

# BROOKFIELD INDIA INFRASTRUCTURE MANAGER PRIVATE LIMITED

CIN: U67190MH2010PTC202800

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

Tel No.: +91 22 6600 0700 | Fax No.: +91 22 6600 0777 | Email: [puja.tandon@brookfield.com](mailto:puja.tandon@brookfield.com)

November 24, 2023

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

**Sub: Valuation Report of Data Infrastructure Trust ("Trust") as on September 30, 2023**

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

Dear Sir/Madam,

We are enclosing herewith the Valuation Report dated November 10, 2023, issued by BDO Valuation Advisory LLP (having IBBI Registration Number IBBI/RV-E/02/2019/103), valuer of the Trust, as on September 30, 2023 in accordance with the provisions of Regulation 21 of the SEBI InvIT Regulations.

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

<b>Particulars</b>	<b>(Rs. in crores)</b>
A. Value of InvIT Assets as on September 30, 2023	64,054
B. <u>Less:</u>	
Net Debt	29,767
Other Liabilities	1,046
C. Net Value	33,241
D. Number of units (Nos.)	2,60,30,00,000
<b>NAV at Fair Value (C/D) (Rs. per Unit)</b>	<b>127.70</b>

In accordance with the Code of Conduct for Prohibition of Insider Trading of the Trust ("Code"), the trading window for dealing in securities of the Trust by the Designated Persons is currently closed and will open 48 hours after submission of the aforesaid report.

Further, the said intimation is also available on the website of the Trust i.e. [www.datainfratrust.com](http://www.datainfratrust.com).

# BROOKFIELD INDIA INFRASTRUCTURE MANAGER PRIVATE LIMITED

CIN: U67190MH2010PTC202800

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

Tel No.: +91 22 6600 0700 | Fax No.: +91 22 6600 0777 | Email: [puja.tandon@brookfield.com](mailto:puja.tandon@brookfield.com)

---

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For **Data Infrastructure Trust**

**Brookfield India Infrastructure Manager Private Limited**

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



**Puja Tandon**

**Compliance Officer**

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

Axis House, Bombay Dyeing Mills Compound,

Pandurang Budhkar Marg, Worli,

Mumbai - 400 025, Maharashtra, India

***Encl a/a***



## Valuation Report

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

And

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

Valuation of Tower Co. and CDPL as per Securities and Exchange  
Board of India (Infrastructure Investment Trusts) Regulations,  
2014

November 2023

Ref: LM/Nov10-93/2023

Date: November 10, 2023

To,  
**Data Infrastructure Trust (the "Trust")**  
Acting through its Trustee - Axis Trustee Services Limited  
Unit 1, 9th Floor, Tower 4, Equinox Business Park, LBS Marg  
Kurla (W), Mumbai - 400051, India

---

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

---

Dear Sir(s)/Madam(s),

**Sub: Valuation of Tower Co. and CDPL as per Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended**

---

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

We thereby, enclose our independent valuation report dated November 10, 2023 ("the Report" or "this Report") providing our opinion on the fair enterprise value of Tower Co and CDPL on a going concern basis under the SEBI InvIT regulations considering the data as stated in "Sources of Information" of the Report as well as discussions with the relevant personnel of the Trust, Sponsors, Tower Co., CDPL, and the Investment Manager ("Management"). We have considered the cut-off date for the current valuation exercise to be September 30, 2023 ("Valuation Date") and market factors, have been considered up to September 30, 2023.

This valuation report has been prepared as per the 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 Tower Co. and CDPL is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

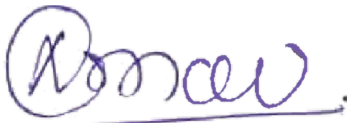
We have no present or planned future interest in InvIT Assets, the Sponsors or the Investment Manager or the Trustee, except to the extent of our appointment as an independent valuer for this Report.

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

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

Regards,

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



**Lata Gujar More**  
Partner

IBBI No.: IBBI/RV/06/2018/10488  
VRN No: IOVRVF/BDO/2023-2024/2299  
*Encl: As above*

## Table of Contents

Sr. No.	Particulars	Page No.
1	Definitions, Abbreviations & Glossary of Terms	5
2	Executive Summary	8
3	Introduction	11
4	Exclusions & Limitations	13
5	Assignment Approach	16
6	Overview of Tower Infrastructure Business and Crest Digitel Private Limited	17
7	Industry Overview	23
8	Valuation Approach	30
9	Valuation of Tower Co and CDPL	33
10	Valuation Summary	40
11	Annexures	41

# 1 Definitions, Abbreviations & Glossary of Terms

<b>Amended and Restated MSA</b>	The amended and restated master services agreement executed between Tower Co., RJIL and Reliance Industries Limited (the project division of RPPMSL is merged into RIL as per NCLT order), setting out the terms of provision of Passive Infrastructure and Services by Tower Co. to RJIL
<b>Amended and Restated O&amp;M Agreement</b>	Amended and Restated O&M Agreement executed by Tower Co., Jio Infrastructure Management Services Limited (“JIMSL” or the “Project Manager”) and RIL (the “Operator”), the scope of which includes the operations, maintenance, and management of the Passive Infrastructure of and provision of Services to Tower Co.
<b>Amended and Restated Project Execution Agreement</b>	Amended and Restated Project Execution Agreement executed by Tower Co., the Project Manager, RIL (the “Contractor”) and RJIL the scope of which includes establishment of Passive Infrastructure for Tower Co.
<b>BDO Val</b>	BDO Valuation Advisory LLP
<b>Brookfield Sponsor / Jarvis</b>	BIF IV Jarvis India Pte. Ltd
<b>BSE</b>	BSE Limited
<b>BV</b>	Breakup Value
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CDPL</b>	Crest Digital Private Limited
<b>Closing</b>	Listing of the units and the consummation of Share Purchase Agreement - II
<b>Contractor / Operator / RIL</b>	Reliance Industries Limited
<b>COW Site</b>	Means a ‘cell on wheels’ portable or movable site at which Passive Infrastructure is located
<b>Cr</b>	Crore
<b>CTM</b>	Comparable Transaction Multiple
<b>CVNPL</b>	Crest Virtual Network Private Limited (formerly known as Kinetic Road Assets Private Limited)
<b>DCF</b>	Discounted Cash Flow
<b>DE</b>	Debt-Equity
<b>FCFE</b>	Free Cash Flow to Equity
<b>FCFF</b>	Free Cash Flow to Firm
<b>FY</b>	Financial Year
<b>GBM Site</b>	Means a ground-based mast or pole at which Passive Infrastructure is located on land
<b>GBT Site</b>	Means a ground-based tower at which Passive Infrastructure is located on land
<b>ICAI</b>	Institute of Chartered Accountants of India
<b>Investment Amount</b>	INR 2,6115.2 Cr
<b>Investment Manager</b>	Brookfield India Infrastructure Manager Private Limited (“Investment Manager”) is the Investment Manager to the Trust. During the period April 01, 2023 to September 30, 2023, BIIMPL has resigned as the Investment Manager of the Trust vide letter dated September 29, 2023 but shall continue in its present capacity till the appointment of new Investment Manager as approved by the unitholders of the Trust and Securities and Exchange Board of India (SEBI).
<b>Initial Tower Sites</b>	1,74,451 Macro Towers of Tower Co. as of September 30, 2023. CDPL has 4,352 sites and 5,057 colocations as of September 30, 2023

