

January 2020

Valuation Report

**Tower Infrastructure Trust (“Trust”)
(Acting through the Trustee Axis Trustee Services Limited)**

And

**Infinite India Investment Management Limited
(In its capacity as Investment Manager of the Trust)**

And

**Reliance Industrial Investments and Holdings Limited
(Reliance Sponsor)**

And

**BIF IV Jarvis Pte. Ltd.
(Brookfield Sponsor)**

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

Sunil Kumar Saini
Registered Valuer
Reg. No. IBBI/RV/06/2018/10385

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UDIN: 20503604AAAAAB5827

Date: January 13, 2020

To

Tower 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

Infinite India Investment Management Limited
(In its capacity as the "Investment Manager" of the Trust)
7th Floor, Cnergy, Appasaheb Marathe
Marg, Prabhadevi
Mumbai - 400025, India

To

Reliance Industrial Investments and Holdings Limited
9th Floor, Maker Chamber IV
222 Nariman Point, Mumbai - 400 021, India

To

BIF IV Jarvis India Pte. Limited
16, Collyer Quay, #24-01
Income at Raffles, Singapore - 049318

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

I refer to engagement letter dated November 27, 2019, appointing me, Sunil Kumar Saini registered with IBBI as Registered Valuer via Registration Number IBBI/RV/06/2018/10385 (hereinafter referred to as "Valuer", "I," "my," or "me"), to provide professional services to Infinite India Investment Management Limited ("Investment Manager") acting in the capacity of investment manager of the Tower Infrastructure Trust ("Trust") with respect to determination of value of Reliance Jio Infratel 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") in connection with listing of units of the Trust by way of a private placement (the "Issue"). Reliance Industrial Investments and Holdings Limited ("RIIHL"/"Reliance Sponsor") is the sponsor of the Trust. BIF IV Jarvis India Pte. Limited ("Jarvis"/"Brookfield Sponsor") would be designated as a sponsor of the Trust on the execution of the 'deed of accession' to the trust deed by the Brookfield Sponsor. The Reliance Sponsor and the Brookfield Sponsor are together being referred to as the "Sponsors".



The Trust currently holds 51% of the outstanding equity share capital in Tower Co. and shall hold 100% of the outstanding equity share capital in Tower Co. on the consummation of the Share Purchase Agreement - II (defined in Section 1 of this Report). 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. The InvIT Asset has been valued after considering the Transaction Documents and the proposed post listing structure of the Trust.

I thereby, enclose my independent valuation report dated January 13, 2020 (“the Report” or “this Report”) providing my 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 RIHL, Tower Co. and the Investment Manager (“Management”). I have considered the cut-off date for the current valuation exercise to be September 30, 2019 (“Valuation Date”) and market factors, have been considered up to December 31, 2019. Further, the valuation of the InvIT Asset has been undertaken assuming all the requisite approvals shall be obtained for the Tower Infrastructure Business in addition to the CCI and DoT approval required.

This valuation report has been prepared solely for the purpose of inclusion as a part of the Preliminary Placement Memorandum (“PPM”) and Placement Memorandum (“PM”) and such other documents as well as for submission to Securities and Exchange Board of India (“SEBI”), the BSE Limited or any other regulatory or statutory authority as may be required for the Issue 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, I hereby confirm and declare that:

- I am competent to undertake the valuation;
- I am 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
- I comply with the responsibilities as stated in regulation 13(1) and regulation 21 of the SEBI InvIT Regulations.

I 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 Valuation Standards 2018 issued by ICAI Registered Valuers Organisation.

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



A summary of the analysis is presented in the accompanying the Report, as well as description of the methodology and procedure used, and the factors considered in formulating my 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 me by the Management. The projections provided by the Management are only the best estimates of growth and sustainability of revenue and cash flows. I have reviewed the financial forecast for consistency and reasonableness, however I have not independently verified the data provided.

Regards,
Sunil Kumar Saini



Registered Valuer
Reg. No. - IBBI/RV/06/2018/10385



Encl: As above

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1 Definitions, Abbreviations & Glossary of Terms

Amended and Restated MSA	The amended and restated master services agreement executed between Tower Co., RJIL and Reliance Digital Platform & Project Services Limited (“RDPPSL”), 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 RDPPSL (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, RDPPSL (the “Contractor”) and RJIL the scope of which includes establishment of Passive Infrastructure for Tower Co.
Valuer	Sunil Kumar Saini
Brookfield Sponsor / Jarvis	BIF IV Jarvis 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 / RDPPSL	Reliance Digital Platform & Project 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
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
Framework Agreement	The Framework agreement dated July 19, 2019, entered amongst RIIHL, Jarvis, Trust and Tower Co. as amended vide agreement dated November 4, 2019
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 25215,00,00,000 (INR twenty five thousand two hundred and fifteen crores only) (excluding expenses of the Trust)
Investment Manager	Infinite India Investment Management Limited
Initial Tower Sites	1,74,451 Macro Towers of Tower Co. including 50,360 Macro Towers that are under-construction and under-development as of September 30, 2019 proposed to be constructed within a period of 2 years from the Closing
Issue	The initial offer of units by the Trust by way of private placement in accordance with the SEBI InvIT Regulations.

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 Site Reimbursement	The monthly site reimbursement payable by RJIL to Tower Co. in terms of the Amended and Restated MSA
Mn	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
PPM	Preliminary Placement Memorandum
Proposed Transaction	Private placement of units by the InvIT, the proceeds of which would be used for (i) acquisition of remaining 49% of the outstanding equity share capital of Tower Co. (INR 105.35 crore); (ii) repayment of loans taken by the Trust to fund acquisition of 51% of the outstanding equity share capital of Tower Co. (INR 109.65 crore); and (iii) extending loans to Tower Co. to enable Tower Co. to repay / pre-pay in part or in full certain of its existing borrowings and interest obligations (INR 25,000 crore)
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 which the Trust will acquire and RIL will sell its entire equity shareholding in the Tower Co. to the Trust
Sponsors	Together the Reliance Sponsor and the Brookfield Sponsor

