

BROOKFIELD INDIA INFRASTRUCTURE MANAGER PRIVATE LIMITED

(FORMERLY KNOWN AS WIP (INDIA) PRIVATE LIMITED)

CIN: U67190MH2010PTC202800

Registered Office: Unit 1, 4th Floor, Godrej BKC, Bandra Kurla Complex, Mumbai, Maharashtra - 400051, India

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December 28, 2021

To,
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai - 400 001
Maharashtra, India

Sub: Valuation Report of Data Infrastructure Trust ("Trust") for the half year ended September 30, 2021

**Ref: (1) Data Infrastructure Trust (formerly known as Tower Infrastructure Trust) (Scrip Code: 543225)
(2) Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 ("SEBI InvIT Regulations")**

Dear Sir/Madam,

We are enclosing herewith the Valuation Report dated December 28, 2021, issued by BDO Valuation Advisory LLP (having IBBI Registration Number IBBI/RV-E/02/2019/103), valuer of the Trust, for the half year ended September 30, 2021 in accordance with the provisions of Regulation 21 of the SEBI InvIT Regulations.

Further, pursuant to Regulation 10 of the SEBI InvIT Regulations, the Net Asset Value based on the Valuation Report issued by the valuer of the Trust is as follows:

Particulars	(Rs. in millions)
A. Assets	4,82,687
B. Liabilities	2,04,352
C. Net Assets (A-B)	2,78,335
D. Number of units (Nos.)	2,52,15,00,000
NAV at Fair Value (C/D) (Rs. per Unit)	110.38

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For **Data Infrastructure Trust (formerly known as Tower Infrastructure Trust)**

Brookfield India Infrastructure Manager Private Limited

(formerly known as WIP (India) Private Limited),

(acting in its capacity as the Investment Manager of Data Infrastructure Trust)



Inder Mehta

Compliance Officer of Data Infrastructure Trust



CC: Axis Trustee Services Limited ("Trustee of the Trust")

Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli,
Mumbai - 400 025, Maharashtra, India

Encl a/a



Valuation Report

Data Infrastructure Trust (“Trust”)
formerly known as Tower Infrastructure Trust
(Acting through the Trustee Axis Trustee Services Limited)

And

Brookfield India Infrastructure Manager Private Limited
(Acting in its capacity as the Investment Manager of the Trust)

Valuation of InvIT Asset as per Securities and Exchange Board of
India (Infrastructure Investment Trusts) Regulations, 2014

December 2021

Ref: LM/Dec28-108/2021

Date: December 28, 2021

To,
Data Infrastructure Trust (the "Trust")
Acting through its Trustee - Axis Trustee Services Limited
9th Floor, Maker Chamber IV
222 Nariman Point, Mumbai - 400 021, India

To,
Brookfield India Infrastructure Manager Private Limited ("BIIMPL")
Acting in its capacity as the Investment Manager of the Trust ("IM")
Unit 1, 4th Floor, Godrej BKC,
Bandra Kurla Complex,
Mumbai, Maharashtra- 400051, India

Dear Sir(s)/Madam(s),

Sub: Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended

We refer to engagement letter appointing BDO Valuation Advisory LLP (hereinafter referred to as "BDO VAL", or "Valuer" or "we," or "our," or "us"), to provide professional services to the Data Infrastructure Trust ("Trust") with respect to determination of Enterprise Value of Summit Digital Infrastructure Private Limited ("Tower Co." or "InvIT Asset") as per the requirements of Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder ("SEBI InvIT Regulations"). Reliance Industrial Investments and Holdings Limited ("RIIHL"/ "Reliance Sponsor") and BIF IV Jarvis India Pte. Limited ("Jarvis"/ "Brookfield Sponsor") are the sponsor of the Trust. The Reliance Sponsor and the Brookfield Sponsor are together being referred to as the "Sponsors".

The Trust holds the entire outstanding equity share capital in Tower Co. The Trust and/or Tower Co. along with other parties have entered into various agreements collectively referred as the Transaction Documents (defined in Section 1 of this Report) which *inter alia* govern the rights and interest of Trust in Tower Co. and the commercial agreements in relation to the Tower Infrastructure Business (defined in Section 1 of this Report) of Tower Co.

We thereby, enclose our independent valuation report dated December 28, 2021 ("the Report" or "this Report") providing our opinion on the fair enterprise value of the InvIT Asset on a going concern basis under the SEBI InvIT regulations considering the data as stated in "Sources of Information" of the Report as well as discussions with the relevant personnel of the Trust, Sponsors, Tower Co., and the Investment Manager ("Management"). We have considered the cut-off date for the current valuation exercise to be September 30, 2021 ("Valuation Date") and market factors, have been considered up to September 30, 2021.

This valuation report has been prepared solely for the purpose of inclusion as a part of the Draft Letter of Offer (“**DLOF**”) and / or Letter of Offer (“**LOF**”) and such other documents as well as for submission to Securities and Exchange Board of India (“**SEBI**”) or any other regulatory or statutory authority as may be required for the Right Issue (as defined below) and in accordance with the SEBI InvIT Regulations guidelines requiring an independent valuation. This Report should not be used or relied upon for any other purpose.

In terms of the SEBI InvIT Regulations, we hereby confirm and declare that:

- We are competent to undertake the valuation;
- We are independent and have prepared this Report on a fair and unbiased basis;
- This Report is prepared in compliance with regulation 13(1) and regulation 21 of the SEBI InvIT Regulations; and
- We comply with the responsibilities as stated in regulation 13(1) and regulation 21 of the SEBI InvIT Regulations.

We further confirm that the valuation of InvIT Asset is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

We have no present or planned future interest in Tower Co., the Sponsors or the Investment Manager or the Trustee, except to the extent of our appointment as an independent valuer for this Report.

A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure used, and the factors considered in formulating our opinion. The Report is subject to the attached exclusions and limitations and to all terms and conditions provided in the engagement letter for this assignment.

This valuation report is based on the information provided to us by the Management. The projections provided by the Management are only the best estimates of growth and sustainability of revenue and cash flows. We have reviewed the financial forecast for consistency and reasonableness; however, we have not independently verified the data provided.

Regards,

BDO Valuation Advisory LLP
IBBI No.: IBBI/RV-E/02/2019/103

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by LATA R
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Lata R Gujar More

Partner & Leader

IBBI No.: IBBI/RV/06/2018/10488

Encl: As above

Table of Contents

Sr. No.	Particulars	Page No.
1	Definitions, Abbreviations & Glossary of Terms	5
2	Executive Summary	8
3	Introduction	10
4	Exclusions & Limitations	12
5	Assignment Approach	15
6	Overview of Tower Infrastructure Business	16
7	Industry Overview	20
8	Valuation Approach	24
9	Valuation of InvIT Asset	27
10	Valuation Summary	31
11	Annexures	32

1 Definitions, Abbreviations & Glossary of Terms

Amended and Restated MSA	The amended and restated master services agreement executed between Tower Co., RJIL and Reliance Projects & Property Management Services (formerly known as Reliance Digital Platform & Project Services Limited and hereinafter referred to as RPPMSL”), setting out the terms of provision of Passive Infrastructure and Services by Tower Co. to RJIL
Amended and Restated O&M Agreement	Amended and Restated O&M Agreement executed by Tower Co., Jio Infrastructure Management Services Limited (“JIMSL” or the “Project Manager”) and RPPMSL (the “Operator”), the scope of which includes the operations, maintenance, and management of the Passive Infrastructure of and provision of Services to Tower Co.
Amended and Restated Project Execution Agreement	Amended and Restated Project Execution Agreement executed by Tower Co., the Project Manager, RPPMSL (the “Contractor”) and RJIL the scope of which includes establishment of Passive Infrastructure for Tower Co.
BDO Val	BDO Valuation Advisory LLP
Brookfield Sponsor / Jarvis	BIF IV Jarvis India Pte. Ltd
BSE	BSE Limited
BV	Breakup Value
CAGR	Compounded Annual Growth Rate
Closing	Listing of the units and the consummation of Share Purchase Agreement - II
Contractor / Operator / RPPMSL	Reliance Projects & Property Management Services Limited.
COW Site	Means a ‘cell on wheels’ portable or movable site at which Passive Infrastructure is located
Cr	Crore
CTM	Comparable Transaction Multiple
DCF	Discounted Cash Flow
DE	Debt-Equity
DLOF	Draft Letter of Offer
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
FY	Financial Year
GBM Site	Means a ground-based mast or pole at which Passive Infrastructure is located on land
GBT Site	Means a ground-based tower at which Passive Infrastructure is located on land
ICAI	Institute of Chartered Accountants of India
Investment Amount	INR 2,52,15,00,00,000 (INR twenty-five thousand two hundred and fifteen crores only) (excluding expenses of the Trust)
Investment Manager	Brookfield India Infrastructure Manager Private Limited (formerly known as WIP (India) Private Limited) (Investment Manager of the Trust w.e.f October 13, 2020.
Initial Tower Sites	1,44,728 Macro Towers of Tower Co. including 29,723 Macro Towers that are under-construction and under-development as of September 30, 2021, proposed to be constructed as per the Project Execution Agreement.

