 2023 (31 March 2022: Nil).

Financial assets (other than trade receivables)

The Group provides for expected credit losses on loans and advances other than trade receivables by assessing individual financial instruments for expectation of any credit losses.

- For cash and cash equivalents and bank balances other than cash and cash equivalents - Since the Group deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

(All amounts in ₹ millions unless otherwise stated)

- For loans and other financial assets - Credit risk is evaluated based on the Group's knowledge of the credit worthiness of those parties and loss allowance is measured. Since, this category includes loans and receivables of varied natures and purpose, there is no trend that the the Group can draw to apply consistently to entire population.

Further during the year, the Group has not recognized any additional expected credit loss (31 March 2022: Nil). There is no outstanding allowance of expected credit losses amounts as at 31 March 2023 (31 March 2022: Nil)

B) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds both for short-term operational needs as well as for long-term investment programs mainly in growth projects. The Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

a) Financing arrangements

The Group had access to no undrawn borrowing facilities at the end of the 31 March 2023 and 31 March 2022

b) Maturities profile of financial liabilities

The Group has adequate financial assets and projected revenues from operations to meet its obligations for these liabilities. The tables below analyse the Group's financial liabilities into relevant maturity categories based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2023	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including interest)	1,359.85	7,363.42	2,632.74	10,922.63	**22,278.64**
Trade payable	387.7	-	-	-	**387.7**
Deferred payment liability to concessions authorities	144.31	310.62	342.46	4,173.14	**4,970.53**
Other financial liabilities	83.51	-	-	-	**83.51**
Total	**1,975.37**	**7,674.05**	**2,975.21**	**15,095.77**	**27,720.39**

As at 31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (including interest)	4,190.79	7,755.67	6,746.95	33,795.74	**52,489.14**
Trade payable	320.80	-	-	-	**320.80**
Deferred payment liability to concessions authorities	137.44	295.83	326.15	2,537.30	**3,296.72**
Other financial liabilities	152.58	-	-	-	**152.58**
Total	**8,051.50**	**8,051.50**	**7,073.10**	**36,333.04**	**56,259.24**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

C) Market risk

a) Interest rate risk

Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At the reporting periods end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The Group's investments in fixed deposits pay fixed interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to Interest rate risk exposure:

Particulars	As at 31 March 2023	As at 31 March 2022
Variable rate borrowing	7,833.13	4,525.45
Fixed rate borrowing	6,933.73	18,742.99
Total borrowings under borrowings	**14,766.86**	**23,268.44**
Amount disclosed under current borrowings	225.00	2,007.63
Total Amount disclosed under non-current borrowings	**14,541.86**	**21,260.80**

Sensitivity

Below is the Sensitivity of profit or loss and equity changes in interest rates.

Particulars	As at 31 March 2023	As at 31 March 2022
Interest sensitivity*		
Interest rates – increase by 100 bps*	78.33	45.25
Interest rates – increase by 100 bps*	(78.33)	(45.25)

b) Assets

The Group's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107 'Financial Instruments Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

D) Price risk

a) Exposure

The Group's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

(All amounts in ₹ millions unless otherwise stated)

b) Sensitivity

The table below summarises the impact of increase/decrease of the index on the Group's profit for the period :

Impact on profit before tax

Particulars	As at 31 March 2023	As at 31 March 2022
Mutual Funds		
Net assets value – increase by 100 bps	6.49	21.52
Net assets value – decrease by 100 bps	(6.49)	(21.52)

42 Capital management

For the purpose of the Group's capital management, capital includes issued unit capital and all other equity reserves attributable to the unit holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise unitholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to unitholders or issue new units. The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio optimum. The Group includes within its net debt, borrowings less cash and cash equivalents..

Net Gearing Ratio

The net gearing ratio at the end of the year is as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Net debts*	16,201.68	24,828.91
Total equity (refer note 15 and 16)	4,381.66	388.86
Net debt to equity ratio	**3.70**	**63.85**

Net Debt*

Particulars	As at 31 March 2023	As at 31 March 2022
Non current borrowings	14,541.86	21,260.80
Current borrowings	225.00	2,007.63
Interest Accrued	2.49	
Other financial liabilities	1,781.45	1,926.30
Less: Cash and cash equivalents	(349.11)	(365.82)
Net debt	**16,201.68**	**24,828.91**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

43 Revenue from contracts with customers

1 Disaggregation of revenue

Revenue recognised mainly comprises of revenue from toll collections, claims with National Highways Authority of India ("NHAI"), contract revenue. Set out below is the disaggregation of the Group's revenue from contracts with customers:

Description	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Revenue from operations		
(a) Change of scope and utility shifting expenses	50.92	50.43
(b) Toll income from Expressway	5,637.45	1,465.61
(c) Interest income on annuity receivable from National Highways Authority of India ('NHAI')	183.75	55.54
(d) Revenue from operations and maintenance of road	280.23	61.37
(e) Modification gain on annuity	-	243.08
Total revenue	**6,152.35**	**1,876.03**

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2023 and 31 March 2022:

Sr. No.	Types of Products by Nature	Types of Services by timing	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
1	Service	At the point of time	5,968.60	1,820.49
2	Service	Over the period of time	183.75	55.54
Total Revenue			**6,152.35**	**1,876.03**

2 Assets and liabilities related to contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contract with customers:

Description	As at 31 March 2023	As at 31 March 2022
Contract assets		
Trade receivables	0.16	37.30
Receivables under service concession arrangements	1,136.25	1,944.23
Total	**1,136.41**	**1,981.53**
Contract liability		
Mobilisation advance from concession authority	-	-
Total	**-**	**-**

(All amounts in ₹ millions unless otherwise stated)

A receivable is a right to consideration that is unconditional upon passage of time. Revenue from the contracts are recognized upon satisfaction of Performance obligation. Trade Receivables are non-interest bearing and are generally due within 180 days except retention money held by the customer as per the terms and conditions of the contract. Basis the credit risk assessment done by the Group, there is no provision for expected credit losses required to be recognized on Trade Receivables. Contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer in advance.

3 There is no adjustment made to the contract price of the contract and hence the revenue recognised in the statement of profit and loss is in agreement with the contracted price under the Contract.

4 For movement in service concession arrangement, refer note 6 for financial asset model. There are no significant changes in other contract assets of the group.

5 Performance obligation

Income from toll collection

The performance obligation in service of toll collection is recorded as per rates notified by concessions authorities and approved by management. Further, the payment of toll collection is generally due at the time of providing service.

Contract revenue

The performance obligation under service concession agreements ('SCA') is due on completion of work as per terms of SCA.

6 Significant changes in the contract liabilities balances during the year

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	-	-
Addition during the year	-	-
Revenue recognised during the year	-	-
Closing balance	**-**	**-**

7

Name of Concessionaire	Start of Concession period under concession agreement (Appointed Date)	End of Concession period under concession agreement	Period of Concession Since the appointed date (In Years)	Construction Completion date under the concession agreement
Jodhpur Pali Expressway Private Limited ("JPEPL")	16 September 2013	15 September 2038	25.00	31 October 2014
Ulundurpet Expressways Private Limited ("UEPL")	16 October 2006	21 January 2027	20.26	23 July 2009

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023

(All amounts in ₹ millions unless otherwise stated)

Godhra Expressways Private Limited ("GEPL")	01 March 2011	28 February 2038	27.00	31 October 2013
Dewas Bhopal Corridor Private Limited ("DBCPL")	20 March 2008	02 December 2033	25.71	10 February 2009
Nirmal BOT Limited ("NBL")	30 October 2007	29 October 2027	20.00	22 July 2009
Shillong Expressway Private Limited ("SEPL")	07 February 2011	06 February 2026	15.00	28 February 2013

i) The above BOT/DBFOT projects shall have following rights / obligations in accordance with the concession agreement entered into with the respective government authorities

a. Right to use the specified assets

b. Obligations to provide provision of services to public

c. Obligations to deliver road assets at the end of concession period

ii) The actual concession period may vary based on terms of the respective concession agreements.

