INFINITE INDIA

Infinite India Investment Management Limited
Corporate Identity Number : U74140MH2006PLC163489
Regd. Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400 025. Tel : +91 22 6630 3030, Fax : +91 22 6630 3223

DFIT/2023-24/12 **May 25, 2023**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Security Code: **543859**
Symbol: **DIGIFIBRE**

Dear Sirs,

Sub: **Submission of Valuation Report of Digital Fibre Infrastructure Trust (the "Trust") as at March 31, 2023**

Pursuant to the applicable provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended, we are submitting a copy of the valuation report as at March 31, 2023, as received by us from BDO Valuation Advisory LLP (having IBBI Registration Number IBBI/RV-E/02/2019/103), the valuer appointed by the Trust. Please note that the said report has been adopted by the Board of Directors of Infinite India Investment Management Limited, the investment manager of the Trust at its meeting held on May 24, 2023.

We request you to take the above report on your record.

Thank you.

Yours truly,
For and behalf of Digital Fibre Infrastructure Trust
(acting through its Investment Manager Infinite India Investment Management Limited)

JANISHA JAY SHAH
Digitally signed by JANISHA JAY SHAH
Date: 2023.05.25 15:06:29 +05'30'

Janisha Shah
Compliance Officer

Encl.: as above

Valuation Report

Digital Fibre 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)

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

May 2023

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BDO Valuation Advisory LLP
The Ruby, Level 9, North-West Wing
Senapati Bapat Marg, Dadar (W)
Mumbai 400028, India

Ref LM/May24-14/2023 Date: May 24, 2023
VRN No: IOVRVF/BDO/2023-2024/1964

To,
Digital Fibre 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

Dear Sir(s)/Madam(s),

Sub: Enterprise Valuation of Jio Digital Fibre Private Limited ("Fibre Co" or "InvIT Asset") as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended

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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 Infinite India Investment Management Limited (**"Investment Manager"**) acting in the capacity of investment manager of Digital Fibre Infrastructure Trust (**"Trust"**) with respect to determination of enterprise value of Jio Digital Fibre Private Limited ("**Fibre 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**" / "**Sponsor**") is the sponsor of the Trust.

The Trust currently holds 51% of the outstanding equity share capital in Fibre Co and the remaining 49% of the outstanding equity share capital in Fibre Co is held by Reliance Industries Limited ("**RIL**") and certain other minority shareholders. Further RIL and certain minority shareholders hold 100% of the participating and optionally convertible preference shares ("**OCPS**") of the Fibre Co and RIL further holds 100% of the redeemable preference shares ("**RPS**") of the Fibre Co. The Trust and/or Fibre 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 Fibre Co and the commercial agreements in relation to the Fibre Infrastructure Business (defined in Section 1 of this Report) of Fibre Co.

We thereby, enclose our independent valuation report herewith (**"the Report"** or **"this Report"**) providing our opinion on the fair enterprise value of the Fibre Co 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, Fibre Co and the Investment Manager

("**Management**") as well as the net asset value ("**NAV**") of the Units of the Trust as of March 31, 2023. We have considered the cut-off date for the current valuation exercise to be March 31, 2023 ("**Valuation Date**") and market factors, have been considered up to March 31, 2023.

This valuation report has been prepared solely for annual compliance requirements of the SEBI InvIT Regulations as well as for submission to Securities and Exchange Board of India ("SEBI") or any other regulatory or statutory authority as may be required and made 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 Fibre Co 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.

We have no present or planned future interest in Fibre 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 the 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,

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

BDO VALUATION ADVISORY LLP

Lata Gujar More
IBBI No.: IBBI/RV/06/2018/10488

Encl: As above

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1 Definitions, Abbreviations & Glossary of Terms

FUA	Amended and restated fiber and duct use agreement dated September 21, 2020 between Jio Digital Fibre Private Limited, Reliance Jio Infocomm Limited and Reliance Projects & Property Management Services Limited as amended vide amendment agreement dated October 18, 2020 and further amended vide 2nd amendment agreement dated December 18, 2020 and 3rd amendment agreement dated September 27, 2021
Basic Maintenance Services	Means the maintenance services for the Contract Fibers and Contract Ducts
BSE	Bombay Stock Exchange
BV	Breakup Value
CAGR	Compounded Annual Growth Rate
Closing	Allotment of the units under the private placement
Contract Ducts	Means the existing contract ducts, balance contract ducts and any other empty ducts ordered and accepted by Reliance Jio Infocomm Limited ("RJIL") from time to time under the FUA
Contract Fiber	Means the fiber assets forming part of the FUA including contracted fiber yet to be built as well as any other Dark Fiber ordered and accepted by RJIL from time to time in terms of the FUA
Cr	Crore
CTM	Comparable Transaction Multiple
Dark Fiber	Means the fiber optic strand pairs located within cable and ducts which are provided without electronics or optronics and which are not lit or activated
DCF	Discounted Cash Flow
DE	Debt-Equity
Equity Shares	Equity shares of JDFPL of face value Re 1/- each
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to Firm
Fibre Infrastructure Business	The business of setting up and maintaining passive optic fiber cable infrastructure and related assets and providing passive optic fiber cable infrastructure services
FPKM	Fiber Pair Kilometer
Framework Agreement	Framework agreement dated September 27, 2021 entered into between the Trust (acting through the Trustee), the Investment Manager, the Fibre Co, RIL and RIIHL
FTTH	Fiber to the home
FY	Financial Year
ICAI	Institute of Chartered Accountants of India

Investment Amount	INR 52,620 crore (INR Fifty-two thousand six hundred and twenty crore only) comprising of INR 14,706 crore (INR Fourteen thousand seven hundred and six crore only) from the Unit Issue, INR 4,783 crore (INR Four thousand seven hundred and eighty-three crore only) from the right issue and INR 33,131 crore (INR Thirty-three thousand one hundred and thirty-one crore only) from the InvIT Loan.
Investment Manager	Infinite India Investment Management Limited
Investment Management Agreement	The investment management agreement dated January 31, 2019 entered into between the Trustee and the Investment Manager as amended vide amendment agreement dated September 21, 2020 and further amended vide agreement dated November 4, 2020
InvIT Asset	Jio Digital Fibre Private Limited
InvIT Loan	Loans raised by the Trust aggregating INR 33,131 crore (INR Thirty-three thousand one hundred and thirty-one crore only) in terms of the InvIT Loan Agreement
InvIT Loan Agreement	Agreement dated September 21, 2020 entered into between the Trust, RIIHL, Sikka Ports & Terminals Limited and Jamnagar Utilities & Power Private Limited as amended vide agreement dated October 29, 2020 and further amended vide amendment agreement dated September 27, 2021
IRU	Indefeasible rights of use
Last Mile Fibers	Means RJIL's optic fibers and ducts which connects RJIL's in-line amplifiers, points of presence, colocation premises or other network infrastructure or equipment with the Fiber Assets (as defined herein below) at the nearest manhole / handhole / chamber.
Mn	Million
NAV	Net Asset Value
NCD	Non-convertible debentures of the Fibre Co
NCLT	National Company Law Tribunal
NLD	National Long Distance
Novation Agreement	Agreement dated December 22, 2020 between the Trust (acting through the Trustee), Infinite India Investment Management Limited (in its capacity as the Investment Manager of the Trust), JDFPL and Reliance Ventures Limited, pursuant to which the Trust novated the RVL Loan together with interest due thereon to JDFPL for a consideration of Rs.280 crore
O&M Agreement	Amended and restated operations and maintenance agreement dated September 21, 2020 between Jio Digital Fibre Private Limited, Jio Infrastructure Management Services Limited and Reliance Projects & Property Management Services Limited as amended vide agreement dated October 18, 2020 and further amended vide 2nd amendment agreement dated September 27, 2021
OCPS	0.01% redeemable, cumulative, participating and optionally convertible preference shares of face value of Rs.10/- each of JDFPL
PEA	Amended and restated project execution agreement dated September 21, 2020 between Jio Digital Fibre Private Limited, Jio