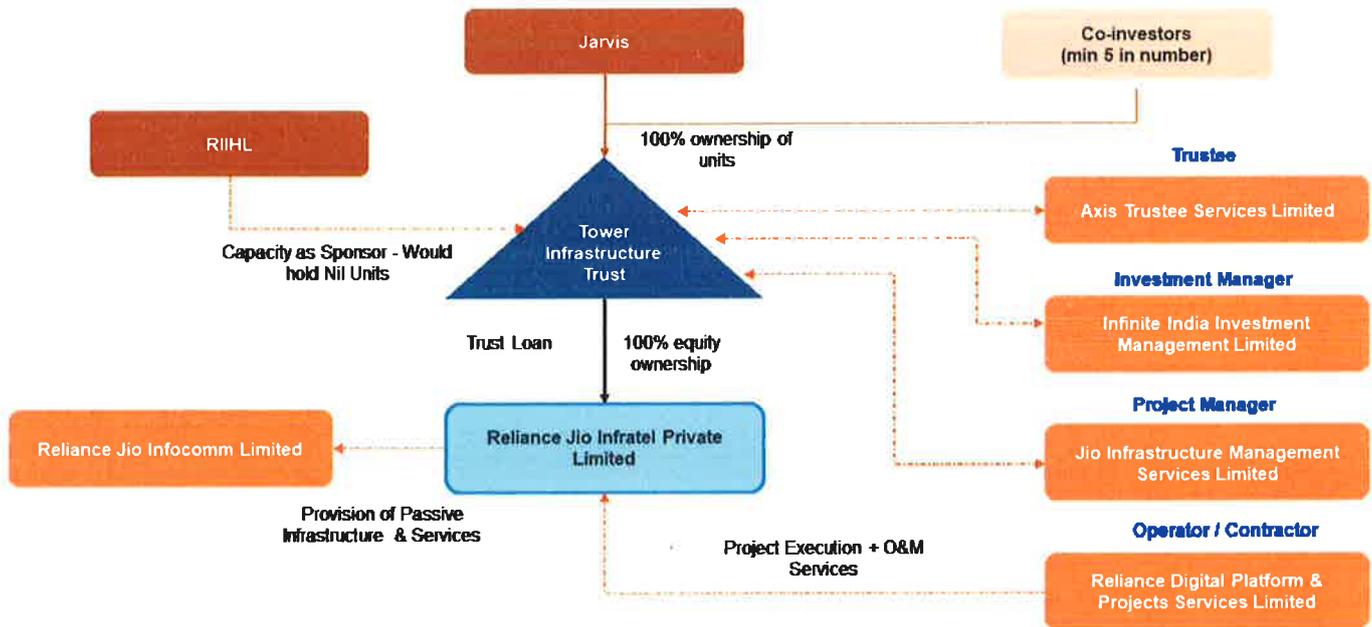
Tower Company	Co./RJIPL/the	Reliance Jio Infratel Private Limited
Tower Business	Infrastructure	The business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services.
Transaction Documents		Transaction Documents” means and includes: <ul style="list-style-type: none"> i. Share Purchase Agreement - II; ii. Amended and Restated MSA; 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 to be provided by the Trust to the Tower Co.; vii. Loan Agreements / sanction letters for debt to be raised at the Tower Co. level; viii. Placement memorandum/ offer document, investment management agreement, project management agreement, and other documents as may be required under the SEBI InvIT Regulations; and ix. such other documents as may be entered into between the Parties for the purposes of the Transactions.
Trust		Tower 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 to 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, 2019
WACC		Weighted Average Cost of Capital

2 Executive Summary

2.1 Brief Background and Purpose

- 2.1.1 The Tower 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 51% of the equity shareholding in 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 Infinite India Investment Management Limited (“Investment Manager”) is the Investment Manager of the Trust. The Investment Manager is a 100.0% subsidiary of JM Financial Limited.
- 2.1.5 SEBI has vide its letter dated December 17, 2019 took on record the request of RIIHL and Jarvis to execute a ‘Deed of Accession’ to the Trust Deed and be designated as a sponsor of the Trust in addition to RIIHL. Jarvis shall execute the ‘Deed of Accession’ and be designated as a ‘sponsor’ of the Trust on completion of conditions precedent under the relevant Transaction Documents.
- 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 Digital Platform & Project Services Limited (“RDPPSL” 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, RJIL and the Unitholders as of the Listing Date.





2.1.11 The units of the Trust are proposed to be listed on the BSE Limited (“BSE”). From the proceeds of the issuance of units, the Trust shall (i) acquire the remaining 49.0% of the outstanding equity shares of Tower Co. held by RIL (INR 105.35 crore); (ii) repay the existing debt taken by the Trust to fund the acquisition of 51.0% of the outstanding equity shares of Tower Co. (INR 109.65 crore); and (iii) extend loans to Tower Co. to enable Tower Co. to repay/pre-pay in part or in full certain of its existing borrowings and interest obligations (INR 25,000 crore).

2.1.12 The Investment Manager has appointed Valuer to undertake the valuation of the InvIT Asset in compliance of the SEBI InvIT Regulations and for inclusion of Report in the Preliminary Placement Memorandum (“PPM”), Placement Memorandum (“PM”) and other documents relating to the Issue as well as for submission to SEBI, BSE Limited or any other regulatory/statutory authority as may be required under the applicable laws for the Issue (“Purpose”).

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 4,18,502.5 Mn.



3 Introduction

3.1 Terms of Engagement

- 3.1.1 I, Sunil Kumar Saini Registered Valuer via Registration Number IBBI/RV/06/2018/10385, have been appointed by Infinite India Investment Management Limited, in the capacity of Investment Manager to the Trust, to determine the enterprise value of InvIT Asset on a going concern basis as per SEBI InvIT Regulations.
- 3.1.2 This Report has been prepared by I pursuant to terms of engagement letter dated November 27, 2019 between me and the Investment Manager including the terms and conditions set out therein.
- 3.1.3 Unless otherwise stated, words and expressions defined in the PPM and PM in connection with the Issue have the same meaning in this Report.

3.2 Background and Purpose of Valuation

- 3.2.1 Tower Co., RIIHL, Trustee on behalf of the Trust and Jarvis entered into a framework agreement dated July 19, 2019, which recorded the understanding amongst the parties for. Summary gist as below:
- issuance of units on a private placement by the Trust;
 - investment of the Investment Amount by Jarvis together with other co-investors (not being Associates of Jarvis) in the Trust by way of subscription to the units to be issued by the Trust;
 - acquisition of the 49.0% equity shareholding in Tower Co. currently being held by RIL by the Trust for consideration of INR 105.35 crore;
 - repayment of existing loans of the Trust taken by the Trust for the purpose of acquisition of 51% equity shareholding in Tower Co. aggregating INR 109.65 crore;
 - extension of loans to Tower Co. by the Trust aggregating INR 25,000 crore; and
 - other commercial arrangements related to the Tower Infrastructure Business.
- 3.2.2 In order to give effect to the transactions under the Framework Agreement, the parties have entered into the following agreements:
- The SPA - II for the acquisition of 49.0% of the equity shareholding of Tower Co. held by RIL by the Trust for a purchase consideration of INR 105.35 Cr;
 - Tower Co., RJIL and RDPPSL 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 ("Term"). In terms of the Amended and Restated MSA, RJIL shall be granted one tenancy on each of the Initial Tower Sites for the Term at mutually agreed fees and other commercial terms. RJIL shall enjoy certain rights such as discounts on Monthly Site Premium payable by RJIL to Tower Co., linked to third party tenancies on the Initial Tower Sites;
 - Tower Co., RJIL, JIMSL and RDPPSL have entered into the Amended and Restated Project Execution Agreement in terms of which, RDPPSL shall establish the Passive Infrastructure for Tower Co.; and



- d) Tower Co., JIMSL and RDPPSL have entered into the Amended and Restated O&M Agreement in terms of which, RDPPSL shall operate, maintain and manage the Passive Infrastructure and provide Services to Tower Co.

