

<b>NCD Note</b>	<b>Issue Size: ₹ 15,000 million</b>
<b>Sector: Roads &amp; Highways</b>	<b>Interest Rate: 7.90% p.a. payable semi-annually</b>
<b>Start Date: 17<sup>th</sup> October 2022</b>	<b>End Date: 07<sup>th</sup> November 2022</b> <i>(with an option of early closure)</i>

## NATIONAL HIGHWAYS INFRA TRUST (NHIT)

### Company Overview:

National Highways Infra Trust ('NHIT'), a registered investment trust under the InvIT regulations and is sponsored by NHAI. As of now, NHIT have a right to toll, operate and maintain a portfolio of 5 Initial Toll Roads (5 stretches of ~389 Kms length; Concession period: 30 years) in the states of Gujarat, Rajasthan, Telangana and Karnataka. Going forward, it intend to toll, operate and maintain a portfolio of 3 Target Toll Roads (3 stretches of ~246 Kms length; Concession period: 20 years) in the states of Telangana, Maharashtra, Uttar Pradesh and Madhya Pradesh under the Toll Operate Transfer ("TOT") model conceived by NHAI.

### Key Highlights:

- **Existing portfolio of 5 roads project:** NHIT has a right to toll, operate and maintain a portfolio of 5 Initial Toll Roads (For details, refer to Table no 1) in the states of Gujarat, Rajasthan, Telangana and Karnataka.
- **Intends to add 3 incremental road projects:** Going forward, it intend to toll, operate and maintain a portfolio of 3 Target Toll Roads (For details, refer to Table no 2) in the states of Telangana, Maharashtra, Uttar Pradesh and Madhya Pradesh under the Toll Operate Transfer ("TOT") model.
- **Consistent track record of sponsor:** NHAI, the sponsor of NHIT, is the experienced national agency with consistent track record of operating and maintaining projects in the roads and highways sector in India.
- **Long concession period:** Sizable portfolio of revenue generating toll road assets with long concession period of 30 years for Initial Toll Roads and 20 years for Target Toll Roads.
- **Organic growth drivers in place:** Going forward, growth drivers for toll revenue are well placed led by likely growth in traffic volumes and expected increases in toll fees as a result of inflation adjustments.
- **Future Growth Drivers:** NHAI is likely to offer portfolio of 1,500 Kms in next 3 years to NHIT, of which the 3 Target Toll Roads have been offered for acquisition by the Sponsor. This access to future toll roads will be one of the important growth drivers in the future.
- **Favorable concession Agreements with Inflation pass-through clause in place:** Concession agreements take cares of termination payment, minimal price risk with inflation pass through clause, prohibits construction of competing expressway and takes care of compensation in case of reduced toll rates
- **Low Counterparty Risk:** NHIT has low counterparty risk due to creditworthiness of its sponsor – NHAI, which is an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of the Indian Parliament titled - The National Highways Authority of India Act, 1988 (the "NHAI Act").

### Issue Details

Issue Amount	₹ 15,000 million
Issue Opening Date	Monday, October 17, 2022
Issue Closing Date*	Monday, November 7, 2022 (With an option to close early)
Security Name	7.90% NHIT STRPP A of an NCD, 7.90% NHIT STRPP B of an NCD, 7.90% NHIT STRPP C of an NCD
Issuer	National Highways Infra Trust
Base Issue	₹ 7,500 million
Green shoe option (Amount)	₹ 7,500 million
Nature of Issue	Public Issue of Secured, Rated & Listed NCDs
Seniority	Senior
Issue	Face value of ₹1,000/- each, (comprising of 3 (three) separately transferable and redeemable principal parts ("STRPP") namely <ul style="list-style-type: none"> <li>• 1 STRPP A of face value of ₹ 300/-</li> <li>• 1 STRPP B of face value of ₹ 300/-</li> <li>• 1 STRPP C of face value of ₹400/-</li> </ul>
Minimum Application	₹ 10,000 (i.e. 10 NCDs comprising of 10 STRPP A, 10 STRPP B, 10 STRPP C)
Tenor	STRPP A of an NCD – 13 years STRPP B of an NCD – 18 years STRPP C of an NCD – 25 years
Coupon	STRPP A of an NCD – 7.90% p.a. payable semi-annually STRPP B of an NCD – 7.90% p.a. payable semi-annually STRPP C of an NCD – 7.90% p.a. payable semi-annually
Credit Rating	'CARE AAA; Stable' by CARE Ratings Ltd 'IND AAA/Stable' by India Ratings and Research Private Limited
Lead Managers to the Issue	JM Financial Ltd, A.K Capital, ICICI Securities, SBI Capital Markets Ltd, Trust Investment Advisors
The Sponsor	National Highways Authority of India
The Trustee	IDBI Trusteeship Services Limited
The Investment Manager	National Highways Infra Investment Managers Private Limited (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)
The Project Manager	National Highways InvIT Project Managers Private Limited (wholly-owned subsidiary of NHAI)

