NATIONAL HIGHWAYS INFRA INVESTMENT MANAGERS PRIVATE LIMITED
Registered Office: G-5 & 6, Sector-10, Dwarka, New Delhi– 110075,
Tel: 011-25076536, FAX: 25076536. Email: nhiimpl@nhai.org
CIN: U65929DL2020GOI366835

Date: 30th June, 2022

Corporate Relations Department, **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	**The Listing Department,** **National Stock Exchange of India Limited** Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Ref: Scrip Code: 543385; Scrip ID/Symbol: NHIT

Subject: Annual Report of National Highways Infra Trust (NHAI InvIT) for the Financial Year 2021-22

Dear Sir/Madam,

This is to inform that pursuant to the provisions of Regulation 23(3) of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended ("InvIT Regulations"), we are enclosing herewith the Annual Report of NHAI InvIT for the financial year 2021-22.

Request you to kindly take the same on record.

Sincerely,

For National Highways Infra Trust

By Order of the Board
National Highways Infra Investment Managers Private Limited

GUNJAN Digitally signed by GUNJAN Date: 2022.06.30 14:32:13 +05'30'

Gunjan Singh
Company Secretary and Compliance Officer
Encl: As above

ON THE ROAD TO SUCCESS

Annual Report
2021-22

NHAI InvIT

CONTENT

CORPORATE OVERIEW

National Highways Infra Trust

Registered Office
G - 5 & 6, Sector 10, Dwarka, New Delhi – 110075
SEBI Reg No.: IN/InvIT/20-21/0014
Tel: +91 11 25076536 | Fax: +91 11 2507 6536
Email: nhit@nhai.org | Website: www.nhaiinvit.in

Investment Manager
National Highways Infra Investment Managers Private Limited
CIN: U65929DL2020GOI366835

Registered Address & Office
G - 5 & 6, Sector 10, Dwarka,
New Delhi – 110075
Tel: +91 11 25076536 | Fax: +91 11 2507 6536
Email: nhiimpl@nhai.org

Trustee Of The Trust
IDBI Trusteeship Services Limited
Asian Building, Ground Floor 17, R. Kamani Marg
Ballard Estate, Mumbai 400 001
Tel: (+91) (11) 45708885, 8097474713
Fax: +91 22 6631 1776
Email: delhiitsl@idbitrustee.com
Website: http:// www.idbitrustee.com
Contact Person: Mr. Deepak Kumar

Bankers / Lenders
State Bank of India
Axis Bank
Bank of Maharashtra

Statutory Auditors
M/s A.R. & CO.

Compliance Officer
Ms. Gunjan Singh

Board Of Directors
- Mr. Balasubramanyam Sriram, Independent Director and Chairman
- Mr. Shailendra Narain Roy, Independent Director
- Mr. Mahavir Parsad Sharma, Independent Director
- Mr. Vivek Rae, Independent Director
- Mr. Pradeep Singh Kharola, Independent Director
- Mr. Suresh Goyal, Managing Director & CEO
- Mr. Amit Kumar Ghosh, Nominee Director
- Mr. N R V V M K Rajendra Kumar, Nominee Director
- Ms. Kavita Saha, Non-Sponsor Director
- Mr. Bruce Crane, Non-Sponsor Director

Securities Information
BSE LTD. : 543385
NSE LTD : NHIT
ISIN : INE0H7R23014

Registrar And Transfer Agent
KFin Technologies Private Limited
Selenium, Tower B, Plot No. 31 & 32,
Financial District Nanakramguda,
Serilingampally Hyderabad,
Rangareddi 500 032 Telangana, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
Email: nhai.invit@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

Key Managerial Team / Personnel
- Mr. Suresh Goyal
  Managing Director & Chief Executive Officer (MD & CEO)
- Mr. Mathew George
  Chief Financial Officer (CFO)
- Ms. Gunjan Singh
  Company Secretary (CS)

Valuer
RBSA VALUATION ADVISORS LLP
Unit No. 1121, 2nd Floor, Building No 11,
Solitaire Corporate Park, Guru Hargovindji Road,
Chakala, Andheri East, Mumbai – 400093,
Maharashtra, India
Tel: +91 22 6130 6000
E-Mail: ravishu.shah@rbsa.in
Reg No.:IBBI/RV-E/5/2019/110

Ambition is the first step to success the second step is Action.

INVESTMENT MANAGER'S BRIEF REPORT OF ACTIVITIES OF THE InvIT

National Highways Infra Trust ("the Trust") was set up by National Highways Authority of India (NHAI) ("the Sponsor") on October 19, 2020, as an irrevocable infrastructure trust under the provisions of the Indian Trusts Act, 1882.

The Trust was registered as an infrastructure investment trust under the SEBI (InvIT) Regulations 2014 (as amended) on October 28, 2020 having registration number IN/InvIT/20-21/0014.

The Investment objectives of the Trust are to carry on the activities of, and to make investments, as an infrastructure investment trust, as permissible in terms of the applicable law.

The Trust's initial portfolio of assets comprise five toll road projects in the Indian states of Rajasthan, Gujarat, Karnataka and Telangana. All the five projects are NHAI projects and are of 4 lanes.

These toll roads are operated and maintained pursuant to the concessions granted by the NHAI. For more details on toll road projects, please refer the section overview of Asset Portfolio.

Every Success Story requires the First Step.

NHAI CHAIRPERSON'S MESSAGE

Dear Unitholders,

National Highways Authority of India (NHAI), is pleased to have sponsored the NHAI InvIT, which is a unique mode for monetisation of national highways. NHAI has been at the forefront of development of highways across the country, which are the engine of economic growth, social development and support the vision of our country achieving prosperity for its citizens. NHAI's monetisation program is part of the National Monetisation Pipeline, which is to help India achieve the strategic objective of growth through recycling of operating assets. NHAI InvIT has achieved success in its initial launch and received support from marquee international and domestic investors. NHAI, as a Sponsor of this InvIT, looks forward to partnership with various stakeholders of NHAI InvIT to build it into a world class organisation that will not only support NHAI's monetisation efforts but also scale new heights in sustainable operations & maintenance of our national highways.

Sincerely,

Alka Upadhyaya, IAS
Chairperson NHAI

The Road to Success Commitment & Perseverance.

CHAIRMAN'S MESSAGE

Dear Unitholders,

NHAI InvIT has traversed an interesting journey since its conceptualization in 2020 to the IPO in November 2021, and subsequently towards its maiden distribution in May 2022. The management of the Investment Manager, Project SPV and the Project Manager have played a very important role in delivering on the outcomes, in line with the commitments made to you and other stakeholders. During this journey, the business has received tremendous support from NHAI, investors, lenders, various advisors and consultants. On behalf of the Board of the Board of Directors and my personal behalf, I wish to convey our thanks to them.

The Board is committed to ensure that NHAI InvIT supports the monetisation agenda of NHAI and the Government of India. It is focused on helping build an organisation that will uphold the highest standards of governance and transparency.

We look forward to your continued support to NHAI InvIT.

With best regards,

Balasubramanyam Sriram
Chairman - NHAI InvIT

If you want to walk fast, walk alone.

If you want to walk far, walk together.

CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Unitholders,

It gives me immense pleasure to connect with you through the maiden Annual Report of National Highways Infra Trust (NHAI InvIT).

NHAI InvIT is a unique example of Public Private Partnership (PPP) to achieve outcomes that meet the strategic objectives of various stakeholders. NHAI InvIT is proud to support the Government of India's nationally strategic initiative of National Monetisation Pipeline (NMP), under which the roads sector has the highest share of monetisation at Rs. 1.6 lakh crore. Our Sponsor, National Highways Authority of India (NHAI), has launched NHAI InvIT as a mode to monetise roads under the NMP.

Over the past one and half years of our journey, as we go about building NHAI InvIT, we have sought inspiration from India's revered river Ganga. Ganga or Ganges, starts its journey high up in the Himalayas at Devprayag, with the confluence of two rivers - Bhagirathi and Alaknanda. The fast-flowing river then travels through the high crevices of Himalayas absorbing several smaller rivers along the way, till it emerges in the plains of Indian subcontinent as a mighty river, where it has nurtured an entire civilization since time immemorial. Similarly, NHAI InvIT's evolution from a concept to a full-fledged organisation is an outcome of collaboration between two important stakeholders - NHAI and investors. NHAI InvIT has now reached a stage in which it is making rapid progress across several areas – traffic management, operations, technology, safety, human resources etc., but its impact would be visible when it matures and begins to make a mark on the broader ecosystem of roads, infrastructure and infrastructure finance. It has a long journey ahead but the foundations currently being laid should ensure that NHAI InvIT has the promise to evolve into an organisation of reckoning, that will successfully meet the expectations of its various stakeholders.

In guiding us, our Board of Directors brings to bear their tremendous insights and wealth of experience, from their long tenures as leaders in the diverse fields of financial services, bureaucracy, corporates and roads sectors. Under the Chairmanship of Shri Balasubramanyam Sriram, our Board lays a special emphasis on inculcating collaboration in NHAI InvIT's culture. It is our strong belief that - If you want to walk fast, walk alone. If you want to walk far, walk together.

We would like to place on record our gratitude to dynamic and visionary Hon. Minister Shri Nitin Gadkari; Secretary MoRTH Shri Giridhar Armane; NHAI Chairperson Smt. Alka Upadhayaya; ex-Chairman NHAI Dr. Sukhbir Singh Sandhu; and other Members of NHAI. I would like to make a special mention of Shri Alok, Member Administration, NHAI, who during his stint as Member – Finance, provided us tremendous support resulting in successful launch of NHAI InvIT.

My colleagues at the Investment Manager, Project SPV and Project Manager deserve a special mention as without their hard work, commitment and self-belief, the NHAI InvIT would not have been possible.

Lastly, I would like to thank all our unitholders, who have made commitments to NHAI InvIT at the time of initial launch and/or subsequently. Their confidence in NHAI InvIT reminds us of our responsibility and fuels my team's passion to build NHAI InvIT as an extraordinary institution.

With best regards,

Suresh Goyal
MD & CEO - NHAI InvIT

There are no stumbling blocks only stepping stones.

CHIEF FINANCIAL OFFICER'S MESSAGE

Dear Unitholders,

To our Stake Holders who have made this maiden Annual Report possible; Thank you.

This first year has been an "Interesting" year. With adversity comes opportunity, and opportunity was to be found in the immense learnings the year offered. Armed with these learnings, this foray by NHAI into the Investment Trust started on sure footing.

On 3rd November, 2021, the NHAI InvIT, pursuant to its maiden Private Placement had issued 59.52 Cr units to various investor at an issue price of Rs. 101/- per unit. Based on the funds raised through the issuance and additional debt of Rs. 1480 Cr, the Trust had acquired National Highways Infra Projects Private Limited (NHIPPL) from NHAI. NHIPPL, commenced toll collections from the Appointed Date – 16th December 2021.

As on 31st March, 2022, at a consolidated level, the total revenue including revenue from operations and other Income of NHIT was Rs. 149.75 Cr. At a consolidated level, and post factoring expenses including that of IM fee and interest outflow of Rs. 31.54 Cr to external lenders at the Trust level, the net income post taxes, was Rs. 68.36 Cr.

While the closing funds available at the Trust level was around Rs. 89.64 Cr., post provisions for initial Debt Service Reserve of Rs. 31.70 Cr, other routine statutory provisions, and further in accordance with SEBI regulations the net amounts available for distribution to Unit holders was Rs. 47.54 Cr.

The Road Concession Agreements, while ever evolving, have demonstrated fair amount of resilience and maturity.

Of the major lessons learnt in the era of this epidemic and global uncertainties, two lessons are of paramount importance. The first is that we are now clear, that as a nation, we must build resilience and lean on sustainable practises. One way to partly address this requirement for resilience would be to build on and rely on the IT infrastructure and capabilities of our country.

The second would be to ensure adequate diversification. The National highways, catering to approximately 40% of the overall road traffic offers sufficient scope for diversification.

Going forward our endeavour, as Investment Managers of the NHIT would be to seek diversification and work towards robust and resilient operations.

With best regards,

Mathew George
CFO - NHAI InvIT

BRIEF PROFILE OF THE DIRECTORS OF THE INVESTMENT MANAGER

Mr. Balasubramanyam Sriram

Mr. Balasubramanyam Sriram is the Non-Executive Chairman and an Independent Director of the Investment Manager. He has a bachelor's and a master's degree in science from University of Delhi, and is a certificated associate of the Indian Institute of Bankers. He holds a diploma in management from All India Management Association, New Delhi, and a diploma in international law and diplomacy from the Indian Academy of International Law and Diplomacy. He has over 37 years of experience in the field of banking and finance, and is an independent director on the boards of ICICI Bank Limited, TVS Credit Services Limited, Nippon Life India Asset Management Limited, Indiaideas.com Limited and TVS Supply Chain Solutions Limited. He is a part time member on the governing board of the Insolvency and Bankruptcy Board of India. He is also a former managing director and chief executive officer of IDBI Bank Limited and a former managing director of State Bank of India.

Mr. Suresh Goyal

Mr. Suresh Goyal is the Managing Director & Chief Executive Officer of the Investment Manager.

Suresh Goyal has around 28 years of experience in financial services industry, across project finance, investment banking and asset management. Over the last 15 years, he has been in asset management of infrastructure sectors including Roads, Power, Renewables, Telecom Towers and Airports. Prior to his current role, he held leadership role in Macquarie Infrastructure & Real Assets based at Singapore covering South-East Asia and India regions. He has led some transformational investments, including acquisition of first brownfield road by a financial sponsor in India, which led to opening up of the sector for institutional investors and creation of professional platforms. He was also instrumental in winning the first Toll Operate Transfer (TOT) road project in India. He has been member of several boards and has extensive experience of working with boards across various strategies, including growth, Dispute Resolution and Health & Safety etc.

Suresh is an Electrical Engineering graduate from Shri Govindram Seksaria Institute of Technology and Science, Indore. He also holds Post Graduate Diploma in Management from Indian Institute of Management, Lucknow.

Mr. Shailendra Narain Roy

Mr. Shailendra Narain Roy is an Independent Director of the Investment Manager. He holds B. Tech degree from IIT (BHU) and is a graduate of the Wharton Advanced Management Program, started his career in 1975 and spent 25 years in Bharat Heavy Electricals Ltd. He had also served as MD & CEO of a Government of India Undertaking – Bharat Heavy Plates and Vessels Ltd. that manufactures power and refinery equipment on turnkey basis.

He had worked in Larsen & Toubro Ltd. (L&T) for more than 17 years and was responsible for business operations of its the Power sector (coal, nuclear and gas-based), and Corporate Affairs. He oversaw various joint venture companies which were envisioned to cater to India's infrastructure and power requirements. Under his guidance, L&T made foray into international market, winning four gas-based projects and completing three of them in Bangladesh. He also initiated L&T's entry into development of power projects (thermal, solar & hydro), shipbuilding, substations, transmission lines, railway electrification, highways and transportation and was responsible for the growth of such new business ventures. Earlier, he spearheaded L&T Heavy Engineering and Defence and was also instrumental in driving L&T's focus towards missile, air defence, bridging systems, avionics and weapon systems, self-propelled 155 mm howitzer K9Vajra-T.

He was Member of Board L&T and CEO & MD L&T Power.

Mr. Roy, over the years, has been the voice of the Indian industry, representing it in various forums, raising matters having national and global impact. He has been a vital part of FICCI and CII National Council - the think-tanks of Industry, presenting roadmaps of growth and development to the policy makers. He is often invited to industrial forums and conferences to share his valuable expertise, insights and strategies related to manufacturing, construction, power, and infrastructure.

He has been awarded the Udyog Rattan Award 2003 by Institute of Economic Studies. He has been conferred with the Hall of Fame Award 2016 for his outstanding achievement and commitment to development of Indian industry at 5th Annual Manufacturing Today conference. He was awarded CEO of the Year Award 2018 by Construction Times magazine. Other honours bestowed on him include the distinguished speaker award by Indo-American Chamber of Commerce (2017) and award for contribution to Planning Commission by PPMAI (2010-11).

Presently he is a member of Central Vista Oversight Committee of Government of India, New Delhi with effect from 29th November, 2021.

BRIEF PROFILE OF THE DIRECTORS OF THE INVESTMENT MANAGER

Mr. M.P. Sharma

Mr. M.P. Sharma is an Independent Director of the Investment Manager. He graduated in Engineering and Law. His professional carrier started in 1985, when he joined Ministry of Road Transport & Highways (MoRTH) (the then Ministry of Surface Transport, Govt. of India). He worked at various positions in the MoRTH and National Highways Authority of India (NHAI).

He was involved in (i) consolidation of NHAI guidelines, preparation of NHAI Works Manual, preparation of bidding documents, scrutiny and approval of DPRs (ii) planning, structuring, procurement and management of Public Private Partnership (PPP) and EPC (i/c Item Rate) projects of highway sector and implementation of PPP projects and projects under FIDIC and other form of contracts.

As Member (Tech) of NHAI ,he acted as repository of technical knowledge and looked after the works relating to new developments in technology, technical manuals, standards and specifications that guide design, safety etc. His duties involved planning, structuring, procurement and management of Public Private Partnership (PPP) and EPC projects of highway sector.

He worked as Chief Engineer and Additional Director General in the MoRTH, GoI. He later also worked as Technical Advisor in the Ministry of Road transport and Highways.

Mr. Vivek Rae

Mr. Vivek Rae is an Independent Director of the Investment Manager. Mr. Rae, a former Secretary, Ministry of Petroleum & Natural Gas, Government of India (GoI), served in the Indian Administrative Service for 36 years. During this period, he worked as Deputy Commissioner in the State of Arunachal Pradesh and Assistant Resident Representative with the United National Development Programme, New Delhi. He was Joint Secretary, Plan Finance in the Ministry of Finance, GoI during 2002-06, dealing with appraisal and approval of all major investment decisions of GoI, including the National Highway Development Programme. Mr Rae was Chief Secretary of Andaman & Nicobar Islands during 2008-10. He served as Director General (Acquisition) in the Ministry of Defence, GoI during 2010-12 with responsibility for all major defence deals for modernization of the armed forces. He superannuated as Secretary, Petroleum & Natural Gas to the Govt. of India in February 2014, during which period he served as Chairman of the Board of Petronet LNG Ltd. and Indian Strategic Petroleum Reserves Ltd. in an ex-officio capacity. Subsequent to his retirement, Mr. Rae served as a whole-time member of the 7th Central Pay Commission from February 2014 to November 2015 and was on the Board of Indian Oil Corporation Limited as an Independent Director during 2017-18. Mr. Rae is currently an Independent Director and Non-Executive Chairman of the Board of Hindustan Oil Exploration Co. Ltd. He is a Graduate in Economics from St. Stephen's College, University of Delhi and has a B.A. Hons. / M.A. degree in Economics and Politics from New College, University of Oxford.

Mr. Pradeep Singh Kharola

Mr. Pradeep Singh Kharola is an Independent Director of the Investment Manager. Mr. Kharola retired as Secretary Civil Aviation, Government of India, in September 2021. He was instrumental in successfully steering the aviation sector during the pandemic as also developing a new PPP model for airports. Prior to this he was the Chairman and Managing Director of Air India, whose disinvestment he is credited with. He is an IAS officer of the Karnataka Cadre. Before coming to the Government of India, he was the Managing Director of the Bangalore Metro Rail Transport Corporation where during his four years stint, he completed the first metro rail project in South India. He has held various administrative assignments, notable among them are – Principal Secretary to the Chief Minister of Karnataka, Commissioner of Commercial Taxes, Karnataka, Deputy Commissioner of Belgaum, Deputy Commissioner of Uttar Kannada District, Commissioner of Mysore City Corporation. During his tenure as Commissioner of Commercial Taxes, Karnataka he won the Prime Minister's Award for Excellence in Public Administration for Transforming the tax regime in Karnataka. He also won the National Award for e-governance for introducing the e-check posts in the State.

He was the Joint Secretary of the Second Administrative Reforms Commission of Government of India. He also worked for four years as Managing Director of the Bangalore Transport Corporation, handling the Bus transport system in Bangalore and making it the only profit-making bus system in the country.

An engineer by qualification, he completed his Doctorate in "Public Transport Systems" from IIT Delhi. He holds a M. Tech Degree in Industrial Engineering from IIT Delhi and a BE Mech. Engg. Degree from SGSITS Indore. He has a Master's Degree in Development Management from the Asian Institute of Management, Philippines. He also holds a Law Degree from Karnataka Law University. He has authored several research papers published in International and National Journals.

Mr. Amit Kumar Ghosh

Mr. Amit Kumar Ghosh, is the Nominee Director of the Ministry of Road Transport and Highways (MoRTH) on the Board of the Investment Manager. He is an IAS Officer of the Uttar Pradesh Cadre holds a B.E. (Electronics) from the Andhra University, Visakhapatnam, M.Sc. in Public Management and Governance from London School of Economics and M.A. in Defence Studies from Meerut University. He is holding the post of Additional Secretary in the Ministry of Road Transport and Highways, Government of India and is responsible for the administration of National Highways in India (Planning, Financing, Construction and Operations) and acquisition of land for construction of National Highways.

BRIEF PROFILE OF THE DIRECTORS OF THE INVESTMENT MANAGER

Mr. N R V V M K Rajendra Kumar

Mr. N R V V M K Rajendra Kumar is the NHAI Nominee Director on the Board of the Investment Manager. He is Member (Finance) of National Highways Authority of India (NHAI). Mr. Rajendra Kumar was the Chief General Manager in Reserve Bank of India. He joined Reserve Bank in 1997 and worked in areas of public debt management, payment systems, currency management, bank supervision, foreign exchange reserve management and financial markets policy. During 2005-07, he was associated with Governance Reforms Programme in the state of Andhra Pradesh, India focusing on reforms in public financial management. He holds Ph. D. in Economics from Hyderabad Central University; master's degrees in Business Administration (from Osmania University) and Public Management (from Harvard Kennedy School and Lee Kuan Yew School of Public Policy).

Mr. Bruce Crane

Mr. Bruce R Crane is the Non-Sponsor director of the Investment Manager. He is the Senior Managing Director, Head of Infrastructure & Natural Resources, Asia Pacific of Ontario Teacher's Pension Plan (Ontario Teacher's). He leads Ontario Teachers' infrastructure investing activities across Asia-Pacific and currently serves on the boards of Spark Infrastructure, Equis Development, India's National Investment and Infrastructure Fund and National Highways Infra Investment Managers Private Limited. Bruce joined Ontario Teachers' in 2020 as one of the initial members of its new Singapore office, its 2nd in Asia after the Hong Kong office.

Prior to joining Ontario Teachers', Bruce spent nearly 10 years at OMERS Infrastructure where he most recently led their investing efforts in Asia. Previously, he was based in New York where he focused on North & South America transport and energy related investments. While at OMERS, he served on Boards at Midland Cogeneration Ventures, Chicago Skyway, GNLQ Regas (Chile) and IndInfravit Tollroads (India). Prior to that, Bruce worked in Investment Banking at UBS (NYC) and Morgan Stanley (Houston) and earlier as a Field Engineer for Foster Wheeler (global).

Bruce holds a BS in Civil Engineering from Lehigh University and an MBA from the Columbia Business School.

Ms. Kavita Saha

Ms. Kavita Saha is the Non-Sponsor director of the Investment Manager. Ms. Kavita, a B. Sc(H) Physics graduate from Kirori Mal College and an MBA from Faculty of Management Studies, Delhi University. She is a CFA Charterholder.

Kavita has over 27 years' experience in Indian markets, across infrastructure investing and investment banking with international banks and premier Indian financial institutions.

Prior to joining CPPIB, Kavita was MD with JP Morgan's Asian Infrastructure and Related Resources Opportunity Fund, with a corpus of over US$ 1 billion. There, Kavita was responsible for co-leading the India team in investments of ~US$600 million across transportation, power and healthcare infrastructure sectors. In her role as a senior investor, she also evaluated several opportunities in sectors such as maritime, logistics, construction, utilities and waste management. Kavita served as director/ alternate director in the Fund's five investment JVs in India, including serving on board sub-committees, performance monitoring, engaging with partners for strategic and financial decisions and creating road maps for exit.

Kavita joined CPPIB's Infrastructure team in April 2018 and leads the India team in managing investments of over ~C$ 1 billion across transportation and energy sectors.

BRIEF PROFILES OF THE KEY PERSONNEL OF THE INVESTMENT MANAGER

Mr. Mathew George

Mr. Mathew George is the Chief Financial Officer of the Investment Manager. He holds a bachelor's degree in engineering (electronics and communication) from the University of Mysore and an executive postgraduate diploma in general management from XLRI, Jamshedpur. He has also completed a global leadership development program from the Michigan Ross School of Business, and participated in a program on infrastructure development and financing at the Indian Institute of Management, Ahmedabad. In the past, he was associated with the L&T group for over 12 years. In his previous capacity, he held the post of chief financial officer of LTIDPL IndvIT Services Limited, the investment management company of the first privately placed infrastructure investment trust in India. He has approximately 25 years of experience in leading project finance, treasury and risk functions in the infrastructure sector as well as management in banking services. He has a wide and varied experience in the banking sector.

Ms. Gunjan Singh

Ms. Gunjan Singh is the Company Secretary and Compliance Officer of the Investment Manager. She is a fellow member of the Institute of Company Secretaries of India. She holds a bachelor's degree in law from Chaudhary Charan Singh University, Meerut. She has over a decade of experience in secretarial, legal and compliance functions as well as strategies to drive business growth, protect rights, minimize risk and assure compliance to changing laws and regulations. She has previously been associated with RHC Holding Private Limited, Fortis Escorts Heart Institute, International Panacea Limited and Era Constructions (India) Limited.

Timing, perseverance, and years of trying will make you look like an overnight success.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ABOUT NATIONAL HIGHWAYS INFRA TRUST

NHAI ("**Sponsor**") settled the National Highway Infrastructure Trust ("**NHIT**") on October 19, 2020, as a contributory irrevocable Trust, pursuant to the Trust Deed executed under the provisions of the Indian Trusts Act, 1882. The NHIT was registered with Securities and Exchange Board of India ("**SEBI**") on October 28, 2020, as an infrastructure investment trust ("**InvIT**") under Regulation 3(1) of the SEBI InvIT Regulations, 2014 having registration number IN/InvIT/20-21/0014. National Highways Infra Investment Managers Private Limited ("**NHIIMPL**") has been appointed as the Investment Manager.

The NHIT had pursuant to an initial Private Placement raised Unit capital from various investors on 3rd November, 2021 and purchased the National Highways Infra Projects Private Limited ("NHIPPL") from NHAI. The said Units were listed on both BSE and NSE on 10th November, 2021.

About National Highways Infra Investment Managers Private Limited

National Highways Infra Investment Managers Private Limited ("**NHIIMPL**") was incorporated as a private limited company on July 25, 2020, under the Companies Act, 2013. The company was initially incorporated as a wholly owned subsidiary of NHAI. Subsequently, NHAI transferred its entire shareholding in the company to the President of India, acting through the Ministry of Road Transport and Highways, Government of India (GoI). Accordingly, at present, NHIIMPL is a government company as defined under the Companies Act, 2013, as amended. The current paid up capital of the NHIIMPL is ₹11.0 crore.

About National Highways Infra Project Private Limited

The National Highways Infra Project Private Limited ("**NHIPPL**") is a private limited company incorporated on July 23, 2020, under the Companies Act, 2013. The current paid up capital of the NHIPPL is ₹1294.1 crore. NHIT (jointly with its nominee) holds 100% of the issued, subscribed, and paid-up share capital of NHIPPL.

NHIPPL had entered into five (5) independent concession agreements with NHAI for concessions of each of the Roads, including Abu Road - Palanpu, Abu Road – Swaroopganj, Kothakota bypass – Kurnool, Maharashtra/Karnataka Border – Belgaum, and Chittorgarh Kota & Chittorgarh Bypass. The concession agreements provide NHIPPL the right to collect tolls for a period of 30 years from users of each Road, with certain overlay activities and the construction of additional toll lanes in respect of certain Roads ("**Initial Improvement Works**") to be completed by the NHIPPL within 24 months from December 16, 2021 ("**Appointed Date**"). Responsibility for supervision of the operations and maintenance of the Roads also vests with NHIPPL. In return, NHIPPL had paid a concession fee of ₹7,350.4 crore to NHAI. The revenue of NHIPPL for the last financial year for the period commencing from Appointed Date was approx. ₹139.0 crore.

About National Highways InvIT Project Managers Private Limited

National Highways InvIT Project Managers Private Limited ("**NHIPMPL or Project Manager**") was incorporated as a private limited company on March 9, 2021. The Project Manager is a wholly-owned subsidiary of NHAI. The Project Manager (directly or through the appointment of appropriate agents) undertakes operations and management of the Trust, including making arrangements for maintenance of the assets held by the Trust.

FINANCIAL STATEMENTS

Summary of Consolidated and Standalone Financial Statement of NHIT as of March 31, 2022

Particulars (All nos. in ₹ lakh, unless otherwise stated)	Consolidated		Standalone	
	FY 21-22	FY 20-21	FY 21-22	FY 20-21
Total Income	14,975.10		23,836.90	
Investment Manger Fee	1,931.70	—	1,931.70	—
Project Manager Fee	290.40	—	—	—
Operating Expenses	849.80	—	—	—
Other Expenses	4,892.80	67.90	3,273.40	67.90
Total Expenditure	7,964.70	67.90	5,205.10	67.90
Profit Before Tax	7,010.40	(67.90)	18,631.80	(67.90)
Taxes	(174.00)	—	(439.50)	-
Profit After Tax	6,836.30	(67.90)	18,192.30	(67.90)
Other Comprehensive Income	—	—	—	—
Total Comprehensive Income for the Period	6,836.30	(67.90)	18,192.30	(67.90)

Toll revenue is the primary source of revenue for NHIPPL. The growth in toll revenue is dependent upon key macro-economic indicators like economic growth, inflation, freight movement, growth in foreign trade and investment in economy. We have presented outlook on these key indicators in the following paragraphs.

India's Economy at a glance

India was among the fastest-growing economies in the world during past decade before the Covid-19 pandemic. While the economy was moderating prior to the COVID-19 shock, the pandemic caused unprecedented challenges. However post-Covid, Government of India (GoI) had introduced a slew of measured interventions to support the economy targeting healthcare, tourism, exports, and job creation. The economy showed a positive response to the reforms stimulating economic activities, boosting production and exports, and generating employment opportunities.

Economic Growth

In its World Economic Outlook (WEO) report published in April, 2022, IMF has estimated Indian economy to grow by 8.2% in the current fiscal year (2022-23), weighed down by the impact of Russia's invasion of Ukraine on oil/gas prices and disruption of supply chains. Further, India's economy is forecasted to grow by 6.9% in 2023-24, one of the fastest amongst its peers and developed economies.

IMF Economic Growth Estimate (%)	2022	2023
World	3.6	3.6
US	3.7	2.3
UK	3.7	1.2
Germany	2.1	2.7
BRICS		
Brazil	0.8	1.4
Russia	(8.5)	(2.3)
India	**8.2**	**6.9**
China	4.4	5.1
South Africa	1.9	1.4

Inflation[1,2,3,4]

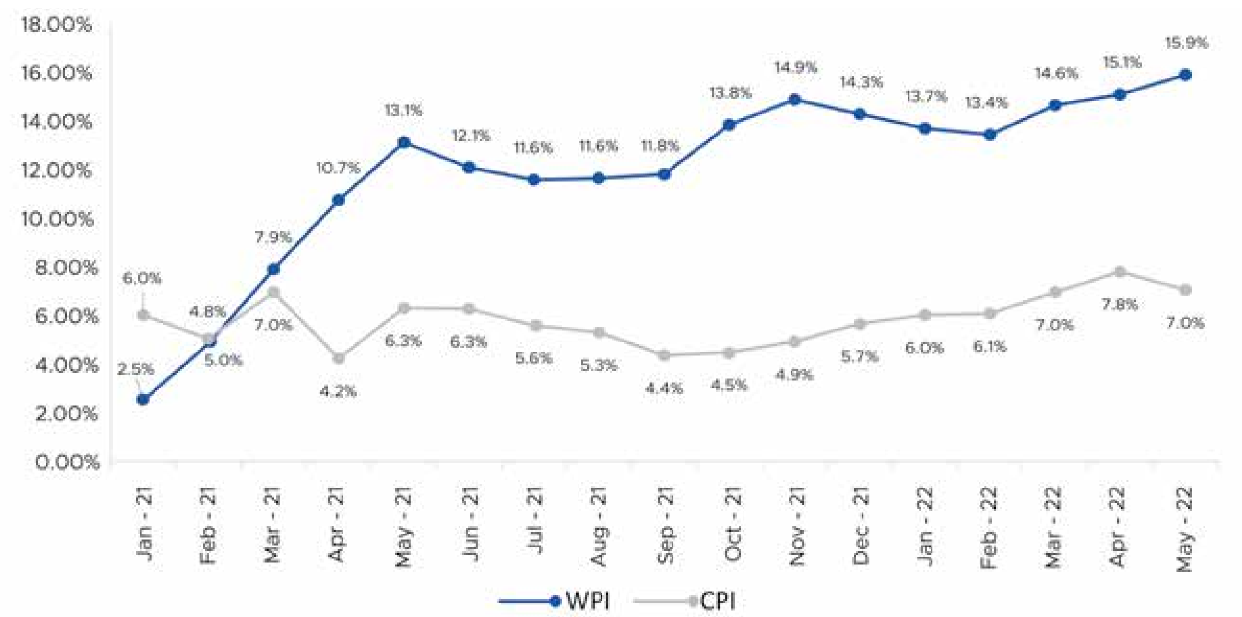
Toll rate, paid by vehicles plying on the roads, is revised annually in April at a fixed rate of 3%, plus 40% of change in WPI of preceding calendar year for road project concessions operating under fee rules (2008). For the purpose of computation, WPI in the month of December is considered. Hence, toll rates and toll revenues are directly linked with WPI-based inflation in the country.

As per the data released by the National Statistical Office ("NSO"), the Wholesale Price Index (WPI)- based inflation was pegged at 15.9% for the month of May 2022 as compared to 13.1% in May 2021. The high rate of inflation in May 2022 was primarily due to rise in prices of mineral oils, crude petroleum & natural gas, food articles, basic metals, non-food articles, chemicals & chemical products and food products etc. as compared to the corresponding month of the previous year.

On the other hand, CPI-based retail inflation in India declined marginally to 7.0% in May, 2022 as against 7.8% on an annual basis in April 2022, mainly due to higher edible oil & fuel prices.

As per latest RBI estimates (released in June 2022), the CPI-based inflation for complete fiscal year 2023 is expected to be 6.7%.[5]

As per ICRA, toll projects are expected to benefit from the high WPI-based inflation as it will lead to an increase in toll rates and thereby toll collections. The growth in toll collections on account of increase in tariff is expected to outweigh the increase in maintenance costs, resulting in improvement of financials for road project concessions.



Monetary Policy[6]

Monetary policy tools are used as a measure to address rising inflationary pressure and maintain price stability primarily to boost economic growth. The price stability is a necessary precursor to sustainable GDP growth.

During FY23, the Reserve Bank of India (RBI) began monetary policy tightening in May 2022, intending to anchor inflation expectations and limit second-round effects. Facing increasing inflationary pressures, the RBI signalled its shift from an accommodative to a neutral stance in May 2022, with an off-cycle increase of the repo rate by 40 basis points. The cash reserve ratio was also raised to drain liquidity from the inter-bank market. RBI further increased repo rate by 50 bps in June 2022.

The policy rate is expected to rise to 5.3% by the end of 2022 and remain there in 2023. With food and energy accounting for 53% of the consumer price index basket, measures have also been taken to contain domestically generated inflation, such as cutting central excise duties on petrol and diesel and import duties on edible oils and coal, as well as restricting exports of selected agricultural produces.

Foreign Direct Investment[7]

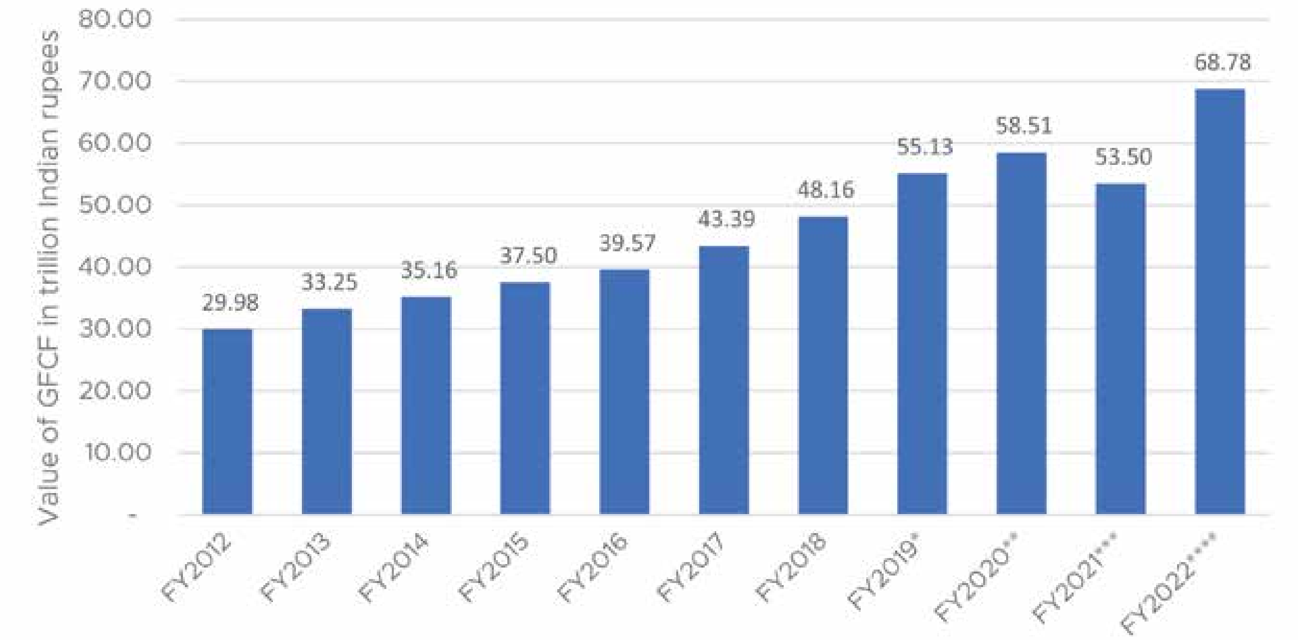
India reported the highest Foreign Direct Investment (FDI inflow) to the tune of USD 83.6 billion for FY22 as against USD 82.0 billion in FY21. According to GoI, the FDI inflow in the manufacturing sectors increased by 76% in the previous financial year (USD 21.3 billion) as compared to the USD 12.1 billion in FY21. Among the top contributors to India's FDI inflow, Singapore topped the charts with a share of 27%, followed by US at 18% and Mauritius accounting for 16%. India rapidly emerged as a preferred investment destination with FDI inflows have increased 20-fold in last 20 years.