The Trust and the Tower Co. shall enter into the 'Trust Loan Agreement' for the loan aggregating INR 25,000 crore to be provided by the Trust to Tower Co. on the Closing;

Arrangement of Debt: The Tower Co. to enter into arrangements with lenders for debt of ~ INR 30,008 Cr to be raised by Tower Co. to replace the current borrowings and liabilities and for the purposes of funding further capital expenditure. The terms of such arrangements will provide Tower Co. the ability to distribute excess cash to the Trust in accordance with applicable laws after satisfying interests and repayment obligations and other lender covenants.

3.2.3 The Investment Manager has appointed Valuer to undertake the valuation of InvIT Asset in compliance of the SEBI InvIT Regulations for determination of the enterprise value of Tower Co. and the inclusion of the Report in the PPM, PM and such other documents as well as for submission to SEBI, BSE Limited 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 me.

3.3 Source of Information

3.3.1 For the purpose of this valuation exercise, I 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 six months ended as on September 30, 2019 and as on March 31, 2019;
- iv. Projections of Tower Co. from October 1, 2019 to March 31, 2050 with the underlying assumptions;
- v. Transaction Documents made available to me for review at client location and relevant extracts of the documents provided to me as requested;
- vi. Scheme of Arrangement *inter alia* between RJIL, Jio Digital Fiber Private Limited, Tower Co. and their respective shareholders and creditors;
- vii. Other relevant data and information provided to me 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.



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 for inclusion in PPM and the PM and 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 my written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing with SEBI, BSE Limited or any other regulatory/statutory authority for the Proposed Transaction or Issue as per the SEBI InvIT Regulations without any consent. This Report and the extracts of this Report included herein can be reproduced and included in the PPM and PM proposed to be filed in connection with the Issue and may be made available for inspection in the manner specified there in and may be relied upon by the lead manager and legal counsels to the Issue in connection with the Issue. 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 my consent, I 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, Valuer 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 me or used by me 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 I shall not be obliged to update, review or reaffirm this Report if the information provided to me 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 I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on the businesses.
- 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. My work did not constitute a validation of the financial projections of the Company under consideration and accordingly, I do not express any opinion on the same. Although, I have reviewed the financial projections provided by Management for consistency and reasonableness my 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. I have assumed that the parties involved have furnished to me all information, which they are aware of concerning the financial statements and respective liabilities, which may have an impact on Report. I have ignored some data provided to me which I believe may not be material for the purpose of assignment.
- 4.2.9 I 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 me. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.
- 4.2.10 The Valuer 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 the Valuer have solely relied on representations, whether verbal or otherwise, made by the Management to me for the purpose of this Report.
- 4.2.11 Except to the extent required under the SEBI InvIT Regulations, I am 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. or disclosed otherwise in the PPM.
- 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 my standard practice to make sure that factual inaccuracies/omissions are avoided in my final Report.



- 4.2.14 This Report does not look into the business/commercial reasons behind the Proposed 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 I 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, I have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.
- 4.2.16 For the present valuation exercise, I have also relied upon information available in the public domain, however, the accuracy and timeliness of the same has not been independently verified by me.
- 4.2.17 In the particular circumstances of this case, I shall be liable only to the Investment Manager, Sponsors and the Trust. I 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 me, nor any of professional associates who worked as team member shall in any way be responsible for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

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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 visit of the 5 SPVs was 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 04, 2019
4	Delhi & Gurgaon - Towers	North	
5	Kolkata - Tower	East	

- iv. Analysis of additional information received post preliminary discussion and site visit. Valuer and its team members had various meetings with the Management to discuss business model, assumptions considered and future business outlook. Valuer has also reviewed the Transaction Documents.
- v. Obtained various disclosures from the Management pertaining to approvals and litigations of the InvIT Asset as required under the SEBI InvIT Regulations.
- vi. 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 Organisation.

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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 would come into effect from Closing.
- 6.1.5 As of September 30, 2019, the Initial Tower Sites consisted of 174,451 telecommunications towers across India, out of which 124,091 towers are currently operational and 50,360 towers are under-construction / under-development. 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, 2019, 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, 2019:

State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Andhra Pradesh	323	3,306	1,224	29	4,882
Arunachal Pradesh	-	152	18	-	170
Assam	1	2,209	376	2	2,588
Bihar	92	4,712	783	4	5,591
Chhattisgarh	217	2,921	163	7	3,308
Delhi	730	168	3,270	242	4,410
Goa	118	28	64	2	212
Gujarat	4,212	4,303	1,134	15	9,664
Haryana	96	1,919	413	60	2,488
Himachal Pradesh	21	1,424	79	4	1,528
Jammu	34	683	130	15	862
Jharkhand	211	3,146	512	18	3,887
Karnataka	325	3,794	1,742	15	5,876
Kashmir	40	1,260	85	31	1,416
Kerala	32	903	520	54	1,509



State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Kolkata	118	793	2,115	6	3,032
Madhya Pradesh	1,372	7,156	564	13	9,105
Maharashtra	618	5,627	2,032	21	8,298
Manipur	-	294	38	-	332
Meghalaya	-	564	6	-	570
Mizoram	-	161	17	1	179
Mumbai	606	291	2,201	31	3,129
Nagaland	-	242	22	1	265
Odisha	130	3,753	378	37	4,298
Punjab	846	1,427	1,317	69	3,659
Rajasthan	1,838	5,409	657	65	7,969
Tamil Nadu	982	4,372	2,698	16	8,068
Telangana	474	2,523	1,701	83	4,781
Tripura	-	441	27	-	468
Uttar Pradesh (East)	1,295	5,171	1,101	18	7,585
Uttar Pradesh (West)	376	4,539	1,103	5	6,023
Uttarakhand	63	1,473	368	23	1,927
West Bengal	62	5,443	478	29	6,012
Grand Total	15,232	80,607	27,336	916	124,091

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 and RDPPSL shall construct and deliver additional towers on a turn-key basis to the Tower Co. from time to time to take the total number of operational towers to 174,451 in accordance with the terms of the relevant Transaction Documents.