Unit Issue		The subsequent offer of units by the Trust by way of right issue to existing shareholders in accordance with the SEBI InvIT Regulations and circulars issued thereunder
InvIT Asset		Tower Co.
Macro Towers		Means ground-based towers, ground-based mast or pole or roof-top towers, roof-top poles, cell on wheels
Monthly Site Premium		The monthly site premium payable by RJIL to Tower Co. in terms of the Amended and Restated MSA
Monthly Reimbursement Mn	Site	The monthly site reimbursement payable by RJIL to Tower Co. in terms of the Amended and Restated MSA Million
NAV		Net Asset Value
NCLT		National Company Law Tribunal
Passive Infrastructure		Means at any Site, the passive telecommunication infrastructure located at such Site, including the tower, room/shelter, diesel generator sets and electrical and civil works, DC power system and battery bank and any other passive telecom infrastructure (viz. air conditioners) installed at the Site
PM		Placement Memorandum dated August 31, 2020
Proposed Transaction		Issue of Units by the Trust under right issue to raise funds to acquire Space Teleinfra Private Limited
Project Agreement		Together the Amended and Restated MSA, the Amended and Restated O&M Agreement and the Amended and Restated Project Execution Agreement
Project Manager or JIMSL		Jio Infrastructure Management Services Limited
Reliance Sponsor/RIIHL		Reliance Industrial Investments and Holdings Limited
RJIL		Reliance Jio Infocomm Limited
RIL		Reliance Industries Limited
RTP Site		Means a roof-top pole site at which Passive Infrastructure is located on a building or a structure
RTT Site		Means a roof-top tower site at which Passive Infrastructure is located on a building or a structure
Shareholder and Option Agreement		Shareholder and Option Agreement entered into between the Trust, the Investment Manager, Reliance Industries Limited (“RIL”), RIIHL, Tower Co., RJIL and Jarvis
SEBI InvIT Regulations		Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder
Services		Means the operations and maintenance services set out in the Amended and Restated O&M Agreement
Sites or Tower Sites		Site means a GBT Site, GBM Site, RTT Site, RTP Site or COW Site or any other passive telecom tower infrastructure site
Share Purchase Agreement - II or SPA - II		The share purchase agreement between the Trust, the Investment Manager, RIIHL, Tower Co., Jarvis and RIL, setting out the terms and conditions on basis of which the Trust acquired and RIL sold its entire equity shareholding in the Tower Co. to the Trust
Sponsors		Together the Reliance Sponsor and the Brookfield Sponsor
Tower Co./SDIPL/the Company		Summit Digitel Infrastructure Private Limited (formerly known as Reliance Jio Infratel Private Limited)
Tower Infrastructure Business		The business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services.
Transaction Documents		Transaction Documents” means and includes: i. Share Purchase Agreement - II; ii. Amended and Restated MSA;

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- iii. Amended and Restated Project Execution Agreement;
 - iv. Amended and Restated O&M Agreement;
 - v. Shareholders and Option Agreement;
 - vi. Trust Loan agreement for loan provided by the Trust to the Tower Co.;
 - vii. Loan Agreements / sanction letters for debt raised/to be raised at the Tower Co. level;

All the above agreements have been executed before the closing date i.e. 31st August 2020.

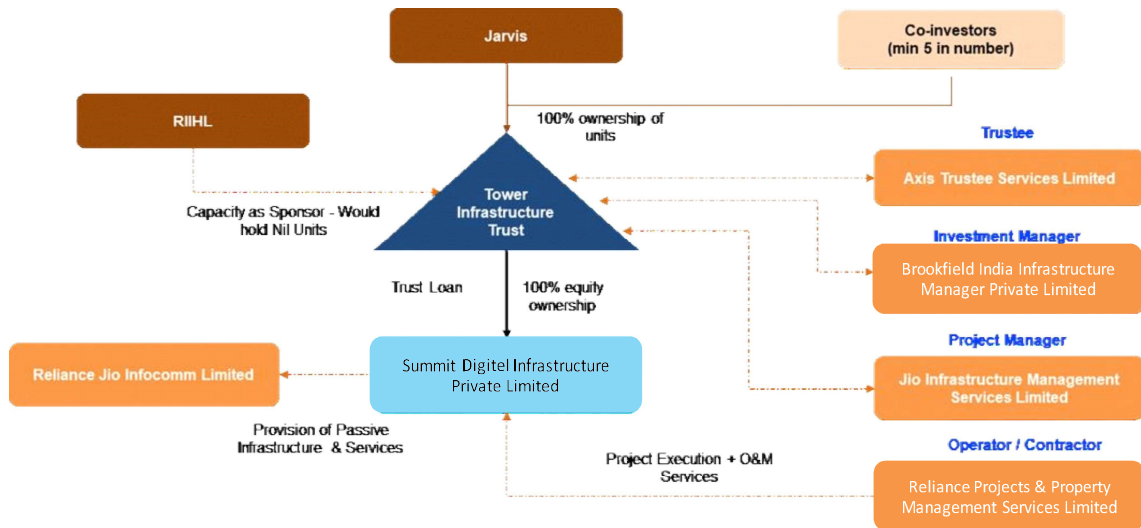
Trust	Data Infrastructure Trust
Trust Deed	Indenture of Trust dated January 31, 2019, executed between RIIHL as the settlor and sponsor of the Trust and Axis Trustee Services Limited as the Trustee
Trust Loan	Loan extended by the Trust to Tower Co. aggregating Rs.25,000 crore pursuant to a 'Trust Loan Agreement'
Trustee	Axis Trustee Services Limited
Valuation Date	September 30, 2021
WACC	Weighted Average Cost of Capital

2 Executive Summary

2.1 Brief Background and Purpose

- 2.1.1 The Data Infrastructure Trust (“Trust”) was settled vide Trust Deed dated January 31, 2019, with Reliance Industrial Investments and Holdings Limited (“RIIHL”) as the sponsor and Axis Trustee Services Limited as the Trustee. The Trust was subsequently registered as an infrastructure investment trust under the SEBI InvIT Regulations vide registration dated March 19, 2019.
- 2.1.2 The main object of the Trust is to carry on the activity of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations, namely, to raise resources and to make investments in accordance with the SEBI InvIT Regulations and such other incidental and ancillary matters thereto.
- 2.1.3 The Trust currently holds entire equity share capital in Summit Digital Infrastructure Private Limited (formerly known as Reliance Jio Infratel Private Limited) (“Tower Co.”) which is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services to telecommunication service providers (“Tower Infrastructure Business”).
- 2.1.4 Brookfield India Infrastructure Manager Private Limited (formerly known as WIP (India) Private Limited) (“Investment Manager”) is the new Investment Manager of the Trust w.e.f October 13, 2020.
- 2.1.5 Reliance Industrial Investments and Holdings Limited (“RIIHL” / “Reliance Sponsor”) and BIF IV Jarvis India Pte. Limited (“Jarvis” / “Brookfield Sponsor”) are the sponsors of the Trust. The Reliance Sponsor and the Brookfield Sponsor are together being referred to as the “Sponsors”.
- 2.1.6 Reliance Industrial Investments and Holdings Limited (“RIIHL” or “Reliance Sponsor”) is a wholly owned subsidiary of Reliance Industries Limited (“RIL”) which is engaged in the business of petroleum refining and marketing, petrochemicals, textiles, exploration and production of oil and gas, retail, media and entertainment, financial services and telecommunication and digital services.
- 2.1.7 BIF IV Jarvis India Pte. Ltd (“Jarvis” or “Brookfield Sponsor”) is an entity forming part of the Brookfield Group (i.e., the entities which are directly or indirectly controlled by Brookfield Asset Management, Inc.). Brookfield Asset Management Inc. is a global alternative asset manager, currently listed on the New York Stock Exchange, Toronto Stock Exchange and the Euronext Stock Exchange.
- 2.1.8 Jio Infrastructure Management Services Limited (“JIMSL” or “Project Manager”), a subsidiary of RIIHL is the Project Manager and has entered into a Project Implementation and Management Agreement with Tower Co. and the Trustee in accordance with the SEBI InvIT Regulations.
- 2.1.9 Reliance Projects & Property Management Services (formerly known as Reliance Digital Platform & Project Services Limited and hereinafter referred to as “RPPMSL” or “Contractor” or “Operator”), a company wholly owned by RIL has been appointed as the “Contractor” in terms of the Amended and Restated Project Execution Agreement and as the “Operator” in terms of the Amended and Restated O&M Agreement.

2.1.10 The following structure illustrates the relationship amongst the Parties to the Trust (being the Trust, Trustee, the Sponsors, the Investment Manager, and the Project Manager), the Contractor / Operator, TowerCo and the Unitholders as of the Valuation Date.



2.1.11 The units of the Trust are listed on the BSE Limited (“BSE”). The Trust raised INR 25,215.0 crore from the initial issue of units. The proceeds were used to acquire the remaining 49.0% of the outstanding equity shares of Tower Co. held by RIL (INR 105.35 crore), repayment of loan taken by the Trust (INR 109.65 crore) and loan to Tower Co. of INR 25,000 crore to enable Tower Co. to repay/pre-pay in part or in full certain of its existing borrowings and interest obligations.