## Indicative Term sheet

Particulars	Details
Issuer	National Highways Infra Trust
Type & Nature	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Issue Size	₹ 7,500 million (Base) + ₹ 7,500 million (Greenshoe)
Minimum Application	₹ 10,000 (i.e. 10 NCDs comprising of 10 STRPP A, 10 STRPP B, 10 STRPPC).
Description regarding Security	<p>The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest/coupon due on the NCDs, subject to any obligations under applicable statutory and/or regulatory requirements shall be secured by:</p> <ul style="list-style-type: none"> <li>○ a first ranking pari passu Security Interest over the Issuer's immovable assets (if any), both present and future. The Issuer does not own any immovable property at the present time. In the event, the Issuer acquires any immovable property in future, the Issuer shall mortgage said property within 180 (one hundred eighty) days from the date of acquisition of such immovable assets. The Debenture Trustee shall be authorised to do all acts, deeds, and enter into necessary documents, agreement, amendments and/or modifications, as may be required to give effect the same, including carrying out the due diligence as may be required by Debenture Trustee;</li> <li>○ a first ranking pari passu Security Interest over the Hypothecated Assets (including Receivables), both present and future; and</li> <li>○ Negative Lien Undertaking;</li> <li>○ corporate guarantee executed or to be executed by the Project SPV in favor of the Debenture Trustee for guaranteeing the due repayment of the secured obligations in accordance with the terms in the Debenture Trust Deed.</li> </ul> <p>The security interest/ security documents stipulated above shall be collectively referred to as the "Security".</p> <p><b>Security Creation Timelines</b></p> <p>(a) The Security shall be created prior to making the listing application for the NCDs with the Stock Exchange(s).</p> <p>(b) Unless otherwise agreed to by the Debenture Trustee, in the event the above stipulated Security is not created and/or perfected within the timelines as mentioned above or any extended timeline as may be approved by the Debenture Trustee in writing, (i) the NCDs shall carry additional interest, over and above the Coupon Rate, at the rate of 2.0% (two percent) per annum, if any, on the NCDs, computed from the date falling after the expiry of the time period provided above, till creation and perfection of the relevant Security and/or till the execution of the relevant Security Documents.</p> <p><b>Ranking</b></p> <p>The Security created or to be created to secure the NCDs shall be first ranking pari passu security interest inter se the Existing Lenders, the Debenture Trustee (acting on behalf of the NCD Holders) and the Additional Lenders. The Issuer is permitted to provide and/or share any Security with the Additional Lenders for the purpose of securing the Additional Debt, provided that the availing of the Additional Debt is in compliance with the Additional Debt Conditions and a 15 (fifteen) calendar days' prior written intimation is provided to the Debenture Trustee.</p> <p>The Issuer shall maintain a minimum 100% security cover on the outstanding principal of the NCDs plus accrued interest/coupon thereon, at all times.</p>