India is expected to attract USD 100 billion FDI inflow in FY23, primarily driven by various economic reforms and significant ease of doing business in recent years.

[1] Ministry of Commerce & Industry – Press release, June 14, 2022
[2] https://economictimes.indiatimes.com/news/economy/indicators/retail-inflation-in-india-surges-to-7-79-inapril/articleshow/91518110.cms
[3] Department for Promotion of Industry and Internal Trade
[4] Ministry of Statistics and Programme Implementation
[5] RBI policy announcement dated 8th June 2022
[6] OECD Economic Outlook, Volume 2022
[7] https://www.hindustantimes.com/india-news/india-reported-highest-fdi-inflow-worth-83-billion-in-2021-2022-centre-101653049532939.html#:~:text=ByShishir%20Gupta-,India%20has%20reported%20the%20highest%20foreign%20direct%20investment%20(FDI%20inflow,it%20recorded%20mere%20%244.3%20billion.

With GoI led strong capital expenditure push to roads transport through schemes such as Bharatmala Pariyojna etc., the sector is poised to garner interest from various institutional investors through FDI route.

Gross Fixed Capital Formation



In fiscal year 2022, the gross fixed capital formation (GFCF) as a part of GDP at current prices in India was estimated to be c. ₹68 trillion, a significant increase from the previous year.[8]

As per India Ratings and Research (Ind-Ra), the growth in Private Final Consumption Expenditure (PFCE[9]) was subdued in FY22 and it is expected to witness signs of revival during the upcoming festive season. In FY23, PFCE is expected to grow at 8.1% if the price of crude oil remains elevated for next three (3) months and 8.0% if the price of crude oil remains elevated for next six (6) months with a half cost pass-through into the economy as against the earlier projection of 9.4%.[10]

Further, Gross Fixed Capital Formation (GFCF) was estimated to be c.29% of GDP in FY22. Private capital expenditure by large corporates, which has been declining over the past several years, has shown some improvements primarily driven by the introduction of Production-linked Incentive (PLI) scheme and increased manufacturing sector capacity utilisation driven by higher exports.

The government capital expenditure, however, is expected to remain high in FY23. With estimated Capital expenditure to GDP ratio reaching 2.5% in FY22 and further budgeted to 2.9% of GDP in FY23, the government is on its way to infuse capital across sectors of strategic importance mainly to create an ecosystem for institutional investments.

According to MORTH, the Ministry spent c.₹ 10,50,000 crore (cumulatively) as capital expenditure between FY15 and FY2022. The average annual capital expenditure by the Ministry increased by 5 times over the last 8 years. The development of National Highway network resulted in the generation of 200 crore person days of employment[11].

On the other hand, the private sector investment in road construction sector earmarked to ₹15,164 crore until November FY22 as against ₹21,926 crore and ₹12,476 crore in FY20 and FY21 respectively[12].

Foreign Trade

India's merchandise exports rose to c.USD 418.0 billion in FY22 as against USD 291.8 billion in FY21. This increase in exports is primarily underpinned by petroleum products, engineering goods, gems and jewellery and chemicals.[13]

India's overall exports in YTDFY23 (till May 2022) are estimated to be c.USD 124.6 billion, an uptick of 25.9% over the same period last year. The merchandise exports for the period are estimated to be c.USD 78.7 billion as against c.USD 63.0 billion during the period April-May 2021, registering a positive growth of 24.9%. The estimated value of services export for the current period is c.USD 45.9 billion, exhibiting a positive growth of 27.7% vis-a-vis April-May 2021 (c.USD 35.9 billion).[14]

As global trade continues to increase, emerging markets like India need various modes of transportation of goods while remaining competitive and relevant. Roads are one of the preferred modes of transport in India and given its wide network across country, the segment also serves as a vital multimodal medium of transport and facilitates last mile delivery for freight carriers.

The infrastructure sector is receiving a strong push from the government, propelling India's overall development and GDP. The burgeoning Indian economy relies heavily on road transport, and it emerged as one of the leading transportation segments with a share of c.4.8% in India's GDP[15].

The road construction industry in India is undergoing a paradigm shift. Robust demand, higher investments, support in liquidity and significant policy support are changing the face of the sector. As GoI allowed 100% FDI in the road sector, several foreign companies have formed partnerships with Indian players to capitalise on the sector's growth.

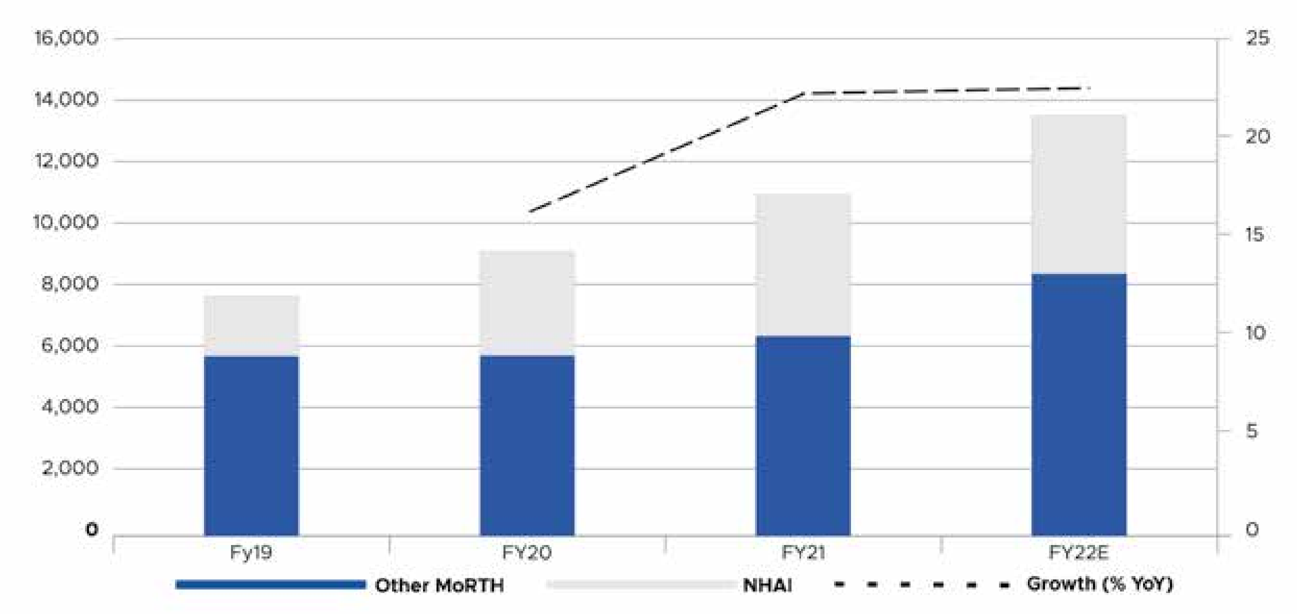
[8]https://www.statista.com/statistics/913411/india-value-of-gfcf-in-gdp-at-current-prices/
[9]PFCE is defined as the expenditure incurred on the final consumption of goods and services by the resident households and non-profit institutions serving households
[10]https://theprint.in/economy/india-ratings-cuts-gdp-growth-forecast-to-7-per-cent-for-2022-23/894775/
[11]Booklet on Achievements by MoRT&H – March 2022
[12]https://economictimes.indiatimes.com/news/economy/infrastructure/private-sector-invests-rs-15164-25-crore-in-road-construction-till-november-this-fiscal/articleshow/88318430.cms
[13]https://timesofindia.indiatimes.com/business/india-business/in-charts-how-indias-merchandise-exports-crossed-400-billion-despite-covid-shadow/articleshow/90999605.cms
[14]https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1834153#:~:text=INDIA'S%20FOREIGN%20TRADE%3A%20May%202022,the%20same%20period%20last%20year.
[15]https://www.financialexpress.com/economy/indias-road-network-can-pave-the-path-to-rapid-economic-recovery-in-coming-years/2355010/

About the Roads sector in India:

Road Network[16]

India has about 63,72,000 kms of road network, which is the second largest in the world in terms of length[17].

Since 2014, the National Highway network in the country has increased by 55%, from 91,287 km in March 2014 to 1,41,190 km in March 2022. The pace of National Highway development has also increased significantly, with the average daily construction increasing by more than 2.5 times (from 13 km/day in 2009-14 to 33 km/day in 2020-22), due to Ministry of Road Transport & Highways' ("MoRTH" or "Ministry") initiatives for road network development across the nation.



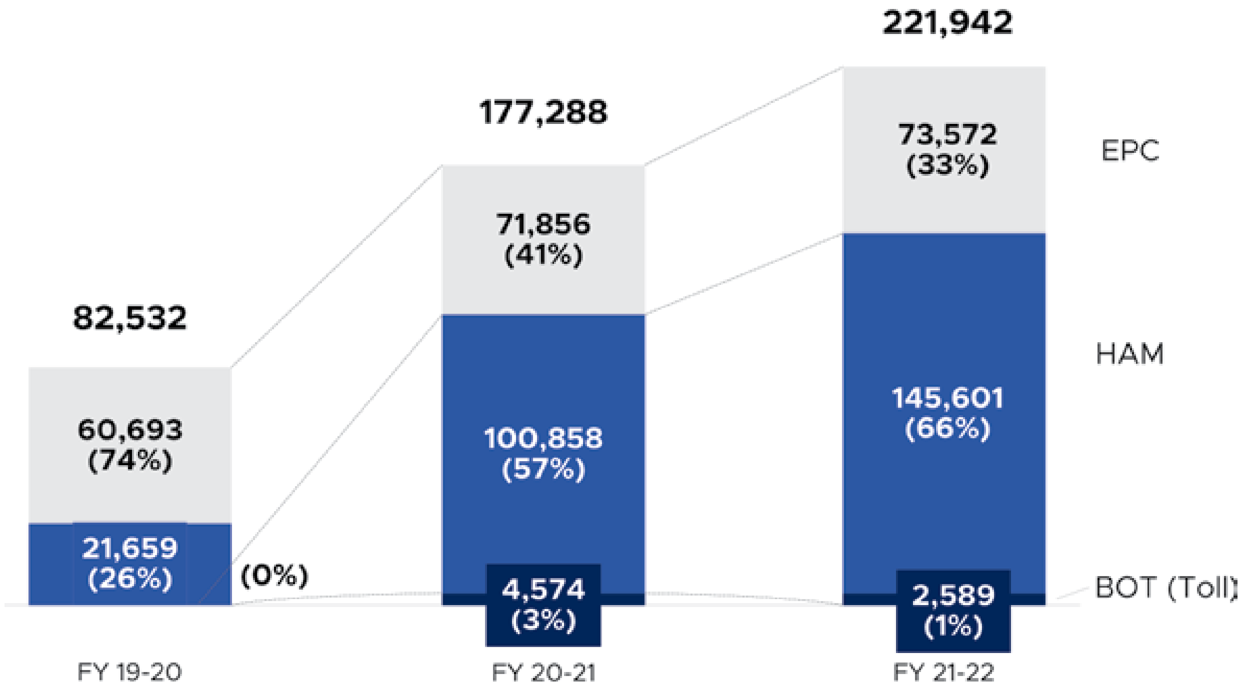
Jefferies (Old is Gold (III), September 23, 2021) highlighted that NHAI's steady pace of road projects awarded has been driving the growth in MoRTH's capex plans. NHAI was 44% of MoRTH awards in FY21 vs 28% in FY15. Pace of awards picked up after the sharp YoY decline in FY19, which was impacted by the elections. MoRTH is estimated to target YoY 23% rise in FY22 awards.

Bharatmala Pariyojana[18]

The umbrella program of the MORTH, Bharatmala Pariyojana, is focused on enhanced effectiveness of already built infrastructure, multi–modal integration, bridging infrastructure gaps for seamless movement and integrating National and Economic Corridors. The program was conceptualized to attain optimal resource allocation for a holistic highway development/improvement initiative.

The MORTH has conceptualized multiple PPP models (HAM[19], BOT[20], SPV[21]) to attract private capital in the sector from investors with varying risk appetite. The Ministry has incorporated several reforms to increase attractiveness of sector for private investors leading to increase in share of PPP projects (26% in FY19-20 to 56% in FY20-21 and 67% in FY21-22) awarded under Bharatmala Pariyojana. Bharatmala Pariyojana envisages 60% projects on Hybrid Annuity (HAM) mode, 10% projects on BOT (Build, Operate & Transfer) mode and 30% projects on EPC (Engineering, Procurement & Construction) mode.[22]

Bharatmala Pariyojana - Mode wise award trend (% capital cost, Rs. Cr.)



% of PPP projects (HAM + BOT) in BM Pariyojana increased from 26% in FY20 to 67% in FY22

Total 604 road projects with an aggregate length of 20,965 kms have been approved and awarded under Bharatmala Pariyojana including 131 numbers of residual National Highways Development Project (NHDP) works of aggregate length of 5,529 kms with total capital cost of ₹6,41,713 crore.[23]

Out of the total approved 604 projects, 389 projects covering an aggregate length of 11,710 kms have been approved on EPC mode, 209 projects covering an aggregate length of 8,781 kms on HAM mode and 6 projects covering an aggregate length of 473 kms on BOT mode.[24]

MoRTH aims to further improve the National Highway Network in the future. The Ministry targets to develop greenfield expressways under Bharatmala Pariyojna, including 22 greenfield access-controlled corridors and expressways of length c.8,400 km at total capital cost of c.₹3,30,000 crore. This will enable seamless connectivity across major economic centres of the country. Additionally, 6 expressways and 17 access-controlled corridors of length c.8,100 km are planned as part of Bharatmala Pariyojana Phase II(A) at total capital cost of c.₹3,66,000 crore.

[16] Booklet on Achievements by MoRT&H – March 2022

[17] https://www.livemint.com/industry/infrastructure/nitin-gadkari-sets-target-to-construct-18-000-km-of-nhs-in-202223-11652365716248.html

[18] Booklet on Achievements by MoRT&H – March 2022

[19] HAM combines EPC (Engineering, Procurement & Construction, 40%) and BOT(60%). On behalf of the government, NHAI releases 40 per cent of the total project cost and remaining 60% is arranged by the developer

[20] Under the BOT model, private players build, operate and maintain the road for a specified number of years, before transferring the asset back to the government

[21] Special-Purpose Vehicle

[22] MoRT&H Annual Report – 2021-2022

[23] MoRT&H Annual Report – 2021-2022

[24] MoRT&H Annual Report – 2021-2022

Impetus towards the use of technology to reinvent Indian Highways Sector

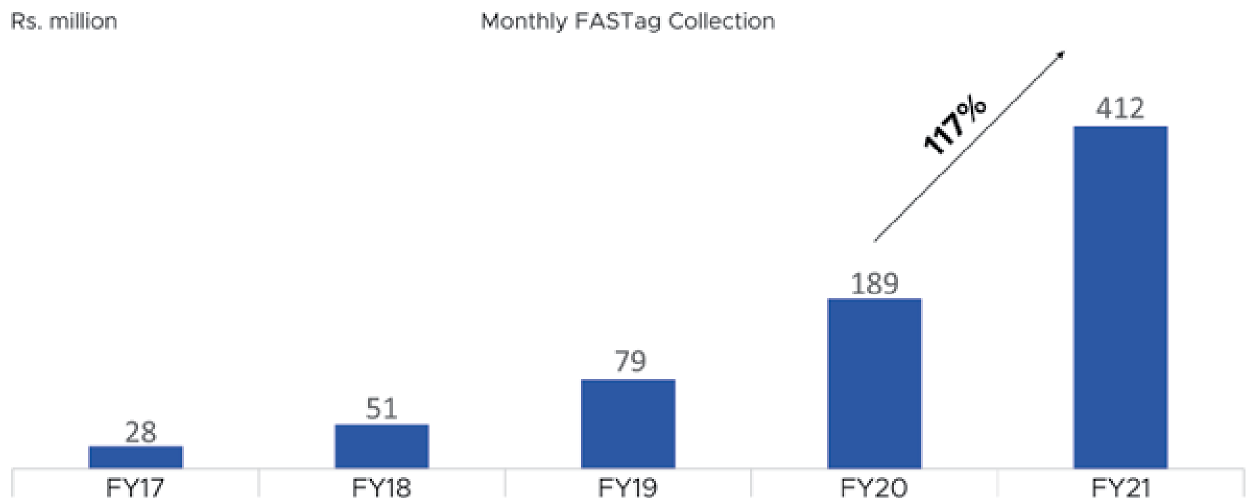
Electronic Toll Collection (ETC)[25]

The Ministry has implemented ETC through FASTag, a simple-to-use reloadable tag, to enable automatic deduction of toll charges and let vehicles pass through the toll plaza without stopping for cash transactions. FASTag is linked to a prepaid account from which the applicable toll amount is deducted.

FASTag was started as a pilot project in 2014 on the stretch of Golden Quadrilateral between Mumbai and Ahmedabad. It was later extended to other toll plazas, with the FASTag use made mandatory across the country in February 2021. To ease the process of getting a FASTag for citizens, the Ministry also mandated that all vehicles manufactured after December 2017 should be pre-fitted with a FASTag. This reform has been immensely beneficial for citizens and toll plaza operators.

Transition to 100% FASTag was implemented w.e.f 15th February, 2021 and thereafter, significant increase in toll collection through FASTag has been observed.

Growth of Electronic Toll Collection



Overall Implementation Status (as of FY22)

ETC Penetration (for NH Plazas only)	96.5% (as per count) 96.7% (as per amount)
Total FASTag issued	4.9+ cr till Mar'22
Value (in INR) of ETC transactions till date	Rs. 81,581.41 Cr
No. of ETC transactions till date	Rs. 473.8 Cr

Mandatory FASTag has helped with:

- Fuel Savings of **Rs. 20,000 crore per annum**
- Revenue Boost of **Rs. 10,000 crore per annum**
- Reducing India's carbon footprint by **~35% by 2030**
- **0 waiting time at 80%** of the total toll plaza

Other key technology initiatives

Data Lake:

A unique cloud-based and Artificial Intelligence (AI) powered Big Data Analytics platform. With the help of Data Lake, the entire project management workflow of NHAI is transformed from manual to online portal. The tool has the ability to forecast the delays, likely disputes and will give advance alerts

Centre of Excellence (CoE) for Use of Artificial Intelligence in Data Driven decision making:

There is a MoU with the IIT Delhi for developing advance analytics based on Artificial Intelligence and Machine Learning, prepare simulation models & enhance data storage. Further, the MoU is to be signed with IIT Kanpur for overseeing progress of construction and asset condition through periodic high resolution drone surveys

Use of technology to monitor road quality:

It encompasses mandated use of Network Survey Vehicle (NSV) to monitor quality. Also, it includes periodic (every 6 months) review to analyse the road condition and predictive analysis

National Monetisation Pipeline[26]

National Monetisation Pipeline (NMP) was announced in the Union Budget 2021 with NITI Aayog being entrusted with the mandate to develop NMP. Asset Monetisation being inextricably linked to new infrastructure creation, NMP has been planned to be co-terminus with the remaining four-year period of the National Infrastructure Pipeline (NIP) period of FY2020 to FY2025. NIP and NMP together give a comprehensive view to investors and developers of greenfield as well as brownfield investment opportunities in Infrastructure sector in India.

NMP - total value (Rs. crores)

The aggregate value of assets under NMP is estimated at 6,09,000 crore. The top 5 sectors (by estimated value) capture ~81% of the aggregate pipeline value. These top 5 sectors include: Roads (26%) followed by Railways (25%), Power (16%), Gas and product pipelines (10%), and Telecom (7%).

[25]Booklet on Achievements by MoRT&H – March 2022
[26]National Monetisation Pipeline – May 2021

Roads Monetisation Pipeline[27]

Summary			
~26,700 km Asset length to be monetised	23% Asset length as a percentage of Potential Asset Base (%)	₹ 106,095 crore Indicative Monetisation Value over fiscal 2022-2025 (₹ Crore)	24% Share in overall NMP in value terms (%)

The aggregate length of roads considered for monetisation over FY 2022 to 2025 aggregate to c.26,700 km. This is based on the length of already/ to-be operational, four lane highways and above in the country, entailing potential for revenue generation and thereby monetisation.

Of the proposed aggregate length, c.24,600 km is already operational, and the remainder comprises a mix of under-construction assets and new assets envisaged to be operational over the next 3-4 years. The latter will eventually be considered as part of the monetisable asset base once these assets witness a traction in terms of toll revenues viz. completion of one-two years of operations post establishment of base traffic.

The total length of assets for monetisation constitutes around 23% of the total assets under management with NHAI.

NHAI has monetised its roads primarily through two modes - Toll-Operate-Transfer (TOT) and Infrastructure Investment Trust (InvIT). The concession agreements under both the framework are similar and NHAI bids out concessions for selected roads for 15/20/30 years.

Modes of Monetisation

- **Toll-Operate-Transfer (TOT)**
- **Infrastructure Investment Trust (InvIT)**

Under these two modes, NHAI has been able to mobilise c.₹31,000 crore in the last 5 years.

Toll Operate Transfer (TOT)[28]

TOT model is used to monetise national road assets where investors can make one-time lump sum payment in exchange of Toll collection rights for the concession period.

The TOT model for asset monetisation was initiated in FY17-18 and ₹23,154 crore has been committed through monetisation of ~1,540 km over 4 years. Out of this, c.₹16,954 crore has been realized by NHAI from 4 bundles of TOT, including the recent TOT bundles 5A1 and 5A2.

NHAI is also expected to realize c.₹6,267 crores from TOT bundle 7.

TOT bundles bid out by NHAI till date.

Sr. No	Bundle	Date	Length (km)	Issue Value (₹ crore)
1	TOT Bundle 1	Aug 2018	682	9,681.0
2	TOT Bundle 3	Nov 2019	566	5,011.0
3	TOT Bundle 5A-1	Jan 2021	54	1,011.0
4	TOT Bundle 5A-2	Jan 2021	106	1,251.0
5	TOT Bundle 7	Yet to be finalized	135	6,267.1

Further, bids for two more bundles (TOT 9 and 10) have been received by NHAI. Domestic developers including Adani Road Transport, IRB Infrastructure, Prakash Asphalting & Toll Highways (PATH), DP Jain and Sekura Roads have been actively bidding for these projects. Moreover, global investors CDPQ, CPP Investments, Cube Highways, Macquarie and homegrown fund NIIF have also participated in the bidding process.

TOT 9 consists of 73-km Prayagraj-Varanasi stretch of NH-30 in Uttar Pradesh while TOT 10 offers the 125-km section of Gwalior-Shivpuri (NH-03) in Madhya Pradesh.[29]

Infrastructure Investment Trust (InvIT)[30]

NHIT, being the NHAI's infrastructure investment trust, was conceptualized to enable modular approach to monetisation of roads. InvIT enables direct investments from individual and institutional investors in infrastructure sector, who earn a portion of income in return.

Many InvITs have been set up in India on account of growth prospects, linkage with economic growth and investor appetite. The name of road sector InvITs are as under[31]:

Issue Date	Trust Name	Type	Issue Size (₹ crore)
Nov-21	National Highways Infra Trust	Private Listed	6,011.5
Sep-21	Shrem Invit	Private Listed	600.0
Feb-20	IRB Infrastructure Trust	Private Unlisted	3,752.0
Jun-19	Oriental Infratrust	Private Listed	2,306.0
May-18	Indinfravit Trust	Private Listed	3,145.0
May-17	IRB Invit Fund	Public Issue	4,300.0

Toll Securitization through Corridor Specific SPVs

Development of high value greenfield corridors is being funded through securitizing future toll revenues in a corridor specific SPV.

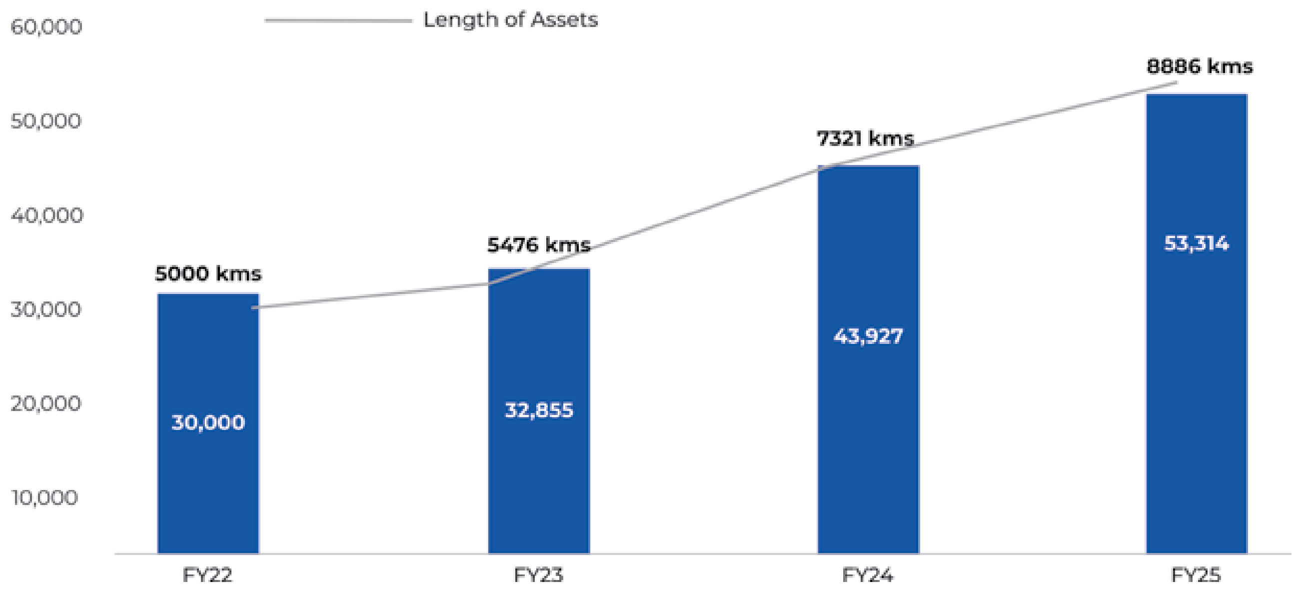
A SPV has been created for funding Delhi Mumbai Expressway and c.₹23,737 core has been raised so far through the SPV including c.₹14,006 crore raised in FY 21-22. Similar SPVs are being created to fund development of other greenfield corridors such as Delhi – Amritsar – Katra Expressway, Raipur – Vishakhapatnam Corridor, Amritsar – Jamnagar Corridor and Bangalore - Chennai Expressway.

[27]National Monetisation Pipeline – May 2021
[28]Booklet on Achievements by MoRT&H – March 2022
[29]MoRT&H Annual Report – 2021-2022
[30]Booklet on Achievements by MoRT&H – March 2022
[31]Securities and Exchange Board of India website

In FY21-22, the Ministry has realized c.₹23,719 crore through NMP, including TOT (₹2,262 crore), SPV (₹14,006 crore) and InvIT (₹7,451 crore).

Indicative Monetisation Value of assets and phasing[32]

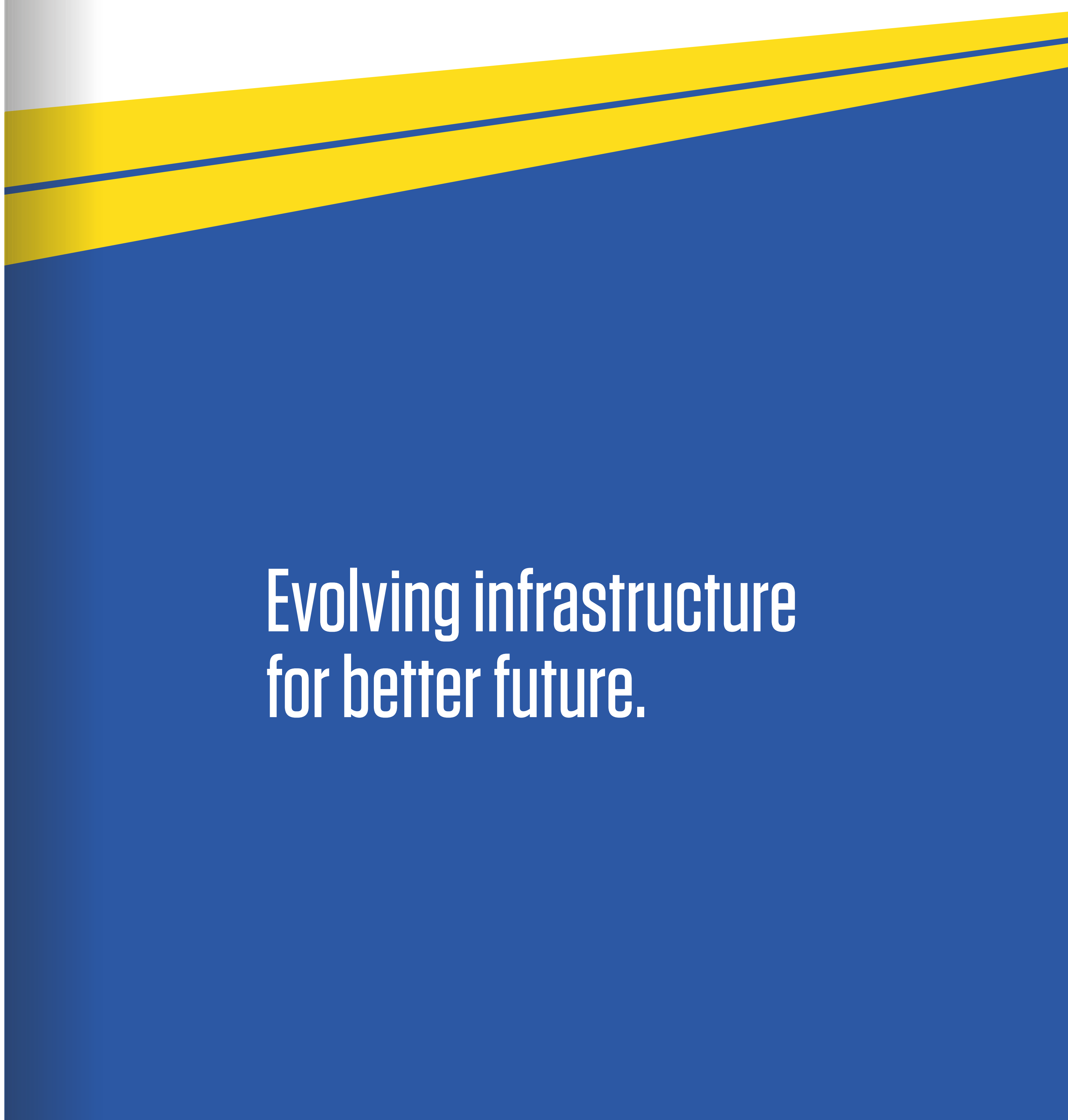
Monetisation Value - Roads (Rs crore)



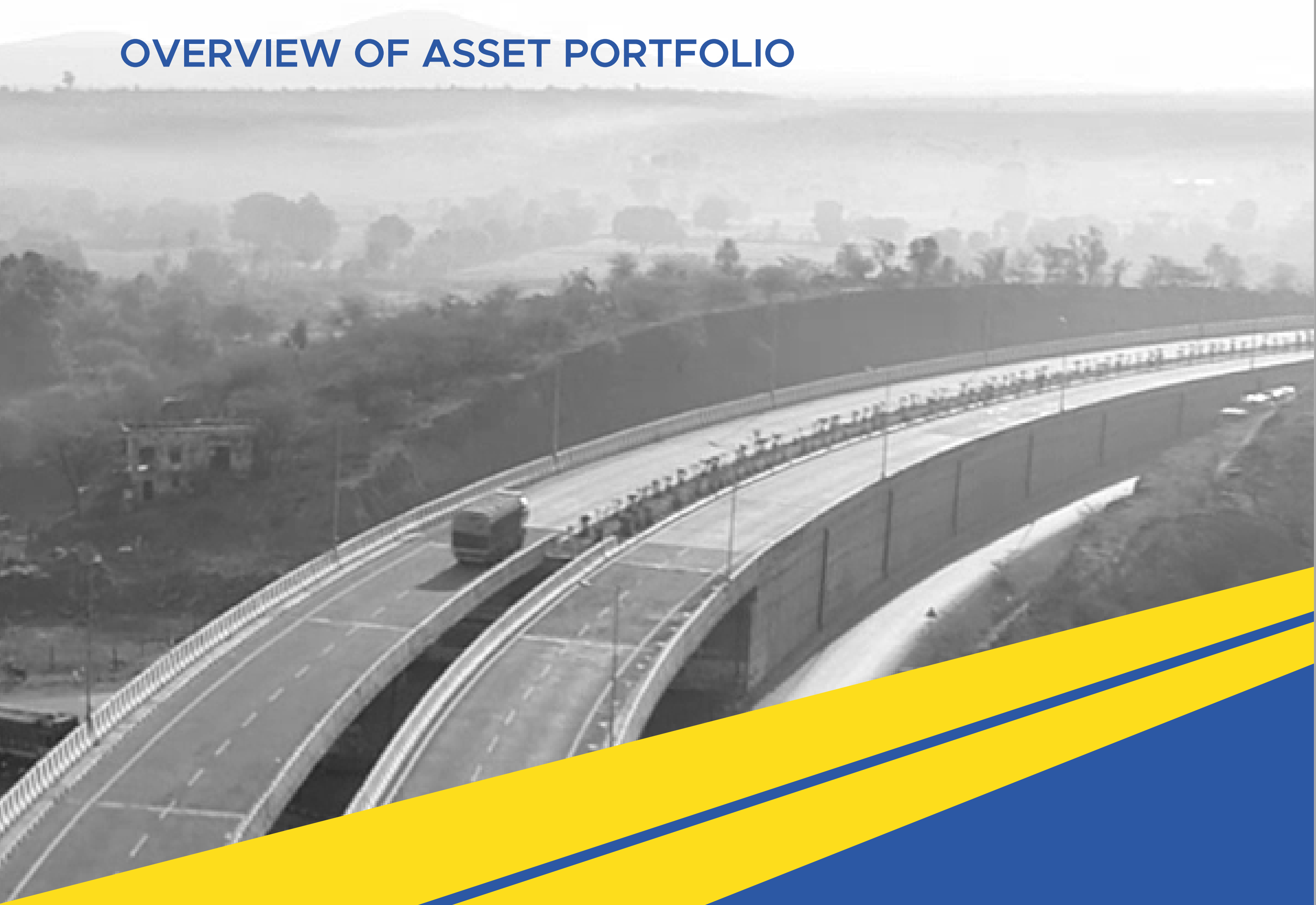
The total Indicative monetisation value of assets considered for monetisation is estimated at c.₹1,60,000 crore from FY22 to 25. The asset has been phased out over the NMP period to ensure better preparedness and improved marketability.

In FY23, the Ministry set a target to monetise approximately 5,500 km of highways for an estimated value of c.₹32,855 crore. With roads being one of the preferred routes to achieve the NMP target of c.₹6,00,000 crore, NHAI will be at forefront of the GoI's asset monetisation programme with a plan to raise about ₹30,000 to 40,000 crore through monetisation of its operational stretches over the next two years.