2.1.12 The Trust proposes to make right issue of units, the proceeds of which will be used to complete the acquisition of Space Teleinfra Private Limited (“Proposed Transaction”).

2.1.13 For the purpose of the Draft Letter of Offer and Letter of Offer to be issued for the proposed Unit Issue, the Investment Manager has appointed BDO VAL to undertake the valuation of the InvIT Asset.

2.2 Valuation Methodology Adopted

2.2.1 Considering the nature of business, facts of the assignment, the terms of the Transaction Documents and the capital structure, InvIT Asset has been valued using Discounted Cash Flow (“DCF”) Method under Income Approach. Free Cash Flow to Firm (“FCFF”) model under the DCF Method has been used to arrive at the enterprise value of InvIT Asset.

2.3 Valuation Conclusion

2.3.1 The enterprise value of InvIT Asset is arrived at INR 4,82,686.6 Mn.

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3 Introduction

3.1 Terms of Engagement

- 3.1.1 We, BDO Valuation Advisory LLP, Registered Valuer vide Registration Number IBBI/RV-E/02/2019/103, have been appointed by the Investment Manager of the Trust to determine the enterprise value of InvIT Asset on a going concern basis as on September 30, 2021, as per SEBI InvIT Regulations.
- 3.1.2 This Report has been prepared by us pursuant to the terms of engagement letter between BDO Val and the Investment Manager including the terms and conditions set out therein.

3.2 Background and Purpose of Valuation

- 3.2.1 The Trust carried out initial offer of units on August 31, 2020 and raised INR 25,215.0 crore. The proceeds were used to acquire remaining 49% of the outstanding equity share capital in Tower Co., repayment of loan taken by the Trust and extend the loan to Tower Co. of INR 25,000 crore.
- 3.2.2 The Trust proposes to raise funds by way of rights issue of Units, the proceeds of which will be used complete the acquisition of Space Teleinfra Private Limited.
- 3.2.3 The Investment Manager has appointed Valuer to undertake the valuation of InvIT Asset to comply with the SEBI InvIT Regulations for determination of the enterprise value of Tower Co. and the inclusion of the Report in Draft Letter of Offer and Letter of Offer in relation to the Unit Issue and such other documents as well as for submission to SEBI or any other regulatory/statutory authority as may be required under the applicable laws for the Issue (“Purpose”).
- 3.2.4 This Report should not be used or relied upon for any other purpose. The suitability or applicability of this Report for any purpose other than that mentioned above has not been verified by us.

3.3 Source of Information

- 3.3.1 For the purpose of this valuation exercise, we have relied on the following sources of information:
- i. Background of the Tower Infrastructure Business;
 - ii. Background of the Telecom industry;
 - iii. Audited Financial Statements of Tower Co. for the Financial Year (“FY”) 2020, 2021 and Provisional Financial Statement of Tower Co. for the six months period ended September 30, 2021;
 - iv. Projections of Tower Co. from October 1, 2021, to August 31, 2051, with the underlying assumptions;
 - v. Summary of Towers as on September 30, 2021 vide Infra Availability - Site Count Reco Statement in excel;
 - vi. Transaction Documents made available to us for review at client location and relevant extracts of the documents provided to us as requested;
 - vii. Other relevant data and information provided to us by the Management whether in oral or physical form or in soft copy, and discussions with them; and

- viii. Information available in public domain and provided by leading database sources.
- ix. Other relevant data and information provided to us by the Management whether in oral or physical form or in soft copy, and discussions with them;
- x. Information available in public domain and provided by leading database sources; and
- xi. Management Representation Letter.

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4 Exclusions and Limitations

4.1 Restricted Audience

- 4.1.1 This Report and the information contained herein are absolutely confidential and are intended for the use of the Investment Manager, Sponsors and the Trust in connection with the Purpose set out in the Report.
- 4.1.2 It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. It can however be relied upon and disclosed in connection with presentation to the investors without any consent. In the event the Investment Manager, Sponsors or the Trust extend the use of the Report beyond the purpose mentioned earlier in the Report, with or without our consent, we will not accept any responsibility to any other party (including but not limited to the investors, if any) to whom this Report may be shown or who may acquire a copy of the Report.
- 4.1.3 It is clarified that this Report is not a fairness opinion under any of the stock exchange/listing regulations. In case of any third-party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence/appraisal/enquiries/independent advice that the third party should undertake for its purpose.

4.2 Limitation Clause

- 4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.
- 4.2.3 During the course of work, we have relied upon assumptions and projections as provided by Management. These assumptions require exercise of judgment and are subject to uncertainties.
- 4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary, and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of InvIT Asset. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.
- 4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis is governed by the concept of materiality. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information

available to us and within the scope of our engagement, others may place a different value on the business.

- 4.2.6 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.
- 4.2.7 The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the Company under consideration and accordingly, we do not express any opinion on the same. Although, we have reviewed the financial projections provided by Management for consistency and reasonableness our reliance on the financial projections for the purpose of valuation should not be construed as an assurance about the accuracy of the assumptions or the achievability of the financial projections.
- 4.2.8 This Report is based on information received from sources mentioned herein and discussions with the Management. We have assumed that the parties involved have furnished to us all information, which they are aware of concerning the financial statements and respective liabilities, which may have an impact on Report. We have ignored some data provided to us which we believe may not be material for the purpose of assignment.
- 4.2.9 We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Trust or Tower Co. or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Trust in their regulatory filings or in submissions, oral or written, made to us. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.2.10 We have not made any independent verification with respect to the Tower Co.'s claim to title of assets or property for the purpose of this valuation. With respect to claim to title of assets or property we have solely relied on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Report.
- 4.2.11 Except to the extent required under the SEBI InvIT Regulations, we are not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of Tower Co. and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of Tower Co.
- 4.2.12 The fee for the Report is not contingent upon the outcome of the Report.
- 4.2.13 It may be noted that a draft of this Report (without valuation numbers) was provided to the Management to review the factual information in the Report as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final Report.
- 4.2.14 This Report does not look into the business/commercial reasons behind the Transaction or the Issue nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the

investors of the Trust and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or Tower Co.

- 4.2.15 In rendering this Report, we have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.2.16 For the present valuation exercise, we have also relied upon information available in the public domain, however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.2.17 In the particular circumstances of this case, we shall be liable only to the Investment Manager, Sponsors and the Trust. We shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, as laid out in the engagement letter, for such valuation work.
- 4.2.18 Whilst all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither of us, nor any of professional associates who worked as team member shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 4.2.19 A draft of the report was shared with the Client, prior to finalization of report, for confirmation of facts and other companies' representations.
- 4.2.20 Further, after declaration of Covid-19 as a pandemic by World Health Organization and consequent imposition of lockdown in India has caused a widespread disruption in businesses as well as on financial markets in India and globally alike. Our assumption for the valuation is surrounded by this unprecedented uncertainty across all the industries and sectors including the time period over which these circumstances could prevail. The valuation assumptions, the underlying projections and the outcome of the valuation analysis could materially change as a result of the continued or increased uncertainty around the prevalence of Covid-19 circumstances and hence a reliance on our valuation must be placed considering these unprecedented circumstances.

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5 Assignment Approach

The overall approach followed to arrive at value of InvIT Asset is summarized below:

- i. Submission of detailed information checklist for valuation of InvIT Asset.
- ii. Review of information provided as per the checklist for initial understanding of the business followed by a preliminary discussion with the Management to gain insight on the business operations and brief background of the Tower Infrastructure Business.
- iii. The site visits were conducted as below:

Sr. No.	Location	Zone	Date of Visit
1	Mumbai - Towers	West	
2	Navi Mumbai - Control Room	West	
3	Bangalore - Towers	South	December 2019
4	Delhi & Gurgaon - Towers	North	
5	Kolkata - Tower	East	

- iv. Due to the ongoing Covid pandemic and the associated Covid protocols applicable we have been unable to conduct a more up to date physical verification of assets. However, the management has provided us a summary of Towers as on September 30, 2021 vide Infra Availability - Site Count Reco statement in excel indicating state wise number of towers totaling to 144,728 of which 138,584 were Active sites and OPCO operational, 4,030 sites were active for less than 90 days and 2,114 sites were Locked sites due to passive reason giving us an overall virtual view of the tower sites.
- v. Analysis of additional information received post preliminary discussions. Valuer and its professional associates had various meetings/virtual meetings with the Management to discuss business model, assumptions considered and future business outlook.
- vi. Obtained various disclosures from the Management pertaining to approvals and litigations of the InvIT Asset as required under the SEBI InvIT Regulations.
- vii. Carried out the valuation based on internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organization.