<b>Right Issue</b>		The subsequent offer of units by the Trust by way of right issue to existing shareholders in accordance with the SEBI InvIT Regulations and circulars issued thereunder. The allotment of 28,700,000 units were made on March 3, 2022
<b>InvIT Assets</b>		Tower Co., CDPL, CVNPL and RDIPL.
<b>Macro Towers</b>		Means ground-based towers, ground-based mast or pole or roof-top towers, roof-top poles, cell on wheels
<b>Monthly Site Premium</b>		The monthly site premium payable by RJIL to Tower Co. in terms of the Amended and Restated MSA
<b>Monthly Reimbursement Mn</b>	<b>Site</b>	The monthly site reimbursement payable by RJIL to Tower Co. in terms of the Amended and Restated MSA Million
<b>NAV</b>		Net Asset Value
<b>NCLT</b>		National Company Law Tribunal
<b>Passive Infrastructure</b>		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
<b>PM</b>		Placement Memorandum dated August 31, 2020
<b>Project Agreement</b>		Together the Amended and Restated MSA, the Amended and Restated O&M Agreement and the Amended and Restated Project Execution Agreement
<b>Project Manager or JIMSL</b>		Jio Infrastructure Management Services Limited
<b>RDIPL</b>		Roam Digital Infrastructure Private Limited
<b>Reliance Sponsor/RIIHL</b>		Reliance Industrial Investments and Holdings Limited
<b>RJIL</b>		Reliance Jio Infocomm Limited
<b>RIL</b>		Reliance Industries Limited
<b>RTP Site</b>		Means a roof-top pole site at which Passive Infrastructure is located on a building or a structure
<b>RTT Site</b>		Means a roof-top tower site at which Passive Infrastructure is located on a building or a structure
<b>Shareholder and Option Agreement</b>		Shareholder and Option Agreement entered into between the Trust, the Investment Manager, Reliance Industries Limited (“RIL”), RIIHL, Tower Co., RJIL and Jarvis
<b>SEBI InvIT Regulations</b>		Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and amendments thereto including any circulars and guidelines issued thereunder
<b>Services</b>		Means the operations and maintenance services set out in the Amended and Restated O&M Agreement
<b>Sites or Tower Sites</b>		Site means a GBT Site, GBM Site, RTT Site, RTP Site or COW Site or any other passive telecom tower infrastructure site
<b>Share Purchase Agreement - II or SPA - II</b>		The share purchase agreement between the Trust, the Investment Manager, RIIHL, Tower Co., Jarvis and RIL, setting out the terms and conditions on basis of which the Trust acquired and RIL sold its entire equity shareholding in the Tower Co. to the Trust
<b>Sponsors</b>		Together the Reliance Sponsor and the Brookfield Sponsor
<b>Tower Co./SDIL/the Company</b>		Summit Digital Infrastructure Limited (formerly known as Summit Digital Infrastructure Private Limited)
<b>Tower Infrastructure Business</b>		The business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services.
<b>Transaction Documents</b>		Transaction Documents” means and includes: 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 provided by the Trust to the Tower Co.;
  - vii. Loan Agreements / sanction letters for debt raised/to be raised at the Tower Co. level;

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

---

<b>Trust</b>	Data Infrastructure Trust
<b>Trust Deed</b>	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
<b>Trust Loan</b>	Loan extended by the Trust to Tower Co. aggregating Rs.25,000 crore pursuant to a 'Trust Loan Agreement'
<b>Trustee</b>	Axis Trustee Services Limited
<b>Valuation Date</b>	September 30, 2023
<b>WACC</b>	Weighted Average Cost of Capital