44 Information on related party transactions pursuant to Ind AS 24 - Related Party Disclosures

I. Following are the related parties and transactions entered with related parties for the year ended 31 March 2023 and for the period ended 31 March 2022:

A. Related parties where control exists

Subsidiaries

Ulundurpet Expressways Private Limited
Nirmal BOT Limited
Godhra Expressways Private Limited
Dewas Bhopal Corridor Private Limited
Shillong Expressway Private Limited
Jodhpur Pali Expressway Private Limited

Holding Entity

Galaxy Investments II Pte. Ltd

(All amounts in ₹ millions unless otherwise stated)

Intermediate holding entities

Galaxy Investments Pte Ltd
KKR Asia Pacific Infrastructure Holdings Pte Ltd
KKR Asia Pacific Infrastructure Investors SCSp

Ultimate holding entity

KKR & Co. Inc.

Fellow subsidiaries*

Highway Concessions One Private Limited ("HC1")

**With whom the Group had transactions during the current or previous period*

Key managerial personnel (KMP) as per Ind AS 24- "Related party disclosures"

Refer note II C. (v) for details of KMP of Highway Concessions One Private Limited who is acting as an investment manager on behalf of the trust w.e.f 23 November 2022 and II C (ii)f or details of KMP of Virescent Infrastructure Investment Manager Private Limited who was acting as an investment manager on behalf of the trust uptill 22 November 2022

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to Highways Infrastructure Trust

Galaxy Investments II Pte. Ltd - Sponsor of Highway Infrastructure Trust
Highway Concessions One Private Limited ("HC1")- Investment Manager of Trust (w.e.f 23 November 2022)
Virescent Infrastructure Investment Manager Private Limited - Investment Manager of Trust (Upto 22 November 2022)
HC One Project Manager Private Limited- Project manager of the Trust (w.e.f 14 November 2022)
Virescent Renewable Energy Project Manager Private Limited - Project manager of the Trust (Upto 13 November 2022)
Axis Trustee Services Limited (ATSL) - Trustee of Highways Infrastructure Trust

B. Promoters of the parties to Highways Infrastructure Trust specified in II(A) above

Axis Bank Limited - Promoter of Axis Trustee Services Limited
Highway Concessions One Private Limited - Promoter of HC One Project Manager Private Limited (w.e.f 14 November 2022)
Virescent Infrastructure Investment Manager Private Limited - Promoter of Virescent Renewable Energy Project Manager Private Limited (upto 13 November 2022)
Galaxy Investments Pte. Ltd - Promoter of Galaxy Investments II Pte. Ltd
Galaxy Investments II Pte. Ltd - Promoter of Highway Concessions One Private Limited (w.e.f 23 November 2022)
Terra Asia Holdings II Pte. Ltd.- Promoter of Virescent Infrastructure Investment Manager Private Limited (upto 22 November 2022)

Disclosures pursuant to SEBI circulars (Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with SEBI circular CIR/IMD/DF/114/2016 dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 (contd.)

(All amounts in ₹ millions unless otherwise stated)

C. Directors of the parties to Highways InfraTrust specified in II(A) above

(i) Directors of Galaxy Investment II Pte. Ltd

Mr. Cecilio Velasco (Director) (Upto 26 January 2022)
Mr. Tang Jin Rong (Director)
Mr. Madhura Narawane (Director) (w.e.f 26 January 2022)

(ii) Directors and KMP of Virescent Infrastructure Investment Manager Private Limited

Mr. Vinay Kumar Pabba, Director w.e.f 26 November 2021 till 01 February 2022
Mr. Pradeep Kumar Panja, Director
Mr. Sanjay Grewal , Wholetime Director
Mr. Akshay Jaitly, Independent Director
Mr Hardik Bhadrik Shah, Director
Mr Aditya Narayan, Independent Director
Ms Daisy Devassy Chittilapilly, Independent Director
Ms. Charmi bhoot , Company Secretary and Compliance Officer

(iii) Directors of Virescent Renewable Energy Project Manager Private Limited

Mr. Sanjay Grewal , Director
Mr. Atul Raizada , Director

(iv) Directors of Axis Trustee Services Limited

Ms. Deepa Rath CEO (KMP), Managing Director
Mr. Rajesh Kumar Dahiya (Director)
Mr. Ganesh Sankaran (Director)

(v) Directors and KMP of Highway Concessions One Private Limited

Mr Hardik Bhadrik Shah, Non-executive Director
Mr Neeraj Sanghi, CEO (KMP), Whole time Director
Ms. Sudha Krishnan, Independent Director (w.e.f 14 September 2022)
Ms. Ami Vinoo Momaya , Non-executive Director
Mr Subramanian Janakiraman , Independent Director (w.e.f 04 March 2022)
Mr Manish Agarwal, Independent Director (from w.e.f 14 September 2022)
Ms. Kunjal Shah , Company Secretary and Compliance Officer
Mr. Narayanan Doraiswamy, Chief Financial Officer

(All amounts in ₹ millions unless otherwise stated)

(vi) Directors of HC One Project Manager Private Limited

Mr Neeraj Sanghi, Director (w.e.f 20 September 2022)
Mr Zafar Khan, Director (w.e.f 20 September 2022)

III. Transactions and outstanding balances with related party

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Galaxy Investment II Pte Ltd.		
Transaction during the period		
Proceeds from issue of Compulsory convertible debentures ('CCD's')	-	7,978.14
Issue of unit capital	37,390.00	-
Interest on CCD's	444.70	312.13
Investment in CCD's	3,060.00	-
Investment in preference shares	545.10	-
Distribution to unit-holders^	5,426.28	-
Balance outstanding at the end of the period		
Unit capital	37,390.00	-
Investment in equity shares of subsidiaries	-	3,200.95
Optionally Convertible Debenture	-	7,978.14
Interest accrued on Optionally Convertible Debenture	-	312.13
Highway Concessions One Private Limited		
Transaction during the period		
Reimbursement of expenses	44.85	-
Corporate support management fees	247.43	51.24
Transfer out obligation as per acturial for employee benefit	0.86	0.82
Repayment of loan	-	315.00
Interest of loan	-	0.31
Investment manager fees	109.25	-
Balance outstanding at the end of the period		
Trade and other payables	151.87	0.82
Transfer out obligation as per acturial for employee benefit	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Particulars	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022
Virescent Infrastructure Investment Manager Private Limited		
Transaction during the period		
Reimbursement of expenses	71.25	-
Investment manager fees	2.36	-
Balance outstanding at the end of the period		
Investment manager fees payable	2.16	-
HC One Project Manager Private Limited		
Transaction during the period		
Project manager fees	53.55	-
Balance outstanding at the end of the period		
Advance payment of Project Manager Fees	1.92	-
Axis Trustee Services Limited		
Transaction during the year/period		
Trustee fees	0.83	

^ Pertains to the distributions made during the financial year and does not include the distribution relating to the last quarter of financial year 2022-2023 which will be paid after 31 March 2023. The distributions made by Trust to its unitholders are based on the Net Distributable Cash Flows (NDCF) of the Trust under the SEBI Regulations and includes interest, dividend and repayment of capital and redemption of instruments

IV. Details in respect of related party transactions involving acquisition of InvIT assets as required by Paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016 dated 29 November 2016 read with Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 on audited consolidated financial statement for the year ended 31 March 2023 are as follows:

A Summary of the valuation reports (issued by the independent valuer appointed by the Trust) for Investment in equity share capital of subsidiaries of the Trust during the financial year ended 31 March 2023

Particulars	Name of subsidiaries of the Trust					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	9.10%	9.50%	10.70%	10.40%	9.60%	10.30%
Method of valuation	Discounted cash flows					

B Summary of the valuation reports (issued by the independent valuer appointed by the Trust)) for Investment in Compulsorily Convetible Debentures (CCD):

(All amounts in ₹ millions unless otherwise stated)

Particulars	Name of Project SPVs					
	DBCPL	NBL	GEPL	JPEPL	UEPL	SEPL
Discounting rate (WACC)	-	13.71%	13.71%	13.70%	13.71%	-
Method of valuation	Discounted cash flows					

* During the financial year, the terms of Compulsorily Convertible Debentures (“CCDs”) were converted into Optionally Convertible Debentures ("OCDs")

C Material conditions or obligations in relation to the transactions:

The acquisition have been made pursuant to the terms mentioned in final placement memorandum dated 22 August 2022. ‘Pursuant to assignment agreement entered between the Trust and the Sponsor, the sponsor has assigned its rights and obligations under Security Purchase Agreement to the Trust subject to certain terms and conditions. The Trust has acquired six Project SPV’s which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022. Refer Note 48 for details with respect to business combinations.