	Infrastructure Management Services Limited and Reliance Projects & Property Management Services Limited as amended vide agreement dated October 18, 2020 and further amended vide 2nd amendment agreement dated September 27, 2021
PM	Placement Memorandum dated September 29, 2020
Project Agreement	Together the FUA, O&M Agreement and the PEA
Project Manager or JIMSL	Jio Infrastructure Management Services Limited
Purpose	Enterprise valuation of Fibre Co for annual compliance requirements of the SEBI InvIT Regulations as well as for submission to SEBI or any other regulatory or statutory authority as may be required for the Issue and made in accordance with the SEBI InvIT Regulations guidelines requiring an independent valuation.
Right Issue	The further issue of units by the Trust on right basis in accordance with the SEBI InvIT Regulations
RIL	Reliance Industries Limited
RPPMSL	Reliance Projects & Property Management Services Limited (formerly known as Reliance Digital Platform & Projects Services Limited)
RPS	0.01% cumulative, redeemable, non-participating and non-convertible preference shares of face value of Rs.10/- each of JDFPL
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 O&M Agreement
SHOA	Shareholders and Option Agreement dated September 21, 2020 between the Trust (acting through its Trustee), the Investment Manager, RIL, RIIHL and JDFPL as amended vide agreement dated October 29, 2020
SPA	Share purchase agreement dated March 31, 2019 entered into between the Trust (acting through the Trustee), the Investment Manager, RIIHL, Digital Media Distribution Trust (acting through its trustee) and RIL
Sponsor / RIIHL	Reliance Industrial Investments and Holdings Limited
Transaction Documents	Transaction Documents" means and includes: i. Project Agreements and the Initial Project Agreements; ii. Trust Deed; iii. Shareholders and Option Agreement; iv. Trust Loan 1 Agreement; v. Trust Loan 2 Agreement; vi. Trust Loan 3 Agreement; vii. Novation Agreement; viii. Placement memorandum (including the preliminary placement memorandum) w.r.t to the Unit Issue; ix. InvIT Loan agreement x. Investment Management Agreement; and xi. Project Implementation and Management Agreement;

Trust	Digital Fibre 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 as amended vide amendment to Indenture of Trust effective September 21, 2020 and as further amended vide amendment to indenture of Trust effective November 4, 2020
Trust Loan 1	Loan extended by the Trust to Fibre Co aggregating INR 19,489 crore pursuant to a 'Trust Loan 1 Agreement' along with amendments thereto
Trust Loan 1 Agreement	Agreement dated September 21, 2020 entered into between the Trust and JDFPL as amended vide amendment agreement dated October 29, 2020 and further amended on September 27, 2021 and on December 2, 2021
Trust Loan 2	Loan extended by the Trust to Fibre Co aggregating INR 32,851 crore pursuant to a 'Trust Loan 2 Agreement' along with amendments thereto
Trust Loan 2 Agreement	Agreement dated September 21, 2020 entered into between the Trust and JDFPL as amended vide amendment agreement dated October 29, 2020 and further amended on September 27, 2021 and on December 2, 2021
Trust Loan 3	Loan extended by the Trust to Fibre Co aggregating INR 280 crore pursuant to a 'Trust Loan 3 Agreement'
Trust Loan 3 Agreement	Agreement dated December 22, 2020 entered into between the Trust and JDFPL
Trustee	Axis Trustee Services Limited
Unit Issue	The initial offer of units by the Trust by way of private placement in accordance with the SEBI InvIT Regulations
Valuation Date	March 31, 2023
WACC	Weighted Average Cost of Capital

2 Executive Summary

2.1 Brief Background and Purpose

2.1.1 The Digital Fibre Infrastructure Trust ("**Trust**") was settled vide Trust Deed dated January 31, 2019 with Reliance Industrial Investments and Holdings Limited ("**RIIHL**") as the settlor as well 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 20, 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 share capital in Jio Digital Fibre Private Limited ("**Fibre Co**") which is in the business of designing, planning, establishing, operating, maintaining and managing passive optic fiber cable infrastructure assets for telecommunication service providers ("**Fibre Infrastructure Business**").

2.1.4 Infinite India Investment Management Limited ("**Investment Manager**") is the Investment Manager of the Trust.

2.1.5 Reliance Industrial Investments and Holdings Limited ("**RIIHL**" or "**Sponsor**") is a wholly owned subsidiary of Reliance Industries Limited ("**RIL**") and is the sponsor of the Trust.

2.1.6 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 Fibre Co and the Trustee in accordance with the SEBI InvIT Regulations.

2.1.7 Reliance Projects & Property Management Services Limited ("**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.

2.1.8 The following structure illustrates the relationship amongst the Parties to the Trust (being the Trust, Trustee, the Sponsor, the Investment Manager and the Project Manager), the Contractor / Operator, JDFPL and the Unitholders as of the Closing Date.

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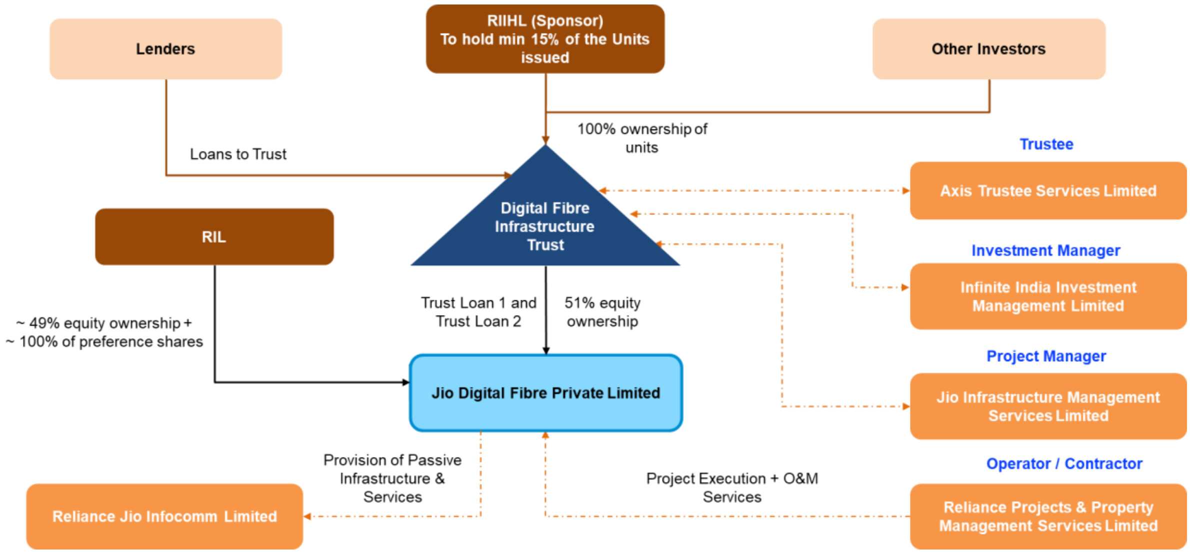

2.1.9 The Trust carried out an initial offer of its Units on September 29, 2020 and raised INR 14,706 crore. The proceeds of the initial offer of its Units were extended as Trust Loan 1 to the Fibre Co. Additionally the Trust borrowed INR 25,000 crore under the InvIT Loan Agreement in December 2020 and this amount was extended as Trust Loan 2 (INR 24,720 crore) and Trust Loan 3 (INR 280 crore) to the Fibre Co.

2.1.10 The Trust entered into the Framework Agreement dated September 27, 2021. The Framework Agreement laid down the details of acquisition of additional fibre assets by JDFPL including indicative fibre asset roll out plan, the estimated capex requirements and the funding plan.

2.1.11 Pursuant to the Framework Agreement, the Trust borrowed INR 6,700 crore (INR Six thousand seven hundred crore only) on September 29, 2021 and INR 1,431 crore (INR One thousand four hundred and thirty-one crore only) on February 2, 2022 in terms of the InvIT Loan Agreement and extended additional trust loan 2 to the Fibre Co. in terms of Trust Loan 2 Agreement.

2.1.12 The Trust made right issue of Units in December 2021 and raised approximately INR 4,789 crore. The proceeds of right issue, net of issue expenses, aggregating INR 4,783 crore (Four thousand seven hundred and eighty-three only) were extended as additional trust loan 1 to the Fibre Co. in terms of Trust Loan 1 Agreement.

2.1.13 The Investment Manager has appointed BDO VAL to undertake the valuation of the InvIT Asset for annual compliance requirements of the SEBI InvIT Regulations as well as for submission to Securities and Exchange Board of India (“SEBI”) or any other regulatory or statutory authority as may be required.

2.1.14 The units of the Trust were listed on Bombay Stock Exchange (“BSE”) with effect from March 31, 2023 pursuant to an Information Memorandum dated March 28, 2023 submitted to BSE.

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 2,08,646.1 crore.

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 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 us pursuant to 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 holds 51% of the outstanding equity share capital of JDFPL in terms of the SPA and the remaining 49% of the outstanding equity share capital in Fibre Co is held by RIL and certain other minority shareholders.

3.2.2 The Trust carried out an initial offer of its Units on September 29, 2020 and raised INR 14,706 crore. The Trust further issued Units on right basis in December 2021 and raised additional INR 4,789 crore. The proceeds of the issue including right issue, net of issue expenses was extended as Trust Loan 1 to the Fibre Co. in terms of Trust Loan 1 Agreement.