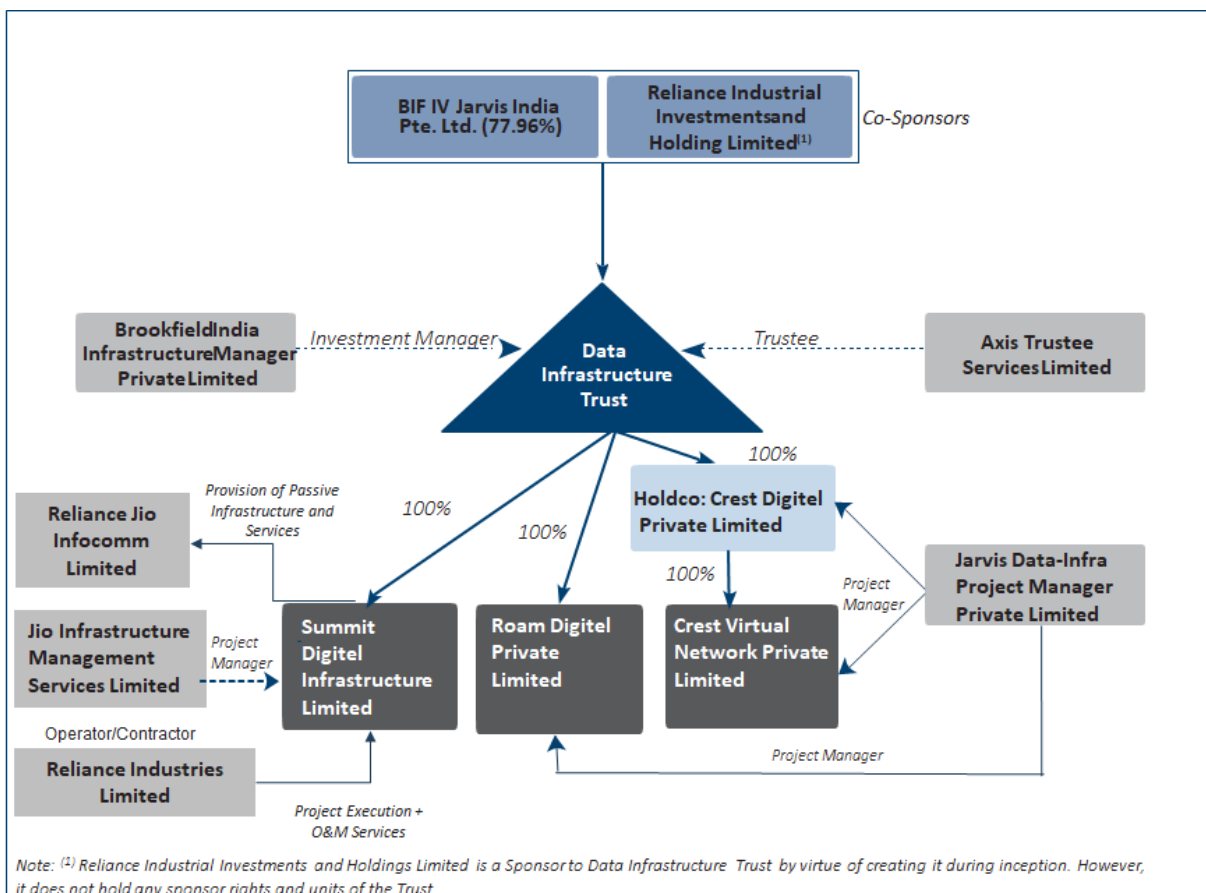
---

## 2 Executive Summary

### 2.1 Brief Background and Purpose

- 2.1.1 The Data Infrastructure Trust (“Trust”) was settled vide Trust Deed dated January 31, 2019, with Reliance Industrial Investments and Holdings Limited (“RIIHL”) as the sponsor and Axis Trustee Services Limited as the Trustee. The Trust was subsequently registered as an infrastructure investment trust under the SEBI InvIT Regulations vide registration dated March 19, 2019.
- 2.1.2 The main object of the Trust is to carry on the activity of an infrastructure investment trust, as permissible under the SEBI InvIT Regulations, namely, to raise resources and to make investments in accordance with the SEBI InvIT Regulations and such other incidental and ancillary matters thereto.
- 2.1.3 The Trust holds entire equity share capital in Summit Digital Infrastructure Limited (formerly known as Summit Digital Infrastructure Private Limited) (“Tower Co.”), Crest Digital Private Limited (formerly known as Space Teleinfra Infrastructure Private Limited) (“CDPL”), Crest Virtual Network Private Limited (formerly known as Kinetic Road Assets Private Limited) (“CVNPL”) and Roam Digital Infrastructure Private Limited (“RDIPL”).
- 2.1.4 Tower Co. 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”).
- 2.1.5 CDPL was incorporated in 2011 and is based in Gurugram, India. It is a neutral host provider (IP-1), owns and operates shared in-building communications infrastructure that provides 2G/3G/4G network through a common shared infrastructure used by wireless carriers, broadcasters, and other communication companies to provide services to end users in India. CDPL offers built-to-suit solutions specializing in passive DAS (distributed antenna system), outdoor connectivity, and small cells infrastructure for institutional, commercial and residential buildings.
- 2.1.6 CVNPL was incorporated on March 08, 2019 and is engaged in deploying active and passive equipment and support in accelerating the expansion plans for the platform.
- 2.1.7 RDIPL was incorporated on September 10, 2021 and is actively engaged in building new towers or products in line with the prevailing market requirements and help the platform in further expanding the suite of telecommunication infrastructure services for its customers.
- 2.1.8 Currently there are no major business operations in CVNPL and RDIPL.
- 2.1.9 Brookfield India Infrastructure Manager Private Limited (“Investment Manager”) is the Investment Manager to the Trust. During the current quarter, BIIMPL has resigned as the Investment Manager of the Trust vide letter dated September 29, 2023 but shall continue in its present capacity till the appointment of new Investment Manager as approved by the unitholders of the Trust and Securities and Exchange Board of India (“SEBI”).
- 2.1.10 Reliance Industrial Investments and Holdings Limited (“RIIHL” / “Reliance Sponsor”) and BIF IV Jarvis India Pte. Limited (“Jarvis” / “Brookfield Sponsor”) are the sponsors of the Trust. The Reliance Sponsor and the Brookfield Sponsor are together being referred to as the “Sponsors”.

- 2.1.11 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.
- 2.1.12 Jio Infrastructure Management Services Limited (“JIMSL” or “Project Manager”), a subsidiary of RIHL 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.
- 2.1.13 Reliance Industries Limited (“RIL” or “Contractor” or “Operator”) 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, is 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 pursuant to merger of project division of RPPMSL with RIL.
- 2.1.14 The following structure illustrates the relationship amongst the Parties to the Trust (being the Trust, Trustee, the Sponsors, the Investment Manager, and the Project Manager), the Contractor / Operator, TowerCo and the Unitholders as of the Valuation Date.



- 2.1.15 The units of the Trust are listed on the BSE Limited (“BSE”). The Trust raised INR 25,215.0 crore from the initial issue of units and INR 317.0 crore from right issue. The proceeds of initial issue were used to acquire the remaining 49.0% of the outstanding equity shares of Tower Co. held by RIL (INR 105.35 crore), repayment of loan taken by the Trust (INR 109.65 crore) and to extend loan to Tower Co. of INR 25,000 crore to enable Tower Co. to repay/pre-pay in part or

in full certain of its existing borrowings and interest obligations. The proceeds of right issue excluding issue related expenses were used to partly fund the acquisition of CDPL.

- 2.1.16 The Trust also issued 52,800,000 units on a preferential basis to the erstwhile promoters/shareholders of CDPL at INR 110.46 per unit to complete the acquisition of CDPL.
- 2.1.17 On September 8, 2023, the Trust acquired 100% equity shares of Roam Digital Infrastructure Private Limited (“RDIPL”) for a total consideration of INR 0.1 million. Accordingly, RDIPL became Subsidiary (SPV) of the Trust.
- 2.1.18 On September 21, 2023, CDPL acquired 100% equity shares of Crest Virtual Network Private Limited (formerly known as Kinetic Road Assets Private Limited (“CVNPL”) for a total consideration of INR 0.7 million. Accordingly, CVNPL has become a SPV of the Trust.
- 2.1.19 The Investment Manager has appointed BDO VAL to undertake the valuation of Tower Co. and CDPL as per 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.

## 2.2 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, Tower Co. and CDPL have 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 SDIL and CDPL.

## 2.3 Valuation Conclusion

- 2.3.1 The enterprise value of SDIL and CDPL as on September 30, 2023 is arrived as follows:

InvIT Assets	Enterprise Value (INR Mn)
Summit Digital Infrastructure Limited	6,20,307.1
Crest Digital Private Limited	20,230.6

(This Space has been intentionally left blank)

## 3 Introduction

### 3.1 Terms of Engagement

- 3.1.1 We, BDO Valuation Advisory LLP, Registered Valuer vide Registration Number IBBI/RV-E/02/2019/103, have been appointed by the Investment Manager of the Trust to determine the enterprise value of Tower Co. and CDPL on a going concern basis as on September 30, 2023, as per SEBI InvIT Regulations.
- 3.1.2 This Report has been prepared by us pursuant to the terms of engagement letter between BDO Val and the Investment Manager including the terms and conditions set out therein.