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6 Overview of Tower Infrastructure Business

6.1 Tower Infrastructure Business

- 6.1.1 The Tower Infrastructure Business was transferred pursuant to the Scheme of Arrangement under a slump sale on a going concern basis to Tower Co. from RJIL. The Scheme of Arrangement was approved by the National Company Law Tribunal, Ahmedabad with effect from the close of business on March 31, 2019.
- 6.1.2 The Tower Infrastructure Business, prior to the Scheme coming into effect, was carried on by RJIL, primarily as captive consumption for its telecommunication service operations.
- 6.1.3 The Tower Infrastructure Business includes network of ground-based towers (“GBT”), ground based masts (“GBM”), roof-top towers (“RTT”), roof-top poles (“RTP”) and cell-on-wheels (“COW”).
- 6.1.4 Tower Co. has entered into the Amended and Restated MSA with RJIL to provide Passive Infrastructure and Services to RJIL which came into effect from Closing.
- 6.1.5 As of September 30, 2021, the Initial Tower Sites consisted of 1,44,728 telecommunications towers across India. More than 75% of Tower Co.’s Tower Sites are ground-based. All Tower Sites are proposed to be connected to the electricity board with lithium-ion battery back-up.
- 6.1.6 As of September 30, 2021, more than 60% of Tower Co.’s Tower Sites are fiberized i.e., they use fiber for backhaul and have access to a fiber network, which is critical for telecom service providers whose revenue growth is increasingly being led by data services and products offering.

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6.2 Location of the Towers



Source: As provided by the Management

6.2.1 The table below sets forth operational Tower Sites by type as of September 30, 2021:

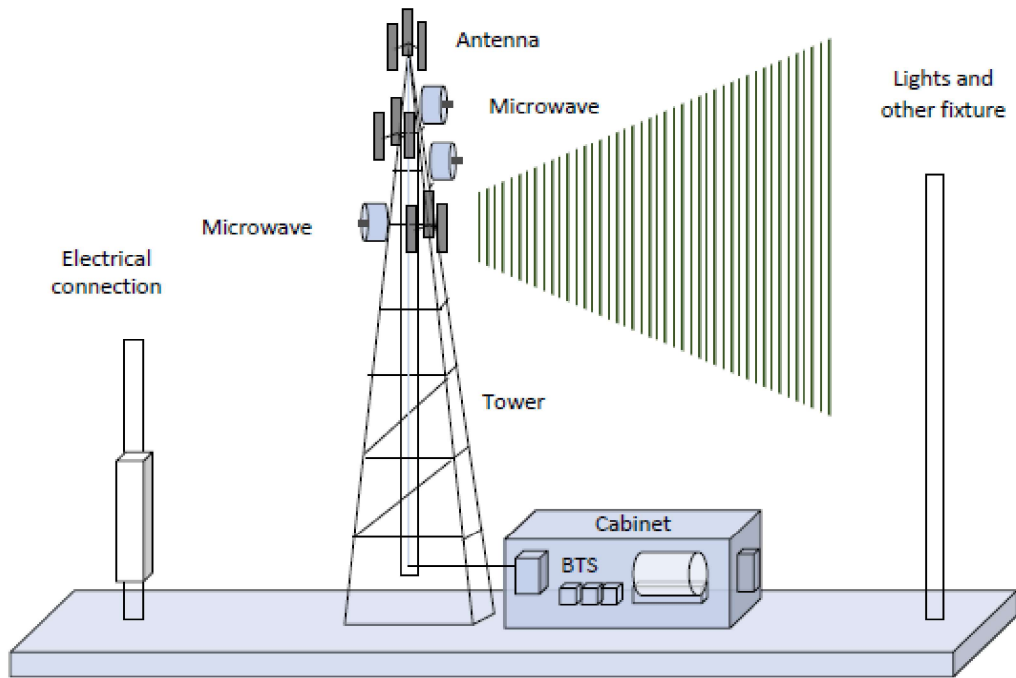
State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Total Towers	16,815	95,338	31,297	1,278	1,44,728

6.2.2 As per discussions with the management, there is currently NIL Capital Work-in-Progress as per the books as on the Valuation Date. RPPMSL shall construct and deliver additional towers on a turn-key basis to the Tower Co. from time to time or the towers will be acquired by inorganic acquisition leading to an increase in number of towers to take the total number of operational towers to 174,451 in accordance with the terms of the relevant Transaction Documents.

6.3 Tower Infrastructure

6.3.1 As of September 30, 2021, Tower Co.'s Initial Tower Sites consisted of 1,44,728 Macro Towers across India.

6.3.2 The following diagram illustrates the standard facilities located on Sites:



The tower sites comprise of various types of structure, deployed based on the network requirement to provide a required coverage to enhance customer experience.

- Ground-based towers (“GBT”): GBTs are erected on the ground with a height of 30 meters to 60 meters. As per discussions with the management, GBTs have been designed in a manner that allows for utilities to be placed inside the towers, leading to the reduction of additional costs for foundational work relating to DGs and/or cabinets, the elimination of fencing work around the plot and the enhancement of security of DGs and cabinets within SDIPL’s tower sites.
- Ground-based mast (“GBM”): GBMs address difficulties of erecting GBTs in urban areas arising from space requirements. GBMs require less space for tower sites compared to GBTs. GBMs require very low rents, use natural cooling mechanism with no air-conditioning or fans and therefore, result in lower capital expenditures.
- Rooftop structures: Rooftop structures are placed on the terrace of high-rise buildings and have varying heights of 3, 6, 9, 12, 15 and 18 meters. There are two types of rooftop structures, rooftop poles (“RTP”) and rooftop towers (“RTT”).
- Cell On Wheel (“COW”): Cell On Wheel sites provide a coverage for places where permanent sites are not allowed, or for network restoration in case of natural disasters or temporary electricity outages.

The following table sets forth design and execution requirements of towers by tower type as of September 30, 2021:

Type	Height	Space required	Access to site location	Factors/ requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High - tension electrical lines
GBT	Up to 60m	10m x 10m	24x7	Soil-bearing capacity, wind Speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
GBM	20m, 25m, 30m	3m x 3m	24x7	Standard penetration test, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
RTP	3m, 6m, 9m, 12m, 15m, 18m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
RTT	Up to 12m/more than 12m	< 420 sq. ft	24x7	Structural stability report of buildings by certified structural consultants, wind speed	Yes	Standardized AC/ DC	No vertical obstacle	No high-tension electrical lines nearby
COW	Up to 30m	N/A	Not required	No civil foundation	Yes	Direct DG set	No vertical obstacle	Not required

6.4 Site Visit Details

6.4.1 Our team has visited the tower control room located at Reliance Corporate Park in Navi Mumbai, Maharashtra and Macro Towers located near Mumbai, Navi Mumbai, Delhi, Kolkata and Bangalore in December 2019 for undertaking physical inspection of the towers as required under the SEBI InvIT Regulations.

6.4.2 However, due to the ongoing Covid pandemic and the associated lockdowns we have been unable to conduct a more up to date physical verification of assets. In lieu of the same, the management has provided us a summary of Towers as on September 30, 2021 vide Infra Availability - Site Count Reco statement in excel indicating state wise number of towers totalling to 144,728 of which 138,584 were Active sites and OPCO operational, 4,030 sites were active for less than 90 days and 2,114 sites were Locked sites due to passive reason giving us an overall virtual view of the tower sites.

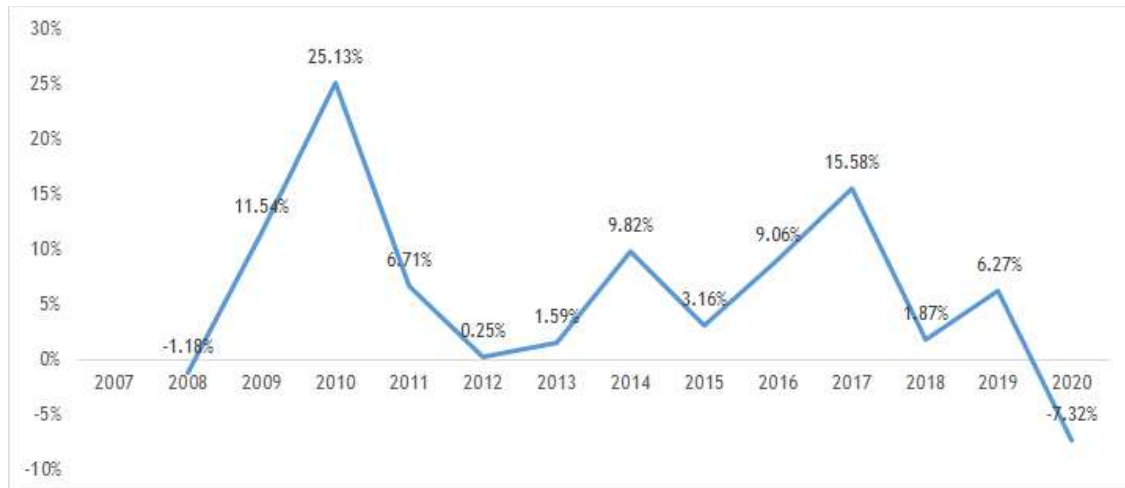
6.4.3 This exercise, we believe reasonably meets the requirements of conducting physical verification by the Valuer under the SEBI InvIT Regulations.