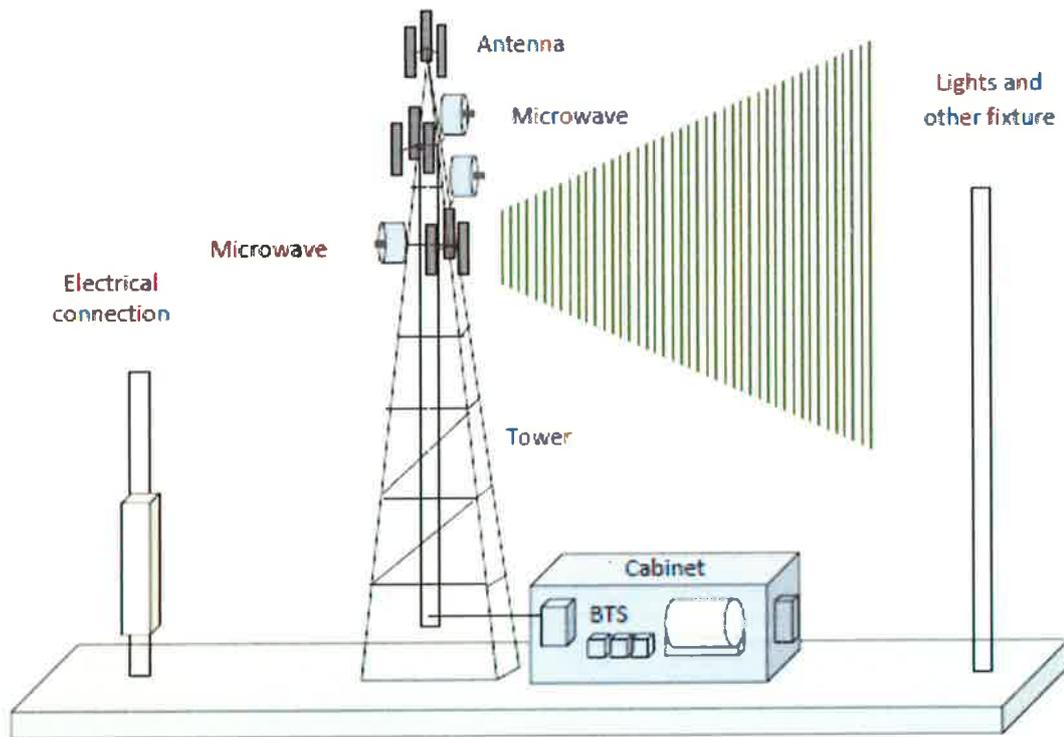


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6.3 Tower Infrastructure

6.3.1 As of September 30, 2019, Tower Co.'s Initial Tower Sites consisted of 174,451 Macro Towers across India, out of which 124,091 towers are currently operational and 50,360 towers are under-construction / under-development.

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



The tower sites comprise of various different 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 our 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, 2019:

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 My 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 on December 04, 2019 for undertaking physical inspection of the towers as required 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.

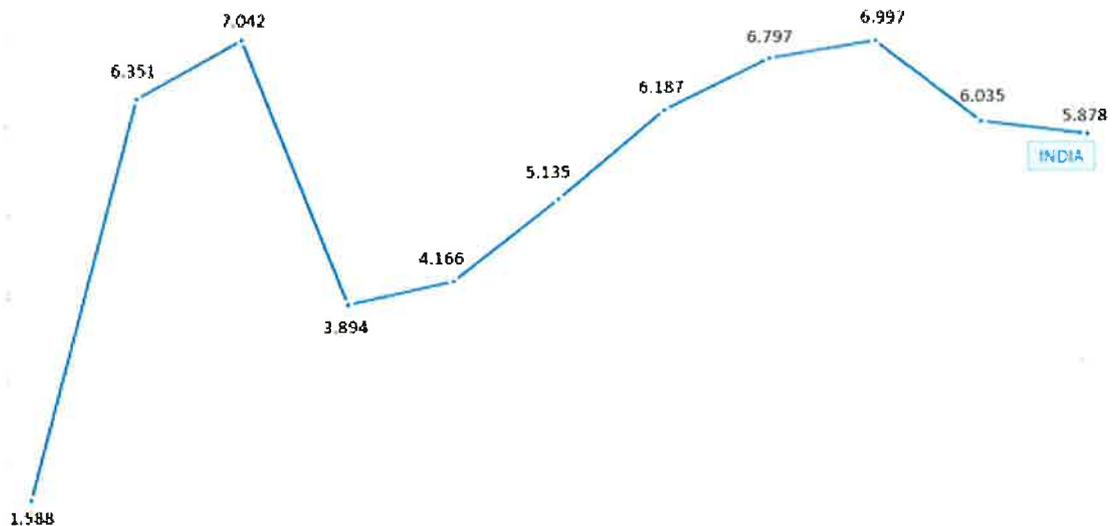


7 Industry Overview

7.1 The Indian Economy

7.1.1 India is the fastest growing economy in the world and the fourth largest economy when its gross domestic product (“GDP”) is compared in terms of purchasing power parity (PPP). India’s total GDP size was U.S.\$2.7 trillion in 2018 according to the World Bank. India’s GDP per capita has consistently grown between 5% and 6% according to the World Bank.

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



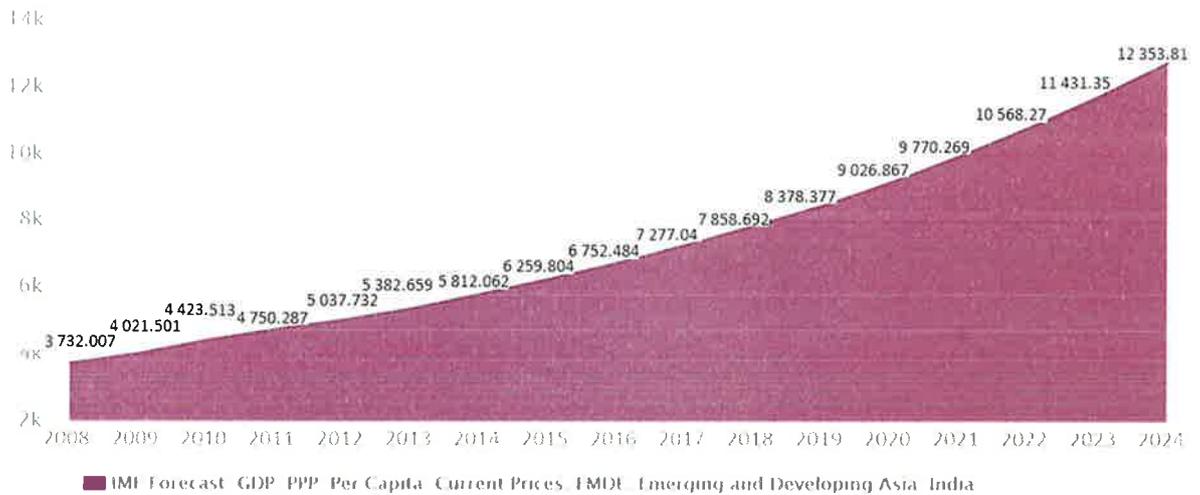
(Source: World Bank, accessed on January 7, 2020)

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 2019 was estimated to be USD 2.17 thousand. (Source: International Monetary Fund, available at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND>).

7.1.3 India is becoming increasingly urbanized. In 2018, India’s urban population increased to approximately 460.3 million representing 34% of India’s population. (Source: World Bank, accessed on January 7, 2020 at <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=map>).

7.1.4 The IMF expects that India’s economy will continue to grow rapidly. India’s GDP per capita on PPP basis is forecasted to be USD 12,756.79 in 2024. This records an increase from the last reported number of USD 8,378.38 in March 2019.





(Source: CEIC Data, accessed January 7, 2020)

7.1.5 Further, India has recorded a significant improvement in ease of doing business. In the World Bank's latest Doing Business Report ("DB 2020"), India has moved up 14 positions against its rank of 77 in 2018 to be placed now at 63 among 190 countries assessed by the World Bank. (Source: World Bank, accessed January 7, 2020, <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>, Ministry of Commerce & Industry, India, accessed January 7, 2020 at <https://www.phdcci.in/wp-content/uploads/2019/10/India-jumps-14-spots-in-Ease-of-Doing-Business-rankings-2020-ranks-63rd-out-of-190-countries.pdf>).