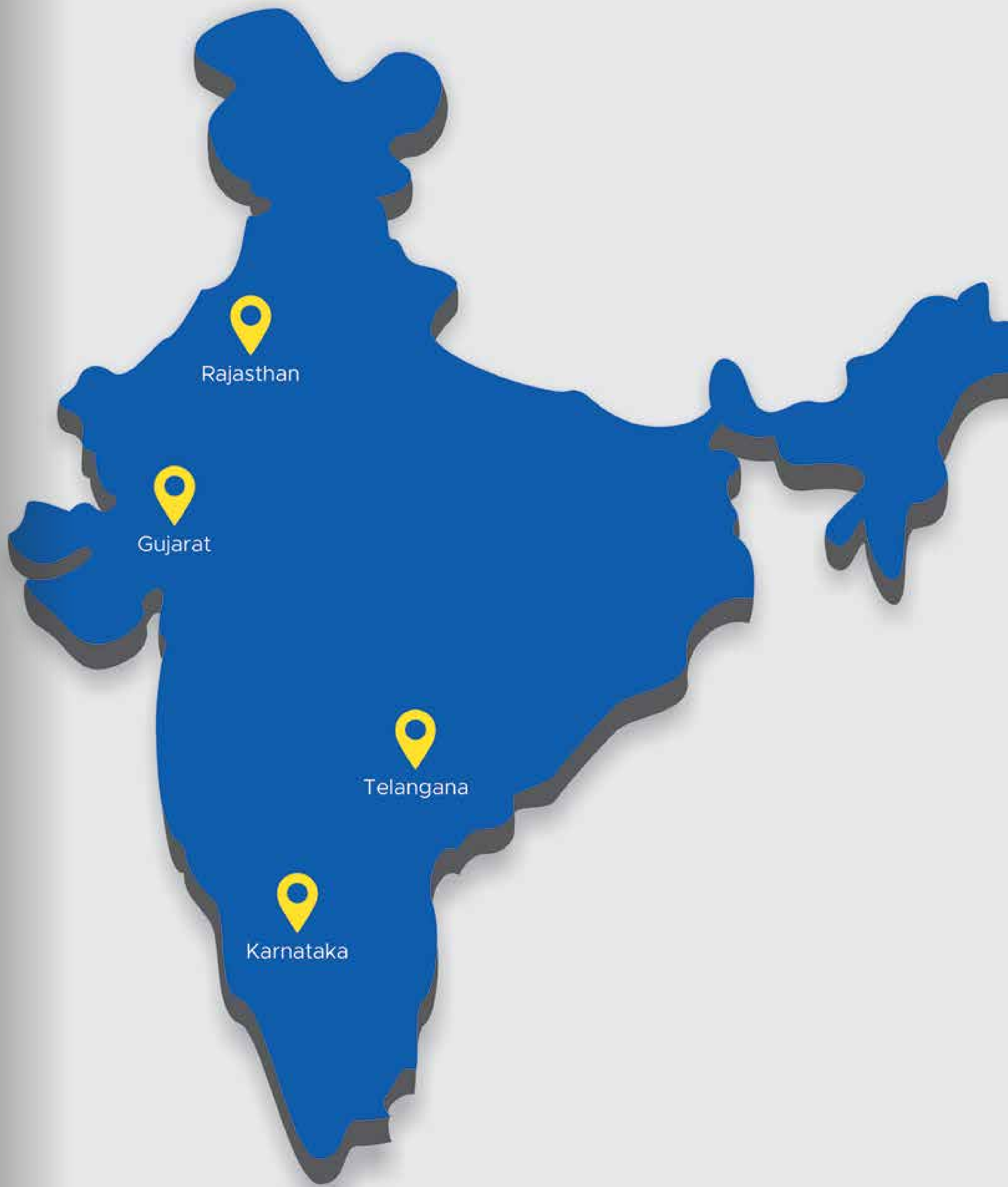
[32]National Monetisation Pipeline – May 2021

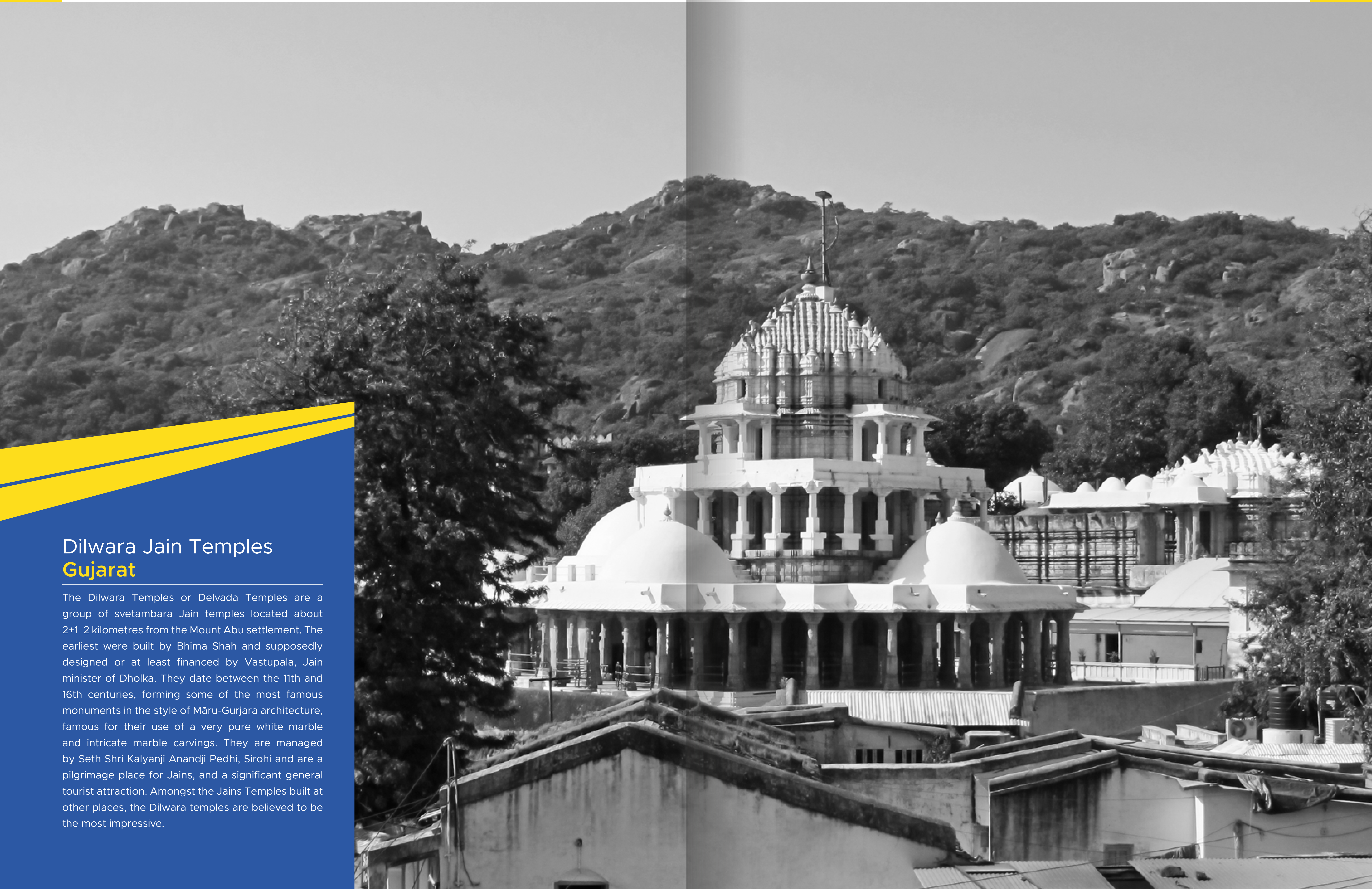


OVERVIEW OF ASSET PORTFOLIO



Growth is about progress not perfection.





Dilwara Jain Temples
Gujarat

The Dilwara Temples or Delvada Temples are a group of svetambara Jain temples located about 2+1 2 kilometres from the Mount Abu settlement. The earliest were built by Bhima Shah and supposedly designed or at least financed by Vastupala, Jain minister of Dholka. They date between the 11th and 16th centuries, forming some of the most famous monuments in the style of Māru-Gurjara architecture, famous for their use of a very pure white marble and intricate marble carvings. They are managed by Seth Shri Kalyanji Anandji Pedhi, Sirohi and are a pilgrimage place for Jains, and a significant general tourist attraction. Amongst the Jains Temples built at other places, the Dilwara temples are believed to be the most impressive.

Overview of asset portfolio in Gujarat

Asset 1
Palanpur – Abu Road

The four-lane Asset 1 starts south of Abu Road on the NH 27 at KM 295+000 with a total Asset length of 45 km ending at KM 340+000. Khemana toll plaza, at Km 339+000, is located just south of Chitrasani village. Asset 1 is one of the key connectors between western Gujarat in the south and Rajasthan and other northern and eastern Indian states. NH27, the second-longest highway in India, caters to the north-west movement between Haryana, Punjab, Delhi, and the different business centres of Gujarat, and east-west movement between Silchar and Porbandar, connecting major centres of economic activity such as Guwahati, Silguri, Lucknow and Udaipur. The movement of cars, jeeps and vans (CJV) on Asset 1 is predominantly local and of a short distance, typically between Palanpur, Swaroopganj, Deesa and other small towns. In contrast, multi axle vehicle (MAV) traffic is long-distance in nature, connecting Rajasthan, Punjab, Delhi, and Haryana in the north to industrial cities like Morbi, Jamnagar and Gandhidham, and ports such as Kandla and Mundra in Gujarat.

Chittorgarh Fort
Rajasthan

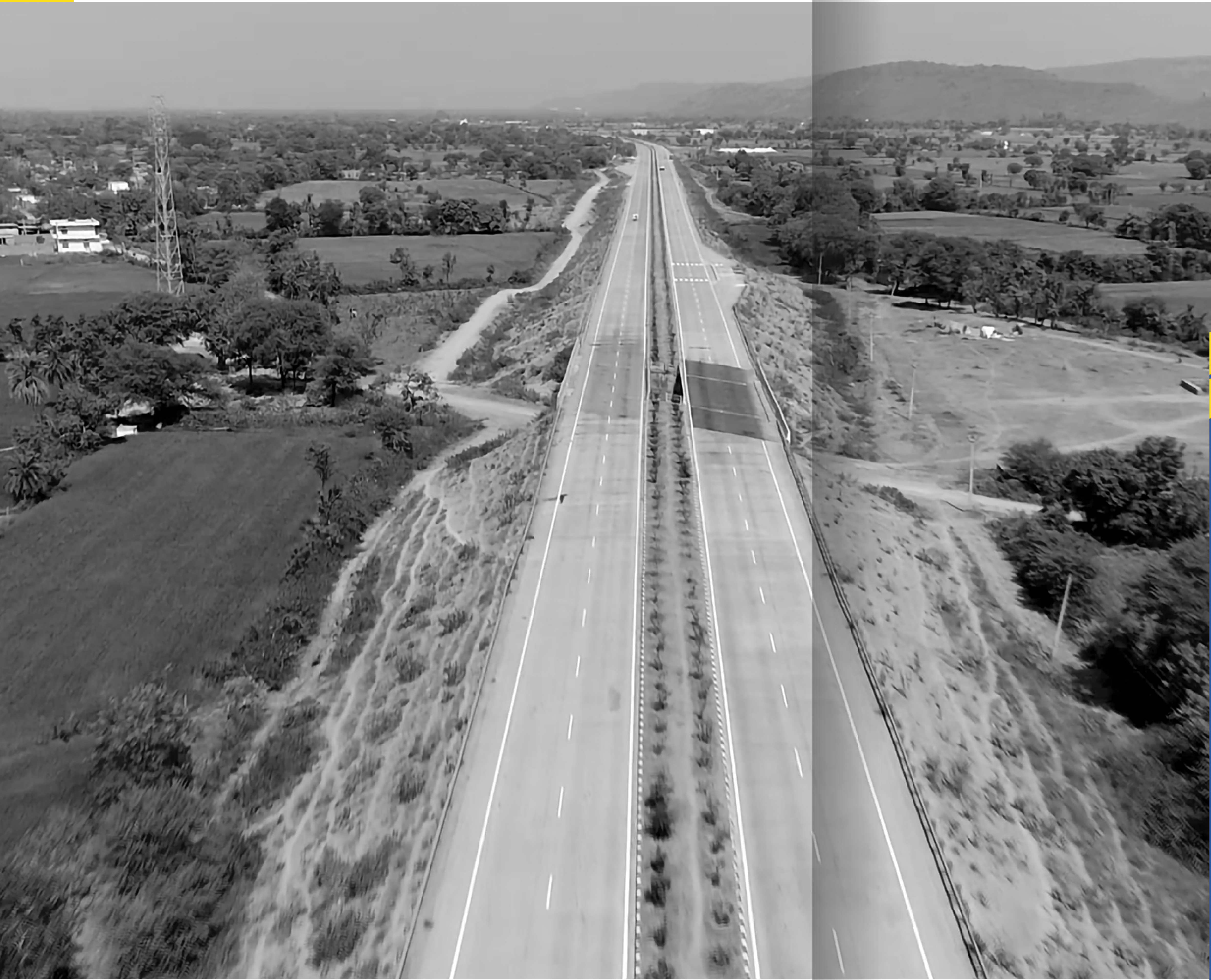
The Chittorgarh Fort also known as Chittorgarh or Chittor Fort is one of the largest forts in India. It is a UNESCO World Heritage Site. The fort was the capital of Mewar and is located in the present-day town of Chittorgarh. It sprawls over a hill 180 m (590.6 ft) in height spread over an area of 280 ha (691.9 acres) above the plains of the valley drained by the Berach River. The fort covers 65 historic structures, which include four palaces, 19 large temples, 20 large water bodies, 4 memorials and a few victory towers.

In 2013, at the 37th session of the World Heritage Committee held in Phnom Penh, Cambodia, Chittorgarh Fort, along with five other forts of Rajasthan, was declared a UNESCO World Heritage Site, as a group called the Hill Forts of Rajasthan.

Overview of asset portfolio in Rajasthan

Asset 2
Abu Road - Swaroopganj

The four-lane Asset 2 starts near Swaroopganj on the NH 27 at KM 264+000 with a total Asset length of 31km ending at KM 295+000 near Abu Road. Asset 2 has one toll plaza at Undavariya at Km 270+250. Asset 2 forms one of the key connectors between western Gujarat in the south and Rajasthan and other northern and eastern Indian states. NH27, the second-longest highway in India, caters to the north-west movement between Haryana, Punjab, Delhi, and the different business centres of Gujarat, and east-west movement between Silchar and Porbandar, connecting major centres of economic activity such as Guwahati, Silguri, Lucknow and Udaipur. The movement of cars, jeeps and vans on Asset 2 is predominantly local and of a short distance between Palanpur, Swaroopganj, Deesa and other small towns. Multi axle vehicle (MAV) traffic on the other hand is long-distance in nature, connecting Rajasthan, Punjab, Delhi, and Haryana in the north to industrial cities like Morbi, Jamnagar and Gandhidham, and ports like Kandla and Mundra in Gujarat.



Asset 3
Chittorgarh – Kota

A 4-lane, 160.5 km long stretch, on national highway (NH) 27, with three (3) toll plazas at Aroli, Bassi and Dhaneshwar. The project highway, NH-27, is part of the East – West corridor envisaged under National Highway Development Program (Phase – II). The total length of NH-27 is roughly 3,530 km starting from Porbandar in the state of Gujarat and ending at Silchar in the state of Assam while passing through the states of Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar and West Bengal. NH–27 connects important tourist and industrial cities and towns like Porbandar (port city), Rajkot, Palanpur, Udaipur, Chittorgarh, Jhansi, Kanpur, Lucknow, Muzaffarpur, Purnea, Siliguri, Jalpaiguri. The project road section of Chittorgarh – Kota of NH-27 starts from Chittorgarh (Km 891.929) and ends at Kota (Km 1052.429) with total length of 160.5 km in the state of Rajasthan. The major settlements located along the project road section are Ladpura and Bijolia. In the wider context, Asset 3 serves the east-west long-distance traffic which is majorly plying between Lucknow/Gorakhpur/ eastern region and Palanpur/Rajkot/ western region. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Bundi/ Kota/ Baran and Udaipur/ Chittorgarh areas.

Hampi Temples
Karnataka

Hampi or Hampe, also referred to as the Group of Monuments at Hampi, is a UNESCO World Heritage Site located in Hampi town, Vijayanagara district, east-central Karnataka, India. Chronicles left by Persian and European travellers, particularly the Portuguese, say that Hampi was a prosperous, wealthy and grand city near the Tungabhadra River, with numerous temples, farms and trading markets. By 1500 CE, Hampi-Vijayanagara was the world's second-largest medieval-era city after Beijing, and probably India's richest at that time, attracting traders from Persia and Portugal. The Vijayanagara Empire was defeated by a coalition of Muslim sultanates; its capital was conquered, pillaged and destroyed by sultanate armies in 1565, after which Hampi remained in ruins.

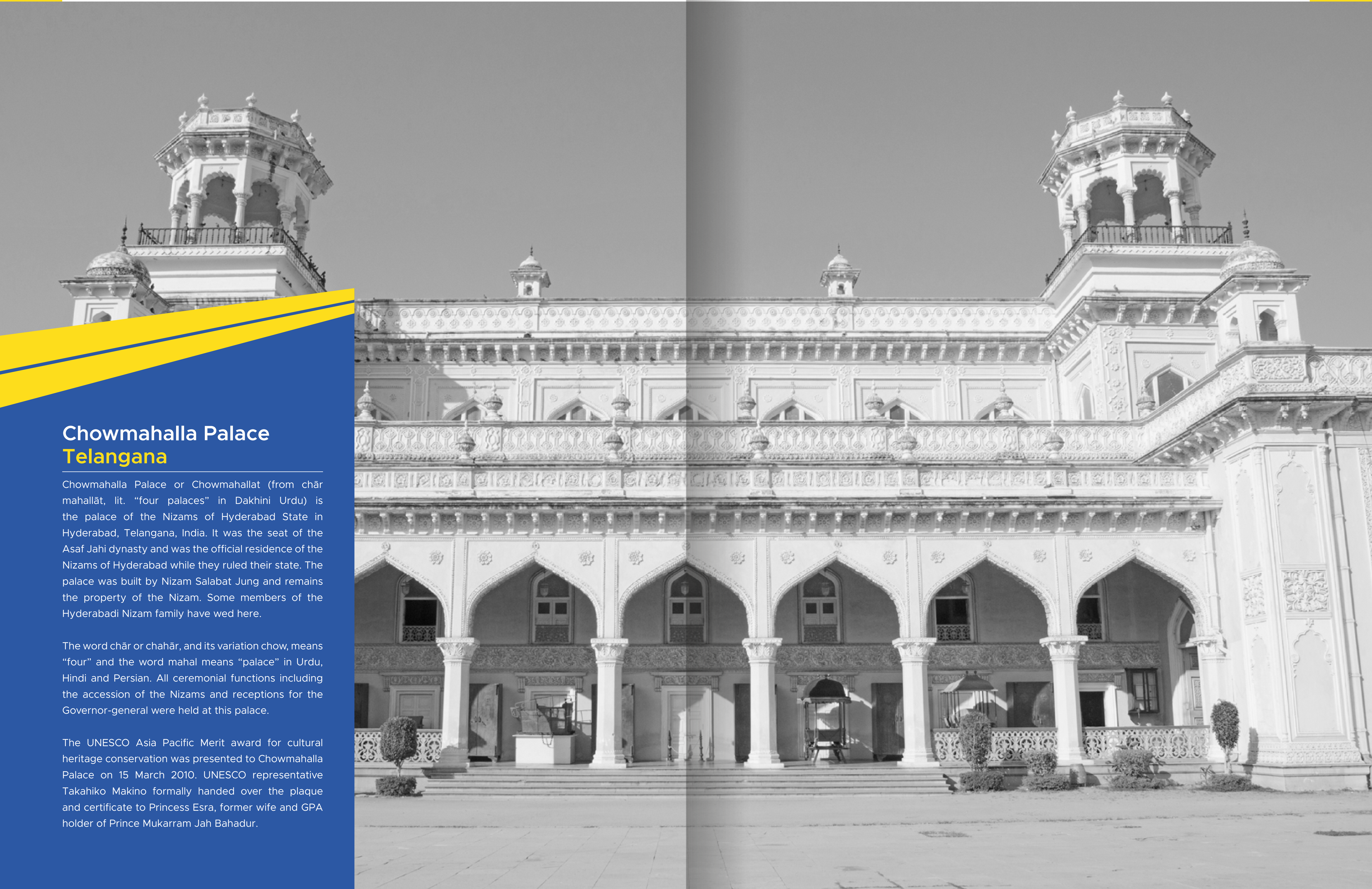
Located in Karnataka near the modern-era city of Hosapete, Hampi's ruins are spread over 4,100 hectares (16 sq mi) and it has been described by UNESCO as an "austere, grandiose site" of more than 1,600 surviving remains of the last great Hindu kingdom in South India that includes "forts, riverside features, royal and sacred complexes, temples, shrines, pillared halls, mandapas, memorial structures, water structures and others".

Annual Report 2021-22 53

Overview of asset portfolio in Karnataka

Asset 4
Maharashtra Border – Belgaum

The four-lane Asset 4 starts just south of Kagal in Karnataka on the NH 48 (at KM 592+240) with a total Asset length of 77.7 kms and ends at Belgaum (KM 515+000). Asset 4 has two (2) toll plazas at Kognoli (Km 591+240) and Hattargi (KM 537.770). The tolls at Kognoli are associated with 55 km of the Asset, while those at Hattargi are related to the remaining 22 km. Asset 4 is part of NH 48, which connects Delhi in the north to Chennai in the south covering seven (7) states in India. Regionally, it also connects the cities of Mumbai in the west to Bangalore/Chennai in the south. The Asset 4 forms a part of the Golden Quadrilateral connecting the four older metropolitan cities in India (Delhi-Mumbai-Chennai-Kolkata). The Asset 4 also serves short distance traffic between the towns and cities of Kolhapur, Belgaum, Hubli, Belur and Dharwad.



Chowmahalla Palace
Telangana

Chowmahalla Palace or Chowmahallat (from chār mahallāt, lit. “four palaces” in Dakhini Urdu) is the palace of the Nizams of Hyderabad State in Hyderabad, Telangana, India. It was the seat of the Asaf Jahi dynasty and was the official residence of the Nizams of Hyderabad while they ruled their state. The palace was built by Nizam Salabat Jung and remains the property of the Nizam. Some members of the Hyderabadi Nizam family have wed here.

The word chār or chahār, and its variation chow, means “four” and the word mahal means “palace” in Urdu, Hindi and Persian. All ceremonial functions including the accession of the Nizams and receptions for the Governor-general were held at this palace.

The UNESCO Asia Pacific Merit award for cultural heritage conservation was presented to Chowmahalla Palace on 15 March 2010. UNESCO representative Takahiko Makino formally handed over the plaque and certificate to Princess Esra, former wife and GPA holder of Prince Mukarram Jah Bahadur.

Overview of asset portfolio in Telangana

Asset 5
Kothakota Bypass – Kurnool

Asset 5 is a 4-lane, 74.6 kms long stretch, on national highways (NH) 44 which starts in Telangana State and ends at Kurnool in the state of Andhra Pradesh, with one toll plaza at Pullur. The project road serves for long distance traffic which is majorly plying between Hyderabad/Nagpur/northern region and Bengaluru/ Mysuru/southern region. Apart from long distance traffic, it also serves the short distance traffic which is mainly generated between Mahbubnagar/ Kothakota/ Wannaparthy/Pebbair and Kurnool/Ananthpur areas. NH-44, which is the project highway for Asset 5 is the longest highway in India connecting Srinagar with Kanyakumari and is part of North-South corridor envisaged under National Highway Development Program (Phase – II). NH-44 passes through the cities of Jammu, Jalandhar, Delhi, Faridabad, Agra, Gwalior, Jhansi, Sagar, Nagpur, Hyderabad, Bengaluru and Salem.

EXECUTIVE SUMMARY OF THE VALUATION REPORT

National Highway Authority of India ("NHAI") was set up by an act of the Indian Parliament, NHAI Act, 1988. NHAI was set up with the primary objective of facilitating development, maintenance and Management of national highways in India. NHAI has been entrusted with National Highways Development Project, along with other minor projects.

National Highways Infra Trust ("NHIT" or the "Trust" or "InvIT") is registered with the Securities and Exchange Board of India ("SEBI") as an infrastructure investment trust under the SEBI InvIT Regulations. National Highways Infra Investment Managers Private Limited ("NHIIMPL" or the "Investment Manager") is acting as Investment Manager to the Trust, National Highway Authority of India ("NHAI" or "Sponsor") is acting as Sponsor to the Trust and IDBI Trusteeship Services Limited ("Trustee") is acting as the Trustee to the Trust, within the meaning of the SEBI InvIT Regulations.

National Highways Infra Projects Private Limited ("NHIPPL" or "SPV") is a wholly owned subsidiary of the Trust, which has been incorporated as a special purpose vehicle to encompass five Toll road projects (together referred to as the "Specified Projects"). NHIPPL has entered into a concession agreement with NHAI to operate, maintain and transfer the Specified Projects under the Toll, Operate and Transfer ("TOT") model.

A full valuation of the Specified SPV has to be carried out not less than once in every financial year as per Regulation 21(4) contained in the Chapter V of the SEBI InvIT Regulations.

As per Regulation 21(4) of Chapter V of the SEBI InvIT Regulations: "*A full valuation shall be conducted by the valuer not less than once in every financial year: Provided that such full valuation shall be conducted at the end of the financial year ending March 31st within two months from the date of end of such year.*"

Accordingly, the Investment Manager and the Trustee intend to undertake the fair valuation of the Specified SPV as on 31st March 2022 ("Valuation Date"). In this regard, RBSA Valuation Advisors LLP has been appointed by the Investment Manager, as an independent valuer, as per Regulation 2(zzf) of the SEBI InvIT Regulations, for the purpose of carrying out the Valuation of National Highways Infra Projects Private Limited.

National Highways Infra Projects Private Limited comprises the following Specified Projects:

Sr. No.	Name of Section	NH	Total Length (Kms)	Toll Plaza	Start Kms	End Kms
1	Abu Road – Swaroopganj	NH-27	31.000	Undavariya	646.000	677.000
2	Chittorgarh – Kota & Chittorgarh Bypass	NH-27	160.500	Bassi, Aroli and Dhaneshwar	891.929	1052.429
3	Palanpur/ Khemana – Abu Road	NH-27	45.000	Khemana	601.000	646.000
4	Kothakota Bypass - Kurnool Highway	NH-44	74.622	Pullur	135.469	211.000
5	Maharashtra / Karnataka Border (Kagal) Highway	NH-48	77.705	Hattargi and Kognoli	515.000	592.705

Valuation Analysis

The Discounted Cash Flow ("DCF") method under the Income Approach has been adopted for the Enterprise Valuation of the SPV. Free Cash Flow to Firm method under DCF has been applied based on the projected financial statements of the SPV provided by the Management of NHIIMPL (the "Management"). The Enterprise Value has been computed by discounting the projected free cash flows to the firm (SPV) beginning from 1st April 2022 until the end of the concession period, using an appropriate Weighted Average Cost of Capital ("WACC").

The Investment Manager has appointed independent consultants to carry out Traffic study and estimation of toll revenue and Technical Due Diligence study for estimation of operating and maintenance expenses and major maintenance expenses, for each of the Specified Projects of the SPV over the concession period of 30 years ending on 15th December 2051. We have relied upon the Traffic Study reports and Technical Due Diligence reports provided by independent consultants on the Specified Projects of the SPV for the Enterprise Valuation of NHIPPL.

Valuation of a company/ business is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range. However, considering the nature of the engagement, we have provided a single point value estimate. While we have provided our opinion on the enterprise value of NHIPPL based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion. Accordingly, we expressly disclaim all liability for any loss or damage of whatever kind which may arise from any person acting on any information and estimates contained in this Report which are contrary to the stated purpose.

While our work has involved an analysis of financial and other information provided by/ on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of NHIPPL existing business records. We have not carried out any independent technical evaluation or appraisal or due diligence of the assets or liabilities of the NHIPPL. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by/

on behalf of the Management. Our Report is subject to the scope, assumptions and limitations detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

Further, the Union Transport and Highway Minister informed the Lok Sabha (the Lower House of the Indian Parliament) on 18th March 2021, that all physical toll booths across the National Highways network will be removed and a GPS-based toll collection system will be rolled out within one year. In light of this announcement made by the Honorable Minister, we have been given to understand by the Management that due to the current lack of clarity on the implementation plan and related financial information, it is too early and difficult to reasonably assess the impact of implementation of GPS-based toll collection system on toll operations and maintenance expenses in future for the Specified Projects and therefore, toll operations and maintenance expenses have been projected considering the existing toll collection system involving physical toll booths and FASTag.

We understand from the Management that the capital expenditure of approximately INR 598 Crore to be incurred over FY2023 and FY2024 shall be borne by the SPV.

Enterprise Valuation of NHIPPL as of 31st March 2022, has been carried out considering inter-alia Traffic Study and Technical Due Diligence Reports of independent consultants, Business plan/ Projected financial statements of NHIPPL and other information provided by/ on behalf of the Management, industry analysis and other relevant factors.

The Valuation summary of NHIPPL as of 31st March 2022 is as follows:

SPV	WACC	Enterprise Value (INR Cr)	Equity Value (INR Cr)
National Highways Infra Projects Private Limited ("NHIPPL")	10.3%	7,775.1	1,617.1

Particulars	In INR cr.
Enterprise Value	7,775.1
Less: Debt	-6,162.9
Less: Debt like	-1.0
Add: Cash and cash equivalent	5.9
Equity Value	1,617.1

DETAILS OF CHANGES DURING THE YEAR

a. **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**

National Highways Infra Trust ("The Trust") has acquired the Project SPV, National Highways Infra Projects Limited (NHIPPL) from NHAI. NHIPPL had entered into five concession agreements with NHAI on March 30, 2021 at a consideration totalling to Rs. 7450.40 Cr, for Tolling, Management, Maintenance and Transfer of five toll road projects for a period of 30 years from the Appointed Date. The Appointed Date has commenced on December 16, 2021. More details of the toll roads acquired are covered separately in this Report.

b. **Valuation of assets and NAV (as per the full valuation reports) Please use Board declaration format**

The Valuation Report (as received from the valuer, RBSA Valuation Advisors LLP) provides the valuation of the assets of the trust as Rs. 7,775.1 Crores (Equity valuation of Rs. 1,617.1 Crores). The NAV as computed by the management on the basis of valuation done by the valuer is Rs. 107.48 per unit.

c. **Borrowings or repayment of borrowings (consolidated)**

The Trust had availed long term loan cumulating to INR 1,480 Crore (sanctioned amount Rs. 2,000 Crore) from consortium three banks at interest rate of 7.20% p.a. via Facility Agreement dated 29.09.2021 for the purpose of investment by the Trust in the Project SPV (NHIPPL).

Details of external Borrowings All amounts in Rs Lakhs

Particulars	31st March, 2022 (Long Term Borrowing)
a) Additional borrowings during the year/period	1,48,000.00
b) Repayments during the year/period	(1,001.59)

d. **Credit rating**

There has been no change in the credit ratings of the Invit. As such the ratings have been confirmed by both the credit rating agencies as under:

India Rating & Research AAA
Care Ratings Limited AAA

e. **The have been no changes in the Sponsor, Investment Manager, Trustee and the Valuer**

f. **There has been no change in Clauses in trust deed, investment management agreement or any other agreement entered pertaining to activities of InvIT**

g. **There have been no regulatory changes that in the opinion of the management could impact the cash flows of the underlying project.**

h. **There have been no change in any material contract or any new risk in the performance of any contract pertaining to the InvIT.**

i. **There have been no legal proceedings which have a significant bearing on the activities or revenues of cash flows of the InvIT.**

j. **The management is of the view that there have been no material change during the year save for the Trust being listed and the Project SPV achieving the Appointed date.**

Details of the Sponsor – National Highways Authority of India

NHAI is an autonomous body under Ministry of Road Transport & Highways (MoRTH), and was established on June 15, 1989, by the NHAI Act, as a body corporate, having a perpetual succession and common seal. It was made operational in February, 1995, with the appointment of the Chairman and other Members. NHAI is responsible for the development, maintenance and management of the national highways in India entrusted to it by the Central Government.

NHAI has an all India presence through its different offices (regional offices/project implementation units/ corridor management units) in different cities. The functioning of NHAI is governed by NHAI Act, and the rules and regulations framed thereunder.

Pursuant to Section 17 of the NHAI Act, NHAI may receive additional capital and grants from the Central Government to discharge its functions. Additionally, NHAI has not issued any shares against such capital or grants invested by the Central Government.

As per Section 3(3) of the NHAI Act, NHAI shall consist of: (i) a chairman; (ii) not more than six full-time members; and (iii) not more than six part-time members, and each of the above shall be appointed by the Central Government by notification in the official gazette.

Details of the Investment Manager – National Highways Infra Investment Managers Private Limited

National Highways Infra Investment Managers Private Limited was incorporated as a private limited company on July 25, 2020, under the Companies Act, 2013. The Investment Manager was initially incorporated as a wholly owned subsidiary of NHAI. Subsequently, NHAI transferred its entire shareholding in the Investment Manager to the President of India, acting through the Ministry of Road Transport and Highways, Government of India. Accordingly, at present, the Investment Manager is a government company as defined under the Companies Act, 2013, as amended. The CIN of the Investment Manager is U65929DL2020GOI366835.

The principal business of the Investment Manager in terms of its memorandum of association is, inter alia:

(a) to carry on the business of acting as investment manager investment adviser, trustee, settler, sponsor, promoter, portfolio manager, manager, administrator, attorney, agent, consultant, representative or nominee of or for any collective investment schemes, trusts, special purpose vehicles, infrastructure investment trusts, real estate investment trusts, properties and/or assets of any kind, including any fund set up, formed or established in India or in any other country by the Company or by any other person including bodies corporate, limited liability partnerships, partnerships, trusts, societies, associations of persons or by government, state or local authority (whether incorporated or not) of any other agency or organisation with respect to any class of assets, and to thereby settle, administer, manage, deploy funds, acquire, take up, manage, invest, hold, sell, deal or dispose of all or any property, investments, securities or other assets of any kind whatsoever, acting in such capacity;

(b) to negotiate and obtain concessions from the appropriate Government/ s for the rights to build, operate and own or transfer highways, interchangers, viaducts and bridges and any other structures, buildings and services that are ancillary thereto in India and upon such terms for such benefits as may be set forth in the concessions or negotiated from time to time and generally to carry on the business of owners, operators or toll collectors or concessionaires of highways, bridges, tunnels, railways, ports, airports, public utilities, telecommunication facilities and any other rights, properties, utilities and services wherever situated; and

(c) to carry on the business of builders and contractors for the construction, upgradation, maintenance and repairs of roads, highways, bridges, viaducts, buildings, interchangers, tunnels, railways, ports, airports, public utilities, telecommunication and other related works and generally to carry on the business of engineers, contractors, consultants, advisors, managers and administrators in all its branches, mechanical, electrical and telecommunication, engineering and incidental thereto, to provide financing or act as guarantors for project financing to owner where to required.

The Trustee i.e. IDBI Trusteeship Services Limited, vide their letter dated July 31, 2020, appointed NHIIMPL as the investment manager of the proposed Trust, based on the recommendation of the Sponsor.

List of Directors of Investment Manager Company

Mr. Balasubramanyam Sriram, Independent Director	Mr. Suresh Goyal, Managing Director & CEO
Mr. Shailendra Narain Roy, Independent Director	Mr. Amit Kumar Ghosh, Nominee Director
Mr. Mahavir Parsad Sharma, Independent Director	Mr. N R V V M K Rajendra Kumar, Nominee Director
Mr. Vivek Rae, Independent Director	Ms. Kavita Saha, Non-Sponsor Director
Mr. Pradeep Singh Kharola, Independent Director	Mr. Bruce Crane, Non-Sponsor Director

Changes in Directors during the year till the date of this report:

- Pursuant to letter dated 29th July,2021 from MoRTH, Mr. Amit Kumar Ghosh has been appointed as Nominee Director with effect from 6th August,2021 representing MoRTH.
- Pursuant to Article 83A read with Schedule A to the Articles of Association of the Company, Ms. Kavita Saha and Mr. Bruce Crane have been appointed as Non-Sponsor Director of the Company with effect from 30th November, 2021, for a period of 1 (one) year from the date of appointment
- Mr. Vivek Rae and Mr. Pradeep Singh Kharola have been appointed as Independent Directors for a term of five years with effect from 14th December, 2021
- Mr. Neti Ravi Vijay Venkat Murali Krishna Rajendra Kumar, Member (F), NHAI has been appointed as Nominee Director of NHAI with effect from 23rd March,2022;
- Mr. Alok, ceased to be Nominee Director of the Company with effect from 23rd March,2022

Details of the Trustee – IDBI Trusteeship Services Limited

IDBI Trusteeship Services Limited is the Trustee of the 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. The Trustee has obtained a certificate of registration dated February 14, 2017 (having registration code IND000000460), which is valid until suspended or cancelled by SEBI. The Trustee was incorporated in India under the Companies Act, 1956 with corporate identity number U65991MH2001GOI131154. The Trustee was originally incorporated on March 8, 2001 at Mumbai, Maharashtra. The Trustee's registered office and principal place of business is situated at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400 001, Maharashtra. The Trustee is jointly promoted by IDBI Bank Limited, Life Insurance Corporation and General Insurance Corporation for providing corporate and other trusteeship services.

List of Directors of the Trustee

Ms. Padma Vinod Betai – Managing Director
Mr. Samuel Joseph Jebaraj – Director
Ms. Madhuri Jayant Kulkarni – Director
Mr. Pradeep Kumar Jain – Additional Director
Ms. Jayashree Vijay Ranade – Additional Director

UNIT PRICE PERFORMANCE & DISTRIBUTIONS

UNIT PRICE PERFORMANCE

BSE All amounts in ₹

Financial Year	Highest	Lowest	Closing Price as on March 31
2021-22	116.10	101.99	116.10

NSE All amounts in ₹

Financial Year	Highest	Lowest	Closing Price as on March 31
2021-22	109.00	101.25	109.00

Unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the average daily volume traded during the financial year. All amounts in ₹

Particulars	BSE	NSE
On Listing Date (November 10, 2021)	101.00	101.00
At the end of the Financial Year	116.10	109.00
The highest traded price	116.10	109.00
The lowest traded price	101.99	101.25

During the year, last volume traded on BSE is 2,00,000 and NSE is 20,00,000

Consequent to the listing of the Units on November 10, 2021, 6.22% of the total Units had been traded on both the exchanges corresponding to an average trade of 14,23,077 units per day. The lowest trade was at a unit price of Rs.101.25 and the highest at Rs.116.10 per unit.

Top 5 unitholders of National Highways Infra Trust as on March 31, 2022	No. of Units	NSE (in %)	BSE (in %)
Ontario Limited	14,88,00,000	25.00	25.00
CPP Investment Board Private Holdings 4 Inc.	14,88,00,000	25.00	25.00
National Highways Authority of India (NHAI)	9,56,00,000	16.06	16.06
SBI Mutual Fund	5,94,00,000	9.98	9.98
Trust Investment Advisors Private Limited	2,61,99,800	4.40	4.40

DISTRIBUTION MADE

The Investment Manager on behalf of National Highways Infra Trust has made the following Distributions:

Financial Year	Total Distribution per Unit	Return on Capital		Return of Capital Per Unit	Dividend per Unit
		Interest	Other Income		
2021-22	0.79	0.71	0.08	0	0

Note: The InvIT was listed on November 10, 2021 and the first distribution consequent to the approval of the Board was made on June 01, 2022.

Ambition is a stairway that never ends.

DETAILS OF LITIGATIONS

Except as stated in this section, there are no material litigations and actions by regulatory authorities, in each case against the Trust, the Project SPV, the Sponsor, the Investment Manager, the Project Manager or any of their respective Associates and the Trustee.

I. Litigation involving the Trust

There are no pending criminal, regulatory or other material litigations involving the Trust as on the date of the Annual Report

II. Litigation involving Associates of the Trust

As on the date of the Annual Report, the Trust does not have any Associate.