### 3.2 Background and Purpose of Valuation

- 3.2.1 The Data Infrastructure Trust (“Trust”) was settled vide Trust Deed dated January 31, 2019, with Reliance Industrial Investments and Holdings Limited (“RIIHL”) as the sponsor and Axis Trustee Services Limited as the Trustee. The Trust was subsequently registered as an infrastructure investment trust under the SEBI InvIT Regulations vide registration dated March 19, 2019.
- 3.2.2 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.
- 3.2.3 The Trust holds entire equity share capital in Summit Digital Infrastructure Limited (formerly known as Summit Digital Infrastructure Private Limited) (“Tower Co.”) and Crest Digital Private Limited (formerly known as Space TeleInfra Private Limited) (“CDPL”).
- 3.2.4 On September 8, 2023, the Trust acquired 100% equity shares of Roam Digital Infrastructure Private Limited (“RDIPL”) for a total consideration of INR 0.1 million. Accordingly, RDIPL became Subsidiary (SPV) of the Trust. On September 21, 2023, CDPL acquired 100% equity shares of CVNPL for a total consideration of INR 0.7 million. Accordingly, CVNPL has become a SPV of the Trust.
- 3.2.5 The Trust has 260.3 million units outstanding as on September 30, 2023. The units of the Trust are listed on BSE.
- 3.2.6 The Investment Manager has appointed us to undertake the valuation of Tower Co. and CDPL to comply with the SEBI InvIT Regulations for determination of the enterprise value of Tower Co. and CDPL 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”).
- 3.2.7 This Report should not be used or relied upon for any other purpose. The suitability or applicability of this Report for any purpose other than that mentioned above has not been verified by us.

### 3.3 Source of Information

3.3.1 For the purpose of this valuation exercise, we have relied on the following sources of information:

- i. Background of the Tower Infrastructure Business;
- ii. Background of Crest Digitel Private Limited;
- iii. Background of Crest Virtual Network Private Limited and Roam Digitel Infrastructure Private Limited;
- iv. Background of the Telecom industry;
- v. Audited Financial Statements of Tower Co. for the Financial Year (“FY”) 2020, 2021, 2022 and 2023;
- vi. Provisional Financial Statement of Tower Co. for 6 months period ended as on September 30, 2023;
- vii. Audited Financial Statement of CDPL for FY 2023;
- viii. Provisional Financial Statement of CDPL for 6 months period ended as on September 30, 2023;
- ix. Computation of Income Tax for Tower Co. and CDPL for FY 2023;
- x. Projections of Tower Co. from October 1, 2023 to August 31, 2051, with the underlying assumptions;
- xi. Projections of CDPL from October 1, 2023 to March 31, 2032;
- xii. Summary of Towers as on September 30, 2023 vide Infra Availability - Site Count Reco Statement in excel;
- xiii. Summary of sites operated by CDPL as on September 30, 2023 vide Infra Availability - Site Count Reco Statement in excel;
- xiv. 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;
- xv. Information available in public domain and provided by leading database sources; and
- xvi. Management Representation Letter.

(This Space has been intentionally left blank)

## 4 Exclusions and Limitations

### 4.1 Restricted Audience

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

### 4.2 Limitation Clause

- 4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. 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, we have relied upon assumptions and projections as provided by Management. These assumptions require exercise of judgment and are subject to uncertainties.
- 4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary, and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of Tower Co. and CDPL. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.
- 4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis

is governed by the concept of materiality. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the business.

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



other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the investors of the Trust and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or Tower Co./CDPL.

- 4.2.15 In rendering this Report, we have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.2.16 For the present valuation exercise, we have also relied upon information available in the public domain, however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.2.17 In the particular circumstances of this case, we shall be liable only to the Investment Manager, 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.

(This Space has been intentionally left blank)

## 5 Assignment Approach

The overall approach followed to arrive at value of Tower Co. and CDPL is summarized below:

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

Sr. No.	Location	Company Name	Date of Visit
1	Bangalore	Summit Digital Crest Digital	May 16, 2023
2	Mumbai	Summit Digital Crest Digital	May 19, 2023
3	Pune	Summit Digital Crest Digital	May 22 and May 23, 2023

- iv. Analysis of additional information received post preliminary discussions. Valuer and its professional associates had various meetings/virtual meetings with the Management to discuss business model, assumptions considered and future business outlook.
- v. Obtained various disclosures from the Management pertaining to approvals and litigations of Tower Co. and CDPL 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.

(This Space has been intentionally left blank)

## 6 Overview of Tower Infrastructure Business and business of Crest Digital Private Limited

### 6.1 Tower Infrastructure Business

- 6.1.1 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”).
- 6.1.2 Tower Co. has entered into the Amended and Restated MSA with RJIL to provide Passive Infrastructure and Services to RJIL which came into effect from Closing.
- 6.1.3 As of September 30, 2023, the Initial Tower Sites consisted of 1,74,451 telecommunications towers across India. More than 75% of Tower Co.’s Tower Sites are ground-based. All Tower Sites are proposed to be connected to the electricity board with lithium-ion battery back-up.
- 6.1.4 As of September 30, 2023, 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.

### 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, 2023:

State Name	Tower Type				Total
	GBM	GBT	RTP / RTT	COW	
Andhra Pradesh	358	4,342	1,476	46	6,222
Arunachal Pradesh		314	29		343

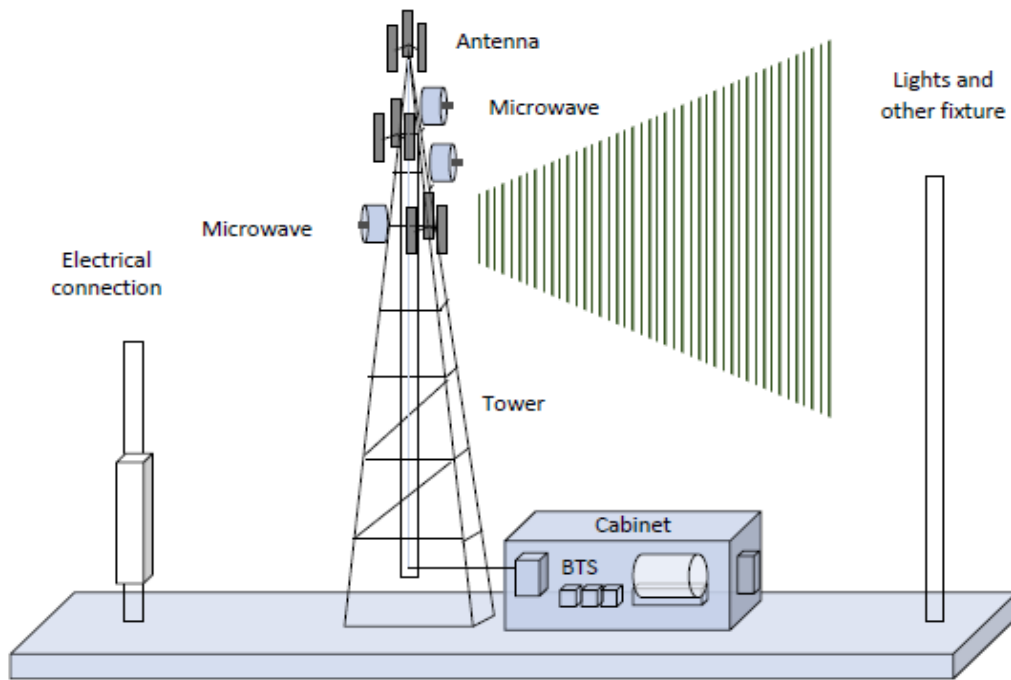
Assam	1	4,048	562	10	4,621
Bihar	94	7,663	1,308	12	9,077
Chhattisgarh	278	4,001	270	47	4,596
Delhi	791	331	4,152	277	5,551
Goa	155	51	81	2	289
Gujarat	5,158	5,901	1,538	24	12,621
Haryana	103	2,725	562	69	3,459
Himachal Pradesh	21	2,012	114	7	2,154
Jammu	34	819	165	19	1,037
Jharkhand	282	4,229	704	34	5,249
Karnataka	343	6,099	2,223	37	8,702
Kashmir	42	1,376	106	33	1,557
Kerala	33	2,720	713	61	3,527
Kolkata	119	1,154	2,944	14	4,231
Madhya Pradesh	1,565	9,005	885	29	11,484
Maharashtra	690	8,648	3,033	32	12,403
Manipur		472	48		520
Meghalaya		744	12	3	759
Mizoram		262	28	1	291
Mumbai	699	448	2,578	35	3,760
Nagaland		346	34	1	381
Odisha	140	5,209	577	43	5,969
Punjab	866	1,961	1,498	81	4,406
Rajasthan	2,234	7,496	914	77	10,721
Tamil Nadu	996	6,294	2,949	31	10,270
Telangana	523	3,194	2,131	100	5,948
Tripura		594	48		642
Uttar Pradesh (East)	1,707	11,343	1,644	67	14,761
Uttar Pradesh (West)	399	5,888	1,288	26	7,601
Uttarakhand	70	1,994	471	25	2,560
West Bengal	65	7,809	824	41	8,739
<b>Grand Total</b>	<b>17,766</b>	<b>1,19,492</b>	<b>35,909</b>	<b>1,284</b>	<b>1,74,451</b>