7.1.6 The Doing Business assessment provides objective measures of business regulations and their enforcement on ten parameters affecting a business through its life cycle. In DB 2020, India was classified as one of the ten economies that improved the most in their ease of doing business scores in 2018-19. The other nine economies were Bahrain, China, Jordan, Kuwait, Nigeria, Pakistan, Saudi Arabia, Tajikistan and Togo. (Source: World Bank, accessed January 7, 2020 at <https://www.worldbank.org/en/news/feature/2019/10/24/doing-business-2020-sustaining-the-pace-of-reforms>).

TABLE O.2 The 10 economies improving the most across three or more areas measured by *Doing Business* in 2018-19

Economy	Ease of doing business rank	Change in ease of doing business score	Reforms making it easier to do business									
			Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Saudi Arabia	62	7.7	✓	✓	✓		✓	✓		✓	✓	✓
Jordan	75	7.6					✓		✓			✓
Togo	97	7.0	✓	✓	✓	✓	✓					
Bahrain	43	5.9		✓	✓	✓	✓	✓	✓	✓	✓	✓
Tajikistan	106	5.7	✓				✓			✓		
Pakistan	108	5.6	✓	✓	✓	✓			✓	✓		
Kuwait	83	4.7	✓	✓	✓	✓	✓	✓		✓		
China	31	4.0	✓	✓	✓			✓	✓	✓	✓	✓
India	63	3.5	✓	✓						✓		✓
Nigeria	131	3.4	✓	✓	✓	✓				✓	✓	



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. As of September 30, 2019, India had a total reported telephone subscriber base of 1,195.24 Mn 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.

Subscribers as of September 30, 2019	Wireless	Wireline	Total
Total Telephone Subscribers (in millions)	1,173.8	21.5	1,195.2
Net Addition in September, 2019 (in millions)	2.8	0.7	3.4
Monthly Growth Rate (%)	0.2%	3.2%	0.3%
Urban Telephone Subscribers (in millions)	659.2	18.8	678.0
Net Addition in September 2019 (in millions)	-3.6	0.7	-2.9
Monthly Growth Rate (%)	-0.5%	4.0%	-0.4%
Rural Telephone Subscribers (in millions)	514.6	2.7	517.3
Net Addition in September, 2019 (in millions)	6.3	-0.0	6.3
Monthly Growth Rate (%)	1.2%	-1.5%	1.2%
Overall Tele-density (%)	88.9	1.6	90.5
Urban Tele-density (%)	156.2	4.5	160.6
Rural Tele-density (%)	57.3	0.3	57.6
Share of Urban Subscribers (%)	56.2%	87.3%	56.7%
Share of Rural Subscribers (%)	43.8%	12.7%	43.3%
Broadband Subscribers (in millions) as of September 30, 2019	606.4	19.0	625.4

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

The chart below illustrates the annual subscriber base from March 31, 2008 to March 31, 2019 and the total wireless subscriber as of September 30, 2019:



(Source: TRAI)



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 September 30, 2019 are provided below:

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

(Source: TRAI)

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 September 30, 2019	Bharti Airtel	Vodafone Idea	Reliance Jio
Circle	(In millions)		
Andhra Pradesh	28.6	20.8	28.2
Assam	8.3	5.6	7.5
Bihar	35.8	18.0	26.4
Delhi	15.2	19.0	17.3
Gujarat	10.9	29.6	22.2
Haryana	4.3	10.1	8.8
Himachal Pradesh	3.4	1.2	3.3
Jammu & Kashmir	5.4	1.1	3.6
Karnataka	28.3	14.0	19.4
Kerala	5.5	20.1	8.4
Kolkata	6.4	8.5	9.7
Madhya Pradesh	14.9	27.4	26.8
Maharashtra	15.5	43.3	27.9
Mumbai	9.6	14.7	13.3
North East	5.2	2.3	3.3
Orissa	12.0	4.1	11.1
Punjab	10.2	11.3	13.0
Rajasthan	21.2	15.5	22.8
Tamil Nadu (incl. Chennai)	25.3	23.2	21.9
Uttar Pradesh (East)	30.4	32.7	25.6
Uttar Pradesh (West)	13.2	27.7	18.3
West Bengal	16.0	22.3	16.4
Total	325.6	372.5	355.2

(Source: TRAI)

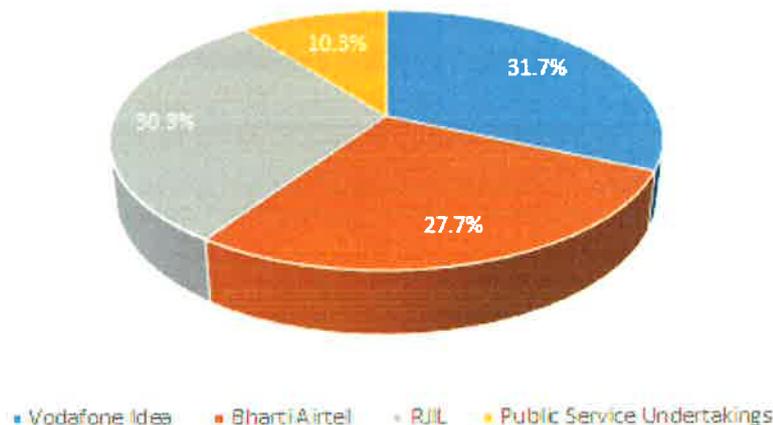


7.2.6 The wireless telecommunication industry in India has undergone a massive transformation in the last two years with the launch of services by Reliance Jio Infocomm Limited (“RJIL”). RJIL saw a net addition in wireless subscribers of access service providers of almost 6.9 million subscribers in the month of September 2019. RJIL brought about a change in the fundamental tenet of the industry with entire growth being driven by affordable data services. As of September 30, 2019, RJIL had 355.2 million wireless subscribers on its network according to TRAI.

7.2.7 As of September 30, 2019, private access service providers held 89.74% market share of the wireless subscribers whereas BSNL and MTNL, the two public service Undertaking access service providers, held a market share of 10.26%. Among the private access service providers, notable companies include Vodafone Idea (with a market share of 31.73%), Bharti Airtel (with a market share of 27.74%) and RJIL (with a market share of 30.26%).

The following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of September 30, 2019:

Market Share as on September 30, 2019

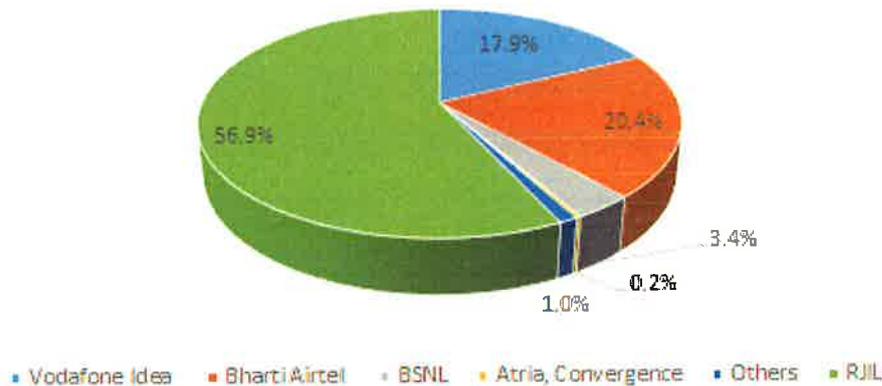


(Source: TRAI)

On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 56.91% as of September 30, 2019 based on the number of subscribers. This is closely followed by Bharti Airtel with 20.44% and Vodafone Idea with 17.94% of market share. The top five providers form 98.96% of the total internet subscriber base, as of September 30, 2019 according to TRAI.