6.5 Other disclosures as required under the SEBI InvIT Regulations have been provided in Annexure IV of the Report.

7 Industry Overview

- 7.1.1 India is the fastest growing economy in the world and the third largest economy when its gross domestic product (“GDP”) is compared in terms of purchasing power parity (PPP). India’s total GDP size was USD 2.62 trillion in 2020 according to the World Bank. India’s GDP per capita has consistently grown between 5% and 7% between year 2013 and 2018, according to the World Bank. However, GDP growth rate contracted by 8% in 2020 due to pandemic.

The following diagram sets forth India’s GDP per capita growth for the periods indicated:



(Source: World Bank, accessed on November 21, 2021 at <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=IN>)

- 7.1.2 India’s per capita income has also risen in recent years. According to the International Monetary Fund (the “IMF”), India’s GDP per capita at current prices in 2020-21 is estimated at ₹ 145,679 against ₹ 151,760 for 2019-20. (Source: International Monetary Fund, accessed on November 21, 2021 at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND>)

7.2 Indian Telecommunication Industry

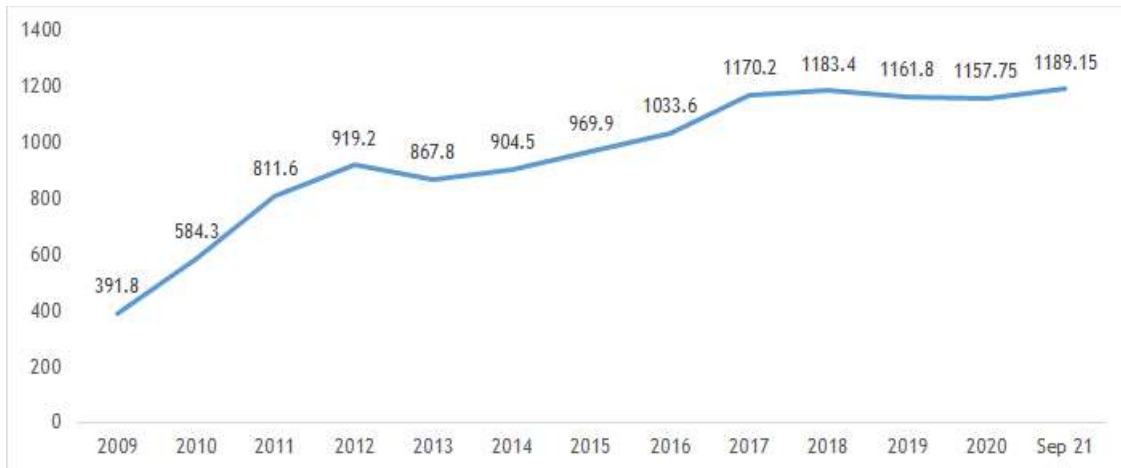
Indian mobile telecommunications services sector

- 7.2.1 The mobile telecommunications industry is an integral part of the Indian economy. The industry has contributed to the economic growth and the GDP of the country by generating revenue for the Government and creating new jobs, directly and indirectly.
- 7.2.2 India is currently the world’s second-largest telecommunications market by subscribers and strong customer demand has led to a rapid growth in this sector, according to Deloitte. As of October 31, 2021, India had a total reported subscriber base (including wireless and wireline subscribers) of 1,189.62 million, according to TRAI.
- 7.2.3 Mobile telecommunications operators offer two basic subscription methods, pre-paid and post-paid. The pre-paid subscription model is currently the most widely used subscription method in the mobile telecommunications industry in India.

(In millions)	Wireless	Wireline	Total
Total Telephone Subscribers as of October 31, 2021	1166.30	23.32	1189.62
Urban Telephone Subscribers as of October 31, 2021	637.44	21.39	658.83
Rural Telephone Subscribers as of October 31, 2021	528.86	1.93	530.79
Broadband Subscribers (in millions) as of October 31, 2021	774.39	24.55	798.95

(Source: - Telecom Regulatory Authority of India (TRAI))

The chart below illustrates the annual subscriber base from March 31, 2009, to September 30, 2021:



7.2.4 The mobile telecommunications industry in India is divided into 22 service areas - three metro service areas (Delhi, Mumbai, and Kolkata) and 19 other service areas. These other service areas are categorized as Circle 'A', Circle 'B' and Circle 'C', in descending order on the basis of the degree of affluence, infrastructure development and revenue potential across each service area. The licensed service areas of the various cellular service providers as of October 31, 2021 are provided below:

Service Provider	Licensed Service Area
Bharat Sanchar Nigam Limited ("BSNL")	All India (except Delhi & Mumbai)
Bharti Airtel Limited ("Bharti Airtel")	All India
Mahanagar Telephone Nigam Limited ("MTNL")	Delhi & Mumbai
Reliance Jio Infocom Limited ("Reliance Jio")	All India
Reliance Telecom Limited	Kolkata, Madhya Pradesh, West Bengal, Himachal Pradesh, Bihar, Odisha, Assam & Northeast
Vodafone Idea Limited ("Vodafone Idea")	All India

7.2.5 The following table sets forth the wireless subscriber base for the key access service providers for each service area:

Subscribers as of October 31, 2021	Bharti Airtel	Vodafone Idea	Reliance Jio
Circle	(In millions)		
Andhra Pradesh	31.11	14.59	31.28
Assam	9.75	2.84	8.74
Bihar	36.10	10.88	34.18
Delhi	15.81	15.77	18.81
Gujarat	11.74	24.21	27.17
Haryana	5.68	7.96	9.37
Himachal Pradesh	3.32	0.60	3.78
Jammu & Kashmir	5.51	0.45	4.40

Subscribers as of October 31, 2021	Bharti Airtel	Vodafone Idea	Reliance Jio
Karnataka	30.29	8.46	20.93
Kerala	7.46	16.58	9.45
Kolkata	5.50	6.40	10.24
Madhya Pradesh	15.45	20.72	37.16
Maharashtra	20.18	29.03	38.39
Mumbai	9.42	11.62	13.09
Northeast	5.47	1.25	4.00
Orissa	10.87	2.03	14.27
Punjab	11.48	9.00	12.30
Rajasthan	21.52	11.56	25.54
Tamil Nadu (incl. Chennai)	27.67	18.27	25.40
Uttar Pradesh (East)	36.46	21.05	33.48
Uttar Pradesh (West)	17.94	19.27	21.73
West Bengal	15.25	16.48	22.92
Total	353.98	269.03	426.60

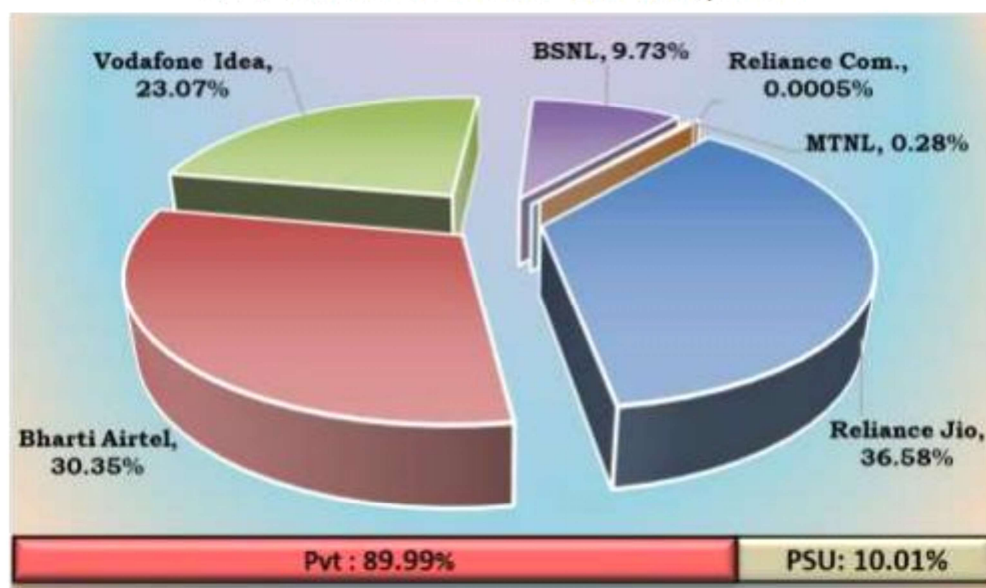
(Source: TRAI)

7.2.6 The wireless telecommunication industry in India has undergone a massive transformation since 2016 with the launch of services by RJIL. RJIL brought about a change in the fundamental tenet of the industry with entire growth being driven by affordable data services. As of October 31, 2021, RJIL had 426.60 million wireless subscribers on its network, according to TRAI.

7.2.7 As of October 31, 2021, according to TRAI, private access service providers held an 89.99% market share in terms of wireless subscribers, whereas BSNL and MTNL, the two public service undertaking access service providers, held a combined market share of 10.01%. Among private access service providers, notable companies include Vodafone Idea (with a market share of 23.07%), Bharti Airtel (with a market share of 30.35%) and RJIL (with a market share of 36.58%).