As per discussions with the management, there is currently NIL Capital Work-in-Progress as per the books as on the Valuation Date.

### 6.3 Tower Infrastructure

6.3.1 As of September 30, 2023, Tower Co.'s Initial Tower Sites consisted of 1,74,451 Macro Towers across India.

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



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

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

The following table sets forth design and execution requirements of towers by tower type as of September 30, 2023:

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

Type	Height	Space required	Access to site location	Factors/ requirements for civil foundation	Antenna loading required	Electrical utilities	Vertical clearance	High - tension electrical lines
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 Crest Digital Private Limited

6.4.1 CDPL owns and operates shared in-building communications infrastructure that provides 2G/3G/4G network through a common shared infrastructure used by wireless carriers, broadcasters, and other communication companies to provide services to end users in India.

6.4.2 CDPL deploys passive telecom infrastructure for telecom operators such as Airtel, Vodafone, Rjio etc. in areas of low network connectivity to enhance network for end users.

6.4.3 CDPL offers built-to-suit solutions specializing in passive DAS (distributed antenna system), outdoor connectivity, and small cells infrastructure for institutional, commercial and residential buildings. CDPL offers following solutions:

### a) IBS - Inbuilding Solutions

- IBS means In-Building solutions.
- As the name indicates, this technology is deployed to provide network within 'Buildings'.
- Generally large commercial complexes like Malls, Offices, Hospitals, Airports, Metro stations etc don't get enough network coverage.
- Antennas and cables are installed within the building. These antennas are connected to Operator's BTS.
- This provides network coverage within the building or complex.

### b) Small Cell Solutions

- Small cells are used to provide/enhance network coverage in areas where a Macro site is not feasible.
- Small cells could be wall-mounted, pole mounted (roof-top) or installed indoor at densely populated indoor areas.
- Small cell technology deploys a smaller setup as compared to IBS.

6.4.4 The table below sets forth operational Sites of CDPL by type as of September 30, 2023:

In-Building Solutions		
Circle	Site Count	Tenancy
Arunachal Pradesh	23	42
Assam	9	11
Bihar	4	5
Chandigarh	4	8
Chattisgarh	6	10
Delhi	104	252
Goa	12	21
Gujarat	117	181
Haryana	78	115
HP	9	16
J&K	1	3
Karnataka	37	49
Kerala	16	24
West Bengal	42	89
Maharashtra	49	87
Manipur	1	2
MP	11	20
Mumbai	140	237
Puducherry	4	5
Punjab	15	21
Rajasthan	29	36
TamilNadu	73	154
Telangana	19	29
Uttrakhand	6	12
Uttar Pradesh	72	113
<b>Grand Total</b>	<b>877</b>	<b>1,537</b>

Small Cells		
Circle	Site Count	Tenancy
Arunachal Pradesh	38	38
Assam	1	1
Bihar	145	145
Chandigarh	8	8
Delhi	293	293
Goa	1	1
Gujarat	293	293
Haryana	131	131
J&K	10	10
Jharkhand	3	3
Karnataka	255	262
Kolkata	251	259
Maharashtra	453	466
MP	14	14
Mumbai	345	355
Punjab	42	42
Rajasthan	188	188
TamilNadu	146	146
Telangana	160	161
UK	68	68
UP	630	636
<b>Grand Total</b>	<b>3,475</b>	<b>3,520</b>

(This Space has been intentionally left blank)

## **6.5 Visit Details**

6.5.1 Our team has visited the Macro Towers in case of Tower Co and the small cell and other sites of CDPL located near Mumbai, Navi Mumbai, Pune and Bangalore in May 2023 for undertaking physical inspection of the towers as required under the SEBI InvIT Regulations. We have not been able to visit tower control room located at Reliance Corporate Park in Navi Mumbai, Maharashtra due to access controls being a sensitive site.

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

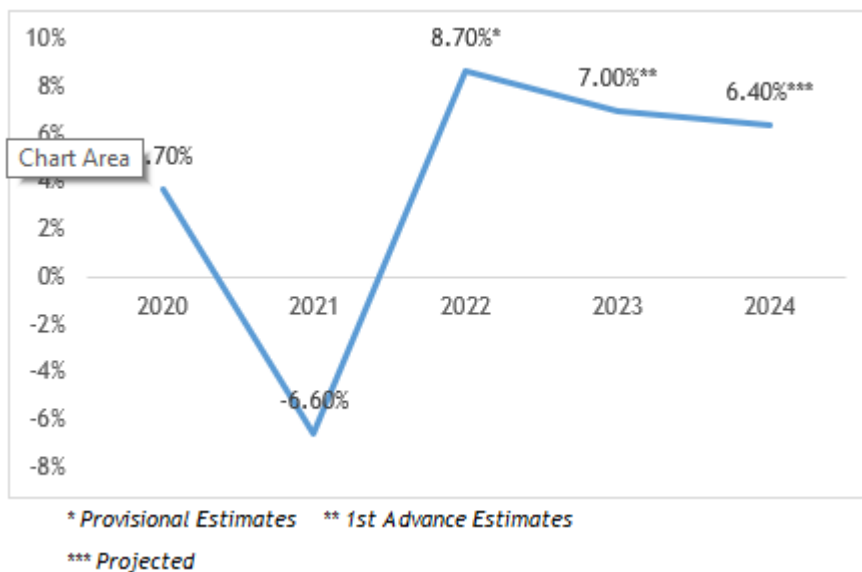
(This Space has been intentionally left blank)



## 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 for growth is 7.0% for FY2023 and for FY2024 the projected growth stands at 6.40%.