D No external financing has been obtained for acquisition of above subsidiaries.

E No fees or commisiom received or to be received from any associate party in relation to acquisition of Project SPVs.

45 Information on segment reporting pursuant to Ind AS 108 - Operating Segments

The Group’s primary business segment is reflected based on principal business activities carried on by the Group i.e. building, operating and management of road projects and all other related activities which as per IndAS 108 on ‘Operating Segments” is considered to be the only reportable business segment. The Group derives its major revenues from operation and maintenance of highways. The Group is operating in India which is considered as a single geographical segment.

46 Group information

(a) Information about subsidiary

The Group’s details as at 31 March 2023 is set out below. Unless otherwise stated, they have equity capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Principal activities	County of incorporation	% equity Interest*	
			As at 31 March 2023	As at 31 March 2022
DBCPL	Construction and operation of road including toll collection/ annuity collection	India	100.00%	NA
JPEPL		India	100.00%	NA
GEPL		India	100.00%	NA
UEPL		India	100.00%	NA
NBL		India	100.00%	NA
SEPL		India	100.00%	NA

* refer note 47(a)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

47 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Act:

Name of Entity	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income or (loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated comprehensive income
Parent								
Highways Infrastructure Trust	9,979.45	227.75%	839.90	245.60%	-	0.00%	839.91	244.95%
Subsidiary								
DBCPL	671.45	15.32%	1,020.41	298.38%	0.05	5.58%	1,020.46	297.61%
	[1894.15]	[487.10%]	[238.00]	[53.08%]	[0.07]	[(30.33%)]	[238.07]	[53.12%]
NBL	(230.97)	(5.27)%	(243.95)	(71.33)%	(0.02)	(2.33)%	(243.97)	(71.15)%
	[322.75]	[83.00%]	[130.49]	[29.10%]	[0.02]	[(9.26%)]	[130.51]	[29.12%]
JPEPL	(1,952.44)	(44.56)%	(134.10)	(39.21)%	0.27	29.68%	(133.84)	(39.03)%
	[(1436.30)]	[(369.36%)]	[0.54]	[0.12%]	[0.08]	[(33.80%)]	[0.61]	[0.14%]
GEPL	(3,583.37)	(81.78)%	(630.10)	(184.25)%	0.39	43.52%	(629.71)	(183.65)%
	[(2718.99)]	[(699.22%)]	[(123.80)]	[(27.61%)]	[0.05]	[21.66%]	[(123.75)]	[(27.61%)]
UEPL	(651.39)	(14.87)%	(427.76)	(125.08)%	0.09	9.86%	(427.67)	(124.73)%
	[2,035.60]	[523.48%]	[82.76]	[18.46%]	[(0.47)]	[203.62%]	[82.29]	[18.36%]
SEPL	148.93	3.40%	(82.41)	(24.10)%	0.12	13.69%	(82.29)	(24.00)%
	[291.64]	[75.00%]	[120.39]	[26.85%]	[0.02]	[(8.57%)]	[120.41]	[26.87%]
Total	**4,381.66**	**100.00%**	**341.99**	**100.00%**	**0.90**	**100.00%**	**342.89**	**100.00%**
	[388.86]	**[100.00%]**	**[448.38]**	**[100.00%]**	**[(0.23)]**	**[100.00%]**	**[448.15]**	**[100.00%]**

Note:-1 Figures in [ ] brackets are previous year figures.

Note:-2 Figures in ( ) brackets are negative figures.

(All amounts in ₹ millions unless otherwise stated)

48 Business Combination

a) Acquisitions of subsidiaries during the year ended 31 March 2023

Highways Infrastructure Trust ('the Trust') acquired the following companies (Project SPV's) as at 23 August 2022 :

(i) Dewas Bhopal Corridor Private Limited ("DBCPL")

(ii) Nirmal BOT Limited ("NBL")

(iii) Jodhpur Pali Expressway Private Limited ("JPEPL")

(iv) Godhra Expressways Private Limited ("GEPL")

(v) Ulundurpet Expressways Private Limited ("UEPL") (vi) Shillong Expressway Private Limited ("SEPL"),

During the current period, the Trust acquired the SPVs (as stated above) which are engaged in the design, construction, development, operation and maintenance of roads and highways on 23 August 2022 for an equity consideration of **₹ 31,715.33 millions.** Galaxy Investments II Pte Limited had earlier acquired "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" on 17 December 2021 and "SEPL" on 13 January 2022.

Pursuant to IND AS 103- Business combinations, Common control business combination, means a business combination involving entities in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Both the Trust and project SPV's are ultimately controlled by Galaxy Investments II Pte Limited both before and after the acquisition. Business combination has been accounted for using the pooling of interests method in accordance with Ind AS 103.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

Thus, the Trust has prepared comparative financial information for period 03 December 2021 to 31 December 2021 as if the acquisition had occurred on 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL", irrespective of the actual date of the combination which is 23 August 2022 and the difference between the purchase consideration and the value of net identifiable assets acquired has been adjusted with the "Amalgamation Adjustment Deficit Account" in other equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Statement showing number of units allotted to Galaxy Investment II Pte. Ltd. ('sponsor') in exchange of control of (Project SPV's):

Name of SPVs	Description	Net Assets	Purchase consideration	Number of units allotted
UEPL	Units of the Trust	2,645.52	3,004.95	30,049,464
JPEPL	Units of the Trust	0.62	3,863.25	38,632,547
NBL	Units of the Trust	315.00	354.41	3,544,114
GEPL	Units of the Trust	233.81	11,167.09	111,670,920
DBCPL	Units of the Trust	1.00	12,969.36	129,693,587
SEPL	Units of the Trust	5.00	356.27	3,562,683
		3,200.95	**31,715.33**	**317,153,315**

b) The details of recognised amounts of identifiable net assets of the business combination are as follows as at 17 December 2021 for "DBCPL", "NBL", "JPEPL", "GEPL" and "UEPL" and 13 January 2022 for "SEPL":

Particulars	DBCPL	GEPL	JPEPL	NBL	SEPL	UEPL	Total
Non-current assets							
Property, plant and equipment	18.16	9.94	17.03	10.21	2.56	13.36	71.26
Capital work-in-progress	-	-	15.37	-	-	-	15.37
Intangible assets	3,666.79	8,057.32	3,925.10		0.00	4,879.49	20,528.70
Financial assets							
Investment		306.00	-	-	-	-	306.00
Others	0.53	0.49	1.01	1,133.11	418.83	2.38	1,556.35
Deferred tax assets (net)	113.38	-	-	-	-	-	113.38
Non-current tax assets (net)	-	-	-	16.93	-	8.44	25.37
Other non-current assets	-	-	-	-	-	0.37	0.37
Total non-current assets	**3,798.86**	**8,373.75**	**3,958.51**	**1,160.25**	**421.39**	**4,904.04**	**22,616.80**
Current assets							
Financial assets							
Investments	927.46	-	64.87	150.61	240.11	575.57	1,958.62
Trade receivables	3.20	-	27.50	0.05	-	16.09	46.84
Cash and cash equivalents	8.89	486.26	5.21	0.95	2.75	10.22	514.28
Bank balances other than cash and cash equivalents above	233.50	138.32	242.65	14.47	505.74	394.92	1,529.60
Others	2.62	3.53	1.64	508.29	240.80	0.17	757.06
Other current assets	25.83	8.33	10.80	8.67	6.64	28.80	89.07
Current tax assets (net)	28.14	22.18	4.91	-	16.45	-	71.68
Total current assets	**1,229.64**	**658.62**	**357.57**	**683.04**	**1,012.50**	**1,025.77**	**4,967.14**
Total assets	**5,028.50**	**9,032.37**	**4,316.08**	**1,843.29**	**1,433.89**	**5,929.81**	**27,583.94**

(All amounts in ₹ millions unless otherwise stated)

Particulars	DBCPL	GEPL	JPEPL	NBL	SEPL	UEPL	Total
EQUITY							
Other equity	1,655.08	(2,829.05)	(1,437.53)	(122.76)	166.23	(692.21)	(3,260.24)
Total equity	**1,655.08**	**(2,829.05)**	**(1,437.53)**	**(122.76)**	**166.23**	**(692.21)**	**(3,260.24)**
Non-current liabilities							
Financial liabilities							
Borrowings	2,759.60	3,995.59	2,503.96	1,063.30	444.79	2,930.79	13,698.03
Other financial liabilities	-	1,115.96	164.20			0.24	1,280.40
Provisions	2.00	23.65	4.52	0.39	0.82	242.38	273.76
Deferred tax liabilities (net)	-	861.37	142.62	-	-	-	1,003.99
Total non-current liabilities	**2,761.60**	**5,996.57**	**2,815.32**	**1,063.69**	**445.60**	**3,173.41**	**16,256.19**
Current liabilities							
Financial liabilities							
Borrowings	106.17	5,167.38	2,436.60	500.80	790.67	712.70	9,714.32
Trade payables							
Due to micro and small enterprises	-	-	-	0.08	-	-	0.08
Due to others	0.23	42.90	9.27	44.83	1.34	0.28	98.85
Other financial liabilities	58.03	302.18	78.97	36.95	24.87	61.80	562.80
Other current liabilities	1.83	1.24	1.46	0.31	0.11	3.96	8.91
Provisions	444.56	117.34	411.37	0.03	0.06	24.35	997.71
Current tax liabilities (net)	-			4.36			4.36
Total current liabilities	**610.82**	**5,631.04**	**2,937.68**	**587.36**	**817.05**	**803.09**	**11,387.04**
Total liabilities	**3,372.42**	**11,627.61**	**5,752.99**	**1,651.05**	**1,262.65**	**3,976.50**	**27,643.22**
Total equity and liabilities	**5,027.50**	**8,798.56**	**4,315.47**	**1,528.30**	**1,428.88**	**3,284.29**	**24,382.99**
Net assets acquired	**1.00**	**233.81**	**0.62**	**315.00**	**5.00**	**2,645.52**	**3,200.95**

c) Calculations of Amalgamation Adjustment Deficit

Particulars	DBCPL	GEPL	JPEPL	NBL	SEPL	UEPL	Total
Purchase consideration	12,969.36	11,167.09	3,863.25	354.41	356.27	3,004.95	31,715.33
Less: Net assets acquired	1.00	233.81	0.62	315.00	5.00	2,645.52	3,200.95
Amalgamation Adjustment Deficit	**12,968.36**	**10,933.28**	**3,862.64**	**39.42**	**351.27**	**359.43**	**28,514.38**

The above numbers have been calculated using the Project SPVs Special Purpose financial statement for the period 01 April 2021 to 17 December 2021, (in case of all SPVs except SEPL) and 13 January 2022 (in case of SEPL)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

49 Financial ratios

Sl. No.	Particulars	Numerator	Denominator	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022	% Changes*	Remarks
				Ratio	Ratio		
(a)	Current ratio (in times)	Current assets	Current liabilities	2.47	1.68	47%	Increase in ratio mainly due to repayment of current portion of borrowings and redemption/withdrawan of investment during the current year.
(b)	Debt equity ratio (in times)	Non-current borrowings + Current borrowings	Total equity	3.37	59.84	-94%	Decrease in ratio is mainly due to increase in Unit capital on account of Issue of Units of the trust during the current year.
(c)	Debt service coverage ratio (in times)	Profit before tax, finance costs	Finance costs + Principal repayment for borrowings	0.20	0.40	-50%	Decrease in ratio is mainly due to increase in finance cost in comparison to preceding period
(d)	Return on equity ratio (in %)	Net profit after tax	Average of total equity	0.14	2.31	-94%	Decrease in ratio is mainly due to increase in Unit capital on account of Issue of Units of the trust during the current year.
(e)	Inventory turnover ratio (in times)**	Cost of material consumed	Average inventory	NA	NA	0%	Not applicable.
(f)	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	328.47	100.59	227%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year revenue pertains to entire 12 months

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Numerator	Denominator	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022	% Changes*	Remarks
(g)	Trade payables turnover ratio (in times)	Other expenses	Average trade payables	4.97	2.33	114%	The increase is because in the comparative period other expenses is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year other expenses pertains to entire 12 months
(h)	Net capital turnover ratio (in times)	Revenue from operations	Working capital [current assets - current liabilities]	3.20	0.84	283%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year revenue pertains to entire 12 months
(i)	Net profit ratio (in %)	Profit after tax	Revenue from operations	5.56%	-23.90%	-77%	The decline is because of decrease in profits during the year, majorly due to modiifcation loss on annuity on account of change in estimates and increase other expenses of the Trust.
(j)	Return on capital employed (in %)	Earnings before depreciation and amortisation, interest and tax [Earnings = Profit after tax + Tax expense + Depreciation and amortisation expense + Finance costs]	Capital employed [Total assets - Current liabilities + Current borrowings]	0.19	0.06	225%	The increase is because in the comparative period revenue from operations is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year earning before depreciation and amortization, interest and tax pertains to entire 12 months

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Numerator	Denominator	01 April 2022 to 31 March 2023	03 December 2021 to 31 March 2022	% Changes*	Remarks
(k)	Interest service coverage ratio (in times)	Profit before tax, finance costs, exceptional items and depreciation and amortization expenses	Finance cost	1.97	1.99	-1%	Not required, since the changes in ratio is below threshold limit of 25%.
(l)	Net worth	Unit capital + Other equity		4,381.66	388.86	1027%	The change is due to issue of unit capital to unitholders pursuant to acquisition of subsidiaries by Trust.
(m)	Return on investment (in %)						
	- On mutual funds	Income generated from mutual fund investments	Time weighted average investments	0.09	0.03	219%	The increase is because in the comparative period income from mutual funds is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year income from mutual funds pertains to entire 12 months
	- On fixed deposits	Income generated from investments	Time weighted average investments	0.06	0.02	182%	The increase is because in the comparative period income on fixed deposits is taken from 03 December 2021 to 31 March 2022 i.e from the date on which Trust was formed whereas the current year income on fixed deposits pertains to entire 12 months

Notes:

*The change in ratio is less than 25% as compared to previous year and hence, no explanation required.

**The Group does not have any Inventory, Therefore, Inventory turnover ratio is not applicable

(All amounts in ₹ millions unless otherwise stated)

50 The Trust was registered as an irrevocable trust set up under the provisions of Indian Trusts Act, 1882 on 03 December 2021. Trust was registered as an Infrastructure Investment Trust under the InvIT Regulations, as on 23 December 2021 having registration number IN/ InvIT/ 21-22/ 0019. Accordingly, the financial information for the corresponding period in immediately preceding financial year ended 31 March 2023 is given from 03 December 2021 to 31 March 2022.

51 The consolidated financial information for the period from 03 December 2021 to 31 March 2022 and as at 31 March 2022 as reported in these consolidated financial statement have been certified by the Investment Manager of the Trust and are not subject to audit or review.

52 The Board of Directors of the Investment Manager have declared distribution of ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,010.00 millions, ₹ 4.8375 (rounded off) per unit amounting to ₹ 2,009.98 millions and ₹ 4.8376 (rounded off) per unit amounting to ₹ 2,010.02 millions in their meeting held on 11 November 2022, 08 February 2023 and 08 March 2023 respectively and the aforesaid distribution was paid to eligible unitholders on 19 November 2022, 15 February 2023 and 18 March 2023 respectively. Subsequent to year end 31 March 2023, the Board of Directors of the Investment Manager have declared distribution of ₹ 1.6876 (rounded off) per unit amounting to ₹ 701.2 millions in their meeting held on 19 May 2023.

53 During the current year ended 31 March 2023, pursuant to the approval dated 22 November 2022 granted by the Securities and Exchange Board of India ("SEBI") and the approval of the unitholders of the Trust as required under Regulation 9(15) of the InvIT Regulations obtained from the unitholders in the extraordinary general meeting held on 14 November 2022, Highway Concessions One Private Limited ("HC 1") and HC One Project Manager Private Limited ("HC One") was appointed as the new Investment Manager and Project Manager of the Trust respectively in place of Virescent Infrastructure Investment Manager Private Limited ("erstwhile Investment Manager") and Virescent Renewable Energy Project Manager Private Limited ("erstwhile Project Manager"). The appointment of the new Investment Manager was also approved by the Board of erstwhile Investment Manager of the Trust vide its circular Resolution dated 19 October 2022. Consequently, Highway Concessions One Private Limited and HC One Project Manager Private Limited have been acting as the new Investment Manager and Project Manager of the Trust effective from 23 November 2022 and 14 November 2022 respectively.

54 During the current year ended 31 March 2023, three of the project SPV's Viz. GEPL, DBCPL and UEPL has filed the petition with the Hon'ble National Company Law Tribunal , Mumbai Bench ('NCLT') for capital reduction under Section 66 and other provisions of the Companies Act, 2013. The said reduction was approved in the extraordinary general meeting in the respective Project SPVs which were held on 19 October 2022 for GEPL and DBCPL and on 29 November 2022 for UEPL. Pursuant to capital reduction scheme, the shareholders shall be entitled to receive an amount based on the fair market valuation of the equity shares of the aforesaid project SPV's and the said consideration shall be presented as loan outstanding to the shareholders NCLT admission order has been received for the applications in GEPL,DBCPL and UEPL by Hon'ble NCLT and necessary notices have been given to the Regional Directors, ROC and creditors of these aforesaid mentioned SPV's. The final order for approving the capital reduction scheme in DBCPL was received on 27 February 2023 however, final order for approving the capital reduction scheme is awaited in GEPL and UEPL. Accordingly, the necessary impacts on account of capital reduction in DBCPL have been considered in these audited consolidated financial statements for the year ended 31 March 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTD.)

(All amounts in ₹ millions unless otherwise stated)

55 Project manager and Investment manager fees

(i) Project management fees

Pursuant to the Project Management Agreement dated 08 August 2022 with the erstwhile Project Manager i.e Virescent Renewable Energy Project Manager Private Limited, Project Manager was entitled to a consideration @ 10% markup over the actual cost incurred, on a half yearly basis to be borne by the project SPVs, for the performance of Management, Tolling and Operation and Maintenance Services. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ Nil (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) towards project manager fees paid to Virescent Renewable Energy Project Manager Private Limited who was Project Manager till 13 November 2022. Subsequently pursuant to the Project Management Agreement with the current project manager i.e. HC One Project Manager Limited dated 20 October 2022 , project manager shall be entitled to a consideration @ 10% markup over the actual cost incurred, on a half yearly basis , or on such other shorter basis as may be mutually agreed ,to be borne by the project SPVs, for the performance of Management, Tolling and Operation and Maintenance Services. Consolidated financial statement for the year ended 31 March 2023 includes amount of ₹ 53.55 Million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) toward project manager fees paid to HC One Project Manager Limited who is appointed as Project Manager w.e.f 14 November 2022.

(ii) Investment management fees

Pursuant to the Investment Management Agreement dated 06 December 2021 with the erstwhile Investment Manager i.e Virescent Infrastructure Investment Manager Private Limited, Investment Manager was entitled to fees @ 10% markup over the cost per annum. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ 2.36 Million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) toward Investment manager fees paid to Virescent Infrastructure Investment Manager who was Investment Manager till 22 November 2022. Subsequently, pursuant to the Investment Management Agreement with the Investment Manager i.e Highway Concession One Private Limited dated 20 October 2022 as amended, Investment Manager is entitled to fees @ 10% markup over the cost per annum. The Investment Management Fees shall be borne by the InvIT and the Special Purpose Vehicles of the InvIT ("SPVs') in the proportion of 20:80. Amongst the SPVs, the Fees would be allocated as mutually agreed with the SPVs. Consolidated financial statements for the year ended 31 March 2023 includes amount of ₹ 109.25 million (for the period from 03 December 2021 to 31 March 2022: ₹ Nil) towards Investment Manager Fees to Highway Concession One Private Limited who is appointed as Investment Manager w.e.f 23 November 2022.

56 Other statutory information

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Group have not traded or invested in Cryptocurrency or Virtual Digital Currency during the financial year ended 31 March 2023.

(iii) The Trust has not advanced or loaned or invested funds to any other person(s) or enitity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ny or on behalf of the Trust (Unlimate Beneficiaries) or - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(All amounts in ₹ millions unless otherwise stated)

(iv) The Trust has not advanced or loaned or invested funds to any other person(s) or enitity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: - Directly or indirectly lend or invest in other persons or entties identified in any manner whatsoever ny or on behlaf of the Trust (Unlimate Beneficiaries) or - Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(v) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(vi) The Group does not have any transactions with struck - off companies, other than disclosed (refer note 21 (iv))

(vii) The Group has not been declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulter issued by the Reserve Bank of India.

57 The consolidated financial statements have been approved by the Board of Directors of the Investment Manager to the Trust in its meeting held on 19 May 2023.

58 All values are rounded to the nearest millions, unless otherwise indicated. Certain amount that are required to disclosed and do not appear due to rounding off are expressed as 0.00.

59 Previous year figures have been reclassified/regrouped wherever necessary to confirm to current year classification. The impact of the same is not material to the user of the consolidated financial statements.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Agrawal
Partner
Membership No.: 507000

Place: Mumbai
Date: 19 May 2023

For and on behalf of the Board of Directors of
Highway Concessions One Private Limited
(acting as Investment Manager to Highways Infrastructure Trust)

Kunjal Shah
Compliance officer
ACS No. A27382

Place: Mumbai
Date: 19 May 2023

Neeraj Sanghi
Whole time director and CEO
DIN: 05110400

Place: Mumbai
Date: 19 May 2023

Narayanan Doraiswamy
Chief Financial Officer

Place: Mumbai
Date: 19 May 2023

NOTICE OF THE FIRST ANNUAL GENERAL MEETING

NOTICE is hereby given that the First Annual General Meeting ("**AGM**") of the Unitholders ("**Unitholders**") of Highways Infrastructure Trust (the "**Trust**") will be held on Friday, July 21, 2023 at 10:30 a.m. (IST) through Video Conferencing ('**VC**')/ Other Audio-Visual Means ('**OAVM**') without the physical presence of the Unitholders and the deemed venue for the meeting shall be at the principal place of business of the Trust, in accordance with the provisions of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 ("**SEBI InvIT Regulations**") read with SEBI circular bearing reference no. SEBI/HO/DDHS/DDHS_Div2/P/CIR/2023/14 dated January 12, 2023 (the "**SEBI Circular**") and other relevant circulars issued by SEBI in this regard, from time to time, to transact the businesses mentioned below: -

ORDINARY BUSINESS:

ITEM NO. 1:

TO CONSIDER AND ADOPT AUDITED STANDALONE FINANCIAL STATEMENTS AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 TOGETHER WITH THE REPORT OF THE AUDITORS THEREON AND THE REPORT ON PERFORMANCE OF THE TRUST.

To consider and if thought fit, to pass with or without modification(s), the following resolution by way of a simple majority (i.e. where the votes cast in favour of a resolution are required to be more than the votes cast against the resolution) in terms of Regulation 22 of SEBI InvIT Regulations.

"RESOLVED THAT pursuant to the applicable provisions, if any, of the SEBI (Infrastructure Investment Trust) Regulations, 2014 and the circulars, clarifications, notifications, and guidelines issued thereunder, and other applicable rules and regulations, if any, including any statutory modifications, amendments or re-enactments thereof for the time being in force, the Audited Standalone Financial Statements and the Audited Consolidated Financial Statements of Highways Infrastructure Trust (the "**Trust**") as at and for the financial year ended March 31, 2023 together with the Report of the Auditors and the report on the performance of the Trust be and are hereby approved and adopted."

"RESOLVED FURTHER THAT the Board of Directors, Chief Financial Officer and Company Secretary and Compliance Officer of Highway Concessions One Private Limited (the "**Investment Manager**") be and are hereby severally authorised on behalf of the Trust to inform all concerned, in such form and manner as may be required or is necessary and also to execute such agreements, letters and other writings in this regard, including delegation of all, or any of these powers and to do all acts, deeds, things, and matters as may be required or are necessary to give effect to this resolution or as otherwise considered by the Board of Directors, to be in the best interest of the Trust, as it may deem fit."

ITEM NO. 2:

TO CONSIDER AND ADOPT THE VALUATION REPORT OF THE ASSETS OF HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023.

To consider and if thought fit, to pass with or without modification(s), to pass with or without modification(s), the following resolution by way of a 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 of the SEBI InvIT Regulations.

"**RESOLVED THAT** pursuant to Regulations 13, 21, 22 and Schedule V of the SEBI (Infrastructure Investment Trust) Regulations, 2014, as amended from time to time, read with circulars and guidelines issued thereunder and other applicable provisions, if any, (including any statutory modification or reenactment thereof for the time being in force), the Valuation Report of Highways Infrastructure Trust (the "**Trust**") for the financial year ended March 31, 2023 issued by Mr. S. Sundararaman, Registered Valuer IBBI (Registration no.: IBBI/RV/06/2018/10238) as an Independent Valuer for the Trust as on May 12, 2023 providing for the assets of the Trust, be and is hereby approved and adopted."

ITEM NO. 3:

TO RATIFY THE APPOINTMENT AND REMUNERATION OF THE VALUER OF THE HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR 2022-23.

To ratify the appointment and remuneration of Mr. S. Sundararaman, Registered Valuer IBBI (Registration no.: IBBI/RV/06/2018/10238) as the Independent Valuer of the Trust for the financial year 2022-23 and, if thought fit, to pass with or without modification(s), the following resolution by way of a 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 by unit holders, so entitled and voting) in terms of regulation 22 of the SEBI InvIT Regulations.

"RESOLVED THAT pursuant to the provisions regulations 10(5), 22 and other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines issued thereunder ("**SEBI InvIT Regulations**") (including any statutory modification or re-enactment thereof, for the time being in force) and in accordance with the Appointment of Auditor and Valuer Policy of Highways Infrastructure Trust (the "**Trust**"), the appointment

NOTICE (CONTD.)

of Mr. S. Sundararaman, Registered Valuer (IBBI Registration Number IBBI/RV/06/2018/10238) as the Valuer of the Trust and its Project Special Purpose Vehicles (SPVs) for the financial year 2022-23, who had confirmed their eligibility to be appointed as the Valuer in terms of provisions of the SEBI InvIT Regulations on such terms and conditions as is or may be mutually agreed by and between the Highway Concessions One Private Limited (the Investment Manager) and the Valuer, be and is hereby ratified."

"RESOLVED FURTHER THAT the each director, Chief Financial Officer and Company Secretary and Compliance Officer or Ms. Meghana Singh, authorized signatory or Mr. Praveen Kumar, authorized signatory of Highway Concessions One Private Limited (the "**Investment Manager**") is hereby jointly and severally authorized to inform all regulatory, statutory and governmental authorities, as may be required under applicable laws, and in such form and manner as may be required or necessary and also to execute such agreements, letter and other writings and to do all acts, deeds, things, and matters as may be required or necessary to give effect to this resolution or as otherwise considered by the Investment Manager to be in the best interest of the Trust."

ITEM NO. 4:

TO CONSIDER AND APPROVE THE APPOINTMENT OF VALUER OF THE HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR 2023-24 AND FIX THEIR REMUNERATION.

To consider and appoint Mr. S. Sundararaman, Registered Valuer (IBBI Registration Number IBBI/RV/06/2018/10238), as the Independent Valuer of the Trust for the financial year 2023-24 and, if thought fit, to pass with or without modification(s), the following resolution by way of a 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 by unit holders, so entitled and voting) in terms of regulation 22 of the SEBI InvIT Regulations.

"RESOLVED THAT pursuant to the provisions of Regulations 10(5), 22 and other applicable provisions of Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended from time to time, read with circulars and guidelines issued thereunder and other applicable provisions, if any, ("**SEBI InvIT Regulations**") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Appointment of Auditor and Valuer Policy of Highways Infrastructure Trust (the "**Trust**"), Mr. S. Sundararaman, Registered Valuer (IBBI Registration Number IBBI/RV/06/2018/10238), who have confirmed their eligibility to be appointed as the Valuer of the Trust and its Project Special Purpose Vehicles (SPVs) for the financial year 2023-24, in terms of provisions of the SEBI InvIT Regulations, on such terms and conditions, including at such remuneration as may be mutually agreed by and between the Highway Concessions One Private Limited (the Investment Manager) and the Valuer, be and is hereby approved."

"RESOLVED FURTHER THAT each of the directors, Chief Financial Officer and Company Secretary and Compliance Officer or Ms. Meghana Singh, authorized signatory or Mr. Praveen Kumar, authorized signatory of Highway Concessions One Private Limited (the "**Investment Manager**") is hereby jointly and severally authorized to finalize the terms and conditions of the aforesaid appointment, including remuneration, in consultation with the Valuer and to inform all regulatory, statutory and governmental authorities, as may be required under applicable laws, and in such form and manner as may be required or necessary and also to execute such agreements, letter and other writings and to do all acts, deeds, things, and matters as may be required or necessary to give effect to this resolution or as otherwise considered by the Investment Manager to be in the best interest of the Trust, as it may deem fit."

ITEM NO. 5:

TO CONSIDER THE RATIFICATION AND APPROVAL OF APPOINTMENT OF AUDITORS FOR THE 5 (FIVE) CONSECUTIVE YEARS COMMENCING FROM FY 2022-23 TILL FY 2026-27 AND FIX THEIR REMUNERATION.

To consider the appointment of M/s. Walker Chandiok & Co LLP (ICAI Firm Registration Number: 001076N/N500013) as the Auditors of the Highways Infrastructure Trust (the "**Auditor**") for a period of not more than 5 (five) years from FY 2022-23 till FY 2026-27, and, if thought fit, to pass with or without modifications(s), the following resolution by way of a 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) and other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended.

"RESOLVED THAT pursuant to the provisions of Regulations 10(5), 10(6), 10(6A), 10(6B), 13, 22 and other applicable provisions of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 read with circulars and guidelines issued thereunder ("**SEBI InvIT Regulations**") (including any statutory modification or reenactment thereof, for the time being in force) and in accordance with the Appointment of Auditor and Valuer Policy of Highways Infrastructure Trust (the "**Trust**"), the appointment of M/s. Walker Chandiok & Co LLP (ICAI Firm Registration Number: 001076N/N500013) (appointed in consultation with Axis Trustee Services Limited) as the statutory auditors for the Trust for the Financial Year 2022-23 on such terms and conditions, including

NOTICE (CONTD.)

fees, as decided by the Board of Directors of the Investment Manager, be and is hereby considered and ratified"

"**RESOLVED FURTHER THAT** pursuant to the provisions of Regulations 10(5), 10(6), 10(6A), 10(6B), 13, 22 and other applicable provisions of the SEBI InvIT Regulations read with circulars and guidelines issued thereunder (including any statutory modification or reenactment thereof, for the time being in force) and in accordance with the Appointment of Auditor and Valuer Policy of the Trust, the appointment of M/s. Walker Chandiok & Co LLP (ICAI Firm Registration Number: 001076N/N500013) (appointed in consultation with Axis Trustee Services Limited) as the statutory auditors for the Trust for a period of Five Years, commencing from the Financial Year 2022-23 till the Financial Year 2026-27 on such terms and conditions, including fees, as decided by the Board of Directors of the Investment Manager, be and is hereby considered, ratified and approved."

RESOLVED FURTHER THAT the Board of Directors, Chief Financial Officer and Company Secretary and Compliance Officer of Highway Concessions One Private Limited (the Investment Manager) be and are hereby severally authorised on behalf of the Trust to inform all concerned, in such form and manner as may be required or is necessary and also to execute such agreements, letters and other writings in this regard, including delegation of all, or any of these powers and to do all acts, deeds, things, and matters as may be required or are necessary to give effect to this resolution or as otherwise considered by the Board of Directors, to be in the best interest of the Trust as it may deem fit."

For **Highways Infrastructure Trust**

By Order of the Board
Highway Concessions One Private Limited
(as the Investment Manager of Highways Infrastructure Trust)

Sd/-
Kunjal Shah
Company Secretary and Compliance Officer
Monday, June 26, 2023
Place: Mumbai

Principal Place of Business and Contact Details of the Trust:
Highways Infrastructure Trust
2nd Floor, Piramal Tower, Peninsula Corporate Park,
Lower Parel, Mumbai 400 013
SEBI Registration Number: IN/InvIT/21-22/0019
Tel: +91 75063 33447
E-mail: Compliance.highwaysinvit@highwayconcessions.com
Website: www.highwaystrust.com
Compliance Officer: Ms. Kunjal Shah

Registered Office and Contact Details of the Investment Manager:
Highway Concessions One Private Limited
Unit No. 316-317, 3rd Floor, C Wing, Kanakia Zillion,
BKC Annex, Kurla West, Mumbai City 400 070
CIN: U45200MH2010PTC208056
Email Id: Compliance.highwaysinvit@highwayconcessions.com
Contact Person: Ms. Kunjal Shah

NOTES:

1. Pursuant to Regulation 22(3)(a) of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 ("**SEBI InvIT Regulations**") read with SEBI circular bearing reference no. SEBI/HO/DDHS/DDHS_Div2/P/CIR/2023/14 dated January 12, (the "**SEBI Circular**") and other relevant circulars issued by SEBI in this regard, from time to time, the First Annual Meeting ('**AGM**') of the Trust is being held through Video Conferencing ('**VC**') or Other Audio Visual Means ('**OAVM**') which does not require 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, unitholders can attend and participate in the ensuing AGM through VC/OAVM. The deemed venue for the AGM shall be the principal place of business of the Trust.
2. The explanatory statement stating all material facts and the reasons for the proposed resolution is annexed herewith.
3. The Trust is providing an e-voting facility to the Unitholders for the transaction enlisted in the Notice. Therefore, the detailed instructions for e-Voting are attached as "**Annexure- I**" to this Notice.
4. Since this AGM is being held pursuant to the SEBI Circular through VC / OAVM, physical attendance of Unitholders has been dispensed with. Accordingly, the facility for appointment of proxies by the Unitholders will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. The Investment Manager on behalf of the Trust has engaged the services of M/s. Link Intime India Private Limited ("**Link Intime**"), the Registrar and Transfer Agent ("**RTA**") of the Trust for the purpose of providing a remote e-voting facility to the Unitholders.

NOTICE (CONTD.)

6. Ms. Deepti Kulkarni (Certificate of Practice No. 22502), failing her Mr. Omkar Dindorkar (Certificate of Practice No. 24580)- Partners of M/s MMJB & Associates LLP., Practising Company Secretaries ("**Scrutinizer**") is appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

7. Only those Unitholders whose names are recorded in the Register of Beneficial Owners maintained by the Depositories as on the close of business hours on cut-off date i.e. Monday, June 26, 2023 will be entitled to cast their votes.

8. Only those Unitholders, who will be present in the AGM through VC/ OAVM facility and have not cast their vote on resolutions through a remote e-Voting and are otherwise not barred from doing so, may cast their vote during the AGM through the e-Voting system in the AGM.

9. The Unitholders who have cast their vote by remote e-Voting prior to the AGM may also participate in the AGM through VC/ OAVM Facility but shall not be entitled to cast their vote again.

10. The voting rights of Unitholders shall be in proportion to their Units of the Unit capital of the Trust as on the cut-off date i.e. Monday, June 26, 2023.

11. Wherever required or possible, the Unitholders are requested to address all correspondence including distribution matters to the RTA by e-mail to ganesh.jadhav@linkintime.co.in or to the Company Secretary and Compliance officer of the Trust by e-mail to Compliance.highwaysinvit@highwayconcessions.com

12. Institutional Unitholders (i.e. other than individuals, HUF, NRI etc.) who are voting through their authorized signatory(ies) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies), to the RTA by e-mail to Compliance.highwaysinvit@highwayconcessions.com. It is also requested to upload the same in the e-voting module in their login.

13. In line with the aforementioned SEBI Circulars, the Notice calling the AGM is being sent only through electronic mode to those Unitholders whose e-mail addresses are registered /available with the Depositories/Trust and the Notice can also be accessed from the website of the Trust: www.highwaystrust.com as well Stock exchange on which the units of the Trust are listed and also disseminated on the website of NSDL and CDSL .

14. All the documents referred to in the accompanying notice, shall be available for inspection through electronic mode, basis the request being sent to the Company Secretary and Compliance officer of the Trust by e-mail to Compliance.highwaysinvit@highwayconcessions.com

15. The Unitholders can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time for commencement of AGM and after the commencement of AGM by following the procedure mentioned in the Notice. The facility for participation at the AGM through VC/OAVM will be made available for all Unitholders. The detailed instructions for joining the Meeting through VC/OAVM forms part of the Notes to this Notice.

16. The attendance of the Unitholders attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum.

17. The Results declared along with Scrutinizer's Report(s) will be available on the website of the Trust (www.highwaystrust.com) and on Service Provider's website (www.instavote.linkintime.co.in) within two (2) days of passing of the resolutions and communication of the same to the BSE Limited and the National Stock Exchange of India Limited.

18. The Securities and Exchange Board of India (the "**SEBI**") has mandated the submission of a Permanent Account Number ("**PAN**") by every participant in the securities market. Unitholders are therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

19. Unitholders who have not registered their email address so far are requested to register their email address for receiving all communication including annual reports, notices, circulars etc. from the Investment Manager, on behalf of the Trust, electronically.

EXPLANATORY STATEMENT

The following statement set out the material facts and reasons for the proposed resolution stated in the accompanying notice above:

ITEM NO. 3 AND 4

TO RATIFY THE APPOINTMENT AND REMUNERATION OF THE VALUER OF THE HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR 2022-23.

TO CONSIDER AND APPROVE THE APPOINTMENT OF VALUER OF THE HIGHWAYS INFRASTRUCTURE TRUST FOR THE FINANCIAL YEAR 2023-24 AND FIX THEIR REMUNERATION.

Under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("**SEBI InvIT Regulations**"), a valuer

NOTICE (CONTD.)

is required to be appointed to carry out valuation of the assets of Highways Infrastructure Trust ("**Trust**"). For this purpose, the 'valuer' means any person who is a "**Registered Valuer**" under section 247 of the Companies Act, 2013 or as specified by SEBI from time to time. Further, Highway Concessions One Private Limited, the investment manager of the Trust ("**Investment Manager**") has also adopted a policy entitled "Appointment of Auditor and Valuer Policy" ("**Policy**"). In accordance with the applicable provisions of the InvIT Regulations and the Policy, the Investment Manager, in consultation with Axis Trustee Services Limited (in its capacity as the trustee to the Trust), has appointed Mr. S. Sundararaman, Registered Valuer (IBBI Registration Number IBBI/RV/06/2018/10238), as Valuer of the Trust and all its Project SPVs for the financial year 2022-23.

A brief profile of Mr. S. Sundararaman, Registered Valuer is as follows:

Mr. S. Sundararaman is a fellow member of the Institute of Chartered Accountants of India ("**ICAI**"), graduate member of the Institute of Cost and Works Accountants of India, Information Systems Auditor (DISA of ICAI), and has completed the post qualification certification courses of ICAI on IFRS and Valuation.

Mr. S. Sundararaman is a registered Insolvency Professional and a Registered Valuer for Securities/ Financial Assets, having been enrolled with the Insolvency and Bankruptcy Board of India ("**IBBI**") after passing the respective examinations. He possesses more than 29 years of experience in servicing large and medium sized clients in the areas of corporate advisory including strategic restructuring, governance, acquisitions and related valuations, and tax implications apart from audit and assurance Services. He is a partner at Haribhakti & Co. LLP. He regularly provides valuation services to various InvITs across India.

Under Regulation 22 of the SEBI InvIT Regulations, the Investment Manager is required to obtain the approval from the Unitholder for appointment of valuer at the annual general meeting of the Unitholders.

Accordingly, under Item No 3 of the accompanying Notice, the Unitholders are requested to ratify the appointment of Mr. S. Sundararaman as the valuer of the Trust for the financial year 2022-2023, and under Item No. 4 of the accompanying Notice, the Unitholders are requested to approve the appointment of Mr. S. Sundararaman as the valuer of the Trust for the financial year 2023-2024 at a renumeration as determined by the board of directors on the Investment Manager. .

The Investment Manager recommends the resolutions as set out in the Notice for your approval by way of a 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).

ITEM NO 5:

TO CONSIDER THE RATIFICATION AND APPROVAL OF APPOINTMENT OF AUDITORS FOR THE 5 (FIVE) YEARS COMMENCING FROM FY 2022-23 TILL FY 2026-27 AND FIX THEIR REMUNERATION.

Unitholders are requested to note that pursuant to Regulation 10 of the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 ("**SEBI InvIT Regulations**"), Highway Concessions One Private Limited, acting in its capacity as the Investment Manager ("**Investment Manager**") of Highways Infrastructure Trust (the "**Trust**") in consultation with Axis Trustee Services Limited (in its capacity as the trustee to the Trust), had appointed M/s. Walker Chandlok & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), as the Auditors of the Trust for a period of 5 (Five) years commencing from the financial year 2022-23 till 2026-27, in accordance with the policy of "Appointment of Auditor and Valuer Policy".

Under Regulation 22 of the SEBI InvIT Regulations, the Investment Manager is required to obtain the approval from the Unitholder for appointment of auditor at the annual general meeting of the Unitholders.

Since the units of the Trust are listed on the National Stock Exchange of India Limited since August 25, 2022, this meeting is considered as the First AGM of the Trust.

In view of the above, under Item No. 5 of the accompanying Notice, approval of the unitholders is sought for the ratification for appointment of M/s. Walker Chandlok & Co LLP as the auditor of the Trust for Financial Year 2022-2023, and for approval for appointment of M/s. Walker Chandlok & Co LLP as the auditor of the Trust for a period of five years, commencing from the Financial Year 2022-23 till the Financial Year 2026-27 at a remuneration to be determined by the Board of Directors of the Investment Manager.

The Investment Manager recommends the resolution by way of simple majority as set out in Item No. 5 of this Notice for approval of the Unitholders.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

As per the SEBI circular dated December 9, 2020, individual unitholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

NOTICE (CONTD.)

Login method for Individual unitholders holding securities in demat mode is given below:

1. **Individual Unitholders holding securities in demat mode with NSDL:**

   Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.

   If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

   Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under Unitholders/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. **Individual Unitholders holding securities in demat mode with CDSL:**

   Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

   After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

   If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

   Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

3. **Individual Unitholders (holding securities in demat mode) login through their depository participants.**

   You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Login method for Individual unitholders holding securities in physical form/ Non-Individual Unitholders holding securities in demat mode is given below:

Individual Unitholders of the company, holding shares in physical form / Non-Individual Unitholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

Open the internet browser and launch the URL: https://instavote.linkintime.co.in

1. Click on **"Sign Up"** under **'SHARE HOLDER'** tab and register with your following details: -

NOTICE (CONTD.)

A. **User ID:** Unitholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Unitholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Unitholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Unitholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

Unitholders holding shares in **physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

Unitholders holding shares in **NSDL form, shall provide 'D' above*

- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
- Click "confirm" (Your password is now generated).

3. Click on 'Login' under **'SHARE HOLDER'** tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on **'Submit.'**

Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select **'View'** icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option **'Favour / Against'** (If you wish to view the entire Resolution details, click on the **'View Resolution'** file link).
4. After selecting the desired option i.e. Favour / Against, click on **'Submit.'** A confirmation box will be displayed. If you wish to confirm your vote, click on **'Yes,'** else to change your vote, click on 'No' and accordingly modify your vote.

Guidelines for Institutional unitholders:

Institutional unitholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the **'Custodian / Mutual Fund / Corporate Body'** login for the Scrutinizer to verify the same.

Helpdesk for Individual Unitholders holding securities in physical mode/ Institutional unitholders:

Unitholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Helpdesk for Individual Unitholders holding securities in demat mode:

Individual Unitholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Unitholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Unitholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

NOTICE (CONTD.)

Individual Unitholders holding securities in Physical mode has forgotten the password:

If an Individual Unitholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the unitholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

o Click on **'Login'** under **'SHARE HOLDER'** tab and further Click **'forgot password?'**

o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case unitholders is having valid email address, Password will be sent to his / her registered e-mail address. Unitholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

User ID for Unitholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Unitholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Unitholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For unitholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, unitholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in
   - ► Select the **"Company"** and **'Event Date'** and register with your following details: -
     - A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
       - Unitholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
       - Unitholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
       - Unitholders/ members holding shares in **physical form shall provide** Folio Number registered with the Company
     - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
     - C. **Mobile No.:** Enter your mobile number.
     - D. **Email ID:** Enter your email id, as recorded with your DP/ Company.
   - ► Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Unitholders/ Members to Speak during the Annual General Meeting through InstaMeet:

Unitholders who would like to speak during the meeting must register their request 3 days in advance with the company on the email id of the Compliance Officer i.e. Kunjal.shah@highwayconcessions.com.

Unitholders will get confirmation on first cum first basis depending upon the provision made by the client.

Unitholders will receive "speaking serial number" once they mark attendance for the meeting.

Other unitholder may ask questions to the panellist, via active chat-board during the meeting.

Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Unitholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

NOTICE (CONTD.)

Instructions for Unitholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer during the meeting, unitholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Unitholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit.'
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against.'
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Unitholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Unitholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Unitholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Unitholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Unitholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case unitholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

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