3.2.3 The Trust also extended Trust Loan 2 (INR 32,851 crore) and Trust Loan 3 (INR 280 crore) to the Fibre Co. The Trust Loan 1 and Trust Loan 2 was used to fund the capex requirements of the Fibre Co.

3.2.4 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 Fibre Co for annual compliance requirements of the SEBI InvIT Regulations as well as for submission to SEBI or any other regulatory or statutory authority as may be required and made in accordance with the SEBI InvIT Regulations guidelines requiring an independent valuation. (**"Purpose"**).

3.2.5 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 Fibre Infrastructure Business;
ii. Background of the Optic Fibre industry;
iii. Audited Financial Statements of Fibre Co for the financial year ("FY") ended March 31, 2019, FY ended March 31, 2020, FY ended March 31, 2021, FY ended March 31, 2022 and FY ended March 31, 2023;
iv. Income Tax computation for FY23;
v. Projections of Fibre Co from April 1, 2023 to September 30, 2050 with the underlying assumptions;
vi. Transaction Documents made available to us 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;

viii. Information available in public domain and provided by leading database sources; and

ix. 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, Sponsor 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 any statutory and regulatory filing with SEBI or any other regulatory/statutory authority for the Purpose mentioned herein as per the SEBI InvIT Regulations without any consent. In the event the Investment Manager, Sponsor 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. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Company. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Company and have considered them at the value as disclosed by the Company in their regulatory filings or in submissions, oral or written, made to us.

4.2.3 During the course of work, valuer has 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 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, 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 Fibre 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 The Valuer have not made any independent verification with respect to the Fibre 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 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 Fibre Co and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of Fibre 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 Purpose 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 Fibre 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 me.

4.2.17 In the particular circumstances of this case, we shall be liable only to the Investment Manager, Sponsor and the Trust. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Company. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Company, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client 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 us, nor any of professional associates who worked as team member shall in any way be liable or responsible either directly or indirectly 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 factual statements. We 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 Fibre Infrastructure Business.

iii. The site visits were conducted as below:

Sr.No.	Maintenance Point	Span ID	Starting Point	End Point	Visit Date
1	Noida (NCR)	DLNOIDHRBDGHSPN001_BU	Noida Sector 63 (AG3)	Badarpur	September 25, 2022.
2	Noida (NCR)	DLDLHIUWHPURSPN001_BU	Noida Sector 63 (AG3)	Ghaziabad	September 25, 2022.
3	Noida (NCR)	DLGZBDUWBLDRSPN001_BU	Noida Sector 10 (AG2)	Mayur Vihar	September 25, 2022.
4	Pune 1	MHRJRIMHTKDKSPN005_BU	Rajuri	Takadi	September 25, 2022.
5	Pune 1	MHMADDMHRJRISPN004_BU	Rajuri	Madd	September 25, 2022.
6	Pune 1	MHHNJWMHKHPLSPN001_BU	Hinjewadi	Khopoli	September 25, 2022.
7	Mysore	KAMYSRKAMLVLSPQ001_BU	Mysore	Mallavali	September 25, 2022.
8	Mysore	KAMYSRKAMNDYSPR001_BU	Mysore	Mandya	September 25, 2022.

Sr.No.	Location	FSA/ Link/ Node ID	Network Type	Visit Date	BDO Representative Visited
1	Faridabad (NCR)	INDLNOID01	Intracity	February 24, 2023	Aditya Kumar
2	Delhi North	INDLNOID01	Intercity	February 24, 2023	Aditya Kumar
3	Noida (NCR)	NOID2604	FTTH	February 23, 2023	Aditya Kumar
4	Ghaziabad (NCR)	GZBD2415	FTTH	February 27, 2023	Aditya Kumar
5	Thane	MUMB2620	FTTH	February 24, 2023	Shashank Patil
6	Navi Mumbai	NVMB2312	Intercity	February 24, 2023	Vinod Mali
7	Navi Mumbai	MUNVMBMUKLYNSPN001_BU	Intracity	February 24, 2023	Vinod Mali
8	Pune 1	PUNE_0141	Intracity	February 24, 2023	Siddharth Gulavani
9	Pune 2	PUNE_1237	Intracity	February 24, 2023	Siddharth Gulavani
10	Pune 3	PUNE_0017	Intracity	February 24, 2023	Siddharth Gulavani
11	Greater Noida	NOID281Y	FTTH	May 08, 2023	Aditya Kumar
12	Noida	NOID271F	FTTH	May 08, 2023	Aditya Kumar
13	Noida	NOID272E	FTTH	May 08, 2023	Aditya Kumar
14	Delhi	DLHI0470	FTTH	May 08, 2023	Aditya Kumar
15	Mysore	MNDY_9001	Intercity	May 05, 2023	Puneeth H
16	Pune	PUNE0449	FTTH	May 05, 2023	Vinod Mali
17	Pune	PUNE0466	FTTH	May 05, 2023	Vinod Mali
18	Pune	PUNE0467	FTTH	May 05, 2023	Siddharth Gulavani

19	Pune	PUNE_0144	Intracity	May 08, 2023	Siddharth Gulavani
20	Reliance Corporate Park, Ghansoli			May 08, 2023	Vinod Mali

iv. Analysis of additional information received post preliminary discussion and site visit. Valuer and its professional associates had various meetings with the Management to discuss business model, assumptions considered and future business outlook.

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 Organization.

6 Overview of Fibre Infrastructure Business

6.1 Fibre Infrastructure Business

6.1.1 The Fibre Infrastructure Business was demerged and transferred to JDFPL as a going concern from RJIL in terms of the Scheme. The Scheme was approved by the National Company Law Tribunal, Ahmedabad with effect from close of business hours on March 31, 2019.

6.1.2 The Fibre Infrastructure Business, prior to the Scheme coming into effect, was carried on by RJIL, primarily for its captive consumption for its telecommunication service operations.

6.1.3 The Fibre Infrastructure Business includes a nation-wide network of owned as well as IRU of underground cables and ducts with embedded Dark Fiber as well as a network of empty ducts (i.e. not having any or fiber in it), each connecting a manhole to another manhole and situated between two ends of a designated route where fibers are already laid by JDFPL (together referred to as "**Fiber Assets**"). It is being clarified that the Fiber Assets do not include Last Mile Fibers.

6.1.4 The Fiber Assets have been classified as NLD (own build), NLD (IRU), 'Intra-city', 'Enterprise Access' and FTTH.

6.1.5 JDFPL has entered into the FUA with RJIL to provide RJIL the use of the Contract Fibers and Contract Ducts and providing Basic Maintenance Services.

6.1.6 As of March 31, 2023, the Fiber Assets consisted of 27.78 million FPKM which is expected to increase to 28.02 million FPKM by Fiscal 2024.

6.2 Site Visit Details

6.2.1 Owing to the spread of the InvIT assets over 7,50,000 kms approximately and the nature of the assets being deployed under the ground, it was not possible to physically verify the whole of the InvIT assets and hence our verification team had visited the sites/select spans on sample basis in Mumbai, Delhi, Mysore, Noida, Faridabad and Pune. Our team has also visited Reliance Corporate IT Park in Ghansoli.

6.2.2 We have not visited the control room located at Reliance Corporate Park in Navi Mumbai, Maharashtra due to limited access and permission restrictions being a sensitive site from operations perspective.

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

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

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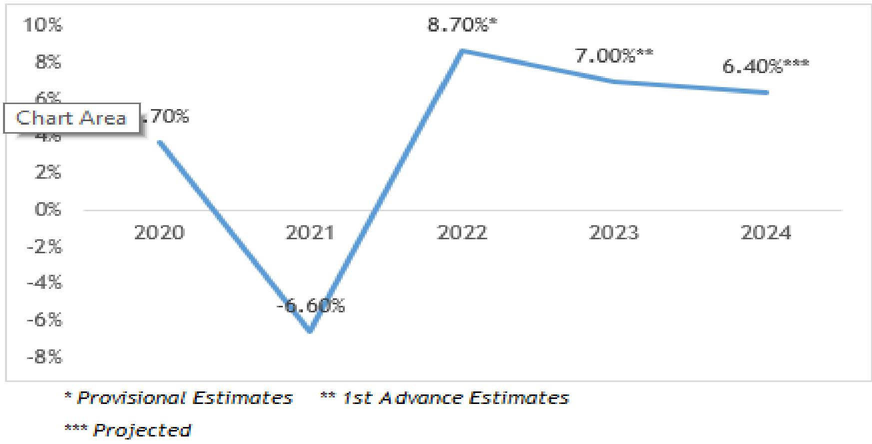
7 Industry Overview

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 3.5 trillion in 2022 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. Although GDP growth at constant prices in the year 2021 was -6.60% due to pandemic effect, it has again risen back to 8.7% in 2021 as per the Economic Survey of India 2022-23. As per the Economic Survey, the 1st advance estimates project GDP growth at 7.0% for FY2023 and for FY2024 the projected growth stands at 6.40%.