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



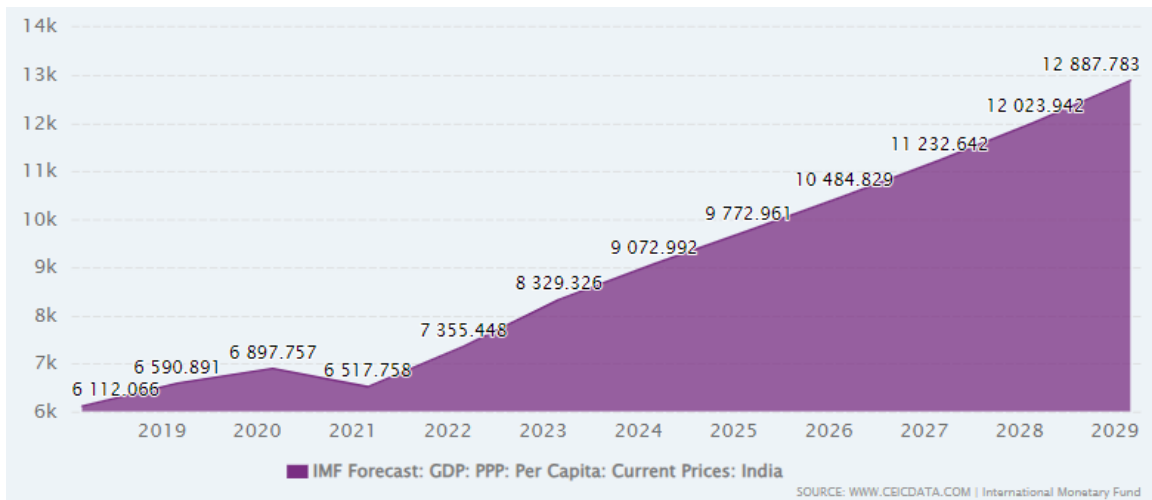
(Source: PIB, Government of India, accessed on November 15, 2023 at <https://pib.gov.in/PressReleasePage.aspx?PRID=1894932>)

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 November 15, 2023 at: <http://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOORLD/IND>)

7.1.3 India is becoming increasingly urbanized. In 2022, India’s urban population increased to approximately 508.2 million representing 35.9% of India’s population. (Source: World Bank, accessed on November 15, 2023 at <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=map>).

7.1.4 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 12,887.8 in 2029. This records an increase from the last reported number of USD 8,329.3 in 2023.

(This Space has been intentionally left blank)



(Source: CEIC Data, accessed on November 15, 2023)

## 7.2 Indian Telecommunication Industry

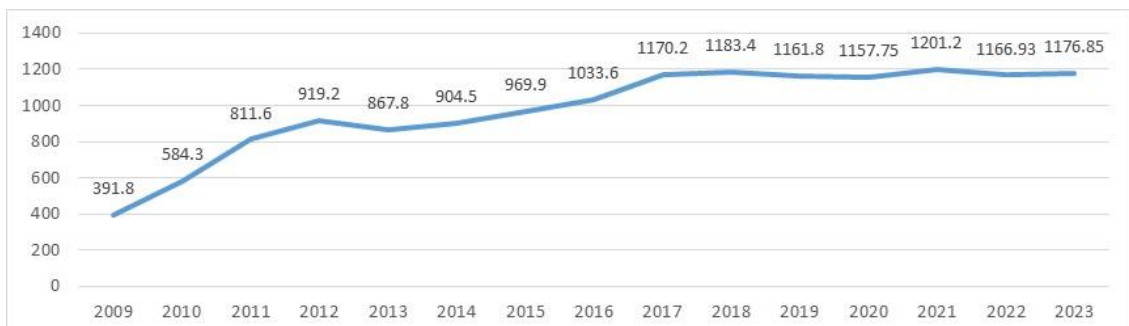
### Indian mobile telecommunications services sector

- 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 July 31, 2023, India had a total reported subscriber base (including wireless and wireline subscribers) of 1,176.85 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 July 31, 2023	1,146.25	30.61	1176.85
Urban Telephone Subscribers as of July 31, 2023	628.55	27.92	656.47
Rural Telephone Subscribers as of July 31, 2023	517.69	2.69	520.38
Broadband Subscribers as of July 31, 2023	832.50	35.70	868.20

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

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

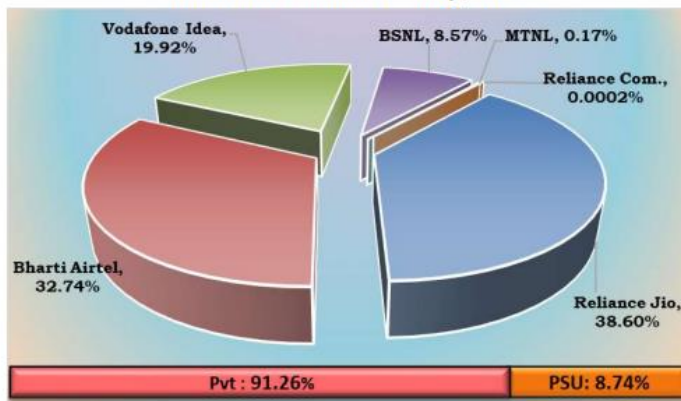
Subscribers as of July 31, 2023	Bharti Airtel	Reliance Jio	Vodafone Idea
Circle	(In millions)		
Andhra Pradesh	0.51	1.18	0.06
Assam	0.02	0.16	0.00
Bihar	0.08	0.48	0.00
Delhi	2.00	0.91	0.08
Gujarat	0.23	0.60	0.05
Haryana	0.12	0.11	0.00
Himachal Pradesh	0.00	0.05	0.00
Jammu & Kashmir	0.09	0.19	0.00
Karnataka	1.12	0.88	0.14
Kerala	0.09	0.26	0.00
Kolkata	0.19	0.47	0.01
Madhya Pradesh	0.47	0.64	0.03
Maharashtra	0.41	0.25	0.02
Mumbai	0.56	0.82	0.16
North East		0.15	0.00
Orissa	0.01	0.23	0.00
Punjab	0.24	0.31	0.00
Rajasthan	0.21	0.36	0.01
Tamil Nadu (incl. Chennai)	0.85	0.76	0.03
Uttar Pradesh (East)	0.19	0.47	0.01
Uttar Pradesh (West)	0.12	0.52	0.00
West Bengal	0.03	0.23	0.00
<b>Total</b>	<b>7.66</b>	<b>10.14</b>	<b>0.67</b>

(Source: TRAI)

7.2.6 As of July 31, 2023, according to TRAI, private access service providers held an 91.26% 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 8.74%. Among private access service providers, notable companies include Vodafone Idea (with a market share of 19.92%), Bharti Airtel (with a market share of 32.74%) and RJIL (with a market share of 38.60%).