III. Litigations involving the Project SPV

There are no pending criminal, regulatory or other material litigations involving the Project SPV as on the date of the Annual Report.

IV. Litigations involving the Associates of the Project SPV

Please see the section entitled “Litigations involving the Associates of the Sponsor” below.

V. Litigations involving the Sponsor

Criminal matters

There are no pending criminal litigations involving the Sponsor as on the date of this Annual Report.

Regulatory matters

1. An application was filed by Amresh Singh against Union of India and others including NHAI before the National Green Tribunal (“**Tribunal**”) alleging the rampant dumping of soil by NHAI contractors directly in the river Chenab and Tawi without prior environmental clearance. After considering all the documents placed on record, while referring the report of Monitoring Committee, the Tribunal was not satisfied with the actions taken by NHAI, and accepted the recommendations of the Monitoring Committee and directed the J&K Pollution Control Board to take appropriate actions in consultation with CPCB against the names mentioned in the report of the Monitoring Committee. The Bench also directed NHAI to take strict actions against the non-compliant contractors and sub-contractors at the HQ level. The matter is currently pending.

2. An application was filed before the National Green Tribunal Principal Bench, New Delhi regarding the Ghazipur Dump Site and the environmental problems that are caused due to the unsegregated, un-recycled large mountain of dump. The Sponsor was not a party to these proceedings till 2017 and East Delhi Municipal Corporation (“**EDMC**”) had been exploring the implementation of a project to undertake the removal and processing of the municipal solid waste dumped at the site. In view of the same, the EDMC held discussions with the Sponsor for use of solid waste for construction of embankments in the expansion of NH-24 or other National Highway projects undertaken by the Sponsor. In view of our role, we were impleaded in the case in 2017. The matter is currently pending.

Material civil matters

The following material civil cases are initiated by Contractors/Concessionaires (hereinafter mentioned as the “**Claimant**”) against the Sponsor in relation to various projects across India:

Arbitrations

1. Ircon Soma Tollway Private Limited has initiated arbitration proceedings against the Sponsor in relation to the “improvement, operation and maintenance, rehabilitation and strengthening of existing 2-lane road and widening to 4-lane divided highway from km 380.000 to km 265.000 of NH-3 (Pimpalgaon-Dhule Section) in the state of Maharashtra”. The claims relate to delay in handing over of existing right of way, payment made during the course of the project of Central Railways to expedite construction of road over bridge near Dhule Railway Station, financial implication on the project cost due to non-maintenance of the existing road and late award of the contract by the Sponsor and non-payment of outstanding O&M grants. The claim raised by Claimant amounts to ₹ 9425.202 million. The matter is no more pending for Arbitration. The Arbitral Tribunal has passed an award for ₹ 1335.1 million in favour of the Claimant.

2. Abhijeet Angul Sambalpur Toll Road Limited has initiated arbitration proceedings against the Sponsor in relation to the rehabilitation and up-gradation of four laning of the Angul-Sambalpur section of NH-42 in the State of Odisha. The claims raised relate to the compensation for losses suffered by the Claimant on account of delay in procurement of site and necessary approvals, wrongful termination of the concession agreement and debarment from participation in bidding for future projects of the Sponsor. The claims raised by the Claimant amount to ₹ 2,0000 million. The Sponsor has also filed counter claim for ₹ 1,282,720 million. The matter is currently pending.

3. M/s Bhubaneshwar Expressway Private Limited has initiated arbitration proceedings against the Sponsor in relation to 4-laning of Bhubaneswar-Puri Section of NH-203 (Km 0.00 to Km 59.00) in the State of Odisha to be executed as BOT (Toll) basis on DBFOT pattern under NHDP- III. The claims were filed by the Claimant for termination payment, pre-reference interest on termination payment, pendente lite and future interest on termination payment: at 18% per annum and arbitration cost on actual basis. The Claimant has raised a claim for ₹ 7421.10 Million. The Sponsor has also filed counter claims against the Claimant for ₹ 757.10 million. The matter is currently pending.

4. Madhucon Projects Ltd. (Barasat Krishnagar Expressway Limited) has initiated arbitration proceedings against the Sponsor in relation to Barasat-Krishnagar Section BOT (Annuity) in the State of West Bengal. The claims filed by the Claimant for loss due to interest on debt, loss due to interest on equity infused into the project, losses due to idling/underutilisation of machinery and equipment, losses due to idling/ underutilisation of manpower, losses due to miscellaneous expenditure incurred at site, compensation due to delay in handing over of site, losses due to price escalation on the works already executed, losses due to expenses incurred on the works executed, loss of overheads and profit and total termination payment. The Claimant has raised a claim for ₹ 2,1398.90 million. The Sponsor has also filed counter claims against the Claimant for ₹ 10,606.80 Million. The matter is currently pending.

5. Raiganj-Dalkhola Highways Limited has initiated arbitration proceedings against the Sponsor in relation to the “Four-Lanning of NH-34 in the Raiganj-Dalkhola Section from km 398 to km 452.750 in the State of West Bengal under NHDP Phase-III”. The Claimant has sought compensation along with interest aggregating to ₹ 8,365.10 million and cost for arbitration for wrongful termination of the concession agreement. The Sponsor has also filed a counter claim against the Claimant for ₹ 8,542.90 million. The matter is no more pending. The Arbitral Tribunal has passed an order of ₹ 1875.00 million in favour of the Claimant vide order dated 07.10.2021.

6. M/s BSCPL Aurang Tollway Limited has initiated arbitration proceedings against the Sponsor in relation to four laning of Orissa Border-Aurang Section from Km 88.000 to Km 239.000 of NH-6 in the State of Chhattisgarh to be executed as BOT(Toll) on DBFOT pattern under NHDP Phase-IV. The claims filed by the Claimant were for delay in achievement of the provisional completion including project milestones, change of scope and change in law. The Claimant has raised a claim for ₹ 8,523.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 7,320.30 million. The matter is no more pending. The Arbitral Tribunal has passed an award of ₹ 2819.40 million in favour of the Claimant vide order dated 11.04.2022.

7. M/s Raipur Expressway Limited has initiated arbitration proceedings against the Sponsor in relation to improvement, operation, maintenance and strengthening of existing 2-lane road and widening to 4-lane divided highway from Km 239.000 to Km 281.000 of NH-6 (Raipur- Aurung Section) in the state of Chhattisgarh on BOT basis. The claims were filed by the Claimant for compensation due to delay in declaration of appointed date, compensation due to extension of time for project completion, damages for delay in providing right of way (ROW), claim on account of change of scope, claim for interest on delayed payments by the respondent, claim for loss of bonus due to arbitrary withdrawal of provisional completion certificate, claim on account of delay in releasing bank guarantees for retention money and claim for expenses and loss of profit due to delay in release of performance security. The Claimant has raised a claim for ₹ 10,121.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 4,231.70 million. The matter is currently pending.

8. M/s Ashoka Highway (Durg) Limited has initiated arbitration proceedings against the Sponsor in relation to design, engineering, finance, construction, operation & maintenance of end of Durg Bypass- Chhattisgarh/ Maharashtra Border from Km 322.400 to Km 405.000 of NH-6 under NHDP. The Claimant has raised a claim for ₹ 2866.10 million. The Sponsor has also filed counter claims against the Claimant for ₹ 56.60 million. The matter is currently pending before arbitral tribunal. However, as both the parties want to settle the disputes, the matter has now been referred to conciliation committee (CCIE), with the consent of the parties, in terms of the policy circular dated June 2, 2017.

9. Jetpur Somnath Tollways Limited has initiated arbitration proceedings against the Sponsor in relation to Jetpur Somnath Section BOT (Toll). The claims filed by the Claimant for damages under the respective concession agreement for delay in non-fulfilment of all conditions precedent set forth in the concession agreement, Compensation for additional costs incurred by the Claimant towards deployment of plants, machineries and equipment during the extended construction period from October 1, 2014, up to November 10, 2016, compensation for additional cost incurred on account of inflation/price escalation of major input costs during the extended construction period from October 1, 2014, up to November 10, 2016, additional interest liability towards lenders (IDC) during construction period on account of extended construction period, compensation for additional cost incurred on account of EPC overheads during the extended construction period from October 1, 2014, up to November 10, 2016, additional compensation for delay (as per actuals/ anticipated in the financial model) for the project period till September, 2016 on account of inability to collect toll fee for the entire stretch resulting from various material defaults by respondent, additional SPV incorporation charges resulting due to infusion of increased equity by the shareholders on account of material defaults by the respondent and interest cost on such shareholder's equity (unsecured debt from shareholders). The Claimant had raised a claim for ₹ 13,096.00 million. The Sponsor had also filed counter claims against the Claimant for ₹ 8,472.10 million. An award of ₹ 12,130 million in favour of the Claimant in the matter has been passed on July 31, 2021. The matter is no more pending in Arbitration.

10. M/s L&T Samakhiali Gandhidham Tollway Limited has initiated arbitration proceedings against the Sponsor in relation to 6-laning of Samakhiyali-Gandhidham Section of NH-8A from Km 306.00 to Km 362.160 in the state of Gujarat to be executed as BOT (Toll) on Design, Build, Finance, Operate and Transfer (DBFOT) under NHDP Phase-V. The claims filed by the Claimant for cost claim arising on account of change in law in terms of the relevant concession agreement, amount claimed under the relevant state support agreement ("SSA") for breach of obligations by us Government of Gujarat under the SSA, non-payment of compensation for absence of state support from the Sponsor from COD up to February 11, 2016, and cost claim due to delay in COD. The Claimant has raised a claim for ₹ 6290.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 18,324.70 million. The matter is currently pending.

11. M/s IRB Ahmedabad Vadodara Super Express Tollway Private Limited has initiated arbitration proceedings against the Sponsor in relation to six laning of Ahmedabad to Vadodara Section of NH-8 from Km 6.400 to Km 108.700 (Length 102.300) in the State of Gujarat and improvement of Ahmedabad-Vadodara Expressway from Km 0.000 to Km 93.302 in the State of Gujarat (Length DBFOT) toll basis. The claims filed by the Claimant for competing road and premium not being payable, Illegal Demand of Additional Premium and Interest By The Respondent, Illegal Retention of Performance Bank Guarantee by the Respondent, Wrongful retention of Bank Guarantees and compensation towards loss of interest and bank commission charge and Cost of Arbitration. The Claimant has raised a claim for ₹ 12659.40 million. The Sponsor has also filed counter claims against the Claimant for ₹ 5900.00 million. The matter is currently pending.

12. Gwalior Jhansi Expressways Limited has initiated an arbitration proceeding against the Sponsor in relation to the designing, development and maintenance of certain sections of NH-75 in the States of Uttar Pradesh and Madhya Pradesh. The claims relate to compensation for non-payment of annuities and interest, for additional direct costs incurred by the Claimant due to material breach of the concession agreement and additional costs incurred by the Claimant in respect of interest payments during the construction period beyond the scheduled project completion date. The claims raised by the Claimant amount to ₹ 20,611.5 million. The Sponsor has also filed a counter claim against the Claimant for the failure relating to compliance of the maintenance obligation, reimbursement of one-half of remuneration, costs and expenses of the independent consultant, delayed cost due to time overrun and also on account of loss of toll revenue due to delay. The counter claim is for an amount of ₹ 13980.00 million. The said matter is currently pending.

13. M/s Indore Dewas Tollways Limited. has initiated arbitration proceedings against the Sponsor in relation to 6-laning of Indore-Dewas Section of Nh-3 from Km 577.550 to Km 610.000 and Km 0.000 to Km 12.600 (approx. length 45.05Km) in the State of Madhya Pradesh under NHDP Phase-V to be executed as BOT(Toll) project on DBFOT pattern. The claims filed by the Claimant for claim for utilization of resources beyond the scheduled 6-laning date, as envisaged in the respective concession agreement, compensation for Claimant's loss towards additional interest during construction, compensation towards Claimants loss of toll revenue attributable to respondents misrepresentation and subsequent default in maintaining feeder roads, refund of additional concession fee/premium paid by the Claimant, compensation/ indemnification towards loss of profit claimants EPC contractor. The Claimant has raised a claim for ₹ 10709.60 million. The Sponsor has also filed counter claims against the Claimant for ₹ 5353.40 million. The matter is currently pending.

14. GVK Shivpuri Dewas Expressway Private Limited has initiated arbitration proceedings against the Sponsor in relation to the designing, development and maintenance of the Shivpuri-Dewas Section of NH-3 in the State of Madhya Pradesh. The claims raised by the Claimant relate to the return of the performance bank guarantee upon termination of the contract by us and compensation for the losses suffered by the Claimant due to delay in receiving environmental clearances. The claims raised by the Claimant amount to ₹ 5,521.40 million. The Sponsor has also filed a counter claim against the Claimant for amounts incurred on account of maintenance and management of the existing stretch, estimated expenses on account of retendering and on account of loss of premium. The counter claim is for an amount of ₹ 10,761.00 million. The matter has now been settled for release of Performance Bank Guarantee by NHAI amounting to ₹ 281.50 vide settlement agreement dated 16.09.2021.

15. M/s GVK Deoli Kota Expressway Private Limited has initiated arbitration proceedings against the Sponsor in relation to design, construction, development, finance, operation and maintenance of four laning of Deoli-Kota Section of NH-12 from Km 165.000 to Junction of NH-76 on Kota Bypass (approx. length 83.04 Kms) in the State of Rajasthan on BOT(Toll) project on DBFOT pattern under NHDP phase–II. The claims filed by the Claimant for claim on account of prolongation costs and extended stay at the site, loss suffered on account of additional overhead and loss of profit, loss of toll revenue, claim on account of increase in cost of the project due additional works done by the Claimant owing to the change of scope, claim on account of additional expenses incurred by the Claimant towards tunnel work, claim on account of excessive repair and prolonged maintenance duration of existing road, claim on account of the Respondent in making the termination payment and claim on account of future loss to Claimant. The Claimant has raised a claim for ₹ 60130.00 Million . The Sponsor has also filed counter claims against the Claimant for ₹ 5,657.60 million. The matter is currently pending.

16. Soma Isolux Kishangarh-Beawar Tollway Private Limited has initiated arbitration proceedings against the Sponsor in relation to the "improvement, operation and maintenance, rehabilitation and strengthening of the existing 2 lane road and widening it to six-lane divided highway from km 364.125 to km 58.245 (approximately 93.56 km) on the Krishangarh-Ajmer-Beawer section of National Highway". The claim relates to compensation for increase in overheads due to extended construction period, for additional cost due to loss of productivity, idling and under-utilization of plant & equipment during the extended period and for costs incurred towards interest payments on debt during the extended construction period. The claims raised by Claimant amounts to ₹ 11,968.00 million. The Sponsor has also filed counter claims against Claimant for ₹ 3,109.5 million. The matter is currently pending.

17. Panipat Jalandhar NH One Tollway Private Limited has initiated arbitration proceedings against the Sponsor in relation to six laning of Panipat-Jalandhar section of NH-1 (km 96.00 to km 387.100) in the state of Haryana and Punjab. The claims filed by the Claimant were in relation to delay in finalization of toll plaza and commencement of toll operations at approved locations, loss of fee revenue on account of defaults, extension of project completion schedule and change in scope and other claims. The Claimant has raised a claim for ₹ 70,359.00 million. The Sponsor has also filed counter claims against Claimant for ₹ 32,847.00 million. The matter is currently pending.

18. M/s. Shapoorji Pallonji & Company Private Limited has initiated arbitration proceedings against the Sponsor in relation to Jammu-Udhampur section BOT (Annuity). The claims filed by the Claimant in relation to declaration of provisional completion certificate date as June 1, 2014 with consequential reliefs of bonus for the period from January 7, 2014 to May 31, 2014, determination of appointed date and payment of bonus from July 5, 2014, compensation for additional cost arising out of change in methodology of rock excavation due from July 10, 2014, and compensation for additional cost arising out of change in methodology of tunnel rock excavation from October 17, 2014. The Claimant has raised a claim for ₹ 9,383.40 million. The Sponsor has also filed counter claims against the Claimant for ₹ 14,940.00 million. The matter has now been settled for ₹ 2826.7 million vide agreement dated 28.02.2022.

19. 19. M/s Bareilly Highways Project Limited has initiated arbitration proceedings against the Sponsor in relation to four laning of Bareilly-Sitapur section of NH-24 from Km 262.000 to Km 413.200 (approx. 151.200km) in the State of Uttar Pradesh under NHDP Phase-III of DBFOT basis. The claims filed by the Claimant were in relation to claim for additional interest on debt beyond SPCD (i.e. between August 23, 2013 to January 31, 2019), interest for additional interest on debt beyond SPCD, claim for interest due on additional promoters contribution infused in the project, claim for interest due on delay release of grant, claim for expenses incurred by SPV company beyond SPCD, claim for interest for cost of land compensation, claim for net revenue loss from SPCD till January 31, 2019, interest for net revenue loss from SPCD till January 31, 2019, claim for interest on excess 50% independent engineering cost debit by the Sponsor, claim for reimbursement of GST on regular EPC invoices-change of law, claim for interest on claim of GST on change of scope & utility shifting, claim for direct expenses incurred by EPC contractor beyond SPCD, claim for plant and machinery rental/rehandling for extended period, claim for interest for plant and machinery/rental/rehandling for extended period, claim for price escalation during the extended period, claim for interest for price escalation during the extended period, claim for expenses incurred on change of scope/variation items, claim for interest for change of scope/variation items, claim for additional transportation cost due to ban in local mining at sites, claim for interest for additional transportation cost due to ban in local mining at sites. The Claimant has raised a claim for ₹ 37,211.40 million. The Sponsor has also filed counter claims against the Claimant for ₹ 17049.80 million. The matter is currently pending.

20. 20. M/s Lucknow-Sitapur Expressways Limited has initiated arbitration proceedings against the Sponsor in relation to improvement, operation and maintenance including strengthening and widening of existing two lane road to four lane dual carriageway from km 488.270 – Km. 413.200 of NH -24 (Lucknow Sitapur Section) in the State of Uttar Pradesh on BOT basis. The claims filed by the Claimant for revenue loss, revenue loss due to delay in COD, revenue loss from start of toll collection, EPC escalation, EPC additional overhead, EPC overstay of plant and equipment, additional maintenance cost of EPC, loss of profit earning capacity, extra cost IDC, revenue loss due to overloading and claims for underpasses. The Claimant has raised a claim for ₹ 7,470 million . The Sponsor has also filed counter claims against the Claimant for ₹ 3270.00million. The matter is currently pending.

21. M/s PNC Kanpur Highways Limited has initiated arbitration proceedings against the Sponsor in relation to two-laning with paved shoulder of Kanpur to Kabrai Section of NH-86 from Km 7.430 to Km 130.100 in the State of Uttar Pradesh on DBFOT basis. The claims filed by the Claimant were in relation to demand for increased overheads due to delay in appointed date, demand against additional cost suffered due to idling of plants and equipment due to delayed appointed date, damages for delay in handing over site as per provisions of the relevant concession agreement, demand against additional costs suffered on account of inflation/price escalation on cost of major inputs/resources due to delayed appointed date and extended construction period, demand for compensation against overheads due to extended stay than planned stay, demand for additional cost suffered due to extended stay of plants and equipment than planned duration, demand for additional interest liability suffered during construction period on account of extended construction period, demand for loss of revenue suffered due to non-realization of user fee collection from July 14, 2014 to May 5, 2015, demand for loss of revenue suffered due to suspension of collection of user fee at toll plazas on NHs due to demonetization of ₹ 500 and ₹ 1,000 currency notes, demand for loss of earning capacity and profit suffered due to extension of construction period, demand for loss suffered on equity due to delayed return on investment on account of delayed realization of toll revenues due to delay in declaration of appointed date, extended construction period and delay in PCOD, demand in lieu of interest on amounts raised under the various claims as above in accordance with the respective due dates of payment, the contractual provisions and the law. The Claimant had raised a claim for ₹ 6,180.00 million. An award of ₹ 2,503.90 million in the matter has been passed on April 23. 2021 in favour of the Claimant. The matter is no more pending in Arbitration

22. M/s Tantia Raxaul Private Limited has initiated arbitration proceedings against the Sponsor in relation to two laning with paved shoulder of Pioprakothi to Raxaul Section of NH-28A from Km 0.600 to Km 62.064 in the state of Bihar. The claims filed by the Claimant were in relation to claim for termination payment for default of respondent, claim for non-finalisation of location and correct notification for toll plaza (along with interest at the rate of 18%) , claim for delay in handover for land/ right of way/ site (along with interest at the rate of 18%) , claim for additional interest during construction on account of extended construction period, claim for increased distance/lead for stone aggregate, claim for inflation/ price escalation (along with interest at the rate of 18%), claim for additional cost of maintenance, claim for increased overheads of concessionaire (along with interest at the rate of 18%), claim for increased overheads of EPC contractor (along with interest at the rate of 18%), claim for idling/underutilisation of plant, machinery & equipment, and claim for loss of profits of EPC contractor. The Claimant has raised a claim for ₹ 9,861.70 million. The Sponsor has also filed counter claims against the Claimant for ₹ 2,873.60 million. The matter is currently pending.

23. M/s Haridwar Highways Project Limited has initiated arbitration proceedings against the Sponsor in relation to the four laning of Muzaffarnagar-Haridwar Section from Km 131.00 to Km 211.000 of NH-28 in the state of UP and Uttarakhand under NHDP Phase-II as BOT (Toll) on DBFOT pattern. The claims filed by the Claimant were in relation to financial expenses incurred by the Claimant beyond the scheduled commercial operation date till February 2019, interest payable on compensation for delay in handing over of the land form from appointed date till February, 2019, interest due on delay towards release of grant from February 7, 2013, up to February, 2019, claim for reimbursement of GST on regular bills/invoices of the Claimant from July, 2016, claims for expenses incurred by the Claimant on rentals of plants and machinery beyond SCOD, claims for expenses incurred by the Claimant on rentals of plants and machinery beyond SCOD till February 2019, claim for expenses incurred by the Claimant due to price escalation beyond the SCOD up to February 2019, additional transportation cost due to ban on mining at sites, claim for direct expenses incurred beyond SCOD up to February 2019, expenses incurred on existing road maintenance beyond SCOD and claim on account of amount recovered for Dehradun Highway Project Limited. The Claimant has raised a claim for ₹ 22,060.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 22,260.00 million. The matter is currently pending.

24. 24. Madhucon (Madurai-Tuticorin Expressways Limited) has initiated arbitration proceedings against the Sponsor in relation to the "Design, Engineering, Finance, Construction, Operation and Maintenance of Madurai-Tuticorn Section from km 138.800 to km 264.50 of NH-45B in the State of Tamil Nadu under NHDP Phase IIIA". The claims relate to compensation payable due to prolongation of the project, refund of liquidated damages, change of scope of work, loss of business opportunity, loss on account of shortfall in revenue from the project and amount payable on account of price escalation during the extended period of construction. The claim raised by Claimant amounts to ₹ 81,993.10 million. The Sponsor has also filed counter claims against the Claimant for ₹ 2,902.60 million. The said matter is currently pending.

25. 25. M/s Chennai Elevated Toll Way Limited has initiated arbitration proceedings against the Sponsor in relation to the new four lanes elevated road from Chennai Port to Maduravoyal (NH-4) in the State of Tamil Nadu under NHDP Phase-VII on BOT(Toll) basis. The claims filed by the Claimant were in relation to termination payment, claims payable to the EPC contractor, claim for additional cost due to idling/ underutilization/ prolongation of plants & equipment, loss of profit payable to the EPC contractor due to delay and termination of the contract, loss of opportunity to the EPC contractor due to delay and termination of the contract, claims for infructuous expenditure for setting up camps, site approach, road development etc. The Claimant has raised a claim for ₹ 41,071.80 million. The Sponsor has also filed counter claims against the Claimant for ₹ 21,632.70 million. The matter is no more pending in Arbitration. The Arbitral Tribunal has passed an award of ₹ 21179.50 million in favour of the Claimant and of ₹ 261.00 million in favour of the Sponsor vide order dated 24.11.2021.

26. Trichy Thanjavur Expressways Limited has initiated arbitration proceedings against the Sponsor in relation to the "design engineering, financing, construction, operation and maintenance of Thanjavur-Trichy Section from km 80.000 to km 135.750 of NH-67 in the State of Tamil Nadu". The claims relate to the compensation payable on account of losses due to prolongation of the project, change in scope, losses on account of shortfall in revenue and loss of business opportunity and profit. The claims raised by the Claimant amounts to ₹ 29,906.70 million. The matter is currently pending.

27. 27. M/s SU Toll Road Private Limited. has initiated arbitration proceedings against the Sponsor in relation to Salem-Ulundurpet Section from Km. 0.313 km 136.670 of NH – 68 in the State of Tamil Nadu under NHDP Phase – IIIA on Build, Operate and Transfer (BOT) basis. The claims filed by the Claimant for compensation were in relation to additional expenses incurred on account of extended stay of plant and equipment at the site, compensation for additional overheads in the extended construction period, compensation on account of the loss of opportunity to earn profits due to extended construction period, interest paid to the lenders due to delay in completion of project as per the original schedule and compensation for revenue loss due to delay in issuance of COD. The Claimant has raised a claim for ₹ 14,623.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 2,261.90 million. The matter is no more pending in Arbitration. The Arbitral Tribunal has passed a 'Nil' award for the claims of the Claimant and of ₹ 570.30 million in favour of the Sponsor vide order dated 08.10.2021.

28. 28. M/s T K Toll Road Private Limited. has initiated arbitration proceedings against the Sponsor in relation to design, engineering, finance, construction, operation and maintenance of Trichy to Karur Section of NH-67 from Km 135.800 to Km 218.028 (excluding Lalaper ROB) in the state of Tamil Nadu under NHDP Phase-IIIA on BOT basis. The claims filed by the Claimant were in relation to extended stay of plant and equipment from July 15, 2010 to February 23, 2014, increase in cost of input materials, fuel and labour expenses incurred in the extended period from July 15, 2010 to February 23, 2014, loss of revenue due to delay in provisional completion certificate from July 15, 2010, to February 23, 2014, overhead cost for the extended in the extended construction period, reimbursement of cost incurred for works executed in Trichy bypass (Km 135.800 to 154.400) on account of deletion of stretch from the purview of the relevant concession agreement, compensation for delay in payment of grant by the respondent, additional cost incurred on account of interest paid at higher rate of interest to lenders due to extended construction period from July 15, 2010 to February 23, 2014. The Claimant has raised a claim for ₹ 11,177.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 210.00 million. The matter is currently pending.

29. 29. M/s MEP Chennai Bypass Toll Road Private Limited has initiated arbitration proceedings against the Sponsor in relation to operation and maintenance of Chennai Bypass section from Km 0.000 to Km 32.600 of NH-4 & 5 in the State of Tamil Nadu on OMT basis. The claims filed by the Claimant were in relation to amount due towards concession fee (up to April 8, 2016), damages for non-completion of project facilities calculated up to April 8, 2016, amount due towards non-fulfilment of condition precedent and damages for non-maintenance of project highway calculated up to April 8, 2016. The Claimant has raised a claim for ₹ 5,033.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 8,704.30 million. The matter is currently pending.

30. M/s Suncon-Soma (JV) has initiated arbitration proceedings against the Sponsor in relation to four lane national highway connectivity to ICTT at Vallarpadam, Cochin, in the State of Kerala (17.200 km). The claims filed by the Claimant were in relation to compensation for additional expenditure incurred for transporting materials through extra distance to the construction sites due to non-handing over of land, payment of price variation/adjustment for utility shifting works, compensation of price variation/adjustment for utility shifting works, compensation payable consequent to prolongation of the contract and for costs of arbitration. The Claimant has raised a claim for ₹ 5,312.00 million. The Sponsor has also filed counter claims against Claimant for ₹ 1,027.30 million. The matter is currently pending.

31. M/s Kurukshetra Expressway Private Limited has initiated arbitration proceedings against the Sponsor in relation to four laning of Rohtak-Bawal section of NH-352 (Old NH-71) from Km 363.300 (Design Km. 363.300) to Km 450.800 (Design Km 445.553) under NHDP-III in the State of Haryana on DBFOT basis. The claims were raised under the terms of the relevant concession agreement. The Claimant has raised a claim for ₹ 9,150.00 million. The matter is currently pending.

32. M/s JSR Mulbagal Tollways Private Limited has initiated arbitration proceedings against the Sponsor in relation to 4-laning of Mulbagal-AP/Karnataka Border Section of NH-75 (Old NH-4) from Km 216.912 to Km 239.100 in the state of Karnataka to be executed on design, build, finance, operate and transfer (DBFOT/BOT) basis in BOT (Toll) mode under NHDP Phase-III. The claims filed by the Claimant are in relation to the amount payable to the Claimant in the event of termination by concessionaire and / or by the authority, the interest on the capital/equity of the concessionaire, loss for underutilization / idle of resources deployed in the way of man power, towards machineries, plant and equipment beyond the date of completion for about 29 months, loss of profit, loss of return envisaged by the concessionaire as a result of default of the authority, amount spent towards the short fall of subsistence revenue, losses due to price escalation, revenue that might have generated by the Claimant through advertisements and loss due COVID-19. The Claimant has raised a claim for ₹ 21,332.50 million. The Sponsor has also filed counter claims against the Claimant for ₹ 119.30 million. The matter is currently pending.

33. The Sponsor has initiated arbitration proceedings against M/s Transstroy Hoskote-Dobbaspet Tollway Private Limited in relation to the four laning of Hoskote-Dobbaspet section of NH-207 from Km 58.300 to Km 138.320 in the State of Karnataka under NHDP, Phase-IV to be executed on DBFOT (Toll) basis. The claims filed by the Sponsor were in relation to damages on account of non-achievement of prescribed milestones, claim and recovery towards escalation in price and additional cost of the project, compensation for loss of goodwill and reputation, special repair to damaged portion of bypass portion of existing road of Hoskote-Dobbaspet section of NH-207 from Km 58+300 to Km 138+320 by a third party, routine maintenance and special repair to existing road of Hoskote – Dobbaspet section of NH-207 other than the bypass portion by M/s. Nikhil Infra Projects Private Limited. The Sponsor has raised a claim for ₹ 35,415.80 million. The right of the Concessionaire/ Respondent to file Counter claims against the Sponsor has been forfeited. The matter is currently pending.

34. M/s Rohtak Panipat Tollway Private Limited has initiated arbitration proceedings against the Sponsor in relation to the four laning of Rohtak-Panipat Section of NH-71A from Km 0.00 (Km 63.300) of NH-10 to Km 80.58 (Km 83.500 of NH-1) in the State of Haryana on DBFOT basis under NHDP Phase-III. The claims filed by the Claimant were raised in terms of the relevant concession agreement. The Claimant has raised a claim for ₹ 11,509.30 million. The matter is currently pending and is under Conciliation.

35. M/s Ranchi Expressway Limited has initiated arbitration proceedings against the Sponsor in relation to the four laning of Ranchi- Rargaon-Jamshedpur Section from Km 114.00 to Km 277.500 of NH-33 in the State of Jharkhand on BOT(Annuity) basis under NHDP Phase-II. The claims filed by the Claimant were in relation to payment towards value of work done, amount payable towards maintenance of existing road, refund of amount expended on interest during construction, compensation payable due to delay in handling over of land, extra expenditure due to escalation of cost of work done, loss incurred due to idling of machinery due to prolongation of project, loss of overheads due to prolongation of project, loss of overheads and profits on value of work done due to illegal termination and claim for amount of revenue loss (loss of annuity). The Claimant has raised a claim for ₹ 89402.50 million. The Sponsor has also filed counter claims against the Claimant for ₹ 2,6281.80 million. The matter is currently pending.

36. M/s Navayuga Bangalooru Tollways Pvt. Ltd. has initiated arbitration proceedings against the Sponsor in relation to the Designing, Engineering, Finance, Construction, Operation and Maintenance of Access controlled highway project namely, the development and the capacity improvement of the existing carriageways from km 10.000 to 29.500, on the Bangalore Nelamangala section of the National Highway No.4 (NH-4) in the State of Karnataka on BOT basis. The claims filed by the Claimant were in relation to Loss of Toll Revenue, Force free run, Change in Law, Loss of Toll Revenue – Non Revision of Toll rates, Termination payment & Compensation, BG Charges, COVID. The Claimant has raised a claim for ₹ 15000.00 million. The Sponsor is yet to file its counter claims against the Claimant. The matter is currently pending.

37. M/s Millennium City Expressways Pvt. Ltd. has initiated arbitration proceedings against the Sponsor in relation to the 8/6 lane highway from Km.14.300 to km. 42.000 at Delhi-Gurgaon section of NH-8 on BOT basis. The claims filed by the Claimant were in relation to the Loss of profit on account of closure of the Km. 24 Toll Plaza (such amount calculated until 24.06.2021), Loss of profit on account of commissioning of the competing/alternate road facilities alternatively, extend Concession Period by a period of ninety four (94) months, Loss of profit suffered due to failure to provide requisite security at the Main Toll Plaza, thereby resulted in loss of toll revenue from the residents of nearby 31 villages, Various works carried out by the Claimant as change of scope, which were over and above the Project Agreements, payment for which remains pending despite the Claimant having already completed such additional works, Compensation/extension due to Demonetization, Compensation/extension due to Pandemic/Covid, On account of additional compliance with the Joint Action Plan that was over and above the Project Agreements. The Claimant has raised a claim for ₹ 24160.00 million. The Sponsor has also filed counter claims against the Claimant for ₹ 10440.00 million. The matter is currently pending.

Material civil matters filed by the Sponsor

38. Essel Walajahpet Poonamalle Toll Road Private Limited has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal). The claims challenged are for compensation for adjusted equity as termination payments, compensation for repayment of the debt borrowed from the lenders/ creditors, compensation for loss of profit payable to EPC contractor, compensation for internal rate of return and mobilisation and de-mobilisation. The amount challenged before the High Court of Delhi is ₹ 6532.90 million. The matter is currently pending

39. The Sponsor has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal) against Oriental Nagpur Betul Highways Limited. The claims challenged are for date of PCOD to be declared as January 7, 2014, and grant bonus of additional 91 days including 9th instalment of annuity payment. The amount challenged before the High Court of Delhi is ₹ 8220.70 million. The matter is currently pending.

40. The Sponsor has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal) against West Haryana Highway Private Limited. The claims challenged are interest due on additional promoter contribution infused in the project, price escalation during the extended period, plant and machinery idling/ rental/rehandling for extended period and interest on plant and machinery idling/rental. The amount challenged before the High Court of Delhi is ₹ 5,478.90 million. The matter is currently pending.

41. The Sponsor has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal) against Gwalior Bypass Project Limited. The claims challenged are claim for interest on delayed release of annuity amount along with interest due to delayed payment of regular annuity, claim for interest on debt after COD till December 31, 2016 and interest incurred on price escalation form PCOD till October 31, 2016. The amount challenged before the High Court of Delhi is ₹ 5,328.10 million. The matter is currently pending.

42. The Sponsor has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal) against Pune Solapur Expressways Pvt. Ltd. The Sponsor has challenged the entire award w.r.t to extension of Concession Period by 928 days vide the petition marked as Diary No. 990741/2022. The amount challenged before the High Court of Delhi is ₹ 224.60 million. The matter is currently pending.

43. The Sponsor has filed a petition before the High Court of Delhi (challenging the award of the arbitral tribunal) against M/s GMR. The Sponsor has challenged the Final Report released by Sole Arbitrator on 28.02.2022 which has determined the loss in terms of Article 41 amounting to ₹ 16722.00 million in favour of the Concessionaire. The petition is marked as FAO (OS) 108/2020 109/2020 110/2020. The matter is currently pending.

Other material litigation

Considering the business and purpose of the Sponsor, it is imperative for the Sponsor to have an effective mechanism for the acquisition of land for building roads. Taking this need of the Sponsor into account, the parliament has enacted the NH Act, a special enactment which overrides the Land Acquisition Act, 1894 in cases where the land is acquired for the purposes of building National Highways. The Parliament has enacted the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, which is applicable to land acquisitions under NH Act with effect from January 1, 2015 (i.e. one year from the date of commencement of the Act, subject to notification by Central Government). The process of acquiring land is a very cumbersome process and it leads to a large number of disputes. At present there are approximately 72,000 land acquisition cases pending before various Courts/Tribunals/Competent Authorities for adjudication.

VI. Litigations involving the Associates of the Sponsor

Except as disclosed below, as on the date of the Annual Report, there are no pending criminal or material litigations or regulatory actions involving the Associates of the Sponsor.

Sr. No	Name of Associate	Number of proceedings outstanding	Amount involved
	Direct Tax		
1.	Paradip Port Road Company Limited	5	7.74
2.	Tuticorin Port Road Company Limited	3	1.97
3.	Vishakhapatnam Port Road Company Limited	3	1.73
4.	Calcatta Haldia Port Road Company Limited	3	-
5.	Mumbai JNPT Port Road Company Limited	2	-
6.	New Mangalore Port Road Company Limited	2	-
7.	Chennai Ennore Port Road Company Limited	1	-
8.	Ahmedabad Vadodara Expressway Company Limited	7	112.14

VII. Litigations involving the Project Manager

There are no pending criminal, regulatory or other material litigations involving the Project Manager as on the date of the Annual Report.

VIII. Litigations involving the Associates of the Project Manager

Please see the section entitled " – *Litigations involving the Associates of the Sponsor*" above.

IX. Litigations involving the Investment Manager

There are no pending criminal, regulatory or other material litigations involving the Investment Manager as on the date of the Annual Report.

X. Litigations involving the Associates of the Investment Manager

As the President of India is the Promoter of the Investment Manager, persons or entities that may be classified as 'associates' of the Investment Manager in terms of Regulation 2(1)(b)(ii) and Regulation 2(1)(b)(iii) of the InvIT Regulations, have not been identified as 'associates' of the Investment Manager. Consequently, information or disclosures required to be included with respect to such persons or entities pursuant to the InvIT Regulations has not been included in the Final Placement Memorandum.