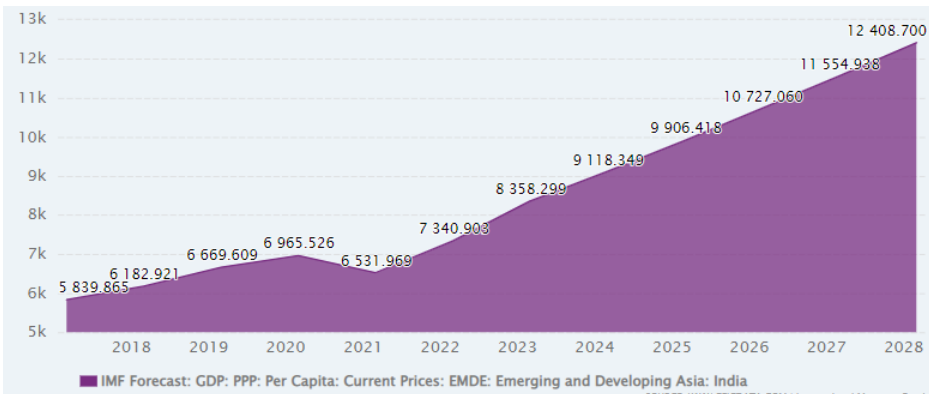
The following diagram sets forth India's GDP growth at constant prices for the periods indicated:



(Source: PIB, Government of India, accessed on May 04, 2023 at https://pib.gov.in/PressReleasePage.aspx?PRID=1894932)

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 2023 was estimated to be USD 2,600. *(Source: International Monetary Fund, accessed on April 26, 2023 at: http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/IND*

7.1.3 The CEIC expects that India's economy will continue to grow rapidly. India's GDP per capita on PPP basis is forecasted to be USD 12,151.5 in 2028. This records an increase from the last reported number of USD 8,293.2 in 2023.



(Source: CEIC Data, accessed on April 26, 2023)

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.

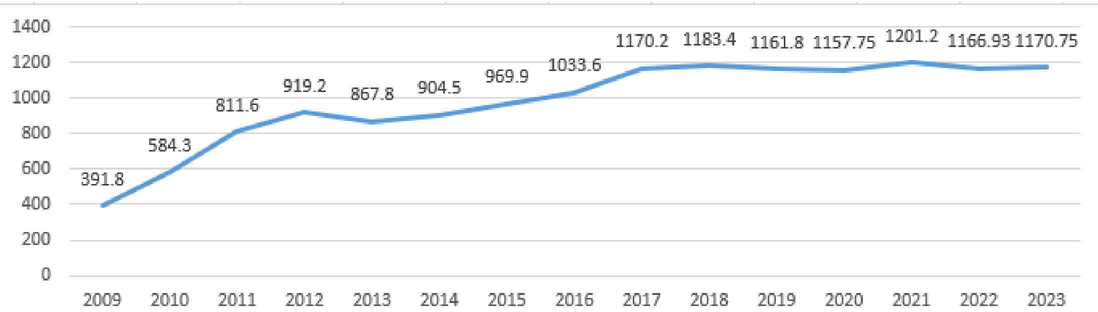
7.2.2 India is currently the world's second-largest telecommunications market by subscribers and strong customer demand has led to a rapid growth in this sector. As of January 31, 2023, India had a total reported subscriber base (including wireless and wireline subscribers) of 1,170.75 million, according 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 January 31, 2023	1,143.02	27.73	1170.75
Urban Telephone Subscribers as of January 31, 2023	627.13	25.59	652.72
Rural Telephone Subscribers as of January 31, 2023	515.89	2.14	518.03
Broadband Subscribers as of January 31, 2023	806.07	33.11	839.18

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

The chart below illustrates the annual subscriber base from March 31, 2009 to January 31, 2023:



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 March 31, 2023 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 Communications Limited	All India (except Assam & NE)
Vodafone Idea Limited ("**Vodafone Idea**")	All India

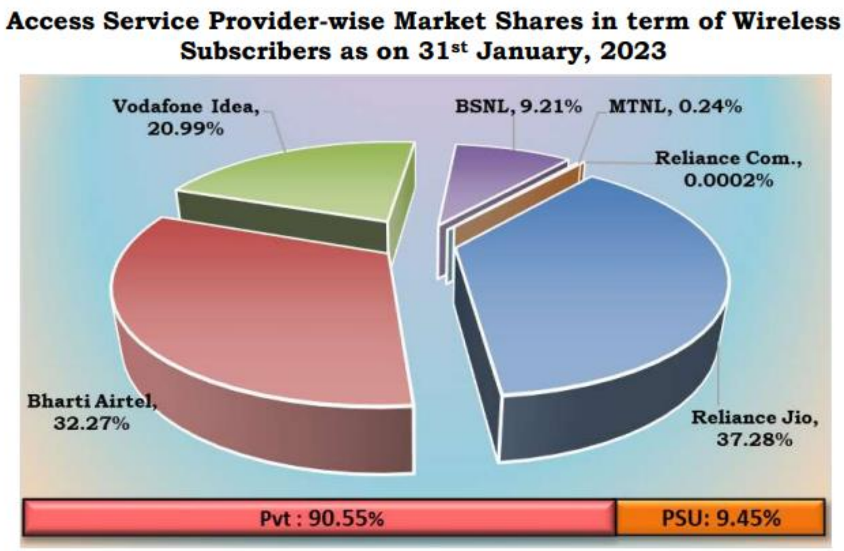
7.2.5 The following table sets forth the wireless subscriber base for the key access service providers for each service area:

Subscribers as of January 31, 2023	Bharti Airtel	Reliance Jio	Vodafone Idea
Circle		(In millions)	
Andhra Pradesh	**32.29**	**30.24**	**12.00**
Assam	**10.74**	**8.71**	**2.03**
Bihar	**39.83**	**36.19**	**9.04**
Delhi	**16.95**	**18.58**	**16.91**
Gujarat	**11.40**	**27.04**	**22.44**
Haryana	**6.50**	**8.06**	**7.43**
Himachal Pradesh	**3.40**	**3.31**	**0.48**
Jammu & Kashmir	**5.76**	**5.07**	**0.37**
Karnataka	**31.22**	**21.25**	**7.40**
Kerala	**7.96**	**10.01**	**14.66**
Kolkata	**5.69**	**10.30**	**5.87**
Madhya Pradesh	**15.24**	**38.36**	**17.40**
Maharashtra	**21.03**	**39.26**	**24.80**
Mumbai	**9.76**	**12.24**	**11.24**
North East	**5.85**	**4.02**	**0.95**
Orissa	**11.30**	**14.05**	**1.64**
Punjab	**12.26**	**11.29**	**7.30**
Rajasthan	**22.14**	**24.50**	**10.33**
Tamil Nadu (incl. Chennai)	**27.66**	**24.10**	**16.91**
Uttar Pradesh (East)	**36.48**	**34.81**	**19.02**
Uttar Pradesh (West)	**18.56**	**21.76**	**17.05**
West Bengal	**16.74**	**22.72**	**14.60**
Total	**368.89**	**426.17**	**239.96**

(Source: TRAI)

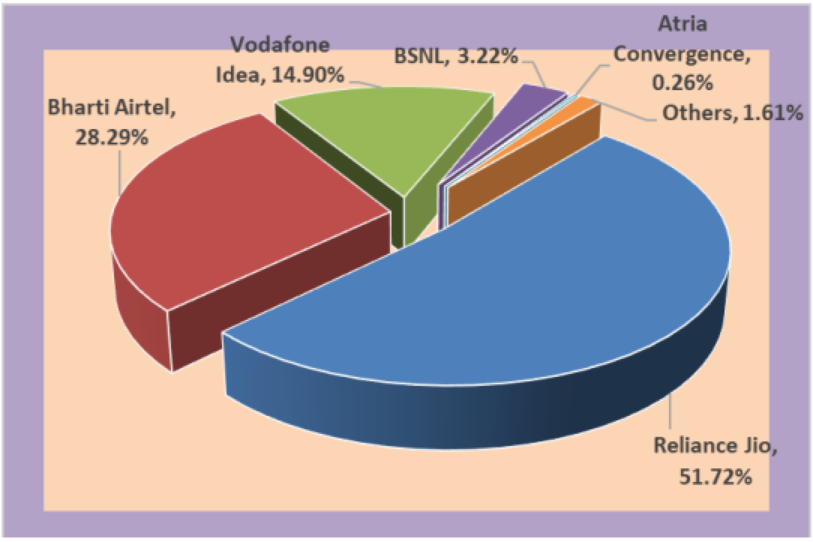
7.2.6 As of January 31, 2023, according to TRAI, private access service providers held an 90.55% market share in terms of wireless subscribers, whereas BSNL and MTNL, the two public service undertaking access service providers, held a combined market share of 9.45%. Among private access service providers, notable companies include Vodafone Idea (with a market share of 20.99%), Bharti Airtel (with a market share of 32.27%) and RJIL (with a market share of 37.28%).