Access Service Provider-wise Market Share in term of
Wireless Subscribers as on September 30, 2019



(Source: TRAI)

Recent updates on Telecom Industry:

- 7.2.8 Aircel Group's admission to National Company Law Tribunal (NCLT) under Insolvency & Bankruptcy Code (IBC);
- 7.2.9 Reliance Communications Limited (RCom) decision to shut down wireless business and subsequent filing of insolvency petition with NCLT under IBC;
- 7.2.10 Sale of Sistema Shyam Teleservices Limited (SSTL) to RCom and consequent merger of both;
- 7.2.11 Tata Group's decision to exit telecom business and consequent merger with Bharti Airtel Limited (Bharti Airtel) and Tata Teleservices Limited (TTSL);
- 7.2.12 Vodafone India Limited (Vodafone) and Idea Cellular Limited (Idea) merger and Bharti Airtel and Telenor (India) Communication Private Limited (Telenor) merger causing closing down of many sites.
- 7.2.13 The Hon'ble Supreme Court ruled that definition of adjusted gross revenue ("AGR") for telecom companies should include all revenue accrued to carriers, including that from noncore activities. The ruling has caused severe losses to H1FY20 results of major telecom companies in the Industry. The management of the telecom companies have hinted that their going concern will be in question post AGR ruling unless relief is provided by the Government.



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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 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 share 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.

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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, I 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 I 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, I 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.

- 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, I have used Free Cash Flow to Firm (“FCFF”) model for valuation.



9 Valuation of InvIT Asset

9.1 DCF Method:

- 9.1.1 The value of the InvIT Asset is based on the FCFF of Tower Co.
- 9.1.2 The audited balance sheet position of Tower Co. as on September 30, 2019 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. Hence, the financial projections as provided by the Management are for a period of 30.5 years starting from October 01, 2019 till March 31, 2050 has been considered for valuation. The financial forecast provided by the Management were reviewed by me for consistency and reasonableness, however I 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, 2019	106,000
As of September 30, 2019	124,091
As of March 31, 2020	147,071
FY21 to FY50	174,451

- The number of Tower Sites are expected to increase from 124,091 as of September 30, 2019 to 174,451 during FY21. Currently, RJIL is the sole tenant of the Tower Sites. For the purpose of the current valuation exercise and given that RJIL is also currently the sole tenant current on the operational towers we have for the purpose of the current exercise not considered a scenario of additional tenants being added to the towers. However in the event of additional tenancies being added to the Tower Sites, the valuation of the InvIT Asset would undergo change.

ii. Monthly Site Premium:

I 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.



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. **Capital Expenditure**

- Tower Co. projects a total capex of ~ INR 1,24,158.1 Mn from Valuation Date till FY21. The capex is majorly towards construction of additional Tower Sites and is in accordance with the terms of the Restated Project Execution Agreement.

v. **Discounted Cash Flow**

- The explicit period has been considered from October 01, 2019 to March 31, 2050.
- 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 8.95% 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.
- The enterprise value (“Enterprise Value”) of Tower Co. is arrived at INR 4,18,502.5 Mn, determined as an aggregate of the present value of forecast period.

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vi. **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, 2019 is provided below

Particulars	As of September 30, 2019 in INR Crore	As of September 30, 2019 adjusted for the Trust Loan in INR Crore
Long term loans (including current maturity of long term borrowings) - External	23,984	4,565
Short term loans - External	3,005	
Trust Loan	Nil	25,000
Total	26,989	29,565

- From the proceeds of the loan from the Trust, the Tower Co. proposes to repay borrowings aggregating INR 22,424 crore. The balance INR 2,576 crore is proposed to be utilized towards repayment of certain suppliers credit aggregating ~ INR 1,631 crore and interest costs on loans taken by the Tower Co. aggregating ~ INR 750 crore. As described earlier, the Tower Co. is in the process of arranging debt aggregating ~ INR 30,008 crore which is proposed to be utilized towards repayment of existing suppliers credit and capital creditors at Closing and for future capex needs. The debt proposed to be drawn down at Closing has also been considered for the purpose of determination of WACC.
- 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

$$\text{WACC} = (\text{Cost of External Debt} * (1 - \text{tax rate}) * \text{External Debt as of September 30, 2019 (adjusted for the Trust Loan and including refinancing debt)} + \text{Cost of Trust Loan} * (1 - \text{tax rate}) * \text{Trust Loan} + \text{Cost of Equity} * \text{Equity infused into Tower Co. (Rs.215 crore as of September 30, 2019)}) / (\text{External Debt as of September 30, 2019 (adjusted for the Trust Loan)} + \text{Trust Loan} + \text{Infused Equity as of September 30, 2019})$$

- 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 6.86% is based on yields of 10 year zero coupon bond yield as on December 31, 2019 having and as listed on www.ccilindia.com.
- Expected market premium of 8.14% has been calculated on the expected market return of 15.0% as prevalent in India based on historical market returns and my 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, I 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%.
- Further, I have considered post tax cost of external debt of 6.73% and post tax cost of trust loan of 8.98% to arrive at WACC of 7.95%.
- Additional risk premium of 1% is considered to adjust for the amongst others (i) 30 year forecast period as against the yield of 10 year ZCYC considered for determining cost of equity; (ii) availability of refinancing for debt; (iii) stabilization of operations; and (iv) delays in completion of under-construction and under-development Tower Sites and their impacts on cash flows.
- I have hence considered a WACC of 8.95% 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. I 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 4,18,502.5 Mn, corresponding to an asset base of 124,091 towers. As per the business plan, the Tower Co is estimated to add another 22,980 towers by March 2020 incurring capex of INR 4,560 Cr. The enterprise value of the InvIT assets is estimated to increase by the same value as the capex incurred by the TowerCo.