XI. Litigations involving the Trustee

1. Hubtown Limited (the "**Plaintiff**") had filed a case before the High Court of Bombay against the Trustee and its directors (the "**Defendants**") for having informed the bankers of the Plaintiff regarding the defaults committed by the Plaintiff. The Trustee has stated that the Plaintiff is a guarantor for the debt for which the Trustee is acting as a debenture trustee and in case of defaults, the relevant documents authorize the Trustee to share information about such default to CIBIL/RBI and other creditors. The aggregate amount claimed is ₹ 3,000 million. The matter is currently pending in the Court for settlement.

2. SBI Cap Trustee (the "**Plaintiff**") had filed a suit before the City Civil Court, Bangalore against the Trustee and others (the "**Defendants**") requiring sale of pledged shares for a particular price by SREI Fund/Investors, for whom the Trustee was acting as the share pledge trustee. India Competitive Global Fund (ICGC) acting through the SREI Investment Manager had a First & Exclusive Charge over the Pledged shares. At the instructions of the ICGC & SREI Investment Manager had transferred the Pledged shares to their demat account as they has First & Exclusive right over the shares. We as Share Pledge Trustee has acted on the instructions of the Lenders/Investors. ICGC/SREI sold the shares and appropriated the amounts towards their dues and transferred the surplus amount to the Plaintiff. The Plaintiff is acting for a consortium of lenders and has residual interest. The Plaintiff's case is that the ICGC/SREI has appropriated more amount than their dues. The aggregate claim amount is Rs. 1,550.3 million. The Branch Manager of SBI along with their counsel submitted to the Court that they are willing to explore settlement. The Court referred the matter for pre-conciliation efforts. In the afternoon session, our Advocate appeared before the Conciliator. Advocate briefly explained the dispute to the Conciliator. The Plaintiff informed the Conciliator that if Trinity provides the details of the loan transaction and a statement of accounts in relation to the same, this information would help them resolve the dispute quickly. The case was listed on 30.09.2021 for further conciliation. As no representative was present on behalf of the Company, the Court has recorded that there is no settlement between the parties. The case was adjourned to October 27, 2021 for the parties to proceed with the litigation. The case is now revolving around the proving of the dues by ICGC/SREI and appropriation of amounts. We as ITSL had no role in sale of shares, maintenance of books of accounts and appropriation of amounts and transfer of surplus amount. The matter was adjourned to 16.11.2021 for framing of Issues, 23.11.2021 for filing of list of witnesses ICGC, SREI & ITSL, for filing of affidavit of evidence by SBI, 07.12.2021 for cross examination of witnesses of SBI, 14.12.2021 for filing of affidavit of evidence by ICGC/SREI /Trinity/ITSL and 21.12.2021 for cross examination of witnesses of Trinity and ITSL and 07.01.2022 for further orders. We as ITSL has filed an application under Order 1 Rule 10(2) read with Section 151 of the Code of Civil Procedure, 1908 for unsuiting ITSL from the suit and for deleting the name of ITSL from the array of the parties. The matter is now listed on 30.06.2022 for arguments on the application of ITSL for deleting the name of ITSL from the array of the parties. ITSL has no role in sale of shares & appropriation of sale proceeds.

3. Balmer Lawrie and Company Limited and another (the "Plaintiffs") had filed a petition before the Calcutta High Court against the Trustee and certain others (the "Defendants") challenging the validity of the sale transaction of 1,48,20,000 shares in Transafe Services Limited by the Defendant to the Plaintiff. The Plaintiffs have inter alia sought (a) the recovery of consideration received by the Defendants for the allegedly void contract being ₹ 237.12 million and (b) interest at the rate of 18% per annum on the decretal amount. The success of the Petitioner against the Trustee in the instant petition being agitated is remote. The matter is currently pending.

4. Loancore Servicing Solutions Private Limited (the "Petitioner") had filed a Company petition no. 293/59/ND/2019 before the National Company Law Tribunal ("NCLT"), Principal Bench at New Delhi against the Religare Enterprise Limited and others including the Trustee (the "Respondents") alleging that the Respondents sold the shares of the Religare Enterprise Limited under the dominion and control of the Petitioners to Respondent no. 3-5. It is further alleged that the Trustee appropriated the shares and had transferred them to the Respondents nos. 3 to 5. It is furthermore alleged that the pledged shares had been sold to consciously deprive the Petitioner of its rights and to facilitate an illegal takeover of Respondent no. 1 by the Trustee through Respondent no.5 acting in concert. The alleged damages claim amount is ₹ 700 million is against the Respondent nos. 2 to 5. The NCLT has refused to pass any interim orders as asked by the Petitioner. The Petitioners has failed to produce any evidence or otherwise establish that it has any form of contractual privity or other relationship of any manner with the Trustee and therefore has absolutely no locus to make any claims against the Trustee. The success of the Petitioner against the Trustee in the instant petition being agitated is remote. Senior Counsel, Mr. Darpan Wadhwa appearing for Religare has submitted that they have placed on records a forensic report stating that the agreement Loancore has been relying upon is forged. The next date of hearing is 3uly 18, 2022.

5. Future Corporate Resources Limited (FCRL) In the matter of FCRL ESOP Trust, SEBI Adjudicating Officer has passed an order dated the February 3, 2021, on the ground of insider trading against eight persons including FCRL Employees Trust of which ITSL is a trustee. FCRL along with FCRL Employee Welfare Trust has been jointly and severally directed to disgorge an amount of ₹ 2,75,68,650/. ITSL has submitted that ITSL as a trustee has acted on the instructions of the committee and not liable for insider trading and has not gained or received any amount. ITSL and FCRL Employee Welfare Trust are separate. All the said persons have filed an appeal before SAT against the said SEBI Order dated the February 3, 2021. SAT has given the next date of hearing in the month of November on 18.07.2022. The order is against FCRL Employees Trust and not against ITSL. There is no liability against ITSL. The matter is sub-judice.

Infrastructure development is economic development.

RISK FACTORS

Risks related to the structure of the trust

1. The Project SPV and IM Company, being recently incorporated have limited operating history and historical financial information.

   Our inability to successfully operate and manage the Toll Roads or to operate and manage the Toll Roads in an efficient and cost-effective manner could have an adverse effect on our results of operations and our ability to meet our payment obligations under the Units.

2. We must maintain certain investment ratios pursuant to SEBI InvIT Regulations.

   Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have a material, adverse effect on our business, financial condition and results of operations.

3. We may not be able to make distributions to Unitholders or the level of distributions may fall as the Trust's distributions will be based on the cash flows generated from the operations to be undertaken by the underlying Project SPV held by the Trust and not on whether the Trust makes an accounting profit or loss.

   The Trust will substantially rely on the receipt of interest, dividends, and principal repayments (net of applicable taxes and expenses) from the Project SPV in order to make distributions to Unitholders.

4. The regulatory framework governing infrastructure investment trusts in India is untested and the interpretation and enforcement thereof involve uncertainties, which 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 Unitholders.

Risks Relating to Our Business and the Concession Agreements

5. Any payment by the Project SPV, including in the event of the termination of the Concession Agreements, is subject to a mandatory escrow arrangement which restricts its flexibility to utilise the available funds.

6. The Sponsor, whose interests may be different from the other Unitholders, will be able to exercise significant influence over certain activities of the Trust, and under the InvIT Regulations, it has the ability to divest its holdings in the Units three years following the Offer.

   Given the influence that the Sponsor exerts on the Investment Manager, and consequently the operations and credibility of the Trust, any material divestiture by the Sponsor in the Units, or any conflict of interest that it has compared to that of other Unitholders, could have a material adverse impact on our business, financial condition and results of operations.

7. The cost of implementing new technologies for collection of tolls and monitoring our projects in a cost-effective and timely manner could materially and adversely affect our business, financial condition and results of operations.

8. We may face limitations and risks associated with debt financing and refinancing as we are subject to regulatory restrictions in relation to our debt financing and refinancing.

9. Certain actions of the Project SPV could require the prior approval of NHAI, and no assurance can be given that NHAI will approve such actions in a timely manner or at all.

10. The Project SPV's toll-road concessions may be terminated prematurely under certain circumstances.

    The Toll Roads concessions of the Project SPV are our principal assets. We will be unable to continue the operation of a particular road concession without a continuing concession right from the Sponsor, in its capacity as Authority. A concession may be terminated by the Sponsor for certain reasons set forth in the Concession Agreements.

11. Toll collections and Toll Road traffic volumes may be affected by existing or new competing roads and bridges and other modes of transportation, and any improvements to, or construction of, such roads, bridges and other modes of transportation.

12. Our business will be subject to seasonal fluctuations that may affect our cash flows.

13. Toll rates and collections and Toll Road traffic volumes are dependent on factors beyond our control and are subject to significant fluctuations being traffic volume and toll rates.

14. We are subject to risks associated with outbreaks of diseases or similar pandemics or public health threats, such as the novel coronavirus ("COVID-19"), which could have a material adverse impact on our business and our results of operations and financial condition.

15. Leakage of the tolls through toll evasion, fraudulent acts on the part of road users or our toll collection operators, theft, technical faults in our toll collection systems, or unlawful roadway entries or exits by road users to avoid paying the required toll collected on the Toll Roads may adversely affect toll collections.

16. The termination payment due to us upon termination of the Concession Agreements may not adequately compensate us for the actual costs and investments associated with the Toll Roads in a timely manner or at all and thus may not provide us with sufficient funds to repay the Units.

17. Toll collections are affected by applicable toll rates and revisions to such rates and the number of road users subject to such rates.

18. Our revenues under the Transitional Support Agreement are dependent on successful continuation of underlying tolling contracts.

19. The operation of the Toll Roads and the revenues generated from them may be impacted as a result of any capacity augmentation or other works required to be carried out in accordance with the terms of the Concession Agreements or any RFPs floated by the Sponsor.

20. Changes in the policies adopted by governmental entities or in the relationships of any member of the Trust with the Government or State Governments could materially and adversely affect our business, financial performance and results of operations.

21. The Valuation Report, and any underlying reports, are not opinions on the commercial merits of the Trust or the Project SPV, nor are they opinions, expressed or implied, as to the future trading price of the Units or the financial condition of the Trust upon listing, and the valuation contained therein may not be indicative of the true value of the Project SPV's assets.

22. We have referred to the data derived from (i) Technical Consultant Report commissioned from the Technical Consultant, and (ii) Traffic Reports commissioned from the Traffic Consultants which are based on certain bases, estimates and assumptions that are subjective in nature and may not be accurate.

23. Certain provisions of the standard form of Concession Agreements may be untested, and the Concession Agreements may contain certain restrictive terms and conditions which may be subject to varying interpretations.

24. We may be subject to increases in costs, including operation and maintenance costs, which we cannot recover by increasing toll fees under the Concession Agreements.

25. Leakage of the toll fees on the Project SPV's roads may materially and adversely affect our revenues and financial condition.

26. We will depend on certain directors, executive officers and key employees of the Investment Manager, the Project Manager and the Project SPV, and such entities may be unable to appoint, retain such personnel or to replace them with similarly qualified personnel, which could have a material, adverse effect on the business, financial condition, results of operations and prospects of the Trust.

27. There can be no assurance that we will be able to successfully undertake future acquisitions of road assets or efficiently manage the infrastructure road assets we have acquired or may acquire in the future.

28. The Project SPV may not be able to comply with its maintenance obligations under the Concession Agreements, which may result in the termination of the Concession Agreements, the suspension of the Project SPV's rights to collect tolls or the requirement that the Project SPV pay compensation or damages to the Sponsor.

29. The insurance policies for the InvIT Assets may turn out to be inadequate when claims are actually lodged.

30. The Sponsor and the Trustee may be get involved in legal and other proceedings, which may not be decided in their favour.

31. We do not own the "NHAI" trademark, logo and our ability to use the trademark and logo may be impaired.

32. We will depend on NHAI and various third parties to undertake certain activities in relation to the operation and maintenance of the InvIT Assets. Any delay, default or unsatisfactory performance by these third parties could materially and adversely affect our ability to effectively operate or maintain the InvIT Assets.

33. The Project SPV may be held liable for the payment of wages to the contract labourers engaged indirectly in our operations.

34. Significant differences exist between Indian GAAS used to prepare the Sponsor's Audited Financial Information and other accounting principles, such as Ind-As and IFRS, with which investors may be more familiar.

Risks Related to the Trust's Relationships with the Sponsor and the Investment Manager

35. The Investment Manager may not be able to implement its investment or corporate strategies and the Project Manager may not be able to effectually carry out its responsibilities.

36. While the Sponsor had communicated its intention of transferring around 1500 km of roads, the Trust may be unable to bid effectively for them.

37. Parties to the Trust are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. The Trust 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 Trust.

38. The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust. There can be no assurance that the Investment Manager will be able to comply with such requirements.

39. Our Investment Manager is wholly-owned and controlled by the GoI, which makes us susceptible to changes to its policies.

40. The InvIT Regulations allow for sponsors of listed InvITs 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 Trust.

Risks related to India

41. Changing laws, rules and regulations and legal uncertainties may materially and adversely affect our business, financial condition and results of operations.

42. Significant increases in the price or shortages in the supply of crude oil and products derived therefrom, including petrol and diesel fuel, could materially and adversely affect the volume of traffic at the projects operated by the Project SPV and the Indian economy in general, including the infrastructure sector.

43. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could materially and adversely affect our business.

44. Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.

45. Compliance with the European Union Directive on Alternative Investment Fund Managers may increase administrative and regulatory burdens on the Investment Manager and the Trust.

46. Unitholders may not be able to enforce a judgment of a foreign court against the Trust or the Investment Manager

Risks Related to Ownership of the Units

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

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

49. Any additional debt financing or issuance of additional Units may have a material, adverse effect on the Trust's distributions, and your ability to participate in future rights offerings may be limited.

    The Investment Manager may require additional debt financing or the issuance of additional Units in order to support the operating business or to make acquisitions and investments. If obtained, any such additional debt financing may decrease distributable income, and any issuance of additional Units may dilute existing Unitholders' entitlement to distributions.

    We are not required to offer pre-emptive rights to existing Unitholders when issuing new Units. Compliance with securities laws or other regulatory provisions in some jurisdictions may prevent certain investors from participating in any future rights issuances and thereby result in dilution of their existing holdings in Units.

50. The Trust may be unable to dispose of its non-performing assets in a timely manner.

51. Fluctuations in the exchange rate of the Indian Rupee with respect to the U.S. Dollar or other currencies will affect the foreign currency equivalent of the value of the Units and any distributions.

52. Unitholders are unable to require the redemption of their Units.

53. The Units may not be actively traded on the Stock Exchanges and may not offer adequate liquidity for the Unitholders.

54. Any future issuance of Units by us or sales of Units by the Sponsor or any of other significant Unitholders may materially and adversely affect the trading price of the Units.

55. Our rights and the rights of the Unitholders to recover claims against the Investment Manager or the Trustee are limited.

56. 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.

57. The price of the Units may fluctuate with the market conditions and other factors.

Risks Related to Tax

58. Unitholders should consider the impact of U.S. Foreign Account Tax Compliance Act withholding.

59. The Trust may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. holders of Units to significant adverse tax consequences.

60. Some of the roads assets we acquire could enjoy certain benefits under Section 80-IA of the Income Tax Act and any change in these tax benefits applicable to us may materially and adversely affect our results of operations.

61. Tax laws are subject to changes and differing interpretations, which may materially and adversely affect our operations.

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

63. The Ministry of Finance, GoI, has constituted a task force to draft new direct tax legislation, the provisions of which may have an unfavourable implication for us.

64. Investors may be subject to Indian taxes arising out of capital gains on the sale of Units and on any dividend or interest component of any returns from the Units.

Our vision is not just of economic growth, but also of a growth which would improve the life of the common man.

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of National Highways Infra Trust

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of National Highways Infra Trust ("the InvIT" or "the Trust"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Unitholder's Equity and the Statement of Cash Flows for the year then ended, the Statement of Net Assets at fair value as at 31 March 2022, the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ("NDCFs") for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "SEBI InvIT Regulations") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards as defined in rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI InvIT Regulations, of the state of affairs of the Trust as at 31 March 2022, its profit including other comprehensive income, its cash flows, its statement of changes in Unitholder's equity for the year ended 31 March 2022, its net assets at fair value as at 31 March 2022, its total returns at fair value and the net distributable cash flows of the Trust for the year ended 31 March 2022.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India. 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 Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the SEBI InvIT Regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2022. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Assessment of Impairment of Investment made in and Loans given to the subsidiary company, National Highways Infra Projects Private Limited ("NHIPPL")

Key Audit Matters	Auditor's Response
Management is required to review regularly whether there are any indicators of impairment of such investments/ loans by reference to the requirements under Ind AS and perform its impairment assessment by comparing the carrying value of these investments made/ loans given to their recoverable amount to determine whether impairment needs to be recognized.	Our Audit Procedures included the following :- - Independent assessment of the future cash flows in NHIPPL and assessing the appropriateness of the future cash flows estimated. In making this assessment, we also evaluated the objectivity, independence and competency of specialists involved in the process;
For impairment testing, value in use has to be determined by forecasting and discounting future cash flows of subsidiary company. Further, the value in use is highly sensitive to changes in critical variable used for forecasting the future cash flows including traffic projections for revenues and discounting rates. The determination of the recoverable amount from subsidiary company involves management estimates and judgment which may affect the outcome.	- Assessing the assumptions around the key drivers of the revenue projections, future cash flow, discount rates / weighted average cost of capital that were used by the management - Assessment of Loan Life Ratio given in Audited Financials of subsidiary - Management evaluation of recoverability of loans and granted to its subsidiary
So, there is an inherent risk in the valuation of investment/ recoverability of loans, due to the use of estimates and judgements mentioned above and	- Test the arithmetical accuracy
Accordingly, the assessment of impairment of investment/loans in subsidiary company has been determined as a key audit matter.	
Refer Note 2.6 for the accounting policy on Impairment of Investments & Note 30 relating to Disclosure pursuant to Ind AS 36 "Impairment of Assets" in Standalone Financials as at 31 March 2022. Also Refer Note 2.8 for the Accounting policy on Financial asset & Note 37 relating to Expected Credit Loss on Financial Assets in the Standalone Financials as at 31 March 2022.	

2. Computation and disclosures as prescribed in the SEBI InvIT regulations relating to Statement of Net Assets at Fair Value and Total Returns at Fair Value

Key Audit Matters	Auditor's Response
As per SEBI InvIT regulations, the Trust is required to disclose statement of net assets at fair value and statement of total returns at fair value. The fair value is determined by forecasting and discounting future cash flows from the operations of the investee entities which involves management estimates and judgement. These estimates and judgements include discounting rates, Tax rates and inflation rates which are considered for computing the fair value. There is an inherent risk in the computation of fair value due to the use of estimates and judgements mentioned above. Therefore, computation and disclosures of statement of net assets at fair value and statement of total returns at fair value is considered as a Key Audit Matter. Refer statement of net assets at fair value and Statement of total returns at fair value in the standalone financial statements.	Our Audit Procedures included the following :- - Obtained the understanding of the requirements of SEBI InvIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. - Obtained Management representation in this respect as Management has considered fair value equal to the book value of Net Assets - Tested the arithmetical accuracy of computation in the statement of net assets and total returns at fair value. - Ensured that disclosures is in compliance with SEBI InvIT regulations relating to the statement of net assets at fair value and the statement of total returns at fair value.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Board of Directors of Investment Manager is responsible for the other information. The other information comprises the information included in the Report of Investment Manager including annexures to Investment Manager's Report and other information as required to be given by SEBI InvIT Regulations, but does not include the standalone financial statements and our report thereon.

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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

RESPONSIBILITIES OF THE BOARD OF DIRECTORS OF INVESTMENT MANAGER FOR THE STANDALONE FINANCIAL STATEMENTS

The Board of Directors of Investment Manager is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position as at 31 March 2022, financial performance including other comprehensive income, cash flows and the movement of the Unitholder's equity for the year ended 31 March 2022, the net assets at fair value as at 31 March 2022, the total returns at fair value and the net distributable cash flows of the Trust for the year ended 31 March 2022, in accordance with the requirements of the SEBI InvIT Regulations, Indian Accounting Standards as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI InvIT Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the SEBI InvIT Regulations 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls for ensuring the accuracy and completeness of 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 and error.

In preparing the standalone financial statements, the Board of Directors is 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 intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of Investment Manager are also responsible for overseeing the Trust's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance 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 SAs 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.

As part of an audit in accordance with SAs, we exercise professional judgment 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 the effectiveness of the Trust's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Investment Manager.

- Conclude on the appropriateness of the 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.

- 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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.

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 for the financial year ended 31 March, 2022 and are therefore the key audit matters. We describe these matters in our 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit and as required by SEBI InvIT 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 purposes of our audit;

b) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income/(Loss), the Standalone Statement of Cash Flows, Statement of Changes in Unitholder's Equity, the Statement of Net Assets at fair value, the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows dealt with by this Report are in agreement with the books of account of the Trust;

c) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, to the extent not inconsistent with SEBI InvIT regulations.

For A. R. & Co.
Chartered Accountants
FRN. 002744C

Sd-/
CA Naresh Kumar Karn
Partner
Membership No: 077887

Place: New Delhi
Date: 23.05.2022

Building smarter infrastructure.

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note	As At 31 March, 2022	As At 31 March, 2021
ASSETS			
1) Non - Current Assets			
(a) Financial Assets			
(i) Investments	3	1,39,553.52	–
(ii) Loans	4	5,78,386.20	–
(iii) Other Financial Assets	5	3,170.81	–
2) Current Assets			
(a) Financial Assets			
(i) Investments	6	992.16	–
(ii) Cash and Cash Equivalents	7	4,801.17	–
(iii) Loans	8	27,253.80	–
(iv) Other Financial Assets	9	10,656.50	0.10
(b) Other Current Assets	10	12.46	–
TOTAL ASSETS		**7,64,826.63**	**0.10**
EQUITY AND LIABILITIES			
EQUITY			
1) Unit Capital	11	6,01,152.00	–
2) Initial Settlement Amount		0.10	0.10
3) Other Equity	12	16,415.14	(67.90)
LIABILITIES			
1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	1,45,556.94	–
(b) Deferred Tax liabilities	14	3.16	–

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note	As At 31 March, 2022	As At 31 March, 2021
2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	980.86	—
(ii) Trade Payables	16		
(a) Total Outstanding, dues of micro and small enterprises		—	—
(b) Total outstanding, dues of creditors other than micro and small enterprises		313.29	—
(iii) Other Financial Liabilities	17	143.56	67.84
(b) Other Current Liabilities	18	99.80	0.07
(c) Current Tax Liabilities (Net)	19	161.77	-
TOTAL EQUITY & LIABILITIES		**7,64,826.63**	**0.10**

Significant Accounting Policies 1-2
The accompanying notes form an integral part of these financial statements 3-46
This is the Balance Sheet referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

For and on behalf of the National Highways Infra Investment Managers Private Limited (Investment Manager of National Highways Infra Trust)

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Date: 23.05.2022
Place: New Delhi

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note	As At 31 March, 2022	As At 31 March, 2021
INCOME			
Revenue from Operations	20	22,843.13	—
Other Income	21	993.74	—
Total Income		**23,836.87**	—
EXPENSES			
Investment Manger Fees		1,931.71	—
Trustee Fees		3.73	4.21
Finance Charges	22	3,154.43	—
Other Expenses	23	115.25	63.69
Total Expenses		**5,205.13**	**67.90**
Profit/(Loss) before Exceptional Items and Tax		**18,631.74**	**(67.90)**
Exceptional Items (net)		—	
Profit / (Loss) before Tax		**18,631.74**	**(67.90)**
Tax Expenses	24		
Current Tax		436.36	—
Deferred Tax expense/(credit)		3.16	
Total Tax		**439.52**	—
Profit/ (loss) for the period		**18,192.23**	**(67.90)**

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note	As At 31 March, 2022	As At 31 March, 2021
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss		–	–
Items that will be reclassified to Profit and Loss		–	–
		–	–
Total Comprehensive Income for the period		**18,192.23**	**(67.90)**
Earnings per Unit			
Basic	25	3.06	–
Diluted	25	3.06	–

Significant Accounting Policies 1-2
The accompanying notes form an integral part of these financial statements 3-46
This is the Statement of Profit and Loss referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

For and on behalf of the National Highways Infra Investment Managers Private Limited (Investment Manager of National Highways Infra Trust)

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Date: 23.05.2022
Place: New Delhi

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

	Particulars	As At 31 March, 2022	As At 31 March, 2021
A.	**OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before Tax	18,631.74	–
	Adjustments to Reconcile Profit Before Tax to Net Cash Flows:		–
	Finance Cost (net)	3,154.43	–
	Loss / (Gain) on Fair Valuation of Investments	(7.38)	–
	Interest Accrued on Bank FDR	(5.86)	–
	Interest on Long Term Loan given	(22,843.13)	–
	Loss / (Gain) on disposal/ write off of Investments	(661.83)	–
	Operating Profit/(Loss) before Working Capital Changes	**(1,732.03)**	–
	Working Capital Adjustments		
	Decrease / (Increase) in Other Non Current Financial Assets	(3,170.81)	–
	Decrease / (Increase) in Other Current Financial Assets	0.59	–
	Decrease / (Increase) in Other Current Assets	(12.46)	–
	Increase / (Decrease) in Trade & Other Payables	(146.87)	–
	Increase / (Decrease) in Other Financial Liabilities	75.72	–
	Increase / (Decrease) in Other Current Liabilities	97.66	–
	Increase / (Decrease) in Current Tax Liabilities	(0.59)	–
		(4,888.79)	**–**
	Income Tax paid	(274.00)	–
	Net Cash Flows from/(used in) Operating Activities	**(5,162.79)**	
B.	**INVESTING ACTIVITIES**		
	Long Term Loans given	(6,05,640.00)	–
	Purchase of Non Current Investments	(1,29,401.52)	–
	Sale of non current Investments	-	–
	Purchase of Current Investments	(5,91,320.00)	–
	Sale of Current Investments	5,90,997.05	–
	Income from Sale of MF	-	–
	Interest Received from Bank	-	–
	Interest received on Long Term Loan given	12,192.00	–
	Net Cash Flows from (used in) Investing Activities	**(7,23,172.47)**	

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

	Particulars	As At 31 March, 2022	As At 31 March, 2021
	Sale of Current Investments	5,90,997.05	
	Income from Sale of MF	—	—
	Interest Received from Bank	—	—
	Interest received on Long Term Loan given	12,192.00	—
	Net Cash Flows from (used in) Investing Activities	**(7,23,172.47)**	**—**
C.	**FINANCING ACTIVITIES**		
	Proceeds from Issue of Unit Capital	5,91,000.00	—
	One Time Expense paid	(1,364.94)	—
	Proceeds from Long Term Borrowings (net of processing fees)	1,47,646.00	—
	Repayment of Long Term Borrowings	(1,001.59)	—
	Finance Costs Paid	(3,143.04)	—
	Net Cash Flows From/ (used in) Financing Activities	7,33,136.43	—
	Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	**4,801.17**	**—**
	Cash and Cash Equivalents at the Beginning of the Year	-	—
	Cash and Cash Equivalents at the end of the Year	**4,801.17**	**—**

This is the Cash Flow Statement referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

For and on behalf of the National Highways Infra Investment Managers Private Limited
(Investment Manager of National Highways Infra Trust)

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Date: 23.05.2022
Place: New Delhi

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. INITIAL SETTLEMENT AMOUNT *

(All amounts in ₹ lakh unless otherwise stated)

Balance as at 1st April 2020	Changes in Initial Settlement Amount during the year	Changes in Initial Settlement Amount due to prior period errors	Balance as at 31st March, 2021	Changes in Initial Settlement Amount during the year	Changes in Initial Settlement Amount due to prior period errors	Balance as at 31st March, 2022
—	0.10	—	0.10	—	—	0.10
—	**0.10**	**—**	**0.10**	**—**	**—**	**0.10**

B. UNIT CAPITAL *

(All amounts in ₹ lakh unless otherwise stated)

Balance as at 1st April 2020	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2021	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2022
—	—	—	—	6,01,152.00	—	6,01,152.00
—	**—**	**—**	**—**	**6,01,152.00**	**—**	**6,01,152.00**

C. OTHER EQUITY **

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Reserves and Surplus	Items of Other Comprehensive Income		Total
		Items that will not be reclassified to profit or loss	Items that will be reclassified to profit or loss	
	Retained Earnings	Remeasurement of Defined Benefit Obligation/ Plan	Fair Value Gain on Preference Shares	
Balance as at 1st April 2020	—	—	—	—
Profit/ (Loss) for the year	(67.90)	—	—	(67.90)
Balance as at 31st March, 2021	**(67.90)**	**—**	**—**	**(67.90)**
Profit/ (Loss) for the year	**18,192.23**	**—**	**—**	**18,192.23**
One time unit issue expenses	1,709.18	**—**	**—**	1,709.18
	16,415.14	**—**	**—**	**16,415.14**

* Refer Note No. 11
** Refer Note No. 12

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

For and on behalf of the National Highways Infra Investment Managers Private Limited
(Investment Manager of National Highways Infra Trust)

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Date: 23.05.2022
Place: New Delhi

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

Disclosures pursuant to SEBI circulars (SEBI Master Circular No. CIRSEBI/HO/DDHS_Div3/P/CIR/2021/1673 dated 29 November 2021 issued under the InvIT regulations)

STANDALONE STATEMENT OF NET ASSETS AT FAIR VALUE (All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022		As At 31st March, 2021	
	Book value	Fair value^	Book value	Fair value^
A. Assets	7,64,827	7,64,827	—	—
B. Liabilities (at book value)	1,47,259	1,47,259	—	—
C. Net assets (A-B)	**6,17,567**	**6,17,567**	**—**	**—**
D. No of units	59,52,00,000	59,52,00,000	—	—
E. NAV (C/D)	**103.76**	**103.76**	**—**	**—**

^Fair values of total assets relating to the Trust as at 31 March, 2022 as disclosed above are based on the best estimates of the management.

STANDALONE STATEMENT OF TOTAL RETURN AT FAIR VALUE: (All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2021	
	Book value	Fair value^
Total comprehensive income for the year/period (As per the Standalone Statement of Profit and Loss)	18,192.23	(67.90)
Add: Other changes in fair value for the year *	—	—
Total return	**18,192.23**	**(67.90)**

* In the above statement, other changes in fair value for the year ended 31 March, 2022 have been computed based on best estimates of the management.

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.

NATIONAL HIGHWAYS INFRA TRUST

Disclosures pursuant to SEBI circulars (SEBI Master Circular No. CIRSEBI/HO/DDHS_Div3/P/CIR/2021/1673 dated 29 November 2021 issued under the InvIT regulations)

STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (All amounts in ₹ lakh unless otherwise stated)

Sr. No.	Particulars	As On March 31, 2022	As On March 31, 2021
1	**Profit after tax as per Statement of profit and loss/ income and expenditure (standalone) (A)**	**18,192.23**	—
2	**Add:** Depreciation and amortization as per statement of profit and loss account. Incase of Impairment reversal, same needs to be deducted from profit and loss.	—	—
3	**Add/Less:** Loss/gain on sale of infrastructure assets	—	—
4	**Add:** Proceeds from sale of infrastructure assets adjusted for the following: related debts settled or due to be settled from sale proceeds; directly attributable transaction costs; proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT regulations"	—	—
5	**Add:** Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit/ (loss) recognised in profit and loss account	—	N.A.
6	**Add/ Less:** Any other item of non- cash expense/ non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager. For example, any decrease/ increase in carrying amount of an asset or a liability recognised in profit and loss /income and expenditure on measurement of the asset or the liability at fair value; Interest cost as per effective interest rate method, deferred tax lease rents recognised on a straight line basis, etc."	(8,233.88)	N.A.
7	**Less:** Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(5,204.50)	N.A.
8	**Total Adjustment (B)**	**(13,438.39)**	—
9	**Net Distributable Cash Flows (C) = (A+B)**	**4,753.84**	—

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2022

1. TRUST INFORMATION AND NATURE OF OPERATIONS

National Highway Infra Trust ("Trust" or "InvIT") is an irrevocable trust registered under the provisions of the Indian Trusts Act, 1882 on October 19, 2020. It is registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 on October 28, 2020 having registration number IN/InvIT/20-21/0014.

The Trust was setup by National Highways Authority of India ("NHAI" or the "Sponsor"). The Trustee to the Trust is IDBI Trusteeship Services Limited (the "Trustee") and Investment Manager for the Trust is National Highways Infra Investment Managers Private Limited ("Investment Manager").

The Trust has been formed to invest in infrastructure assets primarily being in the road sector in India. The Trust's road projects are implemented and held through special purpose vehicles ("Project SPVs"/ "Subsidiaries"). The units of the Trust were listed in Bombay Stock Exchange and National Stock Exchange on November 10, 2021.

During the year ended March 31, 2022, the Trust acquired 100% equity control in National Highway Infra Projects Private Limited (the "Project SPV") from the Sponsor with effect from November 03, 2021. During the year ended 31.03.2021, the project SPV entered into five Concession Agreements for 30 years with the Sponsor (National Highways Authority of India – NHAI) on Toll, Operate and Transfer ('TOT') basis.

The registered office of the Investment Manager is G-5 & 6, Setor-10, Dwarka, Delhi - 110075.

The financial statements were authorised for issue in accordance with resolution passed by the board of directors of the Investment Manager on May 23, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The standalone financial statements of the Trust have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended and the circulars issued thereunder ("SEBI InvIT Regulations") and other accounting principles generally accepted in India.

Accordingly, the Trust has prepared these Standalone Financial Statements comprising of the Balance Sheet as on March 31, 2022, the Statement of Profit and Loss for the year ended on March 31, 2022, the Statement of Cash Flows for the year ended on March 31, 2022, the Statement of Changes of Equity for the year ended on March 31, 2022 and Notes to Accounts (together hereinafter referred to as "Standalone Financial Statements").

These Financial Statements have been prepared on accrual basis and under the historical cost convention, except certain financial assets and liabilities which have been measured at Fair Value. Accounting policies have been consistently applied, except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use. Further, these standalone financial statements have been prepared on a going concern basis.

The financial statements are presented in Indian Rupees (INR) which is the Trust's functional and presentation currency and all amounts are rounded to the nearest Lakh (` 00,000) and two decimals thereof, except as otherwise stated.

2.2 Use of Judgement and Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles in India, and requires the Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Investment Manager's best knowledge of current events and actions, actual results could differ from these estimates.

Current versus non-current classification

The Trust presents Assets and Liabilities in the Balance Sheet based on the Current or Non–Current classification, An asset has been classified as Current if,

(a) It is expected to be realized in, or is intended for sale or consumption in, the Trust's normal operating cycle; or
(b) It is held primarily for the purpose of being traded; or
(c) It is expected to be realized within twelve months after the reporting date; or
(d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as Non–Current.

A liability has been classified as Current when,

(a) It is expected to be settled in the Trust's normal operating cycle; or
(b) It is held primarily for the purpose of being traded; or
(c) It is due to be settled within twelve months after the reporting date; or
(d) the Trust does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities have been classified as Non–Current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Trust has identified twelve months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Revenue Recognition

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. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised:

Interest income - Interest is recognised on time proportion basis taking into account the amount outstanding and the rates applicable. For all Debt instruments measured either at Amortized Cost or Fair Value through Other Comprehensive Income, interest income is recorded using EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends - Dividend income is recognised when the Trust's right to receive the payment is established, which is generally when shareholders approve the dividend.

Fair value gains on current investments carried at fair value are included in other income.

Claims with National Highways Authority of India ('NHAI') and other government authorities are accounted as and when the money is received from the respective authorities, in cases of monetary compensations.

Other items - Other items of income are recognised as and when the right to receive the income arises.

2.4 Financial Instruments

Financial assets and/or financial liabilities are recognised when the Trust becomes party to a contract embodying the related financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset and a financial liability are offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset. Trade receivables and trade payables that do not contain a significant financing component are initially measured at their transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories;

>> At amortised cost
>> At fair value through profit or loss (FVTPL)
>> At fair value through other comprehensive income (FVOCI)

Financial Assets at amortised cost

A financial asset is classified and subsequently measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) 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.

This category is the most relevant to the Trust. All the Loans and other receivables under financial assets (except Investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Investments in equity instruments of Subsidiaries are recognised at original cost in accordance with Ind AS 27. Impairment testing of Investment in subsidiary that are accounted for at cost as per Ind AS 27 are within scope of Ind AS 36 Impairment of Assets. Any impairment in value of investment in equity investments in Subsidiaries is recognised in the Statement of Profit and Loss.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is classified and subsequently measured at FVTOCI if both of the following criteria are met:

a) The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

Investment in Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Trust recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Assets at Fair Value through Profit and Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. The Trust measures its investments which are classified as equity instruments (other than investment in shares of Subsidiaries, Joint Ventures and Associates) at fair value through profit and loss account.

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Trust may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Trust has not designated any debt instrument as at FVTPL.

The Trust has investment in debt oriented mutual funds which are held for trading, and the same are classified as at FVTPL. The Trust makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. The gain/ loss on sale of investments is recognised in the Statement of Profit and Loss.

Reclassification of Financial Assets

The Trust determines classification of financial assets on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Investment Manager of the Trust determines change in the business model as a result of external or internal changes which are significant to the Trust's operations. Such changes are evident to external parties. A change in the business model occurs when the Trust either begins or ceases to perform an activity that is significant to its operations.

If the Trust reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Trust does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortized Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and loss.
FTVPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount.
Amortized Cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in other comprehensive income. No Change in EIR due to reclassification.
FVOCI	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. However cumulative gain or loss in other comprehensive income is adjusted against Fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FTVPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FTVPL	Assets continue to be measured fair value. Cumulative gain or loss previously recognized in other comprehensive income is reclassified to statement of profit and loss at the reclassification date.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of Trust's similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the trust has transferred substantially all the risks and rewards of the asset, or (b) the trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the trust continues to recognise the transferred asset to the extent of the trust's continuing involvement. In that case, the trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the trust could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include trade and other payables, loans and borrowings etc.

Subsequent measurement

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to statement of profit and loss. However, the Trust may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Trust has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Trust. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings and security deposits received.

Derecognition

A financial liability is derecognised 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 derecognition 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 or loss.