As per TRAI, the following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of January 31, 2023:



7.2.7 On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 51.72% as of January 31, 2023 based on the number of subscribers. This is followed by Bharti Airtel with 28.29% and Vodafone Idea with 14.90% of market share.

Service Provider-wise Market Share of Broadband (wired + wireless) Services as on 31st January, 2023



(Source: TRAI)

Indian Optic Fibre Industry

7.2.8 The total number of internet subscribers increased from 836.86 million at the end of June 2022 to 850.95 million at the end of September 2022 with quarterly growth rate of 1.68%. Wired Internet subscribers increased from 28.73 million at the end of June 2022 to 30.82 million at the end of September 2022. Wireless Internet subscribers increased from 808.13 million at the end of June 2022 to 820.14 million at the end of Sep-22. The wireless segment accounted for 96.4% of the total subscriptions.

Trend of Internet subscriber base

Wired Subscribers (in Mn)		Wireless Subscribers (in Mn)	
June 2022	September 2022	June 2022	September 2022
28.73	30.82	808.13	820.13

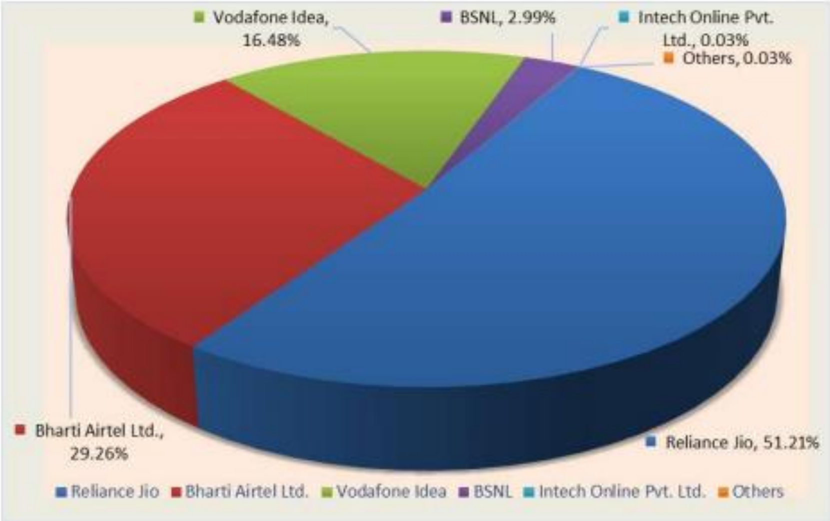
7.2.9 It is expected that over the next five years, rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India, creating opportunities for new businesses.

7.2.10 The total wireless data usage in India grew at a rate of 6.65% from 37,626 PB in September 2021 to 40,126 PB in September 2022. The contribution of 2G, 3G and 4G data usage to the total volume of wireless data usage was at 0.16%, 1.02% and 98.81%.

7.2.11 India is one of the biggest consumer of data worldwide. As per TRAI, average wireless data usage per wireless data subscriber was 16.40 GB per month in June 2022.

7.2.12 In wireless internet segment, Reliance Jio holds 51.21% market share with 419.97 million subscribers followed by Bharti Airtel Ltd with 29.26% and 239.99 million wireless internet subscribers at the QE September 2022.

Chart 1.19 : Composition of Wireless Internet subscription



Source : QPIR_03022023_0.pdf (trai.gov.in)

7.2.13 FTTH Broadband subscribers is 15.05 per 1000 Household for Rural and 241.20 per 1000 Household for Urban as on August, 22

7.2.14 In Union Budget 2023-24 the Department of Telecommunications was allocated INR 97,579.05 crore (US$ 11.92 billion). Of this, INR 400 crore is for Research and Development, INR 5,000 crore is for Bharatnet.

7.2.15 The flagship BharatNet project is being implemented in stages to give broadband access to 2.6 lakh gram panchayats in the country. By laying 5,52,514 km of optical fibre cable (OFC), 1,79,247 gram panchayats have been linked and 1,61,870 garam panchayats are service-ready.

7.2.16 Universal and equitable access to Broadband Services across the country, especially in the rural area is one of the most important visions of Hon’ble Prime Minister of India. The government has launched “Gati Shakti Sanchar” Portal for 5G rollout. The Telecom assets are being mapped on PM GatiShakti NMP (National Master Plan) platform. About 23 lakh BTS of all Telecom Service Providers (TSPs) have been mapped with details such as ‘fiberized’ and ‘non fiberized’ to fiberize an unfiberized towers i.e. for connecting the available nearest OFC with nearest unfiberized tower.

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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 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 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.

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	Fibre 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	Fibre 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, scale and characteristics similar to Fibre 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, 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 provisional balance sheet position of Fibre Co as on March 31, 2023 has been considered as the opening balance sheet of Fibre Co for the purpose of valuation.

9.1.2 Fibre Co and RJIL have entered into the FUA in terms of which Fibre Co shall provide RJIL the use of the Contract Fiber and Contract Ducts and provide RJIL Basic Maintenance Services for a period of 30 years from the Closing Date as provided for in the FUA. The financial projections provided by the Management for the period beginning from April 1, 2023 till September 30, 2050 has been considered for valuation. We have reviewed the financial forecast for consistency and reasonableness, however we have not independently verified the data provided.

9.1.3 Following are the key assumptions considered in the financial projections while determining the operating cash flows of Fibre Co:

i. Fiber Assets roll-out:

Years	As of March 31, 2021 (million FPKM)	As of March 31, 2022 (million FPKM)	As of March 31, 2023 (million FPKM)	As of March 31, 2024 (million FPKM)	As of March 31, 2025 (million FPKM)
NLD-Own build	7.34	9.04	9.76	9.86	9.86
NLD-IRU	0.62	0.62	0.62	0.62	0.62
Intra City					
A	0.68	0.75	0.82	0.82	0.82
B	2.47	2.98	3.16	3.18	3.18
Others	6.18	7.36	8.06	8.11	8.11
Enterprise Access	0.09	0.09	0.09	0.09	0.09
FTTH	2.82	3.88	5.26	5.35	5.35
Total	**20.20**	**24.72**	**27.78**	**28.02**	**28.02**

- The Fibre Assets is expected to increase from 27.78 million FPKM as of March 31, 2023 to 28.02 million FPKM by March 31, 2024. As per the Framework Agreement, the scope of fibre is 29.2 Mn FPKM, the additional FPKM of 1.18 Mn will be laid by the contractor without any additional cost to JDFPL.
- Currently, RJIL is the single largest user of the Fibre cables. However, the fibre infrastructure in India is at nascent stage and the demand for data usage is growing exponentially due to increase in rollout of 4G and 5G technology. The usage of fibre by RJIL is estimated at 66% in the explicit period. Considering the demand for the fibre infrastructure, the other third-party customers are also considered. However, the usage of fibre by the other third-party customers is estimated in the range of 1.8% in FY 24 to 17.6% in FY28 and onwards. At present, there are no third-party customers with JDFPL. Further, as informed by the Management, the negotiations with third-party customers are in advanced stage.

ii. Fiber Fees:

RJIL had paid INR 17,010 crore as 'Upfront Fibre Fees' which would be amortized over the life of the FUA w.r.t to fibre off-take by RJIL under the FUA prior to the amendment dated September 27, 2021. As of March 31, 2023, the total unamortized Upfront Fees was INR 14,797.0 crore;. Additionally, RJIL, shall pay 'Monthly Fiber Fees' for all Contract Fiber. Pursuant to the amendment to the FUA on September 27, 2021, RJIL shall pay only Monthly Fibre Fees to JDFPL for all additional fibre taken up by RJIL after September 27, 2021. The Monthly Fibre Fees was revised upwards to take into account the Upfront Fee portion that was otherwise payable under the FUA prior to its amendment.

A construct of upfront fees and monthly fibre fees has been assumed for third party customers.