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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 30-Sep-19 (INR Mn)

WACC 9.0%

Year Ending	H2 FY20*	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Net Sales	23,599.3	61,152.3	72,429.2	76,862.3	78,783.6	80,753.6	82,773.5	84,844.7	86,968.4	89,145.9	91,378.8
Growth Rate		53.2%	18.4%	6.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	7,533.8	36,328.5	43,294.0	44,815.4	45,970.0	47,151.3	48,359.8	49,596.1	50,860.7	52,154.2	53,477.2
EBITDA Margins	31.9%	59.4%	59.8%	58.3%	58.3%	58.4%	58.4%	58.5%	58.5%	58.5%	58.5%
Less : Outflows											
Capital Expenditure	(38,640.6)	(66,578.2)	-	-	-	-	-	-	-	-	-
GST Block	(10,387.3)	(5,248.2)	7,999.5	8,283.7	8,502.4	8,726.4	3,408.6	-	-	-	-
Incremental Working Capital	16,058.5	479.9	236.2	159.5	42.0	43.2	44.5	45.7	47.1	48.4	49.9
Taxation	-	-	-	-	-	-	-	-	(4,997.2)	(8,694.6)	(9,692.3)
Free Cash Flows (FCF)	(25,435.7)	(35,017.9)	51,529.8	53,258.7	54,514.5	55,921.0	51,812.8	49,641.8	45,910.6	43,508.1	43,834.8
Present Value Factor	0.98	0.92	0.84	0.77	0.71	0.65	0.60	0.55	0.50	0.46	0.42
Present Value of Cash Flows	(24,896.4)	(32,141.3)	43,411.4	41,182.1	38,690.4	36,428.3	30,979.5	27,243.1	23,125.7	20,115.2	18,601.4
NPV of Explicit Period	418,774.5										
Working Capital release in last year	(272.0)										
Enterprise Value (EV)	418,502.5										

*For 6 months ending March 31, 2020

Valuation as per Discounted Cash Flow Method as on 30-Sep-19 (INR Mn)

Year Ending	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40
Net Sales	91,378.8	93,668.3	96,016.0	98,423.3	100,891.9	103,423.2	106,018.9	108,680.7	111,410.2	114,209.3	117,079.7
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	53,477.2	54,830.4	56,214.3	57,629.5	59,076.6	60,556.4	62,069.4	63,616.2	65,197.6	66,814.2	68,466.7
EBITDA Margins	58.5%	58.5%	58.5%	58.6%	58.6%	58.6%	58.5%	58.5%	58.5%	58.5%	58.5%
Less : Outflows											
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
GST Block	-	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	49.9	51.3	52.8	54.4	56.0	57.6	59.3	61.1	62.9	64.8	66.7
Taxation	(9,692.3)	(10,597.9)	(11,426.4)	(12,190.9)	(12,902.1)	(13,569.5)	(14,200.9)	(14,803.4)	(15,382.5)	(15,943.3)	(16,490.1)
Free Cash Flows (FCF)	43,834.8	44,283.8	44,840.6	45,493.0	46,230.5	47,044.6	47,927.7	48,873.9	49,878.0	50,935.7	52,043.3
Present Value Factor	0.42	0.39	0.36	0.33	0.30	0.28	0.25	0.23	0.21	0.20	0.18
Present Value of Cash Flows	18,601.4	17,248.3	16,030.4	14,927.6	13,923.5	13,004.7	12,160.5	11,381.9	10,661.5	9,993.2	9,371.7

Valuation as per Discounted Cash Flow Method as on 30-Sep-19 (INR Mn)

Year Ending	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50
Net Sales	120,023.2	123,041.8	126,137.4	129,311.9	132,567.5	135,906.3	139,330.3	142,841.8	146,443.1	150,136.5
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBITDA	70,155.7	71,881.9	73,646.2	75,449.0	77,291.2	79,173.5	81,096.6	83,061.2	85,068.0	87,117.9
EBITDA Margins	58.5%	58.4%	58.4%	58.3%	58.3%	58.3%	58.2%	58.1%	58.1%	58.0%
Less : Outflows										
Capital Expenditure	-	-	-	-	-	-	-	-	-	-
GST Block	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	68.7	70.8	73.0	75.2	77.4	79.8	82.2	84.8	87.4	90.1
Taxation	(17,026.4)	(17,555.4)	(18,079.8)	(18,601.9)	(19,123.6)	(19,646.7)	(20,172.6)	(20,702.8)	(21,238.2)	(21,779.8)
Free Cash Flows (FCF)	53,198.0	54,397.3	55,639.3	56,922.3	58,245.1	59,606.6	61,006.2	62,443.2	63,917.2	65,428.1
Present Value Factor	0.17	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.08	0.08
Present Value of Cash Flows	8,792.7	8,252.4	7,747.4	7,274.9	6,832.5	6,417.8	6,028.9	5,664.0	5,321.4	4,999.7



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 fibres, 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

- 1) 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 been 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 Tower Co. under the scheme of demerger.

Vide order dated August 30, 2019, the appellate tribunal 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 ₹ 2,53.53 crore is presently shown under non-current asset and if the same is decided against RJIL and therefore in effect against the Tower Co. the same would be capitalized.



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 currently holds 51% of the outstanding equity share capital in Tower Co. and proposes to acquire the remaining 49% of the outstanding equity share capital in Tower Co. pursuant to the private placement of the units. 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, 2019, Tower Co. has a gross fixed assets consisting of assets related to Tower Infrastructure Business aggregating INR 37,953 crore.

Details of Major Repairs - Past and Proposed

- As per discussions with Management and given the relatively newer portfolio of assets, I 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 RDPPSL in terms of the Amended and Restated O&M Agreement and accordingly I 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 me 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 me that there is no vulnerability to natural or induced hazards that may not have been covered in town planning / building control.



11.5 Site Visit Photographs



Mumbai - Cell on Wheels
Bandra Kurla 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
Tippenhalli**





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



August 2020

Addendum to Valuation Report Dated January 13, 2020

**Tower Infrastructure Trust (the “Trust”)
(Acting through its Trustee - Axis Trustee Services Limited)**

And

**Infinite India Investment Management Limited
(In its capacity as the “Investment Manager” of the Trust)**

And

**Reliance Industrial Investments and Holdings Limited
(Reliance Sponsor)**

And

**BIF IV Jarvis India Pte. Limited
(Brookfield Sponsor)**

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

To
Tower 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
Infinite India Investment Management Limited
(In its capacity as the "Investment Manager" of the Trust)
7th Floor, Energy, Appasaheb Marathe,
Marg, Prabhadevi,
Mumbai, 400025.
India

To
Reliance Industrial Investments and Holdings Limited
9th Floor, Maker Chamber IV,
222 Nariman Point, Mumbai 400 021
India

To
BIF IV Jarvis India Pte. Limited
16, Collyer Quay, #24-01,
Income at Raffles,
Singapore - 049318

Dear Sir(s)/ Madam(s),

Sub: **Addendum to Report Dated January 13, 2020 with UDIN No. 20503604AAAAAB5827 on Valuation of InvIT Asset as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended.**

I, Sunil Kumar Saini (hereinafter referred to as "Valuer", "I," "my," or "me"), with Registered Valuer Registration Number IBBI/RV/06/2018/10385, had been appointed to provide professional services to Infinite India Investment Management Limited ("Investment Manager") acting in the capacity of investment manager of the Tower Infrastructure Trust ("Trust") with respect to determination of value of Reliance Jio Infratel 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") for the purpose mentioned in my Valuation Report dated January 13, 2020 via UDIN No. 20503604AAAAAB5827 ("Valuation Report").



The financial statements of Tower Co. as on March 31, 2020 has been finalized and audited (“March Audited Financials”). The Investment Manager shall be issuing an addendum to the preliminary placement memorandum dated January 13, 2020 containing certain material updates and is desirous to update the valuation of Tower Co. based on March Audited Financials. Thus, considering the March 31, 2020 Audited Financials and certain other updated operational information, we are issuing this addendum to my Valuation Report to determine the fair value of InvIT Asset as on March 31, 2020.