The following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of October 31, 2021:

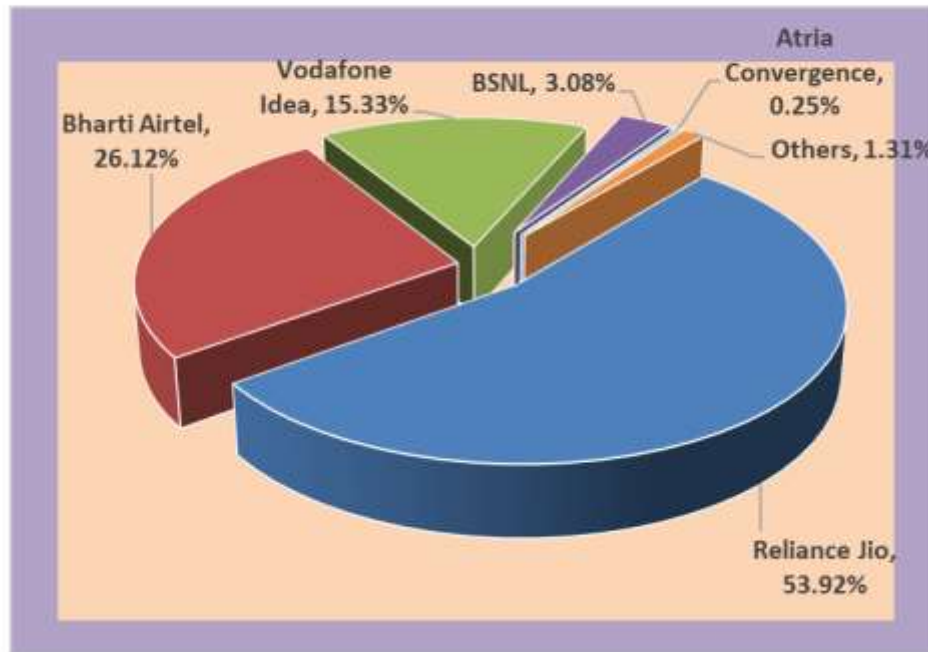
Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 31st October, 2021



(Source: TRAI)

On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 53.92% as of October 31, 2021. This is followed by Bharti Airtel with 26.12% and Vodafone Idea with 15.33% of market share.

**Service Provider-wise Market Share of Broadband
(wired + wireless) Services as on 31st October 2021**



(Source: TRAI)

- 7.2.8 During FY2021-FY2022, the Department of Telecommunication has been allocated INR 58,737 crore, out of which 56% allocation is towards revenue expenditure and remaining 44% is towards capital expenditure.
- 7.2.9 Tata Group company Nelco recently announced that it is in talks with Canadian firm Telesat to sign a commercial pact for launching fast satellite broadband services in India under the latter's Lightspeed brand, a move which will put the combined entity against Bharti Enterprises-backed OneWeb, Elon Musk's SpaceX and Amazon.
- 7.2.10 In August 2021, the Department of Telecommunications (DoT) officials was working on a package, which includes reducing the revenue share license fee to 6% of adjusted gross revenue (AGR) of the operators from the current 8%. This would be done by reducing the 5% universal service obligation levy by two percentage points and providing relief of about INR. 3,000 crore (US\$ 403.63 million) annually to the operators.
- 7.2.11 The Union Cabinet approved INR 12,195 crore (US\$ 1.65 billion) production-linked incentive (PLI) scheme for telecom & networking products under the Department of Telecom which is expected to bring in investment of around INR 3,000 crore (US\$ 400.08 million) and generate huge direct and indirect employment.
- 7.2.12 Under Union Budget 2021-22, the government allocated INR 14,200 crore (US\$ 1.9 billion) for telecom infrastructure that entails completion of optical fiber cable-based network for Defense services, rolling out broadband in 2.2 lakh panchayats and improving mobile services in the Northeast.

8 Valuation Approach

The present valuation exercise is being undertaken to arrive at enterprise value of InvIT Asset for the Purpose. Considering internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by ICAI Registered Valuers Organisation, there are three generally accepted approaches to valuation:

- i. “Cost” Approach
- ii. “Income” Approach
- iii. “Market” Approach

Within these three basic approaches, several methods may be used to estimate the value. A brief overview of these approaches is as follows:

8.1 Cost Approach

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

i. Net Asset Value Method

- The Net Asset Value (“NAV”) method under cost approach, consider the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the equity value of a company.
- NAV method is appropriate in a case where the major strength of the business is its asset base rather than its capacity or potential to earn profits.
- This valuation approach is mainly used in cases where the asset base dominates earnings capability.
- As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.
- Additionally, net asset value does not consider the earning capacity of the business or any intangible assets that have no historical cost. In many respects, net asset value represents the minimum benchmark value of an operating business.

ii. Break Up Value Method

- Under the Break Up Value (“BV”) method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.
- This valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

8.2 Income Approach

8.2.1 The Income approach focuses on the income prospects of a company.

i. Discounted Cash Flow Method

- Under the Discounted Cash Flow (“DCF”) method, the value of the undertaking is based on expected cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.
- Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and lenders to the business.
- Discount rate is the Weighted Average Cost of Capital (“WACC”), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.
- The perpetuity (terminal) value is calculated based on the business’s potential for further growth beyond the explicit forecast period. The “constant growth model” is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.
- The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business’s future operations.
- The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.
- In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

8.3 Market Approach

i. Market Price Method

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

ii. Comparable Companies Multiple Method

- Under the Comparable Companies Multiple (“CCM”) method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

- Under the Comparable Transactions Multiple (“CTM”) method, the value of a company can be estimated by analysing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company.

8.4 Conclusion on Valuation Approach

Sr. No.	Valuation Approach	Valuation Methodology	Used	Explanation
I	Cost Approach	- Net Asset Value & Break Up Value	No	NAV or the BV does not capture the future earning potential of the business.
II	Income Approach	- Discounted Cash Flow	Yes	Tower Co derives its true value from the potential to earn income in the future. Hence, we have considered DCF method under Income Approach for Valuation.
III	Market Approach	- Market Price	No	Tower Co is not listed on any stock exchange; therefore, we have not considered market price method of valuation.
		- Comparable Companies	No	There are no listed companies directly comparable to the business of the InvIT Asset considering the distinct nature of asset and capital structure. Hence, we have not considered CCM method.
		- Comparable Transactions	No	Due to unavailability of transactions in the public domain with business and characteristics similar to Tower Co., We have not considered CTM method.

- Accordingly, in the instant case, the Discounted Cash Flow Method was considered as the most appropriate method for valuation of the InvIT Asset. Under the DCF method, we have used Free Cash Flow to Firm (“FCFF”) model for valuation.

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9 Valuation of InvIT Asset

- 9.1.1 The value of the InvIT Asset is based on the FCFF of Tower Co.
- 9.1.2 The unaudited balance sheet position of Tower Co. as on September 30, 2021, has been considered as the opening balance sheet of Tower Co. for the purpose of valuation.
- 9.1.3 Tower Co. and RJIL have entered into the Amended and Restated MSA in terms of which Tower Co. shall provide Passive Infrastructure and Services to RJIL for a period of 30 years from the Closing i.e. September 1, 2020. Hence, the financial projections, as provided by the Management, are for a period of 29 years starting from October 1, 2021 till August 31, 2050 which has been considered for valuation. The financial forecast provided by the Management were reviewed by us for consistency and reasonableness, however we have not independently verified the data provided.
- 9.1.4 Following are the key assumptions considered as per the Transaction Documents in the financial projections while determining the operating cash flows of Tower Co.:

i. **Volumes:**

Year	No of Towers
As of March 31, 2020	133,415
As of July 31, 2020	135,047
As of March 31, 2021	138,086
As of September 30, 2021	144,728
October 1, 2022 to August 31, 2050	174,451

The number of Tower Sites are expected to increase from 144,728 as of September 30, 2021 to 174,451 during FY22. Currently, RJIL is the anchor tenant of operational Tower Sites, and it will be the anchor tenant on all of the current and the proposed Tower Sites. Tower Co. also has other tenants as on September 30, 2021. Further, Tower Co. is in advanced stages of discussion on entering into new agreement with other/external tenants for the sharing of towers. Therefore, for the purpose of the current valuation exercise we have considered additional external tenants/sharers being added to the towers.

ii. **Monthly Site Premium:**

We have considered the Monthly Site Premium (being the site premium payable by RJIL to Tower Co.) for the provision of Passive Infrastructure and Services as specified in the Amendment and Restated MSA together with applicable escalations specified therein to forecast the revenues of Tower Co.

Monthly Site Reimbursement and the Power & Fuel (“P&F”) costs as stated in the Amendment and Restated MSA are considered. The Monthly Site Reimbursement with respect to a Site, refers to the payment to be made by Tower Co. under relevant landlord contracts for use of such Site such as license fee / lease or rental amount. P&F costs refers to the power and fuel costs to be charged based on actuals by Tower Co. to RJIL.