Further given that RJIL is currently the primary customer and would continue to remain the key customer of the Fibre Co estimated to take up approximately 66% of the total 28.0 million FPKM to be built and operated by the Fibre Co, RJIL has been given 60% discount to the rate card in the total fiber fees payable over the life of the FUA. Additionally, and given the expectation that the requirements from third party customers would be more diverse and scattered across the total Fiber Assets of the Fiber Co. It has been assumed that the Fiber Co would be able to charge a premium of 10% to the rate card in the fiber fees payable by such third-party customer over the life of their respective fiber and duct usage agreements.

iii. **Maintenance Fees:**

In addition to the fiber fees, the FUA provides for 'Monthly Maintenance Fees' to be charged to RJIL. The Maintenance Fees is determined in accordance with the terms of the FUA.

Similar maintenance fees would be charged from the third-party customers.

The amortization of the Upfront Fiber Fees, the Monthly Fiber Fees and the Monthly Maintenance Fees together constitute the total revenue for the Fiber Co.

iv. **O&M Contract Price**

The fees to be paid by Fiber Co. to the Operator including the escalations thereon has been considered in terms of the O&M Agreement to determine the forecasted O&M expenses.

v. **Other expenses**

The manpower head count of 50 with an average salary p.a. of INR 6.4 lakhs with escalation of 3% p.a. has been assumed. Additionally, fixed administration expenses of INR 25.5 crore with escalation of 1% p.a. and other variable administration expenses computed at 60% of the manpower costs p.a. has been estimated. Further certain miscellaneous expenditure of INR 55.1 crore with escalation of 5% p.a.

vi. **Capital Expenditure**

Fiber Co. projects a total capex of ~ INR 1,411.6 crore (excluding GST) for completion of the balance Fiber Assets. The capex is majorly towards laying of additional optic fiber cables. There are creditors for capex of INR 5,562.0 crore as on March 31, 2023.

vii. **Discounted Cash Flow**

- The explicit period has been considered from April 1, 2023 to September 30, 2050 and we understand that the FUA, O&M Agreement and PEA has come into effect from the Closing Date. It has been further assumed that the Fiber Co. would complete the capex for additional Fiber Assets by FY24;
- We have considered working capital requirement and changes in working capital as provided by the Management during the forecast period namely (a) 30 days receivable for third party

customer billings; (b) 30 days payables towards total operating costs; and (c) other current liabilities at INR 5.0 crore. No credit period has been assumed for payments due from RJIL in the projections;

- The FCFF method under DCF has been used to calculate enterprise value of Fiber Co;
- In FCFF, the free cash flows available to the company are discounted by WACC to derive the net present value. We have considered a WACC of 12.1%;
- We have discounted the projected net cash flows 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;
- We have not considered any terminal cash flow given the fixed term of the Project Agreements and have considered recoupment of all working capital at the end of the forecast period;
- Income Tax rate of 25.17% being the tax rate prevailing in India has been considered.
- The enterprise value ("Enterprise Value") of Fiber Co is arrived at INR 2,08,646.1 crore, determined as an aggregate of the present value of forecast period.

viii. <u>Discounting Factor</u>

- We have used the Free Cash Flows to Firm ("FCFF") model under DCF method to estimate the Enterprise Value of Fiber 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, the cost of OCPS, the cost of the Preference Shares, the post-tax cost of debt (including NCDs) and the post-tax cost of the Loan 1 and Loan 2 and their respective weights in the capital structure of Fiber Co.
- The break-up of the debt (excluding any interest due thereon) as of March 31, 2023 is provided below:

Particulars	**As of March 31, 2023 in Rs. Crore**	**As of March 31, 2023 in Rs. crore + Additional borrowing to fund Capex and refinancing**
Long term and short term loans (including current maturity of long term borrowings) and interest accrued	79,286	88,322
Preference Shares	1.25	1.25
Trust Loan 1	19,489	19,489
Trust Loan 2	32,851	32,851
Trust Loan 3	280	280
Total	**1,31,907**	**1,40,943**

- The following is the break-up of the split of the share capital structure as of March 31, 2023.

Particulars	**As of March 31, 2023 in INR crore**
Equity Share capital	515
OCPS capital	78,140
Total	**78,655**

- While the Trust Loan 1 and Trust Loan 2 is in the nature of debt at the level of Fiber Co, at the consolidated Trust level, the same would be cancelled as inter-entity transaction. Further the Trust Loan 3 is expected to be set-off against amounts due from the Trust in terms of Novation Agreement. However, the InvIT Loan would continue to reflect as a loan at the consolidated Trust level. 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 March 31, 2023 (adjusted for any refinancing and additional debt for capex) + Cost of Loan 1 * (1-tax rate) * Loan 1 + Cost of Loan 2 * (1-tax rate) * Loan 2 + Cost of OCPS * OCPS capital + Cost of Preference Shares * Preference Share capital + Cost of Equity Shares * Equity Share capital) / (External Debt as of March 31, 2023 including refinanced and additional debt + Loan 1 + Loan 2 + OCPS capital + Preference Share capital + Equity Share capital as of March 31, 2023).

- The Preference Shares carry the cost of the fixed dividend payable on the Preference Shares.
- The OCPS cost has been determined as the higher of (i) the fixed dividend payable to the OCPS; and (ii) the discount rate at which all the excess cash flow available to the OCPS holder in terms of the SHOA when discounted equals the face value the OCPS.
- We have considered the capital structure of the Fiber Co for determining the cost of equity. The following may be noted:
  - The OCPS are in the nature of redeemable, cumulative, participating and optionally convertible preference shares and the holders of the OCPS shall be entitled to surplus assets of the Fiber Co either on winding up or liquidation or otherwise.
  - Further the OCPS holders also have preferential rights vis-à-vis Equity Share holder in payment of dividends.
  - Accordingly, the only right available to an equity share holder is the right to receive dividends in the event the same is declared (subject to the preferential right available to both the OCPS holder and the Preference Share holder) and the right to receive the face value of the equity share capital in the event of a winding up or liquidation.
  - Having regards to the above as well as the proportion of equity in the capital structure of the Fiber Co, we understand that the cost of equity in this case will be subservient to cost of OCPS and hence the cost of equity is considered to be same as cost of OCPS of 11.7%.

- Since redeemable preference shares carry coupon of 0.01% we have considered cost of 0.01% for redeemable preference shares.
- Further, we have considered post tax cost of external debt of 6.0% and post-tax cost of Trust Loan 1 of 11.9% and Trust Loan 2 of 9.5% respectively.
- We understand that there has been a slight slippage in the actual FY23 performance vis-à-vis the projected performance as well as there is risk in onboarding third-party tenants as there are no third-party tenants till the valuation report date. Further, due to delay in onboarding of third party tenants there is slippage in IRR of OCPS from 16.1% to 11.7% from last year estimation to current year estimation. However, the management has confirmed that the negotiations with third-party customers are at advanced stage. Therefore, we have considered the risk premium 3.0%.
- After considering the above we have determined the WACC of 12.1% for the current valuation exercise.

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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 2,08,646.1 crore, corresponding to an asset base of 27.78 million FPKM as of March 31, 2023.

10.4. Further the net asset value of the Units of the Trust has been determined at INR 100 per Unit (rounded off). The net asset value of the Units has been determined considering the value of the Trust Loan 1 + Trust Loan 2 + Trust Loan 3 + value of the equity shares of JDFPL held by the Trust less the InvIT Loan less consideration payable for the Novation Agreement less fair value of liability recorded for the valuation of options under the SHOA.

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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 March 31, 2023 (INR Cr)										
WACC @ Normal Rate	12.10%									
Year Ending		**FY24**	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**
Net Sales		17,657.6	20,964.6	32,560.6	33,873.4	34,571.4	34,571.4	34,571.4	34,571.4	34,571.4
EBITDA		15,861.8	19,146.4	30,721.6	32,013.4	32,690.1	32,668.3	32,646.2	32,623.7	32,600.9
EBITDA Margins		*90%*	*91%*	*94%*	*95%*	*95%*	*94%*	*94%*	*94%*	*94%*
Less : Outflows										
Add/(Less): Amortization of Upfront fee (shown as revenue)		3,138.0	12,005.8	14,706.7	2,717.1	382.5	(1,876.8)	(1,876.8)	(1,876.8)	(1,876.8)
Add/(Less): Capital Expenditure and change in GST block		(4,282.0)	3,529.4	-	-	-	-	-	-	-
Add/(Less): Incremental Working Capital		325	(231)	(503)	(94)	(49)	2	2	2	2
Less: Taxation		(1,159)	(2,697)	(5,932)	(6,529)	(6,931)	(7,121)	(7,282)	(7,417)	(7,531)
Free Cash Flows (FCF)		**13,883**	**31,753**	**38,993**	**28,107**	**26,092**	**23,672**	**23,490**	**23,332**	**23,195**
Present Value Factor		0.94	0.84	0.75	0.67	0.60	0.53	0.48	0.42	0.38
Present Value of Cash Flows		**13,113**	**26,753**	**29,307**	**18,845**	**15,606**	**12,630**	**11,180**	**9,906**	**8,785**
NPV of Explicit Period	2,08,646.1									
Enterprise Value (EV)	**2,08,646.1**									