Offsetting financial instrument

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.5 Fair Value measurement

The Trust measures financial instruments at fair value at each financial statement 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:
i) In the principal market for the asset or liability, or
ii) 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Trust determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Trust analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed 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 Trust also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the Board of Directors of the Investment Manager presents the valuation results to the Audit Committee and the Trust's independent auditors. This includes a discussion of the major assumptions used in the valuations. 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 summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.6 Investment in subsidiaries

Investments (equity instruments) in subsidiaries are carried at cost less accumulated impairment losses, if any, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for as Non-current assets held for sale and discontinued operations. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and carrying amounts are recognised in the Statement of Profit and Loss.

2.7 Cash and Cash Equivalents

Cash and cash equivalents 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. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Trust's cash management.

2.8 Impairment of Assets

Impairment of Financial Assets

All financial assets except for those designated at FVTPL are subject to review for impairment at least each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired. 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 amortized cost.

For recognition of impairment loss on other financial assets and risk exposure, the trust determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.
ECL is the difference between all contractual cash flows that are due to the trust in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

When estimating the cash flows, an entity is required to consider:

- >> All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- >> Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

Impairment of Non- Financial Assets

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 Trust's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre—tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses of continuing operations are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the trust estimates the asset's CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Borrowing Costs

Borrowing Cost consist of interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

All other borrowing costs are charged to the Statement of Profit and Loss in the period they occur. In case of significant Long term loans, other costs incurred in connection with the borrowing of funds are amortized over the period of respective Loan. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.10 Foreign currency transactions

The Trust's financial statements are presented in INR, which is Trust's functional currency.

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions between the functional currency and the foreign currency.

Monetary foreign currency assets and liabilities remaining unsettled at the Financial Statement date are translated at the rates of exchange prevailing on that date.

Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Non - Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and Non - Monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

The gain or loss arising on translation of Non-Monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or Profit and Loss respectively).

2.11 Taxes on income

Tax expense comprises of Current and Deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax items are recognised 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 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 and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised. 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 utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or 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 entity and the same taxation authority.

2.12 Provisions, Contingent Liabilities, Contingent Assets and Capital Commitments

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Trust or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent Liabilities are reviewed at each reporting date. The Trust does not recognize a contingent liability in the books of accounts, however discloses its existence in the financial statements in the notes to accounts.

Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity.
Contingent assets are recognized when the realisation of income is virtually certain, in which case the related asset is not a contingent asset and its recognition is appropriate.
Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:
>> Estimated amount of contracts remaining to be executed on capital account and not provided for;
>> Funding related commitment to subsidiary companies; and
>> Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to services to be rendered / procurements made in the normal course of business are not disclosed to avoid excessive details.

2.13 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

>> Changes during the period in operating receivables and payables, transactions of a non-cash nature;
>> Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses;
>> All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.14 Assets held for sale

Non-current assets or disposal trusts comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
Subsequently, such non-current assets and disposal trusts classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

2.15 Unit Capital

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in Other Equity, net of tax.

2.16 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 InvIT 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.

2.17 Earnings per Unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the period attributable to unitholders by the weighted average number of units outstanding during the period.

Diluted EPU amounts are calculated by dividing the profit/(loss) attributable to unitholders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

Standalone summary of significant accounting policies and other explanatory information

3. Investments: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Investment in Equity Instruments		
Subsidiary company		
Investment in Equity Shares of Project SPV (NHIPPL) (1,29,41,00,000 no.s of fully paid up equity shares of Face Value Rs. 10 each)	**1,39,553.52**	—
Total	**1,39,553.52**	—

4. Loans: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Unsecured, Considered good:		
To Related Parties		
Loan to Project SPV (NHIPPL)	6,05,640.00	—
(Maximum amount outstanding during the year: Rs. 6,05,640; PY: NIL)		
	6,05,640.00	
Less: Current portion of Non Current Loans (Refer Note 8)	27,253.80	—
Total	**5,78,386.20**	—

Details of loans and advances in the nature of loans to subsidiaries/associates (including interest receivable):

The Trust has granted long term loan amounting to INR 6,056.40 Crore at the rate of 12.70% p.a. to subsidiary company (NHIPPL) via Facility Agreement dated 29.09.2021 for financial assistance to be utilized for the purposes and terms and conditions as mentioned in the Concession Agreement between NHAI and NHIPPL. The loan was disbursed on 14.12.2021 and is repayable on quarterly basis over 102 quarterly instalments of Principal and Interest up to 31st March 2047.

5. Other Financial Assets: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Investment in Fixed Deposits		
Fixed Deposits with banks*	3,170.81	—
Total	**3,170.81**	—

* The Fixed Deposits are earmarked for Debt Servicing Reserve Account (DSRA), to be utilized at the end of tenure of long term borrowings from Senior Lenders, hence classified as Other Financial Assets- Non Current irrespective of date of maturity.

Standalone summary of significant accounting policies and other explanatory information

6. Investments: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
In Mutual Funds - Quoted at FVTPL		
"Overnight Mutual Funds (28,664.02 units @ NAV of Rs. 3,461.3538 per unit)"	992.16	—
Total	**992.16**	—

7. Cash and Cash Equivalents

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Cash & Cash Equivalents		
Balances with Banks		
In Current Accounts	416.08	—
In Escrow Account	35.09	—
"Fixed Deposits (having original maturity of less than 3 months)"	**4,350.00**	—
	4,801.17	—

8. Loans: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Unsecured, Considered good		
To Related Parties		
Current Maturities of Loan to Project SPV (NHIPPL) (Refer Note 4)	27,253.80	—
Total	**27,253.80**	—

9. Other Financial Assets: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest receivable on long term loans	10,651.13	-
Interest receivable on investment in Fixed Deposits	5.28	-
Others Financial Assets	0.10	0.10
Total	**10,656.50**	**0.10**

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

10. Other Current Assets

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Prepaid Expenses	12.46	—
Total	**12.46**	**—**

11. Unit Capital*

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022		As At 31st March, 2021	
	No of Units	Amount	No of Units	Amount
Unit Capital	59,52,00,000	6,01,152.00		

Rights/ preferences and restrictions attached to Unit Capital

Subject to the provisions of the InvIT Regulations, the indenture of funds, 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 the units held by that unitholder to the total number of units.
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 unit holders of the Trust.
d) Right to vote upon any matters/resolutions proposed in relation to the Trust.
e) Right to receive periodic information having a bearing on the operation or performance of the Trust in accordance with the InvIT Regulations.
f) Right to apply to the Trust to take up certain issues at meetings for unit holders approval.
g) Right to receive additional information, if any, in accordance with InvIT documents filed with Placement Memorandum.
h) The non-sponsor unit holders ("Eligible Persons") of the Trust are entitled to representation on the Board of Directors of the Investment Manager through appointment of up to two (2) directors ("Non-Sponsor Directors"), provided that no Eligible Person shall have the right to nominate more than one Director at a time for appointment on the Board of Directors.

In accordance with the InvIT Regulations, no unit holders shall enjoy superior voting or any other rights over any other unit holders, and there shall not be multiple classes of units. There shall be only one denomination of units. Not withstanding the above, subordinate units may be issued only to the Sponsor and its Associates, where such subordinate units shall carry only inferior voting or any other rights compare to the other units.

Under the provisions of the InvIT Regulations, not less than ninety percent of the net distributable cash flows of the Trust is required to be distributed to the unitholders, and in accordance with such statutory obligation the Trust has formulated a distribution policy to declare and distribute the distributable cash flows to its unitholders once every quarter of a financial year as approved by the Board of Directors of the Investment Manager. 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 represent repayment of proportionate capital and share of profit.

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

Limitation to the Liability of the unit holders

The liability of each unit holders towards the payment of any amount (that may arise in relation to the Trust including any taxes, duties, fines, levies, liabilities, costs or expenses) shall be limited only to the extent of the capital contribution of such unit holders and after such capital contribution shall have been paid in full by the unit holders, the unit holders shall not be obligated to make any further payments.

The unit holders shall not have any personal liability or obligation with respect to the Trust.

DETAILS OF UNITHOLDERS HOLDING MORE THAN 5% UNITS IN THE TRUST

Name of Unitholders	As At 31st March, 2022		As At 31st March, 2021	
	No of Units	%	No of Units	%
Ontario Limited	14,88,00,000	25.00%	—	—
CPP Investment Board Private Holdings Inc.	14,88,00,000	25.00%	—	—
SBI Balanced Advantage Trust	5,68,00,000	9.54%	—	—
National Highways Authority of India (NHAI)	9,56,00,000	16.06%	—	—

As per records of the Trust, including its register of unitholders and other declaration received from unitholders regarding beneficial interest, the above unitholding represent both legal and beneficial ownership of units.

The Trust has issued 1,00,51,485 nos. of units at the rate of Rs. 101 per unit for consideration other than cash to the Sponsor (National Highways Authority of India), as consideration for purchase of 1,00,000 equity shares of Project SPV - NHIPPL.

No units were bought back since inception of the Trust.

RECONCILIATION OF NUMBER OF UNITS OUTSTANDING IS SET OUT BELOW:

(All amounts in ₹ lakh unless otherwise stated)

Name of Unitholders	As At 31st March, 2022		As At 31st March, 2021	
	No of Units	Amount	No of Units	Amount
Number of Units at the beginning of the period	—	—	—	—
Units issued during the period	59,52,00,000	6,01,152.00	—	—
Number of Units at the end of the period	59,52,00,000	6,01,152.00	—	—

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

12. Other Equity**

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Reserves and Surplus	Items of Other Comprehensive Income		Total
		Items that will not be reclassified to profit or loss	Items that will be reclassified to profit or loss	
	Retained Earnings	Remeasurement of Defined Benefit Obligation/ Plan	Fair Value Gain on Preference Shares	
Balance as at 1st April, 2020	—	—	—	—
Profit/ (Loss) for the period	(67.90)	—	—	(67.90)
Balance as at 31st March, 2021	(67.90)	—	—	(67.90)
Profit/ (Loss) for the period	18,192.23	—	—	18,192.23
One time units issue expense	1,709.18	—	—	1,709.18
Balance as at 31st March, 2022	16,415.14	—	—	16,415.14

13. Borrowings: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Secured		
Term Loan		
From Banks	1,46,998.41	—
From other parties	—	—
	1,46,998.41	—
Less: Current Maturities of Long Term Borrowings (Refer Note 14)	980.86	—
Less: Unamortized Borrowing Cost*	460.607	—
Total	**1,45,556.94**	—

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

*Transaction Cost amounting to Rs. 1.18 Crore was not yet paid as at the end of reporting period to the Senior Lenders, however the same has been considered for the purpose of EIR in the forthcoming periods.

The Trust had availed long term loan cumulating to INR 1,480 Crore (sanctioned amount Rs. 2,000 Crore) from consortium three banks at interest rate of 7.20% p.a. via Facility Agreement dated 29.09.2021 for the purpose of investment by the Trust in the Project SPV (NHIPPL).

The loan was disbursed on 14.12.2021 and is repayable on quarterly basis over 78 quarterly instalments of Principal and Interest up to 31st March 2041, where in the next installment is due on 30th June, 2022.

Security:

The loan is secured by,

>> first pari passu charge on all immovable assets (if any), movable assets and receivables of the Trust including but not limited to,
  (i) the interest and principal repayments on the loans advanced by the Trust to Project SPV
  (ii) dividends to be paid by Project SPV to the Trust

>> first pari passu Security Interest on Trust Escrow account and all sub-accounts thereunder, including DSRA.

>> first pari Passu charge on the Senior Debt Service Account, Sub-Debt Servicing Account and Surplus/ Dividend Account or any other account of the Project SPV where free cash flows of the Project SPV are credited.

>> pledge of 100% equity shares of Project SPV (NHIPPL) held by the Trust.

>> assignment of loans advanced by the Trust to Project SPV (NHIPPL) and securities created by the Trust including the assignment of rights of submission, termination and invocation of provision of Escrow agreement in case of default.

>> negative lien on immovable assets (including current assets and cash flows) of the Project SPV (NHIPPL) subject to sale of obsolete items or cars/ ambulances, old toll equipment etc., under normal business practice, subject to maximum cumulative value of INR 5 Crore in any financial year.

The senior lenders of the Trust have also been provided with a corporate guarantee from Project SPV (NHIPPL) to guarantee the repayment of senior debt by the Trust. The funds have been raised at Trust level by unitholders and domestic lenders, and the same have been lent to Project SPV (NHIPPL) for payment of concession fee by NHIPPL to NHAI. The cashflows viz., toll collections are lying in NHIPPL. Accordingly, corporate guarantee amounting to INR 2,000 Crore via Corporate Guarantee Deed dated 14.03.2022, valid across the tenure of the loan of the Trust i.e. up to 31.03.2041, has been provided by the Project SPV (NHIPPL) to the senior lenders of the Trust.

There have been no breaches in financial covenants with respect to the borrowings from Senior lenders.

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

14. Deferred Tax Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Deferred Tax Liabilities arising on account of		
Net Gain on fair valuation of investments designated at FVTPL	3.16	
Deferred Tax Liabilities	**3.16**	

Reconciliation of deferred tax Assets/ (Liabilities) (All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Opening Balance - Deferred Tax Liabilities	—	—
Deferred tax (income)/ expense during the period recognised in statement of profit & loss	3.16	—
Deferred tax (income)/ expense during the period recognised in Other Comprehensive Income	—	—
Closing Balance - Deferred Tax Liabilities	**3.16**	—

15. Borrowings: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Secured		
Current Maturities of Long Term borrowings (Refer Note 13)	980.86	—
Total	**980.86**	—

16. Trade Payables: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Total outstanding, dues of micro and small enterprises	—	—
Total outstanding, dues of trade payables other than micro and small enterprises (Outstanding for less than 12 months from the due date of payment)"	313.29	—
Total	**313.29**	—

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

17. Other Financial Liabilities: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Others		
Payables towards other expenses	143.56	67.84
Total	**143.56**	67.84

18. Other Current Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Statutory Liabilities (GST and TDS)	99.80	0.07
Total	**99.80**	0.07

19. Current Tax Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Provision for Income Tax	161.77	
Total	**161.77**	

Reconciliation of deferred tax Assets/ (Liabilities) (All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Opening Balance	—	—
Add: Income Tax Payable for the year	436.36	—
Less: Income taxes paid during the year	274.59	—
Closing Balance	**161.77**	—

20. Revenue from operations

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Operating revenue		
Interest on Long Term Loan given	22,843.13	-
Total	**22,843.13**	-

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

21. Other Income

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest Income		
On fixed deposits with banks	5.86	—
Other non operating income		
Gain on sale of investments	661.83	—
Net Gain on fair valuation of investments designated at FVTPL	7.38	—
Other Income	318.67	—
Total	**993.74**	—

22. Finance Charges

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest on Long Term Borrowings	3,149.19	—
Other Financial Charges	5.24	
Total	**3,154.43**	—

23. Other Expenses

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Legal and Professional fees	111.94	47.55
Fee, Subscription & Taxes	0.05	15.27
Bank charges	0.01	—
Auditors' remuneration:	—	—
Audit fees	2.50	0.87
Miscellaneous expenses	0.76	—
Total	**115.25**	**63.69**

NATIONAL HIGHWAYS INFRA TRUST

Standalone summary of significant accounting policies and other explanatory information

24. Tax Expense

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Current Tax	436.36	—
Provision for Taxation–Earlier years	—	—
	436.36	—
Deferred tax expense/(credit)	3.16	—
	439.52	—

Effective tax Reconciliation:

Numerical reconciliation of tax expense applicable to (profit)/ loss before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Accounting Profit before Income Taxes	18,631.74	(67.90)
Tax at India's statutory income tax rate - Maximum Marginal Rate (42.744%)	7963.95	—
Impact of exemption u/s 10(23FC) of the Indian Income Tax Act, 1961 available to the Trust	(7,542.34)	—
Impact of deferred tax on reversible allowance/ disallowance of business expense and income, as per Indian Income Tax Act, 1961	3.16	—
Provision for interest on delayed deposit of income tax	14.75	—
Income tax expense reported in the statement of profit and loss	**439.52**	—

25. Earnings Per Unit

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Basic and diluted EPU		
Net Profit/ loss available for unitholders (in ₹ lakh)	18,192.23	(67.90)
Weighted average number of units for EPU computation	59,52,00,000	—
EPU- Basic and diluted	**3.06**	—

Standalone summary of significant accounting policies and other explanatory information

26. Commitments

(to the extent not provided for & certified by the management)

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Commitments:		
Commitment for loan to Subsidiary Company (Project SPV-NHIPPL)	52,000.00	—
	52,000.00	—

27. 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:

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Operating revenue		
Interest income on loan to related parties	22,843.13	
Total revenue	**22,843.13**	

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March, 2022 and period ended 31 March, 2021:

(All amounts in ₹ lakh unless otherwise stated)

Sr. No.	Types of Products by Nature	Types of Services by timing	As At 31st March, 2022	As At 31st March, 2021
1			22,843.13	
Total revenue	**Interest income**	**Over the period of time**	**22,843.13**	

B Assets and liabilities related to contracts with customers

There are no asset or liabilities related to contract with customers.

28. Related Party Disclosures

A. List of Related Parties as per requirement of IND AS 24 – "Related Party Disclosures"

Enterprises where Control/ significant influence exists	National Highways Infra Projects Private Limited (Subsidiary Company)

B. List of additional related parties as per Regulation 2(1)(zv) of the SEBI InvIT Regulations

Parties to the Trust

>> National Highways Infra Investment Managers Private Limited (NHIIMPL) - Investment Manager (IM) of the Trust
>> IDBI Trusteeship Services Limited (ITSL) - Trustee of the Trust
>> National Highways Authority of India (NHAI)- Sponsor
>> National Highways InvIT Project Managers Private Limited (NHIPMPL) - Project Manager

Promoters of the Parties to the Trust specified above

>> President of India - Promoter of NHIIMPL
>> IDBI Bank Limited (IDBI Bank) - Promoter of ITSL
>> President of India - Promoter of NHAI
>> National Highways Authority of India (NHAI)- Promoter of NHIPMPL

Directors of the parties to the Trust specified above

Directors of NHIIMPL	Directors of ITSL	Directors of NHIPMPL
Mr. Suresh Krishan Goyal	Mr. Padma Vinod Betai	Mr. Ashish Asati
Mr. Vivek Rae	Mr. Samuel Joseph Jebaraj	Mr. Muralidhara Rao Bugatha
Mr. Shailendra Narain Roy	Ms. Madhuri Jayant Kulkarni	
Mr. Balasubramanyam Sriram	Mr. Pradeep Kumar Jain	
Mr. Mahavir Parsad Sharma	Ms. Jayashree Ranade	
Mr. Pradeep Singh Kharola		
Mr. Amit Kumar Ghosh		
Mrs. Kavita Saha		
Mr. Bruce Ross Crane		
Mr. N.R.V.V.M.K. Rajendra Kumar		

C. Transactions with Related Parties during the period

(Amounts in ₹ lakh)

Name of Entity	Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Transactions with enterprises controlled by the Trust/ on whom significant influence is exercised by the Trust			
National Highways Infra Projects Private Limited (NHIPPL)	Purchase of equity shares of NHIPPL	1,29,410.00	–
	Advancement of Long Term Loan to NHIPPL	6,05,640.00	–
	Receipt of interest on Long Term Loan given to NHIPPL	12,192.00	–
	Reimbursement of ROC Fee paid by NHIT on behalf of NHIPPL	274.98	–
Parties to the Trust as per Regulation 2(1)(zv) of the SEBI InvIT Regulations			
National Highways Infra Investment Managers Private Limited (NHIIMPL)	Payment of Investment Manager Fee	1,931.71	–
	Reimbursement of Pre-Issue expenses of NHIT by NHIIMPL	214.80	–
National Highways Authority of India (NHAI)	Reimbursement of Pre-Issue expenses of NHIT by NHAI	578.02	67.03
	Purchase of equity shares of Project SPV (NHIPPL) by the Trust from NHAI	10,153.52	–
	Issue of units of Trust to NHAI	96,556.00	–
IDBI Trusteeship Services Limited (ITSL)	Payment of Trustee Fee	12.15	–
	Initial Settlement Amount	–	0.10

D. Closing Balance with Related Parties

(Amounts in ₹ lakh)

Name of Entity	Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Enterprises controlled by the Trust/ on whom significant influence is exercised by the Trust			
National Highways Infra Projects Private Limited (NHIPPL)	Investment in equity shares of NHIPPL	1,29,410.00	–
	Long Term Loan to NHIPPL	6,05,640.00	–
	Interest receivable on Long Term Loan given to NHIPPL	10,651.12	–
Parties to the Trust as per Regulation 2(1)(zv) of the SEBI InvIT Regulations			
National Highways Authority of India (NHAI)	Issue of units of Trust to NHAI (9,56,00,000 units)	96,556.00	–
IDBI Trusteeship Services Limited	Initial Settlement Amount	0.10	0.10
	Trustee Fee Payable	2.77	–

28 (A). Capital Management

For the purpose of the Trust's capital management, capital includes issued unit capital and all other 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 unit holder 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 adjust the dividend payment / income distribution to unit holders (subject to the provisions of SEBI InvIT Regulations which require distribution of at least 90%of the net distributable cash flows of the Trust to unit holders), return capital to unit holders or issue new units. The Trust monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. While calculating Net debt, we did not consider trade and other payable including other financial liabilities. The Trust's policy is to keep the gearing ratio optimum.

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Net Debt Components:		
Long Term Borrowings (Non-Current portion)	145,556.94	–
Current Maturities of Long-Term Borrowings	980.86	
Less: Cash and Cash Equivalents	(4,801.17)	
Less: Bank Balances other than cash and cash equivalents	(3,170.81)	
Less: Current Investments	(992.16)	
Net Debt (i)	**1,37,573.67**	–
Capital Components:		
Unit Capital	6,01,152.00	–
Initial Settlement Amount	0.10	
Other Equity	16,415.14	–
Total Capital (ii)	**6,17,567.24**	–
Capital and Net Debt [(iii) = (i) + (ii)]	**7,55,140.91**	–
Gearing Ratio (i)/(iii)	**18.22%**	–

In order to achieve this overall objective, the Board of Directors of Investment Manager, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

29. Financial Risk Management Objectives and Policies

The Trust is in the process of formulation of its risk management policies with an objective of identification and analysis of risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies shall be reviewed regularly to reflect changes in market conditions and the Trust's activities.

The Board of Directors of Investment Manager has overall responsibility for the establishment and oversight of the Trust's risk management framework.

In performing its operating, investing and financing activities, the Trust is exposed to the Credit risk, Liquidity risk and Market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, Receivable and Payables and Investments measured at FVTPL.

The sensitivity analyses in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

The following assumptions have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 & March 31, 2021.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Trust transacts business primarily in Indian Rupees only, and hence, the sensitivity of profit and loss of the Trust to a possible change in foreign exchange rates is non-existent as on 31st March, 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to risk of changes in market interest rates generally relates primarily to long-term debt obligations with floating interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings:
adherence to limits. Risk management policies shall be reviewed regularly to reflect changes in market conditions and the Trust's activities.
The following table provides a break-up of the Company's fixed and floating rate borrowings:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Floating Rate Borrowings	1,46,537.80	–

The Trust's exposure to interest rate risk due to variable interest rate borrowings is as follows:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Term Loan from Bank	11,201.41	–

Sensitivity analysis based on average outstanding Debt:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Increase or decrease in interest rate by 25 basis points	388.94	–

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Trust is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss. The Trust measures risk through sensitivity analysis. The Trust's risk management policy is to mitigate the risk by investments in mutual funds. The Trust have investment in mutual funds amounting Rs 9,92.16 Lakh as at March 31, 2022 (March 31, 2021: Rs. Nil) and accordingly is exposed to price risk.
Sensitivity analysis:

(Amounts in ₹ lakh)

Particulars	Impact on profit / (loss) before tax	
	As At March 31, 2022	As At March 31, 2021
Increase or decrease in NAV by 2%	19.84	–

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
The Trust is exposed to liquidity risk due to bank borrowings and trade and other payables.
The Trust measures risk by forecasting cash flows.
The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Trust's reputation. The Trust ensures that it has sufficient funds to meet expected operational expenses, servicing of financial obligations.
In addition, processes and policies related to such risk are overseen by senior management. Management monitors the Trust's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below summarises the maturity profile of the trust's financial liabilities based on contractual undiscounted payments.

(Amounts in ₹ lakh)

As at 31-03-2022	Carrying Amount	<1 Yr.	1-3 Yrs.	>3 Yrs.
Borrowings	1,46,537.80	1000.00	8,000.00	1,37,537.80
Trade Payables	313.29	313.29	—	—
Other Financial Liabilities	143.56	143.56	—	—
Total	**1,46,994.65**	**1,456.71**	**8,000.00**	**1,37,537.80**

As at 31-03-2021	Carrying Amount	<1 Yr.	1-3 Yrs.	>3 Yrs.
Borrowings	—	—	—	—
Trade Payables	—	—	—	—
Other Financial Liabilities	67.84	67.84	—	—
Total	**67.84**	**67.84**	**8,000.00**	**1,37,537.80**

30. Disclosure pursuant to IND AS 36 "Impairment of Assets"

Based on management review on expected future cash flows and economic conditions of the assets of the Trust, no indicators of impairment of asset of the Trust exist as on the reporting date. Hence impairment testing has been done and accordingly no provision for impairment has been recognised in the books as on the reporting date.

31. Disclosure of Financial Instruments by Category

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022			As At March 31, 2021		
	Amortized Cost	FTVPL		Amortized Cost	FTVPL	
Assets:						
Cash and Cash Equivalents	4,801.17	—	—	—	—	—
Investment in Project SPV	1,39,553.52					
Other Financial Assets	13,827.31	—	—	—	—	—
Loans Advanced	6,05,640.00	—	—	—	—	—
Investments in Mutual Funds	—	—	992.16	—	—	—
Total	**7,63,822.00**	—	**992.16**	—	—	—
Liabilities:						
Borrowings	1,46,537.80	—	—	—	—	—
Trade Payables	313.29	—	—	—	—	—
Other Financial Liabilities	143.56	—	—	67.84	—	—
Total	**1,46,994.65**	—	—	**67.84**	—	—

Defaults and Breaches

There are no defaults during the year with respect to repayment of principal and payment of interest and no breaches of the terms and conditions of the borrowings.

There are no breaches during the year which permitted lender to demand accelerated payment.

32. Fair Values of Assets and Liabilities

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair values. Fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

33. Fair Value Hierarchy

The Trust uses the following hierarchy for fair value measurement of the Trust's financial assets and liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Class wise composition and comparison of carrying amounts and fair values of financial assets and liabilities that are recognised in the financial statements along with Fair Value Hierarchy details are given below:

Amounts in ₹ lakh)

Particulars	Fair Value Hierarchy Level	Carrying Value		Fair Value	
		As At March 31, 2022	As At March 31, 2021	As At March 31, 2022	As At March 31, 2021
Financial Assets at Amortized Cost:					
Cash and Cash Equivalents	Level 3	4,801.17	—	4,801.17	—
Investment in Project SPV	Level 3	1,39,553.52		1,39,553.52	
Other Financial Assets	Level 3	13,827.31	—	13,827.31	—
Loans Advanced	Level 3	6,05,640.00	—	6,05,640.00	—
Financial Assets at FVTPL:					—
Investments in Mutual Funds	Level 1	992.16		992.16	—
Total		**7,64,814.17**		**7,64,814.17**	
Financial Liabilities at Amortized Cost:					
Borrowings	Level 3	1,46,537.80	—	1,46,537.80	—
Trade Payables	Level 3	313.29	—	313.29	—
Other Financial Liabilities	Level 3	143.56	67.84	143.56	67.84
Total		**1,46,994.65**	**67.84**	**1,46,994.65**	**67.84**

There are no transfer between level 1 and level 2 during the year.

The policy of the Trust is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value.

Financial assets and liabilities	Valuation method	Inputs
Financial assets:		
Investment in Mutual Funds	Market Approach	NAV
Investments in equity shares of subsidiaries	Income	Cash Flow
Loans	Income	Effective Rate of Interest
Financial liabilities:		
Term loans from Bank	Income	Effective Rate of Borrowings
Non-Convertible Debentures	Income	Effective Rate of Borrowings

34. Disclosure of segment information pursuant to IND AS 108 "Operating Segments"

The activities of the Trust mainly include investing in infrastructure assets primarily in the SPVs operating in the road sector to generate cash flows for distribution to unit holders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment. Further, the entire operations of the Trust are only in India and hence, disclosure of secondary / geographical segment information does not arise. Accordingly, requirement of providing disclosures under Ind AS 108 does not arise.

35. Details of dues To Micro and Small Enterprises as per MSMED Act, 2006

There are no Micro and Small Enterprises as defined in the Micro and Small Enterprises Development Act, 2006 to whom the Trust owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro and Small Enterprises has been determined to the extent such parties has been identified on the basis of information available with the Trust.

36. Disclosure pursuant to IND 23 "Borrowing Costs"

Borrowing cost capitalised during the year Rs. Nil [March 31, 2021: Rs. Nil]

37. Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of unit holders Funds

Under the provisions of the SEBI InvIT Regulations, the Trust is required to distribute to its Unit holders not less than ninety percent of the net distributable cash flows of the Trust for each financial year. Accordingly, a portion of the unit holders' funds contain a contractual obligation of the Trust to pay to its Unit holders cash distributions.

The Unit holder's funds could therefore have been classified as compound financial instrument which contain both equity and debt components in accordance with Ind AS 32 'Financial Instruments: Presentation'. However, in accordance with SEBI Circulars (Circular no. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016) issued under the SEBI InvIT Regulations, the unit holders' 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 October 20, 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the income distribution payable to unit holders is recognized as liability when the same is approved by Board of Directors of the Investment Manager.

Fair valuation and disclosures

SEBI Circulars issued under the SEBI InvIT 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 works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The valuation report and findings are discussed at the meeting of the Board of Directors on yearly basis to understand the changes in the fair value of the subsidiaries. The 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, tax rates, inflation rates, etc. Changes in assumptions about these factors could affect the fair value.
The report of independent valuer for estimating fair value of investment of subsidiaries is under progress as on date, hence management estimates have been considered for estimating the fair value of investments in subsidiaries in the financial statements.

Taxes

In accordance with section 10 (23FC) of the Income Tax Act, 1961, the income of business trusts in the form of interest received or receivable from subsidiaries is exempt from tax. Accordingly, the Trust is not required to provide any current tax liability. Deferred tax liability has been recognised on fair value gain on investments.

Expected Credit Loss on financial assets

As per Ind AS 109, Financial Assets that are measured at amortised cost are required to compute the Expected Credit Loss (ECL). As at the reporting period, Investment manager of the Trust assessed the credit risk of the financial assets and concluded that no provision for ECL is required.

38. Subsequent Events

On May 23, 2022, the Board of Directors of the Investment Manager approved distribution of Rs. 0.79 per unit (Return on capital of Rs. 0.71 per unit, return of capital of Rs. Nil per unit, Dividend of Rs. Nil per unit and other income on surplus funds at Trust of Rs. 0.08 per unit) for the period October 01, 2021 to March 31, 2022 to be paid on or before 15 days from the date of declaration.

39. Contingent Liabilities

There are no contingent liabilities as at March 31, 2022 (March 31, 2021: Rs. Nil)

40. Distribution Made

(Amounts in ₹ lakh)

Particulars	FY 2021-22	FY 2020-21
Interest (Return on capital)	4198.27	–
Return of capital	–	–
Dividend	–	–
Other income of the Trust	503.81	–
Total	**4,702.08**	**–**

41. Reconciliation of Financing Activities in Cash Flow Statement

Net Debt Recognition

(Amounts in ₹ lakh)

Particulars	31st March, 2022 (Long Term Borrowing)	31st March, 2021 (Long Term Borrowing)
Carrying amount of debt at the beginning of the year/ period	–	–
Additional borrowings during the year/period	1,48,000.00	–
Repayments during the year/period	(1,001.59)	–
Other adjustments/settlements during the year/period	–	–
- Impact in equity	–	–
- Transaction Costs	(472.00)	–
- Unwinding of interest	11.39	–
Carrying amount of debt at the end of the year/period	**1,46,537.80**	**–**

42. Additional Regulatory Information

Financial Ratios

Sr. No.	Particulars	As On March 31, 2022	As On March 31, 2021
1	Current Asset ratio (Current Assets /Current Liability)	25.73	–
2	Debt- Equity ratio (Debt/ Equity)	0.24	–
3	Debt service coverage ratio (Net Operating Cash flow/ Debt Service Obligation)	2.58	–
4	ROE ratio (Net Profit/ Equity)	2.95%	–
5	Inventory turnover ratio	N.A.	N.A.
6	Trade receivable turnover ratio	N.A.	N.A.
7	Trade payable turnover ratio	N.A.	N.A.
8	Net Capital turnover ratio (Total Income / Net Working Capital)	0.57	–
9	Net profit ratio (Net profit / Total Income)	76.32%	–
10	Return on capital employed ratio ((Net Profit plus Finance Cost)/ (Equity + Debt))	2.85%	–
11	Return on investment (Income on Investment / Average Cost of Investment)	15.69%	–

43. Disclosure pursuant to IND AS 33 “Earnings per Unit”

Basic and Diluted Earnings per Unit (EPU) computed in accordance with Ind AS 33 “Earnings per Unit”:

(Amounts in ₹ lakh)

Particulars	FY 2021-22	FY 2020-21
Basic and Diluted		
Profit attributable to unit holders of the Trust (A)	18,192.23	–
Weighted average number of units (B)	5,952.00	–
Earnings Per Unit (In Rs.) (A/B)	**3.06**	**–**
Face value per Unit (In Rs.)	**101**	–

44. Investment Management Fees

i) The investment manager's fee will initially be Rs. 1,100 Lakh (Rupees Eleven Hundred Lakh) per annum, exclusive of applicable taxes as per agreement dated 21st October, 2020.

ii) The investment manager's fee set out in above shall be subject to escalation on an annual basis at the rate of 10% of the management fee for the previous year.

iii) Any applicable taxes, cess or charges shall be in addition to the investment manager's fee and shall be payable by National Highways Infra Trust (NHIT) to the Investment Manager (NHIIMPL).

iv) The payment of investment manager's fee shall be made by National Highways Infra Trust (NHIT) to the investment manager (NHIIMPL) in advance on a quarterly basis.

45. Previous Year Figures

Previous year's numbers have been regrouped / reclassified, wherever necessary to conform to current year's classification.

46. Key sources of estimation

The preparation of financial statements in conformity with Ind AS requires the Trust makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include allowance for doubtful loans /other receivables, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Date: 23.05.2022
Place: New Delhi

For and on behalf of the National Highways Infra Investment Managers Private Limited (Investment Manager of National Highways Infra Trust)

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

With perseverance almost anything is possible.

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of National Highways Infra Trust

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of National Highways Infra Trust ("the InvIT" or "the Trust") and its one subsidiary (hereinafter referred to as "National Highways Infra Projects Private Limited" or "NHIPPL") (the Trust and its subsidiary together referred to as "the Group"), which comprising of the consolidated Balance Sheet as at 31 March 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Unitholder's Equity and the consolidated Statement of Cash Flows for the year then ended, the consolidated Statement of Net Assets at fair value as at 31 March 2022, the consolidated Statement of Total Returns at fair value, the Statement of Net Distributable Cash Flows of the Trust and its subsidiary for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "SEBI InvIT Regulations") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI InvIT Regulations, of the consolidated state of affairs of the Group as at 31 March 2022, its consolidated profit including other comprehensive income, its consolidated cash flows, its consolidated statement of changes in Unitholders' equity for the year ended 31 March 2022, its consolidated net assets at fair value as at 31 March 2022, its consolidated total returns at fair value of the Group and the net distributable cash flows of the Trust and its subsidiary for the year ended 31 March 2022.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") issued by the Institute of Chartered Accountants of India. 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 Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the SEBI InvIT Regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2022. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Assessment of Impairment of Intangible Assets

Key Audit Matters	Auditor's Response
In accordance with its accounting policy and requirements under Ind AS 36 "Impairment of Assets", the Management is required to perform an impairment assessment by comparing the carrying value of the toll collection rights to their recoverable amount. For impairment testing, value in use has to be determined by forecasting and discounting future cash flows. Further, the value in use is highly sensitive to changes in critical variable used for forecasting the future cash flows including traffic projections and discounting rates. The determination of the recoverable amount of the toll collection right involves significant estimates and judgments and accordingly, the evaluation of impairment of toll collection rights has been determined as a key audit matter.	Our Audit Procedures included the following :- - Verifying the appropriateness of the Group's accounting policy on impairment of Intangible Assets. - Study of latest DCF Valuation - Assessing the assumptions around the key drivers of the revenue projections, future cash flow, discount rates / weighted average cost of capital that were used by the management

2. Computation and disclosures as prescribed in the SEBI InvIT regulations relating to Consolidated Statement of Net Assets at Fair Value and Consolidated Total Returns at Fair Value

Key Audit Matters	Auditor's Response
As per SEBI InvIT regulations, the Trust is required to disclose statement of net assets at fair value and statement of total returns at fair value. The fair value is determined by forecasting and discounting future cash flows from the operations of the investee entities which involves management estimates and judgements. These estimates and judgements include discounting rates, Tax rates and inflation rates which are considered for computing the fair value. There is an inherent risk in the computation of fair value due to the use of estimates and judgements mentioned above. Therefore, computation and disclosures of Consolidated statement of net assets at fair value and Consolidated statement of total returns at fair value is considered as a Key Audit Matter. Refer statement of net assets at fair value and Statement of total returns at fair value in the Consolidated financial statements.	Our Audit Procedures included the following :- - Obtained the understanding of the requirements of SEBI InvIT regulations for disclosures relating to Consolidated Statement of Net Assets at Fair Value and Consolidated Statement of Total Returns at Fair Value. - Obtained Management representation in this respect as Management has considered fair value equal to the book value of Net Assets - Tested the arithmetical accuracy of computation in the statement of net assets and total returns at fair value. - Ensured that disclosures is in compliance with SEBI InvIT regulations relating to the statement of net assets at fair value and the statement of total returns at fair value.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Board of Directors of the Investment Manager is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report of Investment Manager including annexures to Investment Manager's Report and other information as required to be given by SEBI InvIT Regulations, but does not include the consolidated financial statements and our report thereon.