1. Valuation Conclusion

- 1.1. The enterprise value of InvIT Asset as at September 30, 2019, as per my Valuation Report dated January 13, 2020 bearing UDIN No. 20503604AAAAAB5827 was arrived at INR 4,18,502.5 Mn, corresponding to an asset base of 124,091 towers.
- 1.2. The asset base of Tower Co. as on March 31, 2020 is 133,415 and as of July 31, 2020 is 135,047. The number of Tower Sites are expected to increase from 135,047 as of July 31, 2020 to 174,451 during FY21. Currently, RJIL is the sole tenant of the Tower Sites.

Year	No of Towers
As of March 31, 2019	1,06,000
As of September 30, 2019	1,24,091
As of March 31, 2020	1,33,415
As of July 31, 2020	1,35,047
FY21 to FY50	1,74,451

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-
- 1.3. I have assumed that the Transaction Documents shall come into force from September 1, 2020. Accordingly, the projection period has been extended to August 31, 2050. I have considered the provisional financials for the three months period ending June 30, 2020 for the Tower Co and extrapolated it for the period ending August 31, 2020 post which the Transaction Documents will come in force. The projections have accordingly been updated to reflect the Transaction Documents coming into effect on September 1, 2020.
- 1.4. Further I have updated the debt equity ratio to account for the change in debt in the InvIT structure. I have also considered that there will be lower risks as additional capital expenditure had been incurred between 30 September 2019 and 31 March 2020 & Tower Co. being in the process of acquiring certain towers as well as considering that key approvals for the transaction having been received by the date of this report, I have accordingly updated the discounting factor basis the above to 8.69% for the valuation as on March 31, 2020.
- 1.5. The enterprise value post consideration of March Audited Financials & updated projections corresponding to an an asset base of 133,415 towers till March 31, 2020 is arrived at INR 43,655.5 Cr.
- 1.6. This addendum shall be read in conjunction to my Valuation Report Date January 13, 2020. All other terms and conditions & other contents mentioned in the Valuation Report shall remain unchanged and would apply to this Addendum as well.

Regards,

Sunil Kumar Saini



Registered Valuer

Reg. No. - IBBI/RV/06/2018/10385

UDIN: 20503604AAAACG3294

Annexure I

Valuation as per Discounted Cash Flow Method as on March 31, 2020 (INR Cr)											
WACC	8.69%										
Year Ending	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	
Net Sales	4,794.1	6,878.5	7,456.7	7,788.9	7,983.9	8,183.7	8,388.7	8,598.8	8,814.3	9,035.2	
Growth Rate	44%	43%	8%	4%	3%	3%	3%	3%	3%	3%	
EBITDA	3,220.3	4,057.9	4,346.8	4,512.2	4,628.2	4,747.0	4,868.5	4,992.8	5,119.9	5,249.9	
EBITDA Margins	67%	59%	58%	58%	58%	58%	58%	58%	58%	58%	
Less : Outflows											
Capital Expenditure	(7,612.2)	-	-	-	-	-	-	-	-	-	
GST Block	(439.9)	751.1	804.1	835.0	12.1	-	-	-	-	-	
Incremental Working Capital	46.1	26.1	15.9	9.1	4.3	4.4	4.6	4.7	4.8	5.0	
Taxation	-	-	-	-	-	-	-	(529.3)	(850.5)	(948.9)	
WC adjustment as per MSA	(600.9)	(600.9)	-	-	-	-	-	-	-	-	
Free Cash Flows (FCF)	(5,386.5)	4,234.2	5,166.7	5,356.3	4,644.6	4,751.4	4,873.1	4,468.2	4,274.3	4,306.0	
Present Value Factor	0.96	0.88	0.81	0.75	0.69	0.63	0.58	0.54	0.49	0.45	
Present Value of Cash Flows	(5,166.7)	3,736.7	4,195.1	4,001.3	3,192.3	3,004.6	2,835.1	2,391.7	2,105.0	1,951.1	
NPV of Explicit Period	43,451.1										
Working Capital release in last year	204.5										
Enterprise Value (EV)	43,655.5										

*Represents period from April 1, 2050 to August 31, 2050

Valuation as per Discounted Cash Flow Method as on March 31, 2020 (INR Cr)											
WACC	8.69%										
Year Ending	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	
Net Sales	9,261.8	9,494.1	9,732.3	9,976.6	10,227.1	10,484.0	10,747.4	11,017.6	11,294.6	11,578.7	
Growth Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	
EBITDA	5,382.9	5,518.9	5,657.9	5,800.1	5,945.5	6,094.2	6,246.2	6,401.6	6,560.4	6,722.8	
EBITDA Margins	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%	
Less : Outflows											
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	
GST Block	-	-	-	-	-	-	-	-	-	-	
Incremental Working Capital	5.1	5.3	5.4	5.6	5.8	5.9	6.1	6.3	6.5	6.7	
Taxation	(1,038.2)	(1,119.9)	(1,195.3)	(1,265.4)	(1,331.1)	(1,393.3)	(1,452.7)	(1,509.7)	(1,564.9)	(1,618.7)	
WC adjustment as per MSA	-	-	-	-	-	-	-	-	-	-	
Free Cash Flows (FCF)	4,349.8	4,404.2	4,468.1	4,540.3	4,620.2	4,706.8	4,799.6	4,898.2	5,002.0	5,110.8	
Present Value Factor	0.42	0.38	0.35	0.32	0.30	0.27	0.25	0.23	0.21	0.20	
Present Value of Cash Flows	1,813.3	1,689.2	1,576.7	1,474.1	1,380.1	1,293.6	1,213.6	1,139.5	1,070.6	1,006.4	

Valuation as per Discounted Cash Flow Method as on March 31, 2020 (INR Cr)											
WACC	8.69%										
Year Ending	FY41	FY42	FY43	FY44	FY45	FY46	FY47	FY48	FY49	FY50	FY51*
Net Sales	11,870.1	12,168.8	12,475.2	12,789.5	13,111.7	13,442.2	13,781.2	14,128.8	14,485.3	14,850.9	6,344.1
Growth Rate	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	-57%
EBITDA	6,888.7	7,058.3	7,231.6	7,408.7	7,589.7	7,774.6	7,963.5	8,156.5	8,353.6	8,555.0	3,650.2
EBITDA Margins	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
Less : Outflows											
Capital Expenditure	-	-	-	-	-	-	-	-	-	-	-
GST Block	-	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	6.9	7.1	7.3	7.5	7.7	8.0	8.2	8.5	8.7	9.0	107.2
Taxation	(1,671.4)	(1,723.5)	(1,775.0)	(1,826.4)	(1,877.6)	(1,929.1)	(1,980.8)	(2,032.8)	(2,085.5)	(2,138.7)	(906.4)
WC adjustment as per MSA	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flows (FCF)	5,224.1	5,341.9	5,463.9	5,589.9	5,719.8	5,853.5	5,991.0	6,132.1	6,276.9	6,425.3	2,851.0
Present Value Factor	0.18	0.17	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.09	0.08
Present Value of Cash Flows	946.5	890.5	838.0	788.8	742.6	699.2	658.4	620.0	583.9	549.9	230.0