Similar assumptions of monthly site premium have been taken with respect to other tenants. The other tenants are charged monthly site premium for the provision of Passive Infrastructure and Services at market rate which is estimated to escalate at 2.5% p.a.

iii. **O&M Contract Price**

The fees to be paid by Tower Co. to the Operator including the escalations thereon in terms of the Restated and Amended Operations and Maintenance Agreement to determine the forecasted O&M expenses are considered for O&M Contract Price.

iv. **Other Expenses**

The manpower head count of 302 with an average salary p.a. of INR 3.0 million with escalation of 5.0% p.a. has been assumed. Additionally, fixed administration expenses of INR 700.0 million with escalation of 3% p.a. are considered.

v. **Capital Expenditure**

Tower Co. projects a total capex of INR 62,658.6 Mn from Valuation Date till September 30, 2022 exclusive of Goods and Service Tax. The capex is majorly towards construction of additional Tower Sites and is in accordance with the terms of the Restated Project Execution Agreement. Further growth capex is considered in projected period till September 30, 2028 on account of other tenants.

vi. **Discounted Cash Flow**

- The explicit period has been considered from October 1, 2021, to August 31, 2051.
- Working capital requirement and expected capital expenditure are considered as provided by the Management during forecast period.
- FCFF method under DCF is used to calculate enterprise value of Tower Co.
- In FCFF, the free cash flows available to the company are discounted by WACC to derive the net present value. WACC of 11.6% is considered.
- The projected net cash flows are discounted back to their present value using mid-year discounting convention. The use of mid-year discounting factors better reflects the assumption that net cash flows will be generated throughout the year, rather than at the beginning or at the end of the year.
- Given the fixed term of the Project Agreements, terminal cash flow discounting is not considered. Recoupment of all working capital at the end of the forecast period is considered.
- Tax rate of 25.17% being the tax rate prevailing in India is considered.
- The enterprise value (“Enterprise Value”) of Tower Co. is arrived at INR 482,686.6 Mn, determined as an aggregate of the present value of forecast period.

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vii. **Discounting Factor**

- Free Cash Flows to Firm (“FCFF”) model under DCF method is used to estimate the Enterprise Value of Tower Co. In FCFF, the free cash flows available are discounted by Weighted Average Cost of Capital (“WACC”) to arrive the net present value.
- The WACC is arrived at after considering the cost of equity and the post-tax cost of debt and the post-tax cost of the Trust Loan and their respective weights in the capital structure of Tower Co.
- The break-up of the debt (excluding any interest due thereon) as of September 30, 2021, is provided below:

Particulars	As of September 30, 2021, in INR Million	Adjusted for additional External Loan for WACC Calculation, in INR Million
Long term loans (including current maturity of long-term borrowings) - External	213,320.0	274,001.6*
Trust Loan	250,000.0	250,000.0
0% Redeemable Non-Cumulative, Non-Participating, Convertible Preference Shares	131.0	131.0
Total	4,63,451.0	524,132.6

* The Tower Co. is proposing to raise additional loan of INR 60,681.6 Mn to fund construction/ inorganic acquisition of additional towers. The adjustment for long term loans includes additional external debt to be taken on this account.

- While the Trust Loan is in the nature of debt at the level of Tower Co., at the consolidated Trust level, the same would be considered as equity.
- For the purpose of this valuation exercise, we have considered the following to determine the WACC

WACC = (Cost of External Debt * (1-tax rate) * External Debt as of September 30, 2021 (including additional loan for additional towers) + Cost of Trust Loan * (1-tax rate) * Trust Loan + Cost of Equity * Equity Share Capital) / (External Debt as of September 30, 2021 (including additional loan for additional towers) + Trust Loan + Equity Share Capital + Preference Share Capital)

- The cost of equity (“CoE”) has been calculated as per the Capital Asset Pricing Model based on the following parameters:
 - Cost of equity = Risk Free Rate + [Beta X Equity Risk Premium]
 - Risk free rate of return of 6.63% is based on yields of 10 year zero coupon bond yield as on

September 30, 2021 having and as listed on www.ccilindia.com.

- Expected market premium of 8.37% has been calculated on the expected market return of 15.0% as prevalent in India based on historical market returns and our analysis.
- Beta is a measure of systematic risk of the company's stock as compared to the market risk. Since there are no listed companies directly comparable to the business of the InvIT Asset considering the distinct nature of asset and capital structure, we have considered a market beta of 1.0 for determination of CoE.
- Based on above, the base cost of equity is arrived at 15.00%.
- 0% Redeemable Non-Cumulative, Non-Participating, Non-Convertible Preference Shares carries nil dividend. Therefore, the cost of Preference Share Capital is considered as nil.
- Further, we have considered post tax cost of external debt of 5.5% and post-tax cost of trust loan of 11.2% to arrive at WACC of 8.24%.
- We have increased the risk premium over our last valuation by 3.0% given the construction or inorganic acquisition of additional towers to 174,451 towers by September 30, 2022 and to account for significant risk involved in getting other tenants onboard in projected period and the estimated revenues therefrom. We have considered an additional risk premium of 3.35%.
- We have hence considered a WACC of 11.59% for the valuation.

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10 Valuation Summary

- 10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.
- 10.2. We would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of an entity or business.
- 10.3. The enterprise value of InvIT Asset is arrived at INR 482,686.6 Mn, corresponding to an asset base of 144,728 towers as on September 30, 2021.

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11 Annexures

11.1 Annexure I

A. Valuation of InvIT Asset as per DCF Method

Valuation as per Discounted Cash Flow Method as on September 30, 2021 (INR Mn)											
WACC 11.55%											
Year Ending	30 September 2022	30 September 2023	30 September 2024	30 September 2025	30 September 2026	30 September 2027	30 September 2028	30 September 2029	30 September 2030	30 September 2031	
Revenue	68,747.1	85,849.4	93,353.5	98,791.5	1,04,107.1	1,08,708.5	1,12,257.7	1,15,369.2	1,18,253.5	1,21,216.4	
EBITDA	42,127.4	53,911.2	60,346.2	64,731.4	68,999.3	72,562.6	75,107.6	77,304.5	79,314.8	81,375.1	
EBITDA Margins	61%	63%	65%	66%	66%	67%	67%	67%	67%	67%	
Less : Outflows											
(Less): Capital Expenditure	(62,658.6)	(4,886.2)	(3,634.6)	(3,453.9)	(2,598.3)	(2,180.7)	(1,300.9)	-	-	-	
Add/(Less): Change in GST block	(3,478.7)	9,072.3	1,935.3	32.5	154.0	75.2	158.4	234.2	-	-	
Add/(Less): Incremental Working Capital	(44.1)	(665.8)	(772.8)	(551.7)	(520.3)	(438.4)	(344.3)	(185.7)	(92.4)	(95.2)	
Less: Taxation	-	-	-	-	(7,507.6)	(11,726.1)	(13,281.3)	(14,653.0)	(15,879.3)	(17,010.2)	
Free Cash Flows (FCF)	(24,054.0)	57,431.5	57,874.1	60,758.3	58,527.0	58,292.6	60,339.4	62,700.0	63,343.0	64,269.6	
Present Value Factor	0.95	0.85	0.76	0.68	0.61	0.55	0.49	0.44	0.39	0.35	
Present Value of Cash Flows	(22,770.7)	48,720.6	43,996.8	41,392.1	35,730.8	31,891.4	29,582.6	27,547.2	24,939.3	22,675.9	
NPV of Explicit Period	4,82,002.4										
Working Capital Release	684.2										
Enterprise Value (EV)	4,82,686.6										

Valuation as per Discounted Cash Flow Method as on September 30, 2021 (INR Mn)											
Year Ending	30 September 2032	30 September 2033	30 September 2034	30 September 2035	30 September 2036	30 September 2037	30 September 2038	30 September 2039	30 September 2040	30 September 2041	
Revenue	1,24,258.3	1,27,378.4	1,30,577.5	1,33,857.6	1,37,220.8	1,40,669.3	1,44,205.2	1,47,830.7	1,51,548.2	1,55,360.1	
EBITDA	83,484.9	85,645.5	87,857.9	90,123.3	92,442.9	94,818.0	97,249.7	99,739.4	1,02,288.4	1,04,898.0	
EBITDA Margins	67%	67%	67%	67%	67%	67%	67%	67%	67%	68%	
Less : Outflows											
(Less): Capital Expenditure	-	-	-	-	-	-	-	-	-	-	
Add/(Less): Change in GST block	-	-	-	-	-	-	-	-	-	-	
Add/(Less): Incremental Working Capital	(97.9)	(100.5)	(103.0)	(105.6)	(108.2)	(110.9)	(113.7)	(116.5)	(119.5)	(122.4)	
Less: Taxation	(18,061.8)	(19,048.0)	(19,980.9)	(20,870.7)	(21,726.2)	(22,555.0)	(23,363.3)	(24,156.8)	(24,940.1)	(25,717.5)	
Free Cash Flows (FCF)	65,325.2	66,497.0	67,774.0	69,147.0	70,608.5	72,152.1	73,772.7	75,466.1	77,228.8	79,058.1	
Present Value Factor	0.32	0.28	0.25	0.23	0.20	0.18	0.16	0.15	0.13	0.12	
Present Value of Cash Flows	20,654.5	18,841.3	17,208.7	15,733.7	14,397.6	13,184.3	12,080.3	11,074.1	10,155.7	9,316.5	