Valuation as per Discounted Cash Flow Method as on March 31, 2023 (INR Cr)										
Year Ending	**FY33**	**FY34**	**FY35**	**FY36**	**FY37**	**FY38**	**FY39**	**FY40**	**FY41**	**FY42**
Net Sales	34,569.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4
EBITDA	32,575.6	32,546.9	32,522.8	32,498.3	32,473.3	32,447.9	32,422.0	32,395.6	32,368.7	32,341.2
EBITDA Margins	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*	*94%*
Less : Outflows										
Add/(Less): Amortization of Upfront fee (shown as revenue)	(1,874.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)
Add/(Less): Capital Expenditure and change in GST block	-	-	-	-	-	-	-	-	-	-
Add/(Less): Incremental Working Capital	2	2	2	2	2	2	2	2	2	2
Less: Taxation	(7,626)	(7,705)	(7,772)	(7,828)	(7,875)	(7,913)	(7,945)	(7,970)	(7,991)	(8,008)
Free Cash Flows (FCF)	**23,077**	**22,974**	**22,883**	**22,802**	**22,731**	**22,667**	**22,610**	**22,558**	**22,510**	**22,466**
Present Value Factor	0.34	0.30	0.27	0.24	0.21	0.19	0.17	0.15	0.14	0.12
Present Value of Cash Flows	**7,797**	**6,924**	**6,152**	**5,469**	**4,863**	**4,326**	**3,850**	**3,426**	**3,050**	**2,715**

Valuation as per Discounted Cash Flow Method as on March 31, 2023 (INR Cr)									
Year Ending	**FY43**	**FY44**	**FY45**	**FY46**	**FY47**	**FY48**	**FY49**	**FY50**	**FY51***
Net Sales	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	34,564.4	17,282.2
EBITDA	32,313.2	32,284.7	32,255.6	32,225.8	32,195.5	32,164.5	32,132.8	32,100.4	16,034.7
EBITDA Margins	*93%*	*93%*	*93%*	*93%*	*93%*	*93%*	*93%*	*93%*	*93%*
Less : Outflows									
Add/(Less): Amortization of Upfront fee (shown as revenue)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(1,869.7)	(934.9)
Add/(Less): Capital Expenditure and change in GST block	-	-	-	-	-	-	-	-	-
Add/(Less): Incremental Working Capital	2	2	2	2	2	3	3	3	2,181
Less: Taxation	(8,020)	(8,030)	(8,037)	(8,042)	(8,044)	(8,045)	(8,045)	(8,043)	(4,005)
Free Cash Flows (FCF)	**22,425**	**22,387**	**22,351**	**22,317**	**22,284**	**22,252**	**22,221**	**22,190**	**13,276**
Present Value Factor	0.11	0.10	0.09	0.08	0.07	0.06	0.05	0.05	0.04
Present Value of Cash Flows	**2,418**	**2,153**	**1,918**	**1,708**	**1,521**	**1,355**	**1,207**	**1,076**	**591**

*Represent period ending as on September 30, 2050

11.2 Annexure II – Details of all Permissions

- Certain other key permissions are required for carrying out the present business of the Fiber Co such as (i) RoW from various local (rural and urban), appropriate authorities, municipal corporations, public works departments, forest departments, gram panchayats, military cantonment board and railway authorities.
- Certain approvals may have expired in their normal course and the Fiber Co has either made applications for renewal or is in the process of making such renewal applications.

11.3 Annexure III – Litigations Details

- We have been given to understand that there are no material litigations involving the Fiber Co or there being any other regulatory actions involving the Fiber Co warranting a disclosure herein.

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

Statement of Assets

- The Trust currently holds 51% of the outstanding equity share capital in the Fiber Co. Fiber Co is in the business of setting up and maintaining passive optic fiber infrastructure to be used by telecommunication service providers under long term fiber use agreements. The Fiber Infrastructure Business was demerged and transferred as a going concern from RJIL to the Fiber Co with effect from close of business hours March 31, 2019 under the Scheme. As per the audited financial statements of Fiber Co as of March 31, 2023, the Fiber Co had gross tangible fixed assets aggregating INR 1,55,528.0 crore related to Fiber Infrastructure Business and intangible assets aggregating INR 66,956.0 crore.

INR Cr

Particulars	Net Tangible Assets	Intangible Assets	Non Current Assets	Current Assets
Jio Digital Fibre Private Limited	1,39,718.0	57,870.0	3,979.0	5,916.0

Summary of Enterprise Value Changes over Valuation Dates

INR Cr

Particulars	March 31, 2023 EV	March 31, 2022 EV	September 30, 2021 EV	March 31, 2021 EV	March 31, 2020 EV
Jio Digital Fibre Private Limited	2,08,646.1	2,02,929.0	1,92,945.8	1,86,206.2	1,75,822.0

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 Fiber Assets.
- Going forward, the maintenance (including any major maintenance) costs are to be borne by RPPMSL in terms of the O&M Agreement and accordingly we understand that there are no major repair costs that Fiber Co would need to incur.

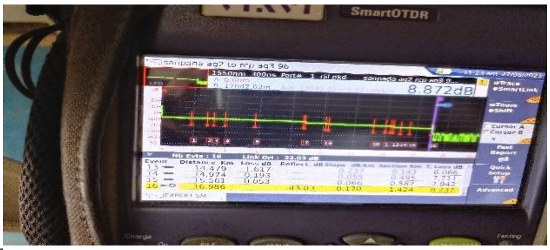
Revenue pendency including local authority taxes associated with the InvIT Asset and compounding charges

- The Management has confirmed to us that there are no revenue pendency 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

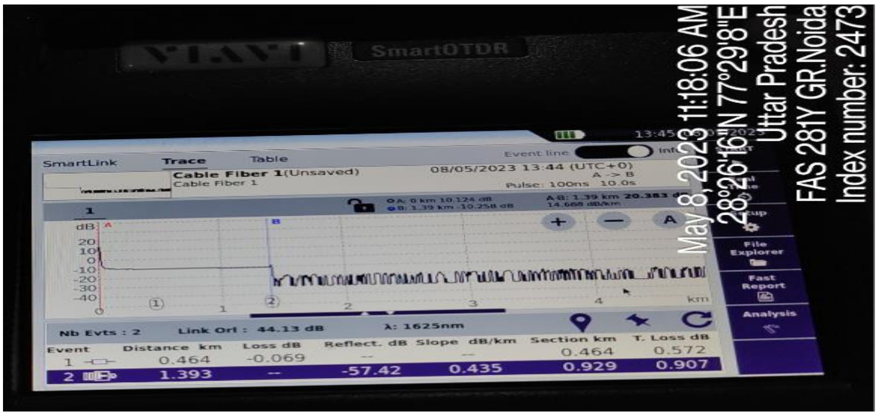
- The Management has confirmed to us that there is no vulnerability to natural or induced hazards that may not have been covered in town planning / building control