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 statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS OF INVESTMENT MANAGER FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of Investment Manager is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated Balance Sheet as at 31 March 2022, consolidated statement of Profit & Loss including other comprehensive income, consolidated cash flows and consolidated statement of changes in Unitholder's equity for the year ended 31 March 2022, the consolidated net assets at fair value as at 31 March 2022, the consolidated total returns at fair value of the Group and the net distributable cash flows of the Trust and its subsidiary for the year ended 31 March 2022 in accordance with the requirements of the SEBI InvIT Regulations, Indian Accounting Standards as defined in Rule 2(1) (a) of Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, to the extent not inconsistent with SEBI InvIT Regulations. The respective Board of Directors of the subsidiary company 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of Investment Manager, as aforesaid.

In preparing the consolidated financial statements, the Board of Directors of Investment Manager and respective Board of Directors of the company 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 intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Investment Manager and the respective Board of Directors of the subsidiary company included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance 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 SAs 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 financial statements.

As part of an audit in accordance with SAs, 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.

- 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 the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Investment Manager.

- Conclude on the appropriateness of the Board of Directors of Investment Manager 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 Group'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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, 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 consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

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.

OTHER MATTERS

We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs. 7,35,774.44 Lakhs as at 31 March 2022, total revenues of Rs. 13,981.33 Lakhs, losses after taxes including other comprehensive income (net) of Rs. 11,355.90 Lakhs and net cash outflows amounting to Rs. 12,802.25 Lakhs for the period from 01 April 2021 to 31 March 2022, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the Management of 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 that subsidiary is based solely on the report of the other auditor.

Our opinion 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 report of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit and as required by SEBI InvIT 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 purposes of our audit of the aforesaid consolidated financial statements.

b) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Cash Flows, the consolidated Statement of Changes in Unitholders' Equity, the consolidated Statement of Net Assets at fair value, the consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows of the Trust and its subsidiary dealt with by this Report are in agreement with the books of account.

c) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, to the extent not inconsistent with SEBI InvIT regulations.

For A. R. & Co.
Chartered Accountants
FRN. 002744C

Sd-/
CA Naresh Kumar Karn
Partner
Membership No: 077887

Place: New Delhi
Date: 23.05.2022

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note No.	As At 31 March, 2022	As At 31 March, 2021
ASSETS			
1) Non - Current Assets			
(a) Property, Plant and Equipment	3	0.46	–
(b) Goodwill	4	10,144.46	–
(c) Intangible assets	5	7,33,984.39	–
(d) Financial Assets			
(i) Other Financial Assets	6	3,170.81	–
(e) Deferred Tax Assets	7	262.53	–
2) Current Assets			
(a) Financial Assets			
(i) Investments	8	992.16	–
(ii) Trade receivables	9	600.47	–
(iii) Cash and Cash Equivalents	10	5,389.78	–
(iv) Other Financial Assets	11	5.38	0.10
(b) Other Current Assets	12	347.29	–
TOTAL ASSETS		**7,54,897.72**	**0.10**
EQUITY AND LIABILITIES			
EQUITY			
1) Unit Capital	13	6,01,152.00	–
2) Initial Settlement Amount		0.10	0.10
3) Other Equity	14	5,059.25	(67.90)

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note No.	As At 31 March, 2022	As At 31 March, 2021
LIABILITIES			
1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	1,45,556.94	–
(b) Provisions	16	403.37	
2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	980.86	–
(ii) Trade Payables	18		
(a) Total Outstanding, dues of micro and small enterprises		–	–
(b) Total outstanding, dues of creditors other than micro and small enterprises		1,101.23	–
(iii) Other Financial Liabilities	19	241.41	67.81
(b) Other Current Liabilities	20	240.75	0.09
(c) Provisions	21	0.03	-
(d) Current Tax Liabilities (Net)	22	161.77	
TOTAL EQUITY & LIABILITIES		**7,54,897.72**	**0.10**

Significant Accounting Policies 1-2
The accompanying notes form an integral part of these consolidated financial statements. 3-56

This is the Consolidated Balance Sheet referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Date: 23.05.2022
Place: New Delhi

For and on behalf of the National Highways Infra Investment Managers Private Limited (Investment Manager of National Highways Infra Trust)

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note No.	Year Ended 31st March, 2022	Year Ended 31st March, 2021
INCOME			
Revenue from Operations	23	13,960.55	–
Other Income	24	1,014.53	–
TOTAL INCOME		**14,975.08**	–
EXPENSES			
Investment Manger Fee		1,931.71	–
Trusteeship Fee		3.73	4.21
Operating Expenses	25	1,140.21	–
Employee Benefits Expenses	26	2.12	–
Finance Charges	27	3,154.43	–
Depreciation & Amortization Expense	28	1,055.65	–
Other Expenses	29	676.86	63.69
TOTAL EXPENSES		**7,964.71**	**67.90**
Profit/(Loss) before Exceptional Items and Tax		**7,010.37**	**(67.90)**
Exceptional Items (net)		–	
Profit / (Loss) before Tax		**7,010.37**	**(67.90)**
Tax Expenses	30		
Current Tax		436.36	–
MAT Credit Utilized / (Entitlement)		–	–
Provision for Tax for Earlier Years		–	–
Deferred Tax expense/(credit)		(262.32)	–
Total Tax		**174.04**	–
Profit/ (loss) for the period		**6,836.33**	**(67.90)**

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Note No.	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss		–	–
Items that will be reclassified to Profit and Loss		–	–
		–	–
Total Comprehensive Income for the period		**6,836.33**	**(67.90)**
Earnings per Unit			
Basic	31	1.15	–
Diluted	31	1.15	–

Significant Accounting Policies 1-2
The accompanying notes form an integral part of these consolidated financial statements. 3-56

This is the Consolidated Balance Sheet referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

For and on behalf of the National Highways Infra Investment Managers Private Limited
(Investment Manager of National Highways Infra Trust)

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Date: 23.05.2022
Place: New Delhi

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(All amounts in ₹ lakh unless otherwise stated)

	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
A.	**OPERATING ACTIVITIES**		
	Net Profit/(Loss) Before Tax	7,010.37	
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and Amortization	1,055.65	
	Loss/ (Gain) on sale of Investments (net)	(682.62)	
	Loss / (Gain) on Fair Valuation of Investments	(7.38)	
	Interest Accrued on Bank FD	(5.86)	
	Finance Cost (net)	3,154.43	
	Operating Profit/(Loss) before Working Capital Changes	**10,524.59**	
	Working Capital Adjustments:		
	Decrease / (Increase) in Trade & Other Receivables	(600.47)	
	Decrease / (Increase) in Other Non Current Financial Assets	(3,170.81)	
	Decrease / (Increase) in Other Current Financial Assets	0.59	
	Decrease / (Increase) in Other Current Assets	(347.29)	
	Increase / (Decrease) in Trade & Other Payables	651.07	
	Increase / (Decrease) in Other Financial Liabilities	(7,34,867.55)	
	Increase / (Decrease) in Provisions	403.40	
	Increase / (Decrease) in Other Current Liabilities	**238.59**	
	Increase / (Decrease) in Current Tax Liabilities	(0.59)	
		(7,37,693.06)	
	Income Tax paid	(274.00)	
	Net Cash Flows from/(used in) Operating Activities	(7,27,442.47)	
B.	**INVESTING ACTIVITIES**		
	Purchase of Property, Plant & Equipment, including CWIP, capital creditors and capital advances	(0.50)	
	Purchase of Non Current Investments	(1.52)	
	Purchase of Current Investments	(5,96,271.00)	
	Sale of Current Investments	5,95,968.84	
	Net cash flows from (used in) Investing activities	**(304.19)**	

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022 Cont.

(All amounts in ₹ lakh unless otherwise stated)

	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
C.	**FINANCING ACTIVITIES**		
	Proceeds from Issue of Unit Capital	5,91,000.00	
	One Time Expense paid	(1,364.94)	
	Proceeds from Long Term Borrowings (net of processing fees)	1,47,646.00	
	Repayment of Long Term Borrowings	(1,001.59)	
	Finance Costs Paid	(3,143.04)	
	Net cash flows from (used in) Financing activities	**7,33,136.43**	
	Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	5,389.78	
	Cash and cash equivalents at the beginning of the year	-	
	Cash and cash equivalents at the end of the year	**5,389.78**	

This is the Consolidated Balance Sheet referred to in our report of even date.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Date: 23.05.2022

For and on behalf of the National Highways Infra Investment Managers Private Limited (Investment Manager of National Highways Infra Trust)

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

NATIONAL HIGHWAYS INFRA TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

A. INITIAL SETTLEMENT AMOUNT*

(All amounts in ₹ lakh unless otherwise stated)

Balance as at 1st April 2020	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2021	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2022
—	0.10	—	0.10	—	—	0.10
—	**0.10**	—	**0.10**	—	—	**0.10**

B. UNIT CAPITAL*

(All amounts in ₹ lakh unless otherwise stated)

Balance as at 1st April 2020	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2021	Changes in Unit Capital During the year	Changes in Unit Capital due to prior period errors	Balance as at 31st March, 2022
—	—	—	—	6,01,152.00	—	6,01,152.00
—	—	—	—	**6,01,152.00**	—	**6,01,152.00**

C. OTHER EQUITY**

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Reserves and Surplus	Items of Other Comprehensive Income		Total
		Items that will not be reclassified to profit or loss	Items that will be reclassified to profit or loss	
	Retained Earnings	Remeasurement of Defined Benefit Obligation/ Plan	Fair Value Gain on Preference Shares	
Balance as at 1st April 2020	—	—	—	—
Profit/ (Loss) for the year	**(67.90)**	—	—	**(67.90)**
Balance as at 31st March, 2021	**(67.90)**	—	—	**(67.90)**
Profit/ (Loss) for the year	**6,836.33**	—	—	**6,836.33**
One time unit issue expenses	1,709.18	—	—	**1,709.18**
	—	—	—	—
Balance as at 31st March, 2022	**5,059.25**	—	—	**5,059.25**

* Refer Note No. 13
** Refer Note No. 14

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Date: 23.05.2022

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NATIONAL HIGHWAYS INFRA TRUST

Disclosures pursuant to SEBI circulars (SEBI Master Circular No. CIRSEBI/HO/DDHS_Div3/P/CIR/2021/1673 dated 29 November 2021 issued under the InvIT regulations)

Consolidated Statement of Net Distributable Cash Flows (All amounts in ₹ lakh unless otherwise stated)

Sr. No.	Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
1	**Profit after tax as per Statement of profit and loss/ income and expenditure (Consolidated) (A)**	18,185.92	—
2	**Add:** Depreciation and amortization as per statement of profit and loss account. Incase of Impairment reversal, same needs to be deducted from profit and loss.	—	
3	**Add/Less:** Loss/gain on sale of infrastructure assets	—	—
4	**Add:** Proceeds from sale of infrastructure assets adjusted for the following: - related debts settled or due to be settled from sale proceeds; - directly attributable transaction costs; - proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT regulations	—	—
5	**Add:** Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit/ (loss) recognised in profit and loss account	—	—
6	**Add/ Less:** Any other item of non- cash expense/ non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager. For example, any decrease/ increase in carrying amount of an asset or a liability recognised in profit and loss /income and expenditure on measurement of the asset or the liability at fair value; Interest cost as per effective interest rate method, deferred tax lease rents recognised on a straight line basis, etc.	(8,227.84)	
7	**Less:** Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(5,204.50)	—
8	**Total Adjustment (B)**	(13,432.34)	—
9	**Net Distributable Cash Flows (C) = (A+B)**	**4,753.58**	—

The accompanying notes form an integral part of the Consolidated Financial Statements.

This is the Statement of Net Distributable Cash Flows referred to in our report of even date.

NATIONAL HIGHWAYS INFRA TRUST

Disclosures pursuant to SEBI circulars (SEBI Master Circular No. CIRSEBI/HO/DDHS_Div3/P/CIR/2021/1673 dated 29 November 2021 issued under the InvIT regulations)

Statement of Net Distributable Cash Flows
National Highways Infra Projects Private Limited (Project SPV company)

(All amounts in ₹ lakh unless otherwise stated)

Sr. No.	Particulars	Year Ended 31-03-2022
1	**Profit after tax as per Statement of profit and loss/income and expenditure (standalone) (A)**	**(11,355.90)**
2	**Add:** Depreciation and amortization as per statement of profit and loss account. Incase of Impairment reversal, same needs to be deducted from profit and loss.	1,055.65
3	**Add/Less:** Loss/gain on sale of infrastructure assets	–
4	**Add:** Proceeds from sale of infrastructure assets adjusted for the following: related debts settled or due to be settled from sale proceeds; directly attributable transaction costs; proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT regulations"	–
5	**Add:** Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit/ (loss) recognised in profit and loss account	–
6	**Add/ Less:** Any other item of non- cash expense/ non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager. For example, any decrease/ increase in carrying amount of an asset or a liability recognised in profit and loss /income and expenditure on measurement of the asset or the liability at fair value; Interest cost as per effective interest rate method, deferred tax lease rents recognised on a straight line basis, etc."	23,080.85
7	**Less:** Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	–
8	**Total Adjustment (B)**	24,136.50
9	**Net Distributable Cash Flows (C) = (A+B)**	**12,780.61**

Statement of Reconciliation of NDCF with distributions for FY 2021-22

(All amounts in ₹ lakh unless otherwise stated)

Sr. No.	Particulars	Year Ended 31-03-2022
1	**Net Distributable Cash Flows for the year ended on 31st March, 2022**	12,780.61
2	Amount distributed as Interest on borrowing from NHIT	12,192.00
3	**Cash and Cash Equivalents at the end of the reporting period**	**588.61**

NATIONAL HIGHWAYS INFRA TRUST

Disclosures pursuant to SEBI circulars (SEBI Master Circular No. CIRSEBI/HO/DDHS_Div3/P/CIR/2021/1673 dated 29 November 2021 issued under the InvIT regulations)

Consolidated Statement of Net Assets at Fair Value

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Book value	Fair value^	Book value	Fair value^
A. Assets	7,54,898	7,54,898	—	—
B. Liabilities (at book value)	1,48,686	1,48,686	—	—
C. Net assets (A-B)	**6,06,211**	**6,06,211**	—	—
D. No of units	59,52,00,000	59,52,00,000	—	—
E. NAV (C/D)	**101.85**	**101.85**	—	—

^Fair values of total assets relating to the Trust as at 31 March, 2022 as disclosed above are based on the best estimates of the management.

Consolidated Statement of Total Return at Fair Value: (All amounts in ₹ lakh unless otherwise stated)

Particulars	For the period ended 31st March, 2022	For the year ended 31st March 2021
Total comprehensive income for the year/period (As per the Consolidated Statement of Profit and Loss)	6,836.33	(67.90)
Add: Other changes in fair value for the year *	—	—
Total return	**6,836.33**	**(67.90)**

* In the above statement, other changes in fair value for the year ended 31 March, 2022 have been computed based on best estimates of the management.

The accompanying notes form an integral part of the Standalone 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2022

1. GROUP INFORMATION AND NATURE OF OPERATIONS

The consolidated financial statements comprise financial statements of NHAI Infra Trust ("the Trust" or "InvIT") and its subsidiary (collectively, the Group).

The Trust is an irrevocable trust registered under the provisions of the Indian Trusts Act, 1882 on October 19, 2020. It is registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 on October 28, 2020 having registration number IN/InvIT/20-21/0014.

The Trust was setup by National Highways Authority of India ("NHAI" or the "Sponsor"), an infrastructure development Trust in India. The Trustee to the Trust is IDBI Trusteeship Services Limited (the "Trustee") and Investment Manager for the Trust is National Highways Infra Investment Managers Private Limited ("Investment Manager").

The Trust has been formed to invest in infrastructure assets primarily being in the road sector in India. The Trust's road projects are implemented and held through special purpose vehicles ("Project SPVs"/ "Subsidiaries"). The units of the Trust were listed in Bombay Stock Exchange and National Stock Exchange on November 10, 2021.

During the year ended March 31, 2022, the Trust acquired 100% equity control in National Highway Infra Projects Private Limited (the "Project SPV") from the Sponsor with effect from November 03, 2021. During the year ended 31.03.2021, the project SPV entered into five Concession Agreements for 30 years with the Sponsor (National Highways Authority of India – NHAI) on Toll, Operate and Transfer ('TOT') basis.

The registered office of the Investment Manager is G-5 & 6, Setor-10, Dwarka, Delhi - 110075.

The consolidated financial statements were authorised for issue in accordance with resolution passed by the board of directors of the Investment Manager on May 23, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with Securities and Exchange Board of India (Infrastructure Investment Group) Regulations, 2014, as amended and the circulars issued thereunder ("SEBI InvIT Regulations") and other accounting principles generally accepted in India.

Accordingly, the Group has prepared these Consolidated Financial Statements comprising of the Balance Sheet as on March 31, 2022, the Statement of Profit and Loss for the year ended on March 31, 2022, the Statement of Cash Flows for the year ended on March 31, 2022, the Statement of Changes of Equity for the year ended on March 31, 2022 and Notes to Accounts (together hereinafter referred to as "Consolidated Financial Statements").

These Financial Statements have been prepared on accrual basis under the historical cost convention, except certain financial assets and liabilities which have been measured at Fair Value. Accounting policies have been consistently applied, except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use. Further, these standalone financial statements have been prepared on a going concern basis.

The financial statements are presented in Indian Rupees (INR) which is the Group's functional and presentation currency and all amounts are rounded to the nearest Lakh (` 00,000) and two decimals thereof, except as otherwise stated.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Trust and it's subsidiary (Project SPV- NHIPPL) from date of acquisition i.e. November 3, 2021.

For the purpose of consolidation, an entity which is, directly or indirectly, controlled by the Group is treated as subsidiary. Control exists when the Group, directly or indirectly, has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Group, directly or indirectly, obtains control over the subsidiary and ceases when the Group, directly or indirectly, loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss from the date the Group, directly or indirectly, gains control until the date when the Group, directly or indirectly, ceases to control the subsidiary.

The consolidated financial statements of the Group combine financial statements of the Trust and its subsidiaries on line-by-line basis by adding together the like items of assets, liabilities, income and expenses. All intra-group assets, liabilities, income, expenses and unrealised profits/losses on intra-group transactions are eliminated on consolidation unless the transaction provides evidence of an impairment of transferred asset. The carrying amount of the Group's investment in each subsidiary and the Group's portion of equity of each subsidiary are offset with each other in the consolidated financial statements.

Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The accounting policies of subsidiaries have been harmonised to ensure the consistency with the policies adopted by the Group. The consolidated financial statements have been presented to the extent possible, in the same manner as Group's standalone financial statements. Profit or loss and each component of other comprehensive income are attributed to the unit holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interest (if any) represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Group and are excluded in the consolidated financial statements from the total comprehensive income and net assets.

2.3 Business Combination/ Goodwill on Acquisition

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are recognised in the statement of profit and loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of gain on bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than it's carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.
Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4 Use of Judgement and Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles in India, and requires the Investment Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Investment Manager's best knowledge of current events and actions, actual results could differ from these estimates.

Current versus non-current classification

Assets and Liabilities in the Consolidated Balance Sheet have been classified as either Current or Non–Current based upon the requirements of Schedule III notified under the Companies Act, 2013.
An asset has been classified as Current if,
(a) it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
(b) it is held primarily for the purpose of being traded; or
(c) it is expected to be realized within twelve months after the reporting date; or
(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
All other assets have been classified as Non–Current.

A liability has been classified as Current when,
(a) it is expected to be settled in the Group's normal operating cycle; or
(b) it is held primarily for the purpose of being traded; or
(c) it is due to be settled within twelve months after the reporting date; or
(d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities have been classified as Non–Current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The group has identified twelve months as its operating cycle.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised:

Toll Revenue - Toll Revenue from users of toll roads held by subsidiary company is recognised in respect of toll revenue accrued for respective toll road projects.

Interest income - Interest is recognised on time proportion basis taking into account the amount outstanding and the rates applicable. For all Debt instruments measured either at Amortized Cost or Fair Value through Other Comprehensive Income, interest income is recorded using EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends - Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Fair value gains on current investments carried at fair value are included in other income.

Claims with National Highways Authority of India ('NHAI') and other government authorities are accounted as and when the money is received from the respective authorities, in cases of monetary compensations.

Other items - Other items of income are recognised as and when the right to receive the income arises.

2.6 Property, plant and equipment

Property, Plant and Equipment (PPE) is recognised 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.

PPE are stated at acquisition cost less accumulated depreciation and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, Group depreciates them separately based on their specific useful lives.

Gains or losses arising from de - recognition of Property, plant and equipment are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the asset is derecognized.

Depreciation on Property, plant and equipment

Depreciation on Property, plant and equipment ("PPE") is provided on straight line method, up to the cost of the asset (net of residual value), in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

Depreciation on additions is being provided on a pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year is being provided up to the dates on which such assets are sold/disposed off. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

The estimated residual value of the PPE has been taken as 5% in line with the provisions of Schedule II to the Companies Act, 2013.

Fixed assets amounting up to INR 5,000 are recognised in Consolidated Statement of Profit and Loss in entirety in the first year of purchase.

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.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

2.7 Intangible assets

In accordance with Ind AS 38 "Intangible Assets", Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to the development or acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the Consolidated Balance Sheet are disclosed as "intangible assets under development". Intangible assets are derecognised when no future economic benefits are expected from use or disposal.

The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Rights under Service Concession Arrangements – Toll Collection Rights

The Group has acquired rights for Tolling, Operation, Maintenance and Transfer of five toll road projects for a period of 30 years basis Toll Concession agreements with NHAI, and the same have been recognised as Other Intangible Assets in the financial statements.

Extension of concession period by the Authority in compensation for claims made by the Group are capitalised as part of Toll Collection Rights on acceptance of the claim. Where the Group has a contractual right to an extension in the concession period as per the concession agreement, the same is capitalized when the right to extension in the concession period is established at the estimated amount of eligible claims.

Amortisation of Intangible Assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

In accordance with Ind AS 38 "Intangible Assets", Intangible assets should be amortized by a method which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Toll Collection Rights shall be amortized basis a Consumption based model (using Passenger Car Unit (PCU) projections) over the tenure of the Concession Agreement i.e. 30 years.

Other intangible assets - Software purchased is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

2.8 Employee benefits

Employee benefits include provident fund, gratuity, compensated absences, long service awards and medical benefits.

i. Short term employee benefits

Employee benefits such as salaries, short term compensated absences, expected cost of bonus, ex-gratia and performance linked rewards falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service.

ii. Post-Employment Benefits

Defined contribution plan: A defined contribution plan is a post-employment plan under which an entity pays fixed contributions and will have no legal or constructive obligations to pay further amounts. The Group contributes to provident fund and employees deposit linked insurance scheme, and have no further obligations beyond making its contributions. The Group's contribution to the above funds are charged to the Consolidated Statement of Profit and Loss.

Defined benefit plan: The Group has an un-funded benefit plan for post-employment benefits in the form of Gratuity. The value of obligation under the plan is determined by the group based on best estimate of the present value of the estimated future cash flows towards the gratuity obligation. Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Consolidated Statement of Profit and Loss as employee benefits expense. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

iii. Termination benefits

Termination benefits such as compensation under employee separation schemes (wherever applicable) are recognised as expense in the Consolidated Statement of Profit and Loss. Liability for the same is recognised at the earlier of when the group can no longer withdraw the offer of the termination benefit.

iv. Other long-term employee benefits

The present value of the obligation under long term employee benefit plans such as compensated absences is determined and is recognised in a similar manner as in the case of defined benefit plans.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, re-measurements are recognised in the Consolidated Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in long term employee benefit cost is recognised in the Consolidated Statement of Profit and Loss under finance cost.

2.9 Leases

(i) The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease.

i.i) Property, plant, and equipment acquired under leases with lease term more than 12 months is long term lease. The lease liability is recognised for the obligation to make the lease payments and a right of use of asset for the underlying property, plant and equipment for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The right of use property, plant and equipment are initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received and the initial direct costs such as commissions and an estimate cost of restoration, removal and dismantling of property, plant and equipment. Lease liabilities are increased to reflect the interest cost and are reduced with lease payments.

i.ii) Property, plant, and equipment having lease term 12 months or less than 12 months are recognised on a straight-line basis.

(ii) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Group. Rental income is recognised on a straight-line basis over the term of the relevant lease.

2.10 Borrowing costs

Borrowing Cost consist of interest and other ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

All other borrowing costs are charged to the Consolidated Statement of Profit and Loss in the period they occur. In case of significant Long term loans, other costs incurred in connection with the borrowing of funds are amortized over the period of respective Loan. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.11 Financial Instruments

Financial assets and/or financial liabilities are recognised when the Group becomes party to a contract embodying the related financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset and a financial liability are offset and presented on net basis in the Consolidated Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Trade receivables and trade payables that do not contain a significant financing component are initially measured at their transaction price.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories;

>> at amortised cost
>> at fair value through profit or loss (FVTPL)
>> at fair value through other comprehensive income (FVOCI)

Financial Assets at amortised cost

A financial asset is classified and subsequently measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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.

This category is the most relevant to the Group. All the Loans and other receivables under financial assets (except Investments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

Investments in equity instruments of Subsidiaries are recognised at original cost in accordance with Ind AS 27. Impairment testing of Investment in subsidiary that are accounted for at cost as per Ind AS 27 are within scope of Ind AS 36 Impairment of Assets. Any impairment in value of investment in equity investments in Subsidiaries is recognised in the Consolidated Statement of Profit and Loss.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is classified and subsequently measured at FVTOCI if both of the following criteria are met:

a) The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

Investment in Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Consolidated Statement of Profit and Loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Assets at Fair Value through Profit and Loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated statement of profit and loss. The Group measures its investments which are classified as equity instruments (other than investment in shares of Subsidiaries, Joint Ventures and Associates) at fair value through profit and loss account.

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

The Group has investment in debt oriented mutual funds which are held for trading, and the same are classified as at FVTPL. The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. The gain/ loss on sale of investments are recognised in the Consolidated Statement of Profit and Loss.

Reclassification of Financial Assets

The Group determines classification of financial assets on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Investment Manager of the Group determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations.

If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original Classification	Revised Classification	Accounting Treatment
Amortized Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Consolidated statement of profit and loss.
FTVPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount.
Amortized Cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in other comprehensive income. No Change in EIR due to reclassification.
FVOCI	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. However cumulative gain or loss in other comprehensive income is adjusted against Fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FTVPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FTVPL	Assets continue to be measured fair value. Cumulative gain or loss previously recognized in other comprehensive income is reclassified to Consolidated statement of profit and loss at the reclassification date.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of Group's similar financial assets) is primarily derecognised (i.e. removed from the Consolidated Balance Sheet) 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 or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings etc.

Subsequent measurement

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to Consolidated statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated statement of profit and loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss. This category generally applies to borrowings and security deposits received.

Derecognition

A financial liability is derecognised 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 derecognition 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 or loss.

Offsetting financial instrument

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle financial asset and liability on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Fair Value measurement

The Group measures financial instruments at fair value at each financial statement 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:

i) In the principal market for the asset or liability, or
ii) 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed 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 Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, the Board of Directors of the Investment Manager presents the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations. 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 summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.13 Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated 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.

For the purpose of the Consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.14 Impairment of Assets

Impairment of Financial Assets

All financial assets except for those designated at FVTPL are subject to review for impairment at least each reporting date to identify whether there is any objective evidence that a financial asset or group of financial assets is impaired. 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 amortized cost.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the Consolidated Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

Impairment of Non- Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 Group's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre—tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses of continuing operations are recognized in the Consolidated statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Consolidated statement of profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 Foreign currency transactions

The Group's financial statements are presented in INR, which is group's functional currency.
Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions between the functional currency and the foreign currency.
Monetary foreign currency assets and liabilities remaining unsettled at the Financial Statement date are translated at the rates of exchange prevailing on that date.

Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognized in the Consolidated Statement of Profit and Loss.

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Non - Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and Non - Monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

The gain or loss arising on translation of Non-Monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in Fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.16 Taxes on income

Tax expense comprises of Current and Deferred tax.
Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Investment Manager 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 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 and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised. 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 utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or 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 entity and the same taxation authority.

2.17 Provisions, Contingent Liabilities, Contingent Assets and Capital Commitments

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent Liabilities are reviewed at each reporting date. The Group does not recognize a contingent liability but discloses its existence in the financial statements, however discloses its existence in the financial statements in the notes to accounts.

Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity.
Contingent assets are recognized when the realisation of income is virtually certain, in which case the related asset is not a contingent asset and its recognition is appropriate.
Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated statement of profit and loss net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

>> estimated amount of contracts remaining to be executed on capital account and not provided for;

>> funding related commitment to subsidiary companies; and

>> other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to services to be rendered / procurements made in the normal course of business are not disclosed to avoid excessive details.

2.18 Consolidated Statement of Cash Flows

Consolidated Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities.

Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

>> changes during the period in operating receivables and payables, transactions of a non-cash nature;

>> non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses;

>> all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Consolidated Statement of Cash Flows exclude items which are not available for general use as at the date of Consolidated Balance Sheet.

2.19 Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Consolidated Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

2.20 Unit Capital

Units are classified as equity. Incremental costs attributable to the issue of units are directly recorded in Other Equity, net of tax.

2.21 Distribution to unit holders

The Group 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 InvIT 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.

2.22 Earnings per Unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the period attributable to unitholders by the weighted

Success is the intersection of ambition and action.

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information

3. Property, Plant and Equipment

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Computer	Total
Gross Carrying Amount		
Balance as at March 31, 2020	–	–
Additions	–	–
Less: Disposals	–	–
Balance as at March 31, 2021	–	–
Additions	0.50	0.50
Less: Disposals	–	–
Balance as at March 31, 2022	**0.50**	**0.50**
Accumulated Depreciation		
Balance as at March 31, 2020	–	–
Additions	–	–
Less: Disposals	–	–
Balance as at March 31, 2021	–	–
Additions	0.04	0.04
Less: Disposals	–	–
Balance as at March 31, 2022	**0.04**	**0.04**
Net Carrying Amount		
As at March 31, 2020	–	–
As at March 31, 2021	–	–
As at March 31, 2022	**0.46**	**0.46**

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information

4. Goodwill arising on Consolidation

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Gross Carrying Amount		
Balance as at March 31, 2020	–	–
Additions	–	–
Less: Disposals	–	–
Less: Impairment	–	–
Balance as at March 31, 2021	–	–
Additions*	10,144.46	–
Less: Disposals	–	–
Less: Impairment	–	–
Balance as at March 31, 2022	**10,144.46**	–

"The carrying amount relates to goodwill arising on acquisition of Project SPV company (NHIPPL) by the Trust and has been tested for impairment against the respective cash generating unit (CGU). The calculation uses cash flow forecast based on approved financial budgets/strategic forecast which cover future periods of 30 years.

Based on a review of the future discounted cash flows of the intangible assets (Toll Collection Rights) held by the subsidiary (NHIPPL), the recoverable amount is higher than the carrying amount of the assets, and accordingly no impairment loss has been recognised in the statement of profit and loss for the year ended March 31, 2022."

*Refer Note 34

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information

5. Intangible Assets

(All amounts in ₹ lakh unless otherwise stated)

Particulars	License to charge users of Toll Road					
	Abu Road-Swaroopganj	Abu Road-Palanpur	Belgaum-Kagal	Chittorgarh-Kota	Kolthakota-Kurnool	Total
Gross Carrying Amount:						
Balance as at March 31, 2021	—	—	—	—	—	—
Additions	74,170.00	1,14,650.00	2,32,870.00	1,19,340.00	1,94,010.00	7,35,040.00
Less: Disposals	—	—	—	—	—	—
Balance as at March 31, 2022	**74,170.00**	**1,14,650.00**	**2,32,870.00**	**1,19,340.00**	**1,94,010.00**	**7,35,040.00**
Accumulated Amortization:		—				
Balance as at March 31, 2021	—	—	—	—	—	—
Additions	102.06	156.78	366.53	156.35	273.89	1,055.61
Less: Disposals	—	—				
Balance as at March 31, 2022	**102.06**	**156.78**	**366.53**	**156.35**	**273.89**	**1,055.61**
Net Carrying Amount						
Balance as at March 31, 2021	—	—	—	—	—	—
Balance as at March 31, 2022	**74,067.94**	**1,14,493.22**	**2,32,503.47**	**1,19,183.65**	**1,93,736.11**	**7,33,984.39**

Note:-

The Project SPV (NHIPPL) has acquired rights for Tolling, Operation, Maintenance and Transfer of five toll road projects for a period of 30 years from the appointed date of 16.12.2021 basis Toll Concession agreements with the NHAI, for a consideration of INR 7,350.40 Crore and the same have been recognised as Other Intangible Assets in financial statements.

Toll Collection Rights shall be amortized basis a Consumption based model (using Passenger Car Unit (PCU) projections) over the tenure of the Concession Agreement i.e. 30 years.

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information

6. Other Financial Assets: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Investment in Fixed Deposits		
Fixed Deposits with banks*	3,170.81	—
	3,170.81	—

* The Fixed Deposits are earmarked for Debt Servicing Reserve Account (DSRA), to be utilized at the end of tenure of long term borrowings from Senior Lenders, hence classified as Other Financial Assets- Non Current irrespective of date of maturity.

7. Deferred Tax Assets (Net)

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Deferred Tax Assets arising on account of:		
- Expense disallowed as per Income Tax Act, 1961, allowable in future years	0.03	—
- Unabsorbed depreciation & Carried forward tax losses	23,124.38	—
Total (A)	**23,124.41**	
Deferred Tax Liabilities arising on account of:		
- Difference between book & tax base related to Intangible assets	22,858.70	—
- Difference between book & tax base related to Investments	3.16	
- Expense disallowed earlier as per Income Tax Act, 1961, allowed now	0.03	—
Total (B)	**22,861.88**	—
Net Asset (A) - (B)	**262.53**	—

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

Reconciliation of Deferred Tax Asset/ (Liabilities)

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Opening Balance - Deferred Tax Asset	–	–
Deferred tax income/ (expense) during the period recognised in profit & loss	262.53	–
Deferred tax income/ (expense) during the period recognised in Other Comprehensive Income	–	–
Closing Balance - Deferred Tax Asset	**262.53**	–

8. Investments: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
In Mutual Funds - Quoted at FVTPL		
"Overnight Mutual Funds (28,664.02 units @ NAV of Rs. 3,461.3538 per unit)"	992.16	–
Total	**992.16**	–

9. Trade Receivables: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Outstanding for the following period from the due date of payment:		
Undisputed trade receivables- considered good* (Outstanding for less than 6 months from the due date of payment)	600.47	–
Disputed trade receivables- considered good	–	–
	600.47	–

* Undisputed Trade Receivables include unbilled receivables amounting to Rs. 401.12 Lakh

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

10. Cash and Cash Equivalents

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Cash & Cash Equivalents		
Balances with Banks		
In Current Accounts	1,004.69	–
In Escrow Accounts	35.09	–
"Fixed Deposits (having original maturity of less than 3 months)"	4,350.00	–
	5,389.78	–

11. Other Financial Assets: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest receivable on investment in Fixed Deposits	5.28	–
Other Financial Assets	0.10	–
Total	**5.38**	–

12. Other Current Assets

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Prepaid expenses	347.29	–
Total	**347.29**	–

Consolidated Summary of significant accounting policies and other explanatory information

13. Unit Capital*

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022		As At 31st March, 2021	
	No. of Units	Amount	No. of Units	Amount
Unit Capital	59,52,00,000	6,01,152.00	–	–

Rights/ preferences and restrictions attached to Unit Capital

Subject to the provisions of the InvIT Regulations, the indenture of funds, 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 numbers of the units held by that unitholder to the total number of the units.

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 of the Trust.

d) Right to vote upon any matters/resolutions proposed in relation to the Trust.

e) Right to receive periodic information having a bearing on the operation or performance of the Trust in accordance with the InvIT Regulations; and

f) Right to apply to the Trust to take up certain issues at meetings for unit holders approval.

g) Right to receive additional information, if any, in accordance with InvIT documents filed with Placement Memorandum.

h) The non-sponsor unit holders ("Eligible Persons") of the Trust are entitled to representation on the Board of Directors of the Investment Manager through appointment of up to two (2) directors ("Non-Sponsor Directors"), provided that no Eligible Person shall have the right to nominate more than one Director at a time for appointment on the Board of Directors.

In accordance with the InvIT Regulations, no unit holders shall enjoy superior voting or any other rights over any other unit holders, and there shall not be multiple classes of units. There shall be only one denomination of units. Not withstanding the above, subordinate units may be issued only to the Sponsor and its Associates, where such subordinate units shall carry only inferior voting or any other rights compare to the other units.

Under the provisions of the InvIT Regulations, not less than ninety percent of the net distributable cash flows of the Trust is required to be distributed to the unitholders, and in accordance with such statutory obligation the Trust has formulated a distribution policy to declare and distribute the distributable cash flows to its unitholders once every quarter of a financial year as approved by the Board of Directors of the Investment Manager. 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 represent repayment of proportionate capital and share of profit.

Consolidated Summary of significant accounting policies and other explanatory information

Limitation to the Liability of the unit holders

The liability of each unit holders towards the payment of any amount (that may arise in relation to the Trust including any taxes, duties, fines, levies, liabilities, costs or expenses) shall be limited only to the extent of the capital contribution of such unit holders and after such capital contribution shall have been paid in full by the unit holders, the unit holders shall not be obligated to make any further payments. The unit holders shall not have any personal liability or obligation with respect to the Trust.

DETAILS OF UNITHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Name of Shareholder	As At 31st March, 2022		As At 31st March, 2021	
	No. of Units	%	No. of Units	%
Ontario Limited	14,88,00,000	25.00%	–	–
CPP Investment Board Private Holdings Inc.	14,88,00,000	25.00%	–	–
SBI Balanced Advantage Fund	5,68,00,000	9.54%	–	–
National Highways Authority of India (NHAI)	9,56,00,000	16.06%	–	–

As per records of the Trust, including its register of unitholders and other declaration received from unitholders regarding beneficial interest, the above unitholding represent both legal and beneficial ownership of units.