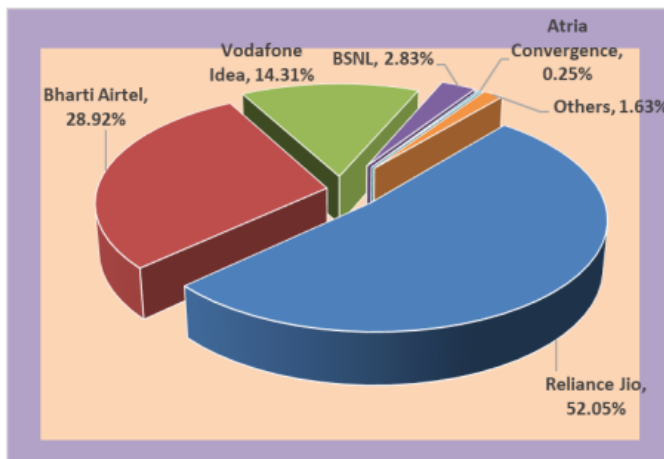
As per TRAI, the following diagrams show the graphical representation of access service provider-wise market share based on wireless subscribers as of July 31, 2023:

**Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 31<sup>st</sup> July, 2023**



7.2.7 On the other hand, within the subset of broadband service providers, RJIL holds the largest market share with 52.05% as of July 31, 2023 based on the number of subscribers. This is followed by Bharti Airtel with 28.92% and Vodafone Idea with 14.31% of market share.

**Service Provider-wise Market Share of Broadband (wired + wireless) Services as on 31<sup>st</sup> July, 2023**



(Source: TRAI)

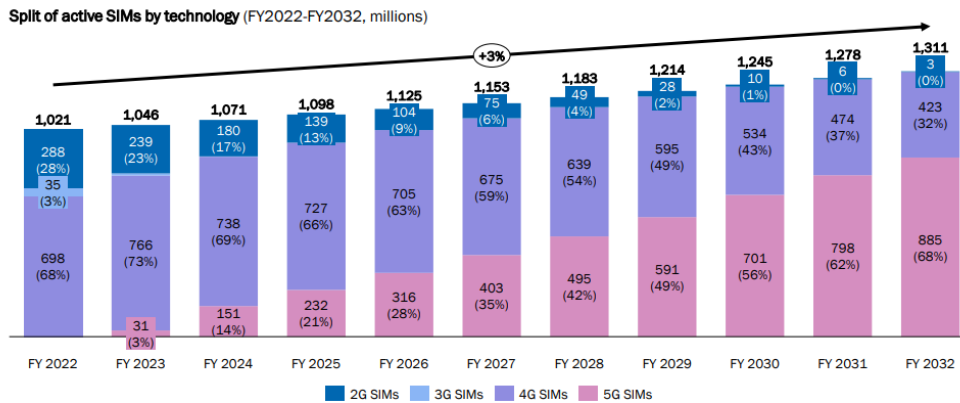
7.2.8 The Union Cabinet approved INR 12,195 crore (US\$ 1.65 billion) production-linked incentive (PLI) scheme for telecom & networking products under the Department of Telecom. On December 2022, 42 companies have committed an investment US\$ 502.95 million (Rs. 4,115 crore) comprising 28 MSMEs and 14 Non-MSMEs (eight domestic and seven global companies) have been approved under the PLI Scheme. To drive the development of 6G technology, the Department of Telecommunications (DoT) has developed a sixth-generation (6G) innovation group.

7.2.9 Prime Minister Mr. Narendra Modi launched 5G services on October 1, 2022. India's 5G subscriptions is expected to reach 350 million by 2026 accounting for 27% of all mobile subscriptions. After launch, India's telecom sector is witnessing a surge in reforms as it has successfully connected people with 5G services and managed to decrease the cost of operations.

7.2.10 Mr. Mukesh Ambani, Chairman of Reliance Industries has committed an investment of US\$ 24 billion (Rs. 2 trillion) for rolling out a 5G network across the country by the end of 2023,

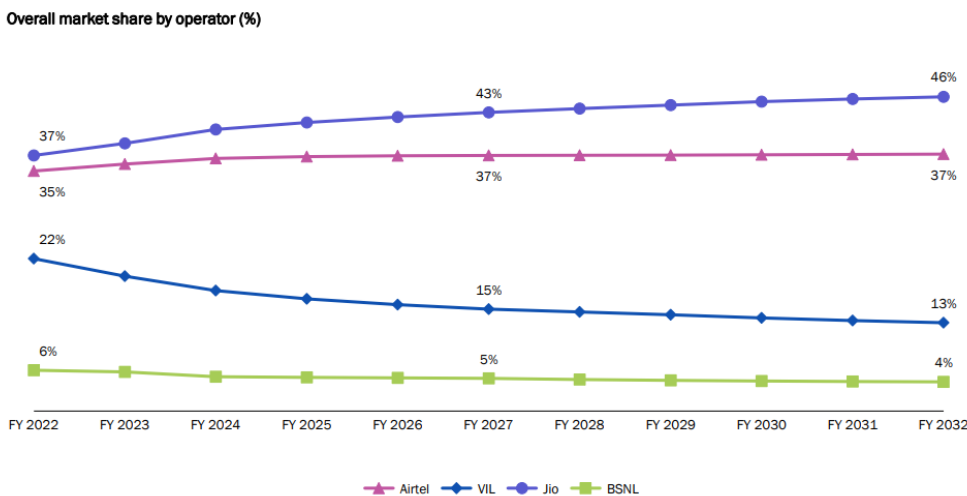
whereas the Adani Group is still yet to unveil its plan for the telecom business. Reliance Industries has also committed US\$ 10.6 billion (Rs. 87,946.93 crores) to pay over a period of 20 years. On the other hand, Bharti Airtel is expected to invest in the range of US\$ 3.26 billion - US\$ 3.38 billion (Rs. 27,000-28,000 crores) and BSNL around US\$ 1.93 billion (Rs. 16,000 crores) in 2022 for rolling out a developed 4G network by Tata Consultancy Services, which later would be upgraded to 5G. Hence, altogether investments worth more than US\$ 18 billion (Rs 1.5 trillion in 2023) are expected.

- 7.2.11 The telecom operators on an average are installing 2,500 base stations per week for providing 5G services in the country and around 20,980 mobile base stations were installed as on November 26, 2022.
- 7.2.12 In October 2021, the government notified 100% foreign direct investment (FDI) via the automatic route from previous 49% in the telecommunications sector. FDI inflow in the telecom sector stood at US\$ 39.02 billion between April 2000-September 2022. In January 2022, Google made a US\$ 1 billion investment in Airtel through the India Digitization Fund.
- 7.2.13 There are 1bn SIMs in the country which are expected to grow at CAGR 3% with 5G expected to become the mainstream technology followed by 4G by 2032



Source : Analysys Mason\*

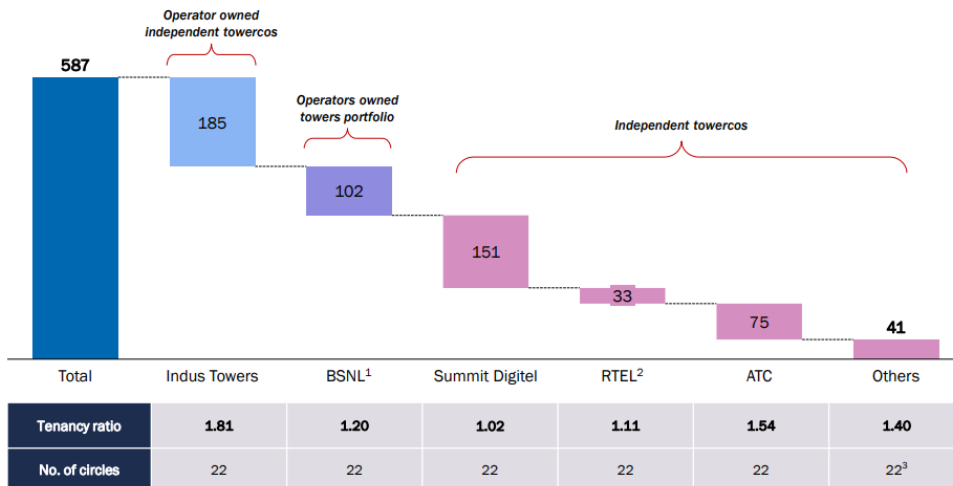
- 7.2.14 Jio and Airtel are expected to achieve more dominant position in the market, with Vodafone's share expected to reduce from 22% in FY22 to 13% by FY32.



Source : Analysys Mason\*

- 7.2.15 The Tower market in India has moved from operator-dominated to tower company dominated, with Indus towers, Summit Digital and ATC being the leading tower companies.

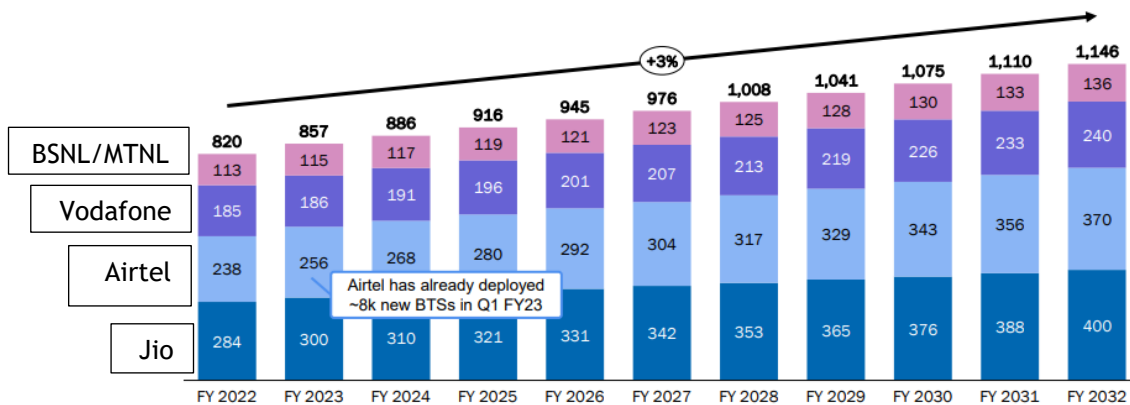
Telecom tower market landscape, FY2022 ('000 towers)



Source : Analysys Mason\*

7.2.16 From tower company demand perspective, in the base case, it is estimated all MNOs to add 326K total base transceiver station (“BTSs”) till FY2032, of which ~76% will come from Jio and Bharti Airtel.

Total tenancy BTS by MNO (FY22-FY32), '000s

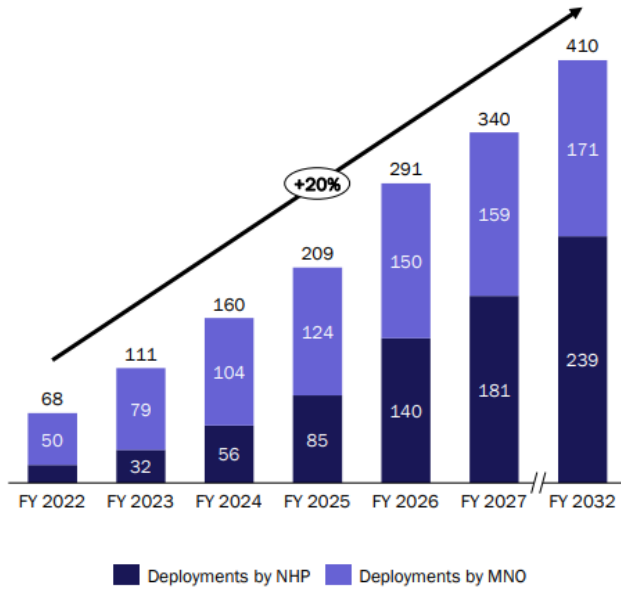


Source : Analysys Mason\*

**Crest Digital Private Limited**

7.2.17 On the small cells front, it is expected that the NHPs addressable market will grow to 239 K by FY2032.

Forecasted demand for small cells ('000)



Source : Analysys Mason\*

7.2.18 Crest Digital’s current market share is 10% of incremental demand, and it is expected to increase slightly to ~15-16% given their increasing focus, and remain stable over the long run. (Source : Analysys Mason\*)

\*This extract is from a wider report and has not been reviewed by Analysys Mason.

(This Space has been intentionally left blank)

## 8 Valuation Approach

The present valuation exercise is being undertaken to arrive at enterprise value of Tower Co. and CDPL 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 Tower Co. and CDPL. This valuation method carries more weight with respect to holding companies than operating companies. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

#### i. Net Asset Value Method

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

#### ii. Break Up Value Method

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



## 8.2 Income Approach

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

i. Discounted Cash Flow Method

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

## 8.3 Market Approach

i. Market Price Method

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

ii. Comparable Companies Multiple Method

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

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

iii. Comparable Transactions Multiple Method

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

#### 8.4 Conclusion on Valuation Approach

Sr. No.	Valuation Approach	Valuation Methodology	Used	Explanation
I	Cost Approach	- Net Asset Value & Break Up Value	No	NAV or the BV does not capture the future earning potential of the business.
II	Income Approach	- Discounted Cash Flow	Yes	Tower Co and CDPL derives its true value from the potential to earn income in the future. Hence, we have considered DCF method under Income Approach for Valuation.
III	Market Approach	- Market Price	No	Tower Co and CDPL 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 Tower Co. and CDPL