11.5 Annexure V - Site Visit Photographs

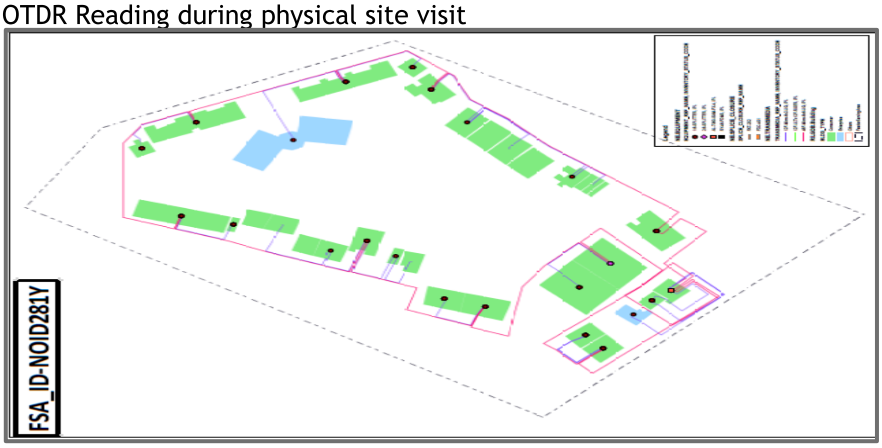


Mumbai Fibre Cables   OTDR Readings

<u>Noida - NOID281Y</u>

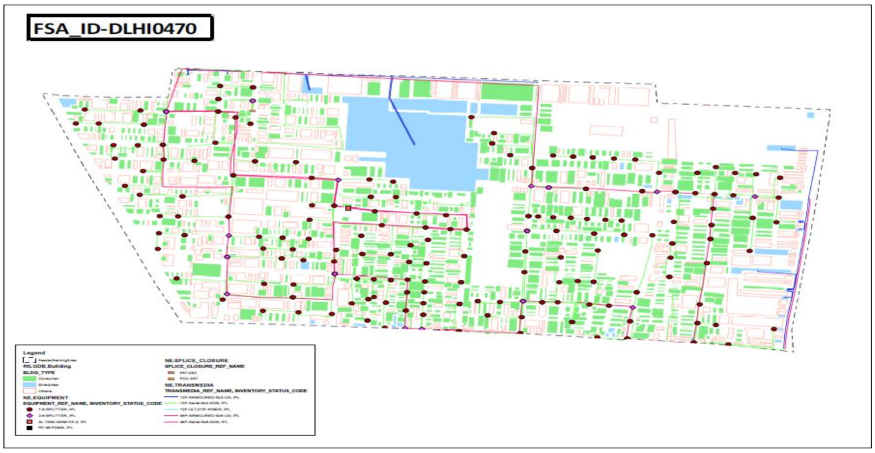


OTDR Reading during physical site visit



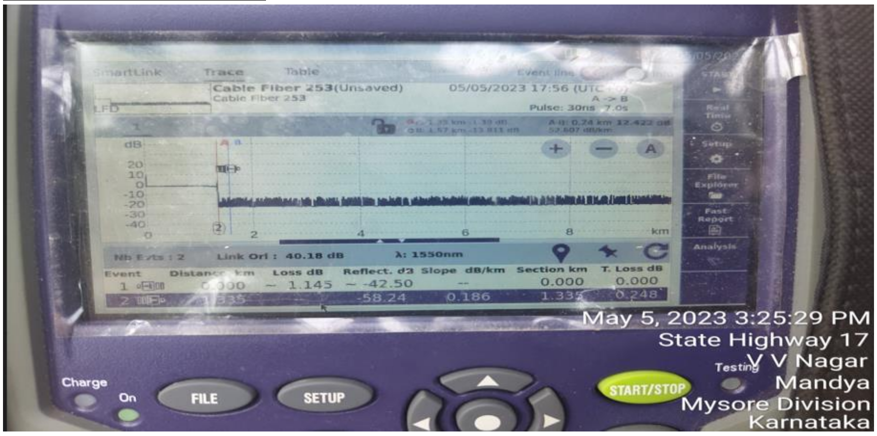
Layer wise segregation is not available in the system, so ABD shared is composite in which completed OFC network is marked with the purple coloured line.

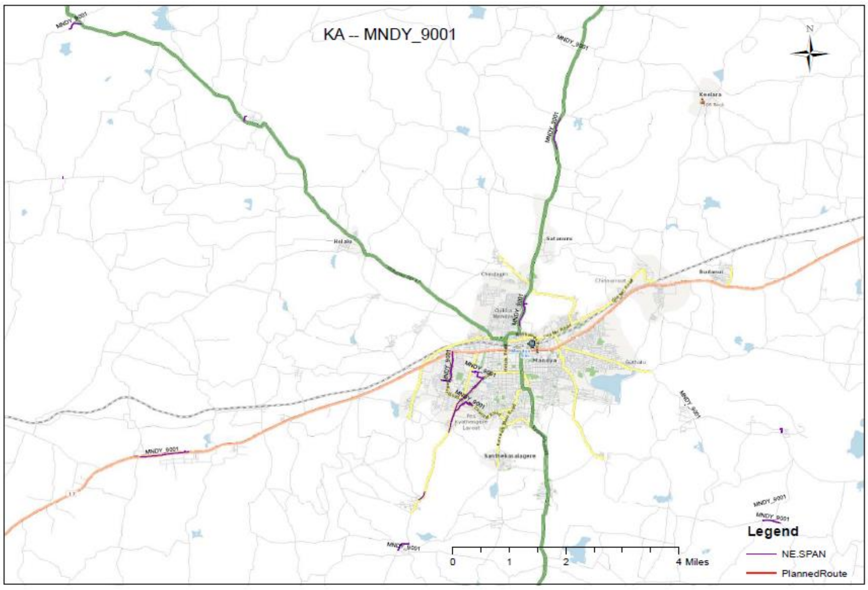
<u>Delhi - DLHI0470</u>



Layer wise segregation is not available in the system, so ABD shared is composite in which completed OFC network is marked with the purple coloured line.

<u>Mysore - MNDY_9001</u>



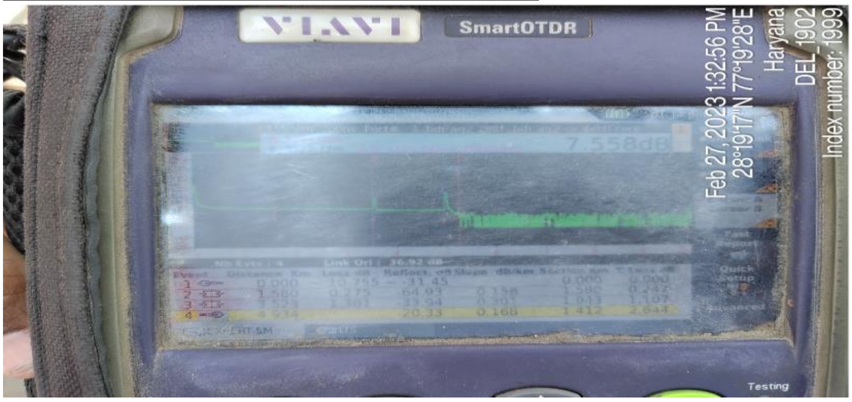


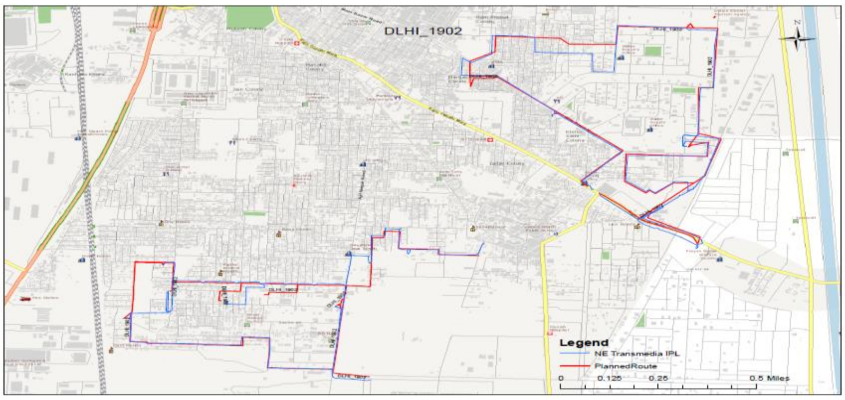
OTDR Reading during physical site visit and Layer wise segregation is not available in the system, so ABD shared is composite in which completed OFC network is marked with the purple coloured line.

Pune- PUNE0449

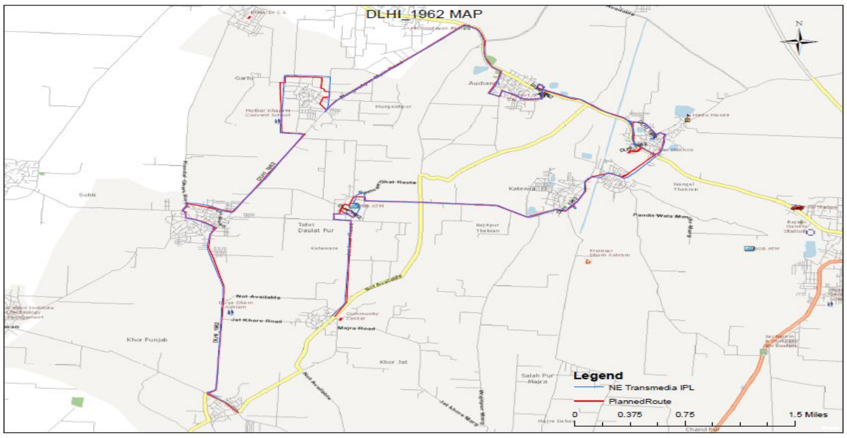
Layer wise segregation is not available in the system, so ABD shared is composite in which completed OFC network is marked with the purple coloured line.

Faridabad (NCR)- INDLFDBD01 - DLHI_1902





Delhi-4 (North)- INDLDLHI04 - DLHI_1962



Mumbai - MUMB2620