Additional Debt Condition	<p>During the tenor of the NCDs, the Issuer is permitted to raise additional indebtedness subject to compliance of the below conditions ('Additional Debt'):</p> <ul style="list-style-type: none"> <li>○ As long as the credit rating of the NCDs is AAA from all Indian rating agencies that have an outstanding rating;</li> <li>○ The consolidated borrowings of the Issuer shall not exceed 70% of the value of InvIT assets as defined by SEBI in the SEBI InvIT Regulations(as amended from time to time)</li> <li>○ Any additional borrowing exceeding the consolidated borrowing of 49% of the value of InvIT assets shall only be utilized as per SEBI InvIT Regulations;</li> <li>○ Consolidated debt/ EBITDA shall be lower than 9x; such covenant shall be tested from financial year 2024 and every year thereafter based on audited financials of the previous financial year.</li> </ul>
Face Value (in ₹ per NCD)	<p>Each NCD has a face value aggregating to ₹ 1,000 (Rupees One Thousand only). Each NCD shall comprise of 3 STRPPs having different ISINs and face value:</p> <ul style="list-style-type: none"> <li>○ 1 STRPP A of face value of ₹ 300;</li> <li>○ 1 STRPP B of face value of ₹ 300;</li> <li>○ 1 STRPP C of face value of ₹ 400.</li> </ul>
Tenor in Years	<ul style="list-style-type: none"> <li>○ STRPP A of an NCD – 13 years</li> <li>○ STRPP B of an NCD – 18 years</li> <li>○ STRPP C of an NCD – 25 years</li> </ul>

## Specific Terms of the NCD

Series	I		
Type of Instrument	<b>Secured NCDs</b>		
Face Value / Issue Price of NCDs (₹ / NCDs)	<b>₹1,000 per NCD comprising of</b> 1 STRPP A of Face value of ₹ 300, 1 STRPP B of Face value of ₹ 300; and 1 STRPP C of Face value of ₹ 400		
Minimum Application	<b>₹10,000 (10 NCDs comprising of 10 STRPP A, 10 STRPP B, 10 STRPP C)</b>		
In Multiples Thereafter	<b>₹1,000 (1 NCD comprising of 1 STRPP A, 1 STRPP B, 1 STRPP C)</b>		
STRPP with Different ISIN \$	STRPP A	STRPP B	STRPP C
Tenor	13 Years	18 Years	25 Years
Face value per STRPP (₹)	₹ 300	₹ 300	₹ 400
	<b>Aggregating to ₹ 1,000 (i.e. 1 NCD)</b>		
Coupon (%) for NCD Holders in Category I, Category II, Category III & Category IV	7.90% p.a. payable semi-annually	7.90% p.a. payable semi-annually	7.90% p.a. payable semi-annually
Effective Yield (% per annum) for NCD Holders in Category I, Category II, Category III & Category IV	8.05%	8.05%	8.05%
Frequency of Interest Payment	Semi-Annual	Semi-Annual	Semi-Annual
Mode of Interest Payment	Through Various Modes available		
Maturity (from the Deemed Date of Allotment)	13 Years	18 Years	25 Years
Redemption Date/ Redemption Schedule **	Staggered Redemption by Face Value for each respective STRPP as per "Principal Redemption Schedule and Redemption Amounts"	Staggered Redemption by Face Value for each respective STRPP as per "Principal Redemption Schedule and Redemption Amounts"	Staggered Redemption by Face Value for each respective STRPP as per "Principal Redemption Schedule and Redemption Amounts"
Amount (₹ / NCD) on Redemption Date/ Maturity for NCD Holders in Category I, Category II, Category III & Category IV **	Six(6) annual payments of ₹50 each, starting from 8th Anniversary* until Maturity	Six(6) annual payments of ₹50 each starting from 13th Anniversary* until Maturity	8 annual payments of ₹50 each starting from 18th Anniversary* until Maturity
Put and Call Option	Not Applicable	Not Applicable	Not Applicable

*\*Of Deemed Date of Allotment*

*\*\* For further details, please refer "Issue Structure – Principal Redemption Schedule and Redemption Amounts" on page 270 of the Prospectus and illustrative cash flows given in Annexure I of the Prospectus.*

*§ Upon Allotment, an Investor will be Allotted all 3 STRPPs of an NCD against the equivalent amount invested by such Investor subject to minimum Application size.*

*#With respect to each STRPP, coupon will be paid on Semi-Annual basis every 6 months from the Deemed Date of Allotment on the outstanding face value of the relevant STRPP. The coupon accrued on every Redemption Date will be paid along with the Redemption Amount as per the Redemption Schedule for each respective STRPP. The last coupon payment under such STRPP will be made at the time of Maturity (final redemption date) of the said STRPP.*

*Subject to applicable tax deducted at source (TDS), if any. For further details, please see the section entitled "Statement of Possible Tax Benefits" on page 67 of the Prospectus*

*If the Deemed Date of Allotment undergoes a change, the coupon payment dates, Redemption Dates and other cash flow workings shall be changed accordingly.*

*Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue. For further details, see "Issue Procedure" and "General Terms of Issue" on page 273 and 251 of the Prospectus.*

*Upon Allotment, an Investor will be Allotted all 3 STRPPs of an NCD against the equivalent amount invested by such Investor subject to minimum Application size, as explained in Case I, Case II and Case III above. However, subsequent to listing, the Trading Lot shall be of 1 (one) STRPP forming part of any NCD, bearing individual ISIN will be tradable by the NCD Holders.*

## Indicative Principle Redemption Schedule and Redemption Amounts

	STRPP A	STRPP B	STRPP C	Total	Balance O/s
Tenor	13 Years	18 Years	25 Years		
Face Value	₹300.00	₹300.00	₹400.00	₹1,000.00	
1 <sup>st</sup> Anniversary*	-	-	-	-	₹1,000
2 <sup>nd</sup> Anniversary*	-	-	-	-	₹1,000
3 <sup>rd</sup> Anniversary*	-	-	-	-	₹1,000
4 <sup>th</sup> Anniversary*	-	-	-	-	₹1,000
5 <sup>th</sup> Anniversary*	-	-	-	-	₹1,000
6 <sup>th</sup> Anniversary*	-	-	-	-	₹1,000
7 <sup>th</sup> Anniversary*	-	-	-	-	₹1,000
8 <sup>th</sup> Anniversary*#	₹50.00	-	-	₹50.00	₹950
9 <sup>th</sup> Anniversary*#	₹50.00	-	-	₹50.00	₹900
10 <sup>th</sup> Anniversary*#	₹50.00	-	-	₹50.00	₹850
11 <sup>th</sup> Anniversary*#	₹50.00	-	-	₹50.00	₹800
12 <sup>th</sup> Anniversary*#	₹50.00	-	-	₹50.00	₹750
13 <sup>th</sup> Anniversary*#	₹50.00	₹50.00	-	₹100.00	₹650
14 <sup>th</sup> Anniversary*#	-	₹50.00	-	₹50.00	₹600
15 <sup>th</sup> Anniversary*#	-	₹50.00	-	₹50.00	₹550
16 <sup>th</sup> Anniversary*#	-	₹50.00	-	₹50.00	₹500
17 <sup>th</sup> Anniversary*#	-	₹50.00	-	₹50.00	₹450
18 <sup>th</sup> Anniversary*#	-	₹50.00	₹50.00	₹100.00	₹350
19 <sup>th</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹300
20 <sup>th</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹250
21 <sup>st</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹200
22 <sup>nd</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹150
3 <sup>rd</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹100
24 <sup>th</sup> Anniversary*#	-	-	₹50.00	₹50.00	₹50
25 <sup>th</sup> Anniversary*#	-	-	₹50.00	₹50.00	NIL

\*Of Deemed Date of Allotment

# Staggered Redemption by Face Value for each respective STRPP

For example: With respect to each STRPP where Coupon is to be paid on an annual basis, relevant Coupon will be paid on each anniversary of the Deemed Date of Allotment. The interest will be calculated basis the outstanding face value of the relevant STRPP on the immediate previous anniversary. The last Coupon Payment under such STRPP will be made at the time of Maturity (final redemption date) of the said STRPP.

With respect to each STRPP where Coupon is to be paid on a half yearly basis, relevant Coupon will be paid on each 6 months anniversary of the Deemed Date of Allotment on the outstanding face value of the relevant STRPP. The last Coupon Payment under such STRPP will be made at the time of Maturity (final redemption date) of the said STRPP.

## Ownership & Management

The sponsor of the Issuer is NHAI, an autonomous authority of the GoI under the MoRTH constituted on June 15, 1989 by an Act of the Indian Parliament titled - The National Highways Authority of India Act, 1988 (the "NHA Act").

### Unitholding as of September 30, 2022

Name of Unit Holder	%age Holding
NHAI (Sponsor)	16.06%
CPP Investment Board Pvt. Holdings Imc. (Canada Pension Plan Investment Board)	25.00%
Ontario Limited (Ontario Teachers' Pension Plan)	25.00%
SBI Balanced Advantage Fund	9.54%
Other Shareholders (<5% holding)	24.40%

## Details of Toll Road Assets & Financial Indebtedness

The details of Toll Road Assets are as follows:

Sl. No	Asset Name	Part of National Highway (NH)	Kms	State
<b>Initial Toll Roads</b>				
1	Palanpur/Khemana – Abu Road Project	NH27	45Km	Guj, Raj
2	Abu Road – Swaroopganj Project	NH27	31Km	Raj
3	Maharashtra/ Karnataka Border (Kagal) – Belgaum Project	NH48	78Km	Kar, Mah
4	Chittorgarh – Kota & Chittorgarh Bypass Project	NH27	160Km	Raj
5	Kothakota Bypass – Kurnool Project	NH44	75Km	Tel, AP

Table No. 1

<b>Target Toll Road</b>				
1	Agra Bypass Project	NH19	33Km	UP
2	Borkhedi - Kelapur Project	NH44	138Km	Mah
3	Shivpuri – Jhansi Project	NH27	75Km	UP, MP

Table No. 2

**Financial Indebtedness**

As on September 30, 2022, the outstanding consolidated borrowings of the Trust and the Project SPV aggregated to ₹ 14,625.19 million. The key lenders are State Bank of India, Axis Bank Ltd & Bank of Maharashtra. The debt/ equity ratio of the Trust, on a consolidated basis, as on June 30, 2022 (prior to this Issue) is 0.24 which is based on total borrowings (consisting of non-current borrowings and current maturities of long term borrowings) of ₹ 14,628.52 million, and total Unitholders’ equity amounting to ₹ 60,777.13 million. The debt/equity ratio post the Issue would be 0.39.

Particulars	Pre-Issue as at June 30, 2022 (₹ in million)	Post-Issue as Adjusted for the Issue (₹ in million)*
<b>Unit holders’ Funds</b>		
Initial Contribution to the Trust	0.01	0.01
Unit Capital	60,115.20	74,416.57
Other Equity	661.92	661.92
<b>Total Unit holders’ Funds (A)</b>	<b>60,777.13</b>	<b>75,078.50</b>
Long Term Borrowing	14,503.52	29,503.52
Other Borrowings (Current Maturity of Long Terms Borrowings)	125.00	125.00
<b>Total Debt (B)</b>	<b>14,628.52</b>	<b>29,628.52</b>
Total Debt/ Unit holders’ Funds	0.24	0.39

\* The Post issue Capitalization Statement has been adjusted only to consider the following two changes–

1. The Unit Capital has been increased to reflect issuance of unit capital to new unit holders pursuant to the Institutional placement of units and the preferential allotment of units to the Sponsor, assuming full subscription for both institutional and preferential placements;
2. Long Term Borrowings and the Long Term Debt/Unit holder’s funds ratio and Total Debt/Unit holder’s funds ratio is indicative and have been calculated assuming full subscription to the proposed issue of NCD's of Rs 15,000 million.

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**SBICAP Securities Limited**

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SEBI Registration No.: Stock Broker: INZ000200032 | CDSL: IN-DP-314-2017 | NSDL: IN-DP-NSDL-369-2014 | Research Analyst: INH000000602

Portfolio Manager: INP000004912 | IRDA/RW/IR2/2015/081 | IRDA/RW/IR1/2016/041 | IRDA: CA0103

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Mutual Fund investments are subject to market risk. Please read all Scheme related documents carefully before investing.

# Mutual Fund Distributor

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