Valuation as per Discounted Cash Flow Method as on September 30, 2021 (INR Mn)										
Year Ending	30 September 2042	30 September 2043	30 September 2044	30 September 2045	30 September 2046	30 September 2047	30 September 2048	30 September 2049	31 August 2050	
Revenue	1,59,268.7	1,63,276.5	1,67,386.2	1,71,600.2	1,75,921.3	1,80,352.2	1,84,895.8	1,89,555.0	1,77,609.6	
EBITDA	1,07,569.6	1,10,304.4	1,13,104.0	1,15,969.8	1,18,903.3	1,21,905.8	1,24,979.1	1,28,124.5	1,19,628.2	
EBITDA Margins	68%	68%	68%	68%	68%	68%	68%	68%	67%	
Less : Outflows										
(Less): Capital Expenditure	-	-	-	-	-	-	-	-	-	
Add/(Less): Change in GST block	-	-	-	-	-	-	-	-	-	
Add/(Less): Incremental Working Capital	(125.5)	(128.6)	(131.9)	(135.2)	(138.5)	(142.0)	(145.5)	(149.2)	390.9	
Less: Taxation	(26,492.3)	(27,267.8)	(28,046.4)	(28,830.6)	(29,622.4)	(30,423.6)	(31,235.7)	(32,060.2)	(29,949.7)	
Free Cash Flows (FCF)	80,951.7	82,908.0	84,925.8	87,004.1	89,142.3	91,340.3	93,597.8	95,915.2	90,069.3	
Present Value Factor	0.11	0.09	0.08	0.08	0.07	0.06	0.05	0.05	0.04	
Present Value of Cash Flows	8,548.9	7,846.1	7,202.3	6,612.2	6,071.1	5,574.7	5,119.1	4,701.0	3,974.1	

*Represent period ending as on August 31, 2050

(This Space has been intentionally left blank)

11.2 Annexure II - Details of all Permissions

- Tower Co. is registered with the Government of India, Ministry of Communications, Department of Telecommunications as an Infrastructure Provider Category I (IP-I) to establish and maintain the assets such as dark fibers, right of way, duct space and tower for the purpose to grant to lease, rent or sale basis to the licensees to telecom services licensed under Section 4 of the Indian Telegraph Act, 1885 on mutually agreed terms and conditions.
- Certain other key permissions and approvals required to be obtained by the Tower Co. for its present business are set out below:
 - Approvals from local authorities, as applicable, such as municipal authorities and gram panchayats for setting up of towers;
 - Consents or intimations from pollution control boards, as applicable, for operation of DG sets; and
 - Permissions from state electricity boards or power distribution companies, as applicable, for electrical connections.
- Certain approvals may have expired in their normal course and the Tower Co. has either made an application to the appropriate authorities for renewal of such approvals or is in the process of making such applications. Tower Co. undertakes to obtain, either through itself or its contractors, all approvals, licenses, registrations, and permissions required to operate its business. Certain approvals and permissions in relation to the business of the Tower Co. are in the name of RJIL. Pursuant to the Scheme of Arrangement, the tower infrastructure undertaking of RJIL, comprising the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services was transferred and vested in Tower Co. as of, and with effect from the close of business of March 31, 2019. The Scheme of Arrangement was approved by the National Company Law Board, Ahmedabad (“NCLT”), through its order dated March 20, 2019. The Scheme of Arrangement became effective from the close of business on March 31, 2019.

11.3 Annexure III - Litigations Details

- The CENVAT credit on the telecommunication tower was disputed by the Service Tax authorities. The Bombay High Court in a different matter had held that telecom tower is immovable in nature and accordingly CENVAT credit on tower is not permitted to be claimed. The decision of the Bombay High Court has been challenged in the Supreme Court.

In view of the ongoing litigation and also due to the fact that under GST law also the telecom towers have expressly been excluded from the definition of plant and machinery, the CENVAT credit claimed on telecom towers was reversed under protest and simultaneously a refund claim was filed by Reliance Jio Infocomm Limited (“RJIL”). The amount paid under protest has been transferred to the Summit Digitel Infrastructure Private Limited [formerly known as Reliance Jio Infratel Private Limited] (“SDIPL”) under the scheme of demerger.

Vide order dated August 30, 2019, the Commissioner of Central Tax, Central Excise and Service Tax (Appeals), Raigad has rejected the refund claim and an appeal has been filed by RJIL in Mumbai CESTAT against the rejection. In view of the above, the amount of INR 2,944 million

(includes INR 408 million credit reversed under protest for GST input tax credit claimed on goods and services used for erection, commissioning and installation of immovable property (i.e. Towers & Foundation)) is presently shown under non-current asset.

During the quarter ended September 30, 2021, SDIPL received Notice from DGGI-Maharashtra (vide reference No. DGGI/MZU/I&IS 'D' /12(1)27/2021 dated 08.09.2021) and under protest SDIPL reversed GST Credit of INR 545 million. The amount presently shown under non-current assets towards this stand increased from Rs. 2,944 million as on June 30, 2021 to Rs. 3,489 million as on September 30, 2021. If the matter is finally decided against RJIL and therefore in effect against SDIPL, these amounts would be capitalized.

Further, DGGI-Maharashtra office (vide Notice No. DGGI/MZU/I&IS 'D'/12(1)27/2021/4908 dated 16.09.2021) has instructed SDIPL to reverse GST Credit of Rs. 5,635 million pertaining to all other states and the same is under discussions with Reliance for suitable response.

- As confirmed by the management, other than the above, there are no material litigations involving the Tower Co. or regulatory actions pending against the Tower Company requiring a disclosure under this section.

11.4 Annexure IV - Other Disclosures as required under SEBI InvIT Regulations

Statement of Assets

The InvIT holds entire outstanding equity share capital in Tower Co. Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services in India to telecommunication service providers. The Tower Infrastructure Business was transferred by way of a slump sale on a going concern basis by RJIL to Tower Co. under a scheme of arrangement that was approved by the National Company Law Tribunal, Ahmedabad with effect from close of business hours March 31, 2019. As per the audited financial statements of Tower Co. as of September 30, 2021, Tower Co. has a gross block of fixed assets consisting of assets related to Tower Infrastructure Business aggregating INR 435,471.4 million.

Details of Major Repairs - Past and Proposed

- As per discussions with Management and given the relatively newer portfolio of assets, we understand that no major repairs have been done in the past to the operational Tower Assets
- Going forward, the maintenance (including any major maintenance) costs are to be borne by RPPMSL in terms of the Amended and Restated O&M Agreement and accordingly We understand that there is no major repair costs that Tower Co. would need to incur.

Revenue pendency including local authority taxes associated with the InvIT Asset and compounding charges

- The Management has confirmed to us that there are no revenue pendencies including local authority taxes associated with the InvIT Assets and compounding charges

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

- The Management has confirmed to us that there is no vulnerability to natural or induced hazards that may not have been covered in town planning / building control.

Earlier Site Visit Photographs



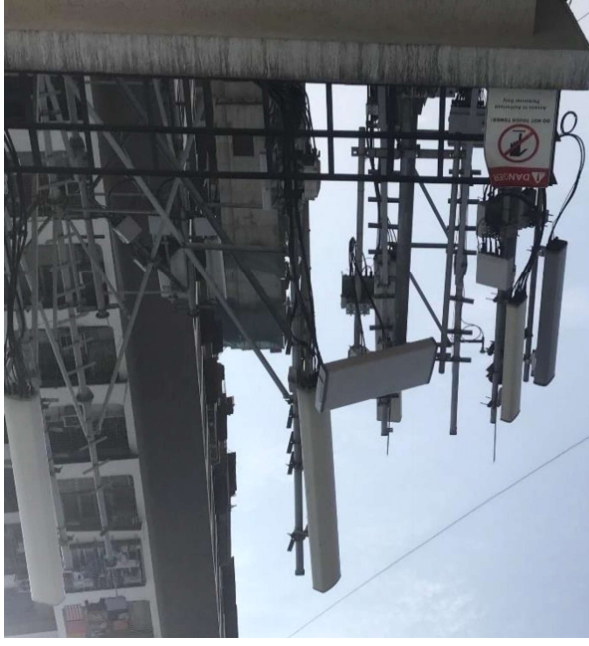
Mumbai - Cell on Wheels
Bandra Kuria Complex



Mumbai - Ground Based Mast
Anik Depot, Wadala



Mumbai - Roof Top Pole
Reliance Jio SRM Office, Worli



Mumbai - Roof Top Pole
Zinc Plaza, Dadar West



**Kolkata - Ground Based Mast
Newtown Bus Stand**



**Kolkata - Ground Based Mast
Rajarhat**



**Bangalore - Roof Top Tower
Rajaji Nagar**



**Bangalore - Roof Top Tower
Tippenahalli**



**Delhi - Roof Top Tower
Ajisar Management Pvt Ltd, Okhla Phase II**



**Delhi - Roof Top Tower
G Healthcare, Okhla Phase II**



Network Operations Centre - Reliance Corporate Park, Ghansoli