The Trust has issued 1,00,51,485 nos. of units at the rate of Rs. 101 per unit for consideration other than cash to the Sponsor (National Highways Authority of India), as consideration for purchase of 1,00,000 equity shares of Project SPV - NHIPPL.

No units were bought back since inception of the Trust.

THE RECONCILIATION OF THE NUMBER OF SHARES OUTSTANDING IS SET OUT BELOW:

Particulars	As At 31st March, 2022		As At 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Number of Units at the Beginning	–	–	–	–
Units issued during the year	59,52,00,000	6,01,152.00	–	–
Number of Units at the End	59,52,00,000	6,01,152.00	–	–

Consolidated Summary of significant accounting policies and other explanatory information

14. Other Equity **

(All amounts in ₹ lakh unless otherwise stated)

Particulars	Reserves and Surplus	Items of Other Comprehensive Income		Total
		Items that will not be reclassified to profit or loss	Items that will be reclassified to profit or loss	
	Retained Earnings	Remeasurement of Defined Benefit Obligation/ Plan	Fair Value Gain on Preference Shares	
Balance as at 1st April 2020	–-	–	–	–
Profit/ (Loss) for the year	(67.90)	–	–	(67.90)
Balance as at 31st March, 2021	**(67.90)**	–	–	(67.90)
Profit/ (Loss) for the year	6,836.33	–	–	6,836.33
One time units issue expense	1,709.18	–	–	1,709.18
Balance as at 31st March, 2022	**5,059.25**	–	–	**5,059.25**

15. Borrowings: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Secured		
Term Loan:		
From Banks	1,46,998.41	–
From other parties	–	–
	1,46,998.41	–
Less: Current Maturities of Long Term borrowings (Refer Note 17)	980.86	–
Less: Unamortized Borrowing Cost	460.61	–
	1,45,556.94	–
Total	**1,45,556.94**	–

*Transaction Cost amounting to Rs. 1.18 Crore was not yet paid as at the end of reporting period to the Senior Lenders, however the same has been considered for the purpose of EIR in the forthcoming periods.

The Trust had availed loan cumulating to INR 1,480 Crore (sanctioned amount Rs. 2,000 Crore) from three banks at the rate of 7.20% p.a. via Facility Agreement dated 29.09.2021 for the purpose of investment of Trusts in Project SPV (NHIPPL).

The loan was disbursed on 14.12.2021 and is repayable on quarterly basis over 78 quarterly instalments of Principal and Interest up to 31st March 2041, and the next instalment due on 30th June 2022.

Consolidated Summary of significant accounting policies and other explanatory information Cont.

"Security:

The loan is secured by,

- first pari passu charge on all immovable assets (if any), movable assets and receivables of the Trust including but not limited to,

(i) the interest and principal repayments on the loans advanced by the Trust to Project SPV

(ii) dividends to be paid by Project SPV to the Trust

- first pari passu Security Interest on Trust Escrow account and all sub-accounts thereunder, including DSRA.
- first pari Passu charge on the Senior Debt Service Account, Sub-Debt Servicing Account and Surplus/ Dividend Account or any other account of the Project SPV where free cash flows of the Project SPV are credited. - pledge of 100% equity shares of Project SPV (NHIPPL) held by the Trust. - assignment of loans advanced by the Trust to Project SPV (NHIPPL) and securities created by the Trust including the assignment of rights of submission, termination and invocation of provision of Escrow agreement in case of default.
- negative lien on immovable assets (including current assets and cash flows) of the Project SPV (NHIPPL) subject to sale of obsolete items or cars/ ambulances, old toll equipment etc., under normal business practice, subject to maximum cumulative value of INR 5 Crore in any financial year.

The senior lenders of the Trust have also been provided with a corporate guarantee from Project SPV (NHIPPL) to guarantee the repayment of senior debt by the Trust. The funds have been raised at Trust level by unitholders and domestic lenders, and the same have been lent to Project SPV (NHIPPL) for payment of concession fee by NHIPPL to NHAI. The cashflows viz., toll collections are lying in NHIPPL. Accordingly, corporate guarantee amounting to INR 2,000 Crore via Corporate Guarantee Deed dated 14.03.2022, valid across the tenure of the loan of the Trust i.e. up to 31.03.2041, has been provided by the Project SPV (NHIPPL) to the senior lenders of the Trust."

There have been no breaches in financial covenants with respect to the borrowings from Senior lenders.

Consolidated Summary of significant accounting policies and other explanatory information

16. Provisions: Non Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Provision for employees benefits		
Gratuity	0.05	–
Compensated Absences	0.03	–
Provision for Major Maintenance*		
Abu Road- Swaroopganj	7.45	–
Abu Road- Palanpur	28.39	–
Belgaum- Kagal	30.36	–
Chittorgarh- Kota	264.32	–
Kolthakota- Kurnool	72.78	–
Total	**403.37**	–

Provision for Major Maintenance*

The Company has a contractual obligation to maintain the performance standards of the Project Highways in respect of riding quality and allied measures as per the performance parameters stipulated under the respective Concession Agreements. Cost of such obligation is measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and recognised over the period at the end of which the overlay is estimated to be carried out using Discounted Cash Flows method with the discount rate taken as the risk free interest rate i.e. GOI 30 yr. Bond Yield. The next major overlay for one of the Project Highways is expected to be carried out in FY 2024-25.

Details of movement in Provisions

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Opening Balance	–	–
Add: Accretion during the year	403.29	–
Less: Utilized during the year	–	–
Closing Balance	**403.29**	–

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

17. Borrowings: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Current Maturities of Long Term borrowings (Refer Note No. 15)	980.86	–
	–	
	980.86	–

18. Trade Payables: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Total outstanding, dues of micro and small enterprises	–	–
Total outstanding, dues of creditors other than micro and small enterprises (Outstanding for less than 12 months from the due date of payment)	1,101.23	–
Total	1,101.23	–

19. Other Financial Liabilities: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Others		
Cash Toll Collection payable to NHAI	97.85	–
Payables towards other expenses	143.56	67.81
Total	**241.41**	**67.81**

20. Other Current Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Statutory Liabilities (GST, TDS, TCS and PF)	240.75	0.09
Total	**240.75**	**0.09**

Consolidated Summary of significant accounting policies and other explanatory information Cont.

21. Provisions: Current

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Provision for Employee Benefits		
Compensated Absences	0.03	–
Total	**0.03**	–

22. Current Tax Liabilities (Net)

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Provision for Income Tax	161.77	–
Total	**161.77**	–

Reconciliation of Current Tax Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Opening Balance	–	–
Add: Income Tax Payable for the year	436.36	–
Less: Taxes Paid	274.59	–
Closing Balance	**161.77**	–

23. Revenue from operations

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Sale of Services		
Revenue from Toll Collection	13,941.94	–
Other Operative Revenue		
Interest on delay in Toll Remittance	18.61	–
Total	**13,960.55**	–

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

24. Other Income

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest Income		
On fixed deposits with banks	5.86	–
Other non operating income		
Net Gain on fair valuation of investments designated at FVTPL	7.38	–
Gain on sale of investments	682.62	–
Other Income	318.67	–
Total	**1,014.53**	–

25. Operating Expenses

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Project Management Fees	290.43	–
Operation and Maintenance Expenses	446.48	–
Provision for Major Maintenance Obligation	403.29	
Total	**1,140.21**	–

26. Employee Benefit Expenses

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Salaries and wages	1.75	–
Contribution to provident and other funds	0.13	–
Gratuity	0.05	–
Compensated absences	0.06	–
Staff welfare expenses	0.13	–
Total	**2.12**	–

Consolidated Summary of significant accounting policies and other explanatory information Cont.

27. Finance Charges

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Interest on Long Term Borrowings	3,149.19	–
Other Financial Charges	5.24	–
Total	**3,154.43**	–

28. Depreciation and Amortization Expenses

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Depreciation on Property, Plant and Equipment	0.04	–
Amortization on Intangible Assets	1,055.61	–
Total	**1,055.65**	–

29. Other Expenses

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Advertisement expenses	8.47	–
Professional fees	203.13	47.55
Fee, subscription & taxes	291.63	15.27
Insurance expenses	166.04	–
Bank charges	0.04	–
Auditors' remuneration:		
Statutory Audit fees	4.57	0.87
Tax Audit fees	0.30	–
Certification and other charges	0.52	–
Data Management Expenses	1.31	–
Miscellaneous expenses	0.87	–
Total	**676.86**	**63.69**

Consolidated Summary of significant accounting policies and other explanatory information Cont.

30. Tax Expense

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Current Tax	436.36	–
Provision for Taxation–Earlier years	–	–
	436.36	–
Deferred tax expense/(credit)	(262.32)	–
	174.04	–

Effective tax Reconciliation:

Numerical reconciliation of tax expense applicable to (profit)/ loss before tax at the latest statutory enacted tax rate in India to income tax expense reported is as follows:

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Accounting Profit before Income Taxes	7,010.37	
Tax at India's statutory income tax rate for Companies (25.17%)	(2,925.10)	
Tax at India's statutory income tax rate for Business Trusts - Maximum Marginal Rate (42.744%)	7,963.95	
Increase/ (reduction) in taxes on account of:		
Impact of deferred tax on reversible allowance/ dis-allowance of business expense and income, as per Indian Income Tax Act, 1961	2,662.78	
Impact of exemption u/s 10(23FC) of the Indian Income Tax Act, 1961 available to the Trust	(7,542.34)	
Provision for interest on delayed deposit of income tax	14.75	
Income tax expense reported in the statement of profit and loss	**174.04**	

31. Earning per Unit

Particulars	As At 31st March, 2022	As At 31st March, 2021
Basic and diluted EPU		
Net Profit/ loss available for unitholders (in ₹ lakh)	6,836.33	–
Weighted average number of units for EPU computation	59,52,00,000	–
EPU- Basic and diluted	**1.15**	–

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

32. Contingent Liabilities

(All amounts in ₹ lakh unless otherwise stated)

Particulars	As At 31st March, 2022	As At 31st March, 2021
Contingent Liabilities:		
Corporate Guarantee issued by the Project SPV company (NHIPPL) to the lenders of NHIT	2,00,000.00	–
Total	**2,00,000.00**	–

The Project SPV company (NHIPPL) has issued a Corporate Guarantee amounting to INR 2,000 Crore on 14.03.2022 in favour of lenders of NHIT as part of debt covenants of the loan received from NHIT, to secure the term loan of INR 2,000 Crore availed by NHIT from external lenders. The Corporate Guarantee is valid across the tenure of the loan till March 31, 2047, till the external loans of the Trust are satisfied.

33. Revenue from contracts with customers

1 **Disaggregation of revenue**

Revenue recognised mainly comprises of revenue from toll collections, claims with NHAI, contract revenue. Set out below is the disaggregation of the Trust's revenue from contracts with customers:

(All amounts in ₹ lakh unless otherwise stated)

Description	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Operating revenue		
(a) Toll income from Expressway	13,941.94	–
(b) Interest on delay in Toll Remittance	18.61	–
Total revenue	**13,960.55**	–

The table below presents disaggregated revenues from contracts with customers based on nature, amount and timing for the year ended 31 March 2022 and 31 March 2021:

S.No.	Types of Products by Nature	Types of Services by timing	For the year ended 31st March, 2022	For the year ended 31st March, 2021
1	Toll Income	Over the period of time	13,960.55	–

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

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 31st March, 2022	As At 31st March, 2021
	Current	Current
Contract assets		
Trade receivables:		
Receivables under service concession arrangements	600.47	–
Total	**600.47**	–
Contract liabilities		
Trade Payables	1,101.23	–
Other Payables	241.41	–
Total	**1,342.64**	–

3 **Performance obligation**

Income from toll collection

The performance obligation in service of toll collection is recorded as per rates notified by NHAI and approved by management and payment 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.

4 **Disclosure under Appendix - C & D to Ind AS 115 - " Service Concession Arrangements"**

All the below service concession arrangement have been accounted under intangible asset model

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 days)
National Highways Infra Projects Private Limited	16.12.2021	15.12.2051	106

i) The above TOT 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 or rights to except provision of services

c. Obligations to deliver or rights to receive at the end of concession

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

34. Disclosures Pursuant To Ind As 103 “Business Combinations”

(All amounts in ₹ lakh unless otherwise stated)

a Acquisition of subsidiaries

i) Pursuant to the Share Purchase Agreement dated September 30, 2021, the Trust acquired the entire equity share capital of the the Project SPV company (NHIPPL) on December 14, 2021 for an equity consideration of Rs. 1,39,553.52 Lakhs. Accordingly, the financial statements of the subsidiary NHIPPL for the period from December 14, 2021 to March 31,2022 have been considered in the consolidated financial statements of the Trust. Funding for the said acquisition was raised through preferential issue of units of the Trust. The Group has carried out a fair valuation of the net assets of the Project SPV at the time of acquisition and accordingly the goodwill has been recorded in the consolidated financial statements.

ii) Details of the purchase consideration:

Particulars	Total
Cash Consideration	1,29,400.00
Unit capital issued	10,153.52
Total purchase consideration	**1,39,553.52**

The fair value of Rs 139,553.52 lakhs paid for acquisition of the above mentioned project SPVs includes consideration in cash amounting to Rs. 1,294 Crore and consideration in form of issuance of 10.05 Lakh units of Trust at the rate of Rs. 101 per unit. Issue costs of Rs 1.52 Lakh directly attributable to the issue of the units have been added to the purchase consideration.

iii) Assets acquired and liabilities recognised on the date of acquisition are as follows:

Particulars	Total
Non - Current Assets:	
Intangible assets	7,35,040.00
Deferred Tax Assets (net)	0.21
Current Assets:	
Financial Assets	
Cash and Cash Equivalents	10.00
Total Assets	**7,35,050.21**
Current Liabilities:	
Financial liabilities	
Other financial liabilities	7,35,041.12
Other current liabilities	0.02
Total Liabilities	**7,35,041.14**
Net assets acquired	**9.07**

NATIONAL HIGHWAYS INFRA TRUST

Consolidated Summary of significant accounting policies and other explanatory information Cont.

iv) Calculation of Goodwill / (Capital Reserve)

Particulars	Total
Purchase Consideration	1,39,553.52
Less: Fair Value of Net Assets acquired	9.07
Less: Acquisition of fresh issue of shares of NHIPPL by the Trust	1,29,400.00
Goodwill	**10,144.46**

v) Goodwill on acquisiion has been accounted for under Non Current Assets in the Balance Sheet.

vi) Entity wise Revenue and Profit after tax from the date of acquisition till March 31, 2022:

Particulars	Total
Revenue	13,960.55
Profit after Tax	**6,836.33**

vii) Entity wise Revenue and Profit after tax for the financial year 2020-21

Particulars	Total
Revenue	-
Profit after Tax	**(67.90)**

35. Related Party Disclosures

A. List of additional related parties as per Regulation 2(1)(zv) of the SEBI InvIT Regulations

Parties to the Trust

>> National Highways Infra Investment Managers Private Limited (NHIIMPL) - Investment Manager (IM) of the Trust
>> IDBI Trusteeship Services Limited (ITSL) - Trustee of the Trust
>> National Highways Authority of India (NHAI)- Sponsor
>> National Highways InvIT Project Managers Private Limited (NHIPMPL) - Project Manager

Promoters of the Parties to the Trust specified above

>> President of India - Promoter of NHIIMPL
>> IDBI Bank Limited (IDBI Bank) - Promoter of ITSL
>> President of India - Promoter of NHAI
>> National Highways Authority of India (NHAI)- Promoter of NHIPMPL

average number of units outstanding during the period.

Directors of the parties to the Trust specified above

Directors of NHIIMPL	Directors of ITSL	Directors of NHIPMPL
Mr. Suresh Krishan Goyal	Mr. Padma Vinod Betai	Mr. Ashish Asati
Mr. Vivek Rae	Mr. Samuel Joseph Jebaraj	Mr. Muralidhara Rao Bugatha
Mr. Shailendra Narain Roy	Ms. Madhuri Jayant Kulkarni	
Mr. Balasubramanyam Sriram	Mr. Pradeep Kumar Jain	
Mr. Mahavir Parsad Sharma	Ms. Jayashree Ranade	
Mr. Pradeep Singh Kharola		
Mr. Amit Kumar Ghosh		
Mrs. Kavita Saha		
Mr. Bruce Ross Crane		
Mr. N.R.V.V.M.K. Rajendra Kumar		

B. Transactions with Related Parties during the period

(Amounts in ₹ lakh)

Name of Entity	Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Parties to the Trust as per Regulation 2(1)(zv) of the SEBI InvIT Regulations			
National Highways Infra Investment Managers Private Limited (NHIIMPL)	Payment of Investment Manager Fee	1,931.71	–
	Reimbursement of Pre-Issue expenses of NHIT by NHIIMPL	214.80	–
National Highways Authority of India (NHAI)	Reimbursement of Pre-Issue expenses of NHIT by NHAI	578.02	67.03
	Purchase of equity shares of Project SPV (NHIPPL) by the Trust from NHAI	10,153.52	–
	Issue of units of Trust to NHAI	96,556.00	–
IDBI Trusteeship Services Limited (ITSL)	Payment of Trustee Fee	12.15	–
	Initial Settlement Amount	–	0.10

C. Closing Balance with Related Parties

(Amounts in ₹ lakh)

Name of Entity	Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Parties to the Trust as per Regulation 2(1)(zv) of the SEBI InvIT Regulations			
National Highways Authority of India (NHAI)	Issue of units of Trust to NHAI (9,56,00,000 units)	96,556.00	–
IDBI Trusteeship Services Limited	Initial Settlement Amount	0.10	0.10
	Other Payables	2.77	–

36. Capital Management

For the purpose of the Group's capital management, capital includes issued unit capital and all other 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 unit holder 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 adjust the dividend payment / income distribution to unit holders (subject to the provisions of SEBI InvIT Regulations which require distribution of at least 90%of the net distributable cash flows of the Group to unit holders), return capital to unit holders or issue new units. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio optimum.

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Net Debt Components:		
Long Term Borrowings (Non-Current portion)	145,556.94	–
Current Maturities of Long-Term Borrowings	980.86	–
Less: Cash and Cash Equivalents	(5,389.79)	–
Less: Bank Balances other than cash and cash equivalents	(3,170.81)	–
Less: Current Investments	(992.16)	–
Net Debt (i)	**1,36,985.04**	–
Capital Components:		
Unit Capital	6,01,152.00	–
Initial Settlement Amount	0.10	–
Other Equity	5,059.25	–
Total Capital (ii)	**6,06,211.35**	–
Capital and Net Debt [(iii) = (i) + (ii)]	**7,46,363.55**	–
Gearing Ratio (i)/(iii)	**18.35%**	–

In order to achieve this overall objective, the Board of Directors of Investment Manager, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

37. Financial Risk Management Objectives and Policies

The Group is in the process of formulation of its risk management policies with an objective of identification and analysis of risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies shall be reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of Investment Manager has overall responsibility for the establishment and oversight of the Group's risk management framework.

In performing its operating, investing and financing activities, the Group is exposed to the Credit risk, Liquidity risk and Market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, Receivable and Payables and Investments measured at FVTPL.

The sensitivity analyses in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 & March 31, 2021.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group transacts business primarily in Indian Rupees only, and hence, the sensitivity of profit and loss of the Group to a possible change in foreign exchange rates is non-existent as on 31st March, 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to risk of changes in market interest rates generally relates primarily to long-term debt obligations with floating interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Floating Rate Borrowings	1,46,537.80	–

The Group's exposure to interest rate risk due to variable interest rate borrowings is as follows:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Term Loan from Bank	11,201.41	–

Sensitivity analysis based on average outstanding Debt:

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022	As At March 31, 2021
Increase or decrease in interest rate by 25 basis points	388.94	–

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).
The Group is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss. The Group measures risk through sensitivity analysis.
The Group's risk management policy is to mitigate the risk by investments in mutual funds. The Group has investment in mutual funds amounting Rs. 992.16 Lakh as at March 31, 2022 (March 31, 2021: Rs. Nil) and accordingly is expose to price risk.

Sensitivity analysis:

(Amounts in ₹ lakh)

Particulars	Impact on profit / (loss) before tax	
	As At March 31, 2022	As At March 31, 2021
Increase or decrease in NAV by 2%	19.84	–

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. With respect to credit risk arising from other financial assets of the Group, which comprise Balances with banks, Trade Receivables, Loans and Advances and Investments. The Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instrument.
The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was Rs. 10,158.59 Lakh and Rs. 0.10 Lakh as at March 31, 2022 and March 31, 2021 respectively, being the total carrying value of Loans and Advances, Trade receivables, Investments, Balances with bank, bank deposits and other financial assets.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.
The Trust is exposed to liquidity risk due to bank borrowings and trade and other payables.
The Trust measures risk by forecasting cash flows.
The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Trust's reputation. The Trust ensures that it has sufficient funds to meet expected operational expenses, servicing of financial obligations.

In addition, processes and policies related to such risk are overseen by senior management. Management monitors the Trust's net liquidity position through rolling forecast on the basis of expected cash flows.

The table below summarises the maturity profile of the trust's financial liabilities based on contractual undiscounted payments.

(Amounts in ₹ lakh)

As at 31-03-2022	Carrying Amount	<1 Yr.	1-3 Yrs.	>3 Yrs.
Borrowings	1,46,537.80	1000.00	8,000.00	1,37,537.80
Trade Payables	1,101.23	1,101.23	–	–
Other Financial Liabilities	241.41	241.41	–	–
Total	**1,47,880.44**	**2,342.64**	**8,000.00**	**1,37,537.80**

As at 31-03-2021	Carrying Amount	<1 Yr.	1-3 Yrs.	>3 Yrs.
Borrowings	–	–	–	–
Trade Payables	–	–	–	–
Other Financial Liabilities	67.81	67.81	–	–
Total	**67.81**	**67.81**	–	–

38. Disclosure pursuant to IND AS 36 "Impairment of Assets"

Based on management review on expected future cash flows and economic conditions of the assets of the Group, no indicators of impairment of assets exist as on the reporting date. In case of Goodwill, the recoverable amount is higher than the carrying amount as on reporting date. Hence no provision for impairment has been recognised in the books as on the reporting date.

39. Disclosure of Financial Instruments by Category

(Amounts in ₹ lakh)

Particulars	As At March 31, 2022			As At March 31, 2021		
	Amortized Cost	FTVPL		Amortized Cost	FTVPL	
		At Cost	At Fair Value		At Cost	At Fair Value
Assets:						
Cash and Cash Equivalents	5,389.78	–	–	–	–	–
Trade Receivables	600.47					
Other Financial Assets	3,176.18	–	–	–	–	–
Investments in Mutual Funds	–	–	992.16	–	–	–
Total	**9,166.43**	–	**992.16**	–	–	–
Liabilities:						
Borrowings	1,46,537.80	–	–	–	–	–
Trade Payables	1,101.23	–	–	–	–	–
Other Financial Liabilities	241.41	–	–	67.81	–	–
Total	**1,47,880.44**	–	–	**67.81**	–	–

Defaults and Breaches

There are no defaults during the year with respect to repayment of principal and payment of interest and no breaches of the terms and conditions of the borrowings.

There are no breaches during the year which permitted lender to demand accelerated payment.

40. Fair Values of Assets and Liabilities

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair values. Fair value of the financial assets and liabilities is 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 Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

41. Fair Value Hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Class wise composition and comparison of carrying amounts and fair values of financial assets and liabilities that are recognised in the financial statements along with Fair Value Hierarchy details are given below:

(Amounts in ₹ lakh)

Particulars	Fair Value Hierarchy Level	Carrying Value		Fair Value	
		As At March 31, 2022	As At March 31, 2021	As At March 31, 2022	As At March 31, 2021
Financial Assets at Amortized Cost:					
Cash and Cash Equivalents	Level 3	5,389.78	–	5,389.78	–
Trade Receivables	Level 3	600.47	–	600.47	–
Other Financial Assets	Level 3	3,176.18	–	3,176.18	–
Financial Assets at FVTPL:					–
Investments in Mutual Funds	Level 1	992.16	–	992.16	–
Total		**10,158.59**	–	**10,158.59**	–
Financial Liabilities at Amortized Cost:					
Borrowings	Level 3	1,46,537.80	–	1,46,537.80	–
Trade Payables	Level 3	1,101.23	–	1,101.23	–
Other Financial Liabilities	Level 3	241.41	67.81	241.41	67.81
Total		**1,47,880.44**	**67.81**	**1,47,880.44**	**67.81**

There are no transfer between level 1 and level 2 during the year.

The policy of the Group is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets:		
Investment in Mutual Funds	Market Approach	NAV
Investments in equity shares of subsidiaries	Income	Cash Flow
Loans	Income	Effective Rate of Interest
Financial liabilities:		
Term loans from Bank	Income	Effective Rate of Borrowings
Non-Convertible Debentures	Income	Effective Rate of Borrowings

42. Disclosure of segment information pursuant to IND AS 108 "Operating Segments"

The activities of the Group mainly include investing in infrastructure assets primarily in the SPVs operating in the road sector to generate cash flows for distribution to unit holders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment. Further, the entire operations of the Group are only in India and hence, disclosure of secondary / geographical segment information does not arise. Accordingly, requirement of providing disclosures under Ind AS 108 does not arise.

43. Details of dues To Micro and Small Enterprises as per MSMED Act, 2006

There are no Micro and Small Enterprises as defined in the Micro and Small Enterprises Development Act, 2006 to whom the Group owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro and Small Enterprises has been determined to the extent such parties has been identified on the basis of information available with the Group.

44. Disclosure pursuant to IND AS 19 "Employee Benefits"

Defined contribution plan:

Contributions to Provident Fund scheme and the Employee Deposit Linked Insurance scheme of the government of India, as a specified percentage of monthly payroll costs comprise the only obligations of the Group with respect to defined contribution plans for the employees.

An amount of Rs. 0.13 Lakh for the reporting period (March 31, 2021: Rs. Nil), being contribution made to these funds is recognised as expense under Employee Benefit expense (Note 26) in the Consolidated Statement of Profit and Loss.

Defined Benefit Plan:

Gratuity:
The benefit is governed by Payment of Gratuity Act, 1972, and is calculated as follows:

Components	Particulars
Benefits offered	15/ 26 × Salary × Duration of Service
Salary Definition	Basic Salary including Dearness Allowance (if any)
Vesting Conditions	5 years of continuous service (Not applicable in case of death/disability)
Benefit Eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement Age	58 years

45. Disclosure pursuant to IND AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year Rs. Nil [March 31, 2021: Rs. Nil]

46. Details of Project Management Fees and Investment Management Fees

Details of fees paid to project manager and investment manager as required pursuant to SEBI Circular No. CIR/MD/DF/127/2016, dated November 29, 2016 are as under:
Project Management Fees

The Project Manager (NHIPMPL) for managing the initial portfolio of assets is entitled to a Project Management fee which is a percentage of the gross revenue earned by the project SPV (NHIPPL). The same is based on the Project Implementation and Management Agreement (PIMA) signed by both the parties dated 30th March, 2021.

The project SPV (NHIPPL) proposed a fees of Rs. 70.00 Lakh (Rupees Seventy Lakh Only) per month, as project manager's fees against the services offered by the project manager, for a period of 18 months starting from the date of the Concession agreement. The Project Manager's fees for the period after the expiry of 18 months shall be a percentage of gross revenue earned by the project SPV (NHIPPL), which is mutually agreed between the parties in the PIMA.

Investment Management Fees

i) The investment manager's fee will initially be Rs. 1,100 Lakh (Rupees Eleven Hundred Lakh) per annum, exclusive of applicable taxes as per agreement dated 21st October, 2020.

ii) The investment manager's fee set out in above shall be subject to escalation on an annual basis at the rate of 10% of the management fee for the previous year.

iii) Any applicable taxes, cess or charges shall be in addition to the investment manager's fee and shall be payable by National Highways Infra Trust (NHIT) to the Investment Manager (NHIIMPL).

iv) The payment of investment manager's fee shall be made by National Highways Infra Trust (NHIT) to the investment manager (NHIIMPL) in advance on a quarterly basis.

47. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification of unit holders Funds

Under the provisions of the SEBI InvIT Regulations, the Group is required to distribute to its Unit holders not less than ninety percent of the net distributable cash flows of the Group for each financial year. Accordingly, a portion of the unit holders' funds contain a contractual obligation of the Group to pay to its Unit holders cash distributions.

The Unit holder's funds could therefore have been classified as compound financial instrument which contain both equity and debt components in accordance with Ind AS 32 'Financial Instruments: Presentation'. However, in accordance with SEBI Circulars (Circular no. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016) issued under the SEBI InvIT Regulations, the unit holders' 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 October 20, 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the income distribution payable to unit holders is recognized as liability when the same is approved by Board of Directors of the Investment Manager.

Fair valuation and disclosures

SEBI Circulars issued under the SEBI InvIT 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 Group engages independent qualified external valuers to perform the valuation. The Investment Manager works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The valuation report and findings are discussed at the meeting of the Board of Directors on yearly basis to understand the changes in the fair value of the subsidiaries. The 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, tax rates, inflation rates, etc. Changes in assumptions about these factors could affect the fair value.

Taxes

In accordance with section 10 (23FC) of the Income Tax Act, 1961, the income of business groups in the form of interest received or receivable from subsidiaries is exempt from tax. Accordingly, the Group is not required to provide any current tax liability. Further, deferred tax asset on carry forward losses is not created since there is no reasonable certainty of reversal of the same in the near future.

Major Maintenance Expenses / Resurfacing Expenses

As per industry practice, the company is required to carry out resurfacing of the roads under the Concession. For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally, periodic maintenance includes resurface of pavements, repairs of structures and other equipment 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.

Expected Credit Loss on financial assets

As per Ind AS 109, Financial Assets that are measured at amortised cost are required to compute the Expected Credit Loss (ECL). As at the reporting period, Investment manager of the Group assessed the credit risk of the financial assets and concluded that no provision for ECL is required.

48. Contingent Liabilities

The Project SPV company (NHIPPL) has issued a Corporate Guarantee amounting to Rs. 2,000 Crore on 14.03.2022 in favour of lenders of the Trust as part of debt covenants of the loan received from the Trust, to secure the term loan of Rs. 2,000 Crore availed by the Trust from external lenders. The Corporate Guarantee is valid till the external loans to the Trust are satisfied.

49. Subsequent Events

On May 23, 2022, the Board of Directors of the Investment Manager approved distribution of Rs. 0.79 per unit (Return on capital of Rs. 0.71 per unit, return of capital of Rs. Nil per unit, Dividend of Rs. Nil per unit and other income on surplus funds at Group of Rs. 0.08 per unit) for the period October 01, 2021 to March 31, 2022 to be paid on or before 15 days from the date of declaration.

50. Capital and Other Commitments

There are no capital and other commitments as at March 31, 2022 (March 31, 2021: Rs. Nil)

52. Reconciliation of Financing Activities in Cash Flow Statement

Net Debt Reconition

Particulars	31st March, 2022 (Long Term Borrowing)	31st March, 2021 (LongTerm Borrowing)
Carrying amount of debt at the beginning of the year/period	–	–
Additional borrowings during the year/period	1,48,000.00	–
Repayments during the year/period	(1,001.59)	–
Other adjustments/settlements during the year/period	–	–
- Impact in equity	–	–
- Transaction Costs	(472.00)	–
- Unwinding of interest	11.39	–
Carrying amount of debt at the end of the year/period	**1,46,537.80**	**–**

53. Additional Regulatory Information

Financial Ratios as on March 21, 2022

Sr. No.	Particulars	As On March 31, 2022	As On March 31, 2021
1	Current Asset ratio (Current Assets /Current Liability)	2.69	–
2	Debt- Equity ratio (Debt/ Equity)	0.24	–
3	Debt service coverage ratio (Net Operating Cash flow/ Debt Service Obligation)	2.58	–
4	ROE ratio (Net Profit/ Equity)	1.13%	–
5	Inventory turnover ratio	–	–
6	Trade receivable turnover ratio	–	–
7	Trade payable turnover ratio	–	–
8	Net Capital turnover ratio (Total Income / Net Working Capital)	3.25	–
9	Net profit ratio (Net profit / Total Income)	45.65%	–
10	Return on capital employed ratio ((Net Profit plus Finance Cost)/ (Equity + Debt))	1.35%	–
11	Return on investment (Income on Investment / Average Cost of Investment)	15.69%	–

54. Disclosure pursuant to IND AS 33 "Earnings per Unit"

Basic and Diluted Earnings per Unit (EPU) computed in accordance with Ind AS 33 "Earnings per Share":

(Amounts in ₹ lakh)

Particulars	FY 2021-22	FY 2020-21
Basic and Diluted		
Profit attributable to unit holders of the Fund (A)	6,836.33	–
Weighted average number of units (B)	5,952.00	–
Earnings Per Unit (In Rs.) (A/B)	**1.15**	**–**
Face value per Unit (In Rs.)	**101**	–

55. Key sources of estimation

The preparation of financial statements in conformity with Ind AS requires the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include allowance for doubtful loans /other receivables, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

56. Previous Year Figures

Previous year's numbers have been regrouped / reclassified, wherever necessary to conform to current year's classification.

For A.R. & Co.
Chartered Accountants
Firm Registration no. 002744C

Sd/-
CA Naresh Kumar Karn
Partner
M.No.077887

Date: 23.05.2022
Place: New Delhi

For and on behalf of the National Highways Infra Investment Managers Private Limited
(Investment Manager of National Highways Infra Trust)

Sd/-
Suresh Krishan Goyal
Director
DIN: 02721580

Sd/-
Mahavir Parsad Sharma
Director
DIN: 03158413

Sd/-
Mathew George
Chief Financial Officer

Sd/-
Gunjan Singh
Compliance Officer

OTHER DISCLOSURES

1. Any information or report pertaining to the specific sector or sub-sector that may be relevant for an investor to invest in units of the InvIT;

   Please refer to the Management Discussion and Analysis Report.

2. Update on development of under-construction projects, if any;

   Presently, all assets under InvIT are operational assets. It is to be noted that NHAI will commence augmentation work for the Belgaum Kagal section shortly.

   Under the capacity augmentation, the existing 4-lane configuration of the Project Highway will be upgraded to 6-lane configuration.

   The estimated construction period for the proposed capacity augmentation works is 2.5 years from the appointed date.

   The appointed date of the EPC works proposed to be undertaken by two contractors namely M/s Ashoka Buildcon Limited & M/s Autade Construction is likely to be declared by June 30, 2022.

   At the time of this report, the EPC contractors are undertaking their site establishment works.

3. Details of outstanding borrowings and deferred payments of InvIT including any credit rating(s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at the end of the year;

   The Trust had availed long term loan cumulating to INR 1,480 Crore (sanctioned amount Rs. 2,000 Crore) from consortium three banks at interest rate of 7.20% p.a. via Facility Agreement dated September 29, 2021 for the purpose of investment by the Trust in the Project SPV (NHIPPL).

   Details of external Borrowings

Particulars	March 31, 2022 (Long Term Borrowing)
a) Additional borrowings during the year/period	1,48,000.00
b) Repayments during the year/period	(1,001.59)

4. 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;

   Please refer to the Management Discussion and Analysis Report

5. a. Details of all related party transactions during the year, value of which exceeds five percent of value of the InvIT assets;

   National Highways Authority of India (NHAI)
   Transactions with Related Parties during the period (Amounts in ₹ lakh)

1.	Purchase of equity shares of Project SPV (NHIPPL) by the Trust from NHAI	10,153.52
2	Issue of units of Trust to NHAI	96,556.00

   b. Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle in which it has investment in;

   Project SPV (NHIPPL) had availed a loan amounting to INR 6,056.40 Crore at the rate of 12.70% p.a. from National Highways Infra Trust (NHIT) (Holding Entity) via Facility Agreement dated September 29, 2021 for financial assistance to be utilized for the purposes and terms and conditions as mentioned in the Concession Agreement between NHAI and NHIPPL. The loan was disbursed on December 14, 2021 and is repayable on quarterly basis over 102 quarterly instalments of Principal and Interest up to March 31, 2047.

6. Details of issue and buyback of units during the year;

   The InvIT had in its first maiden offer through the private placement route issued 59.52 Cr units.

   No units were brought back during the period.

7. Brief details of material and price sensitive information;

   During the period, the Trust, from time to time, has been providing price sensitive details of material and price sensitive information to the stock exchanges in accordance with the InvIT Regulations.

8. Details of revenue during the year, project-wise from the underlying projects:

Assured Remittance Received (Amount in Rs.)							
Sr. No.	Project	Plaza	FY 19	FY 20	FY 21	FY 22	
						1st April to 15th December*	16th December to 31st March
1	Abu road - Palanpur	Khemana	56,82,68,722	60,27,20,886	60,31,40,623	50,62,91,781	22,21,30,405
2	Abu road - Swaroopganj	Undavariya	36,21,93,218	40,10,07,271	39,52,69,590	42,57,12,877	17,68,62,750
3	Kothakota - Kurnool	Pullur	1,10,86,47,657	1,20,59,87,940	1,01,94,03,916	90,49,38,904	38,71,42,153
4	Belgaum - Kagal	Hattargi	32,60,90,436	30,07,67,851	23,03,78,453	23,65,06,027	34,54,61,942
5	Belgaum - Kagal	Kognoli	69,34,28,511	59,87,49,876	49,43,99,026	57,85,98,904	
6	Chittorgarh - Kota	Bassi, Aroli & Dhaneshwar	78,75,73,335	84,86,68,665	72,52,72,390	61,89,42,466	26,25,97,031
	Total		**3,84,62,01,879**	**3,95,79,02,489**	**3,46,78,63,998**	**3,270,990,959**	**1,39,41,94,281**
	No of days		365	366	365	259	106

*Based on contracted remittance as per the contract between NHAI and toll contractors.

9. Information of the contact person of the InvIT:

Ms. Gunjan Singh
Company Secretary and Compliance Officer
National Highways Infra Trust
G 5 & 6, Sector-10,
Dwarka, New Delhi-110075
Tel: +91 1125074100 / Extn: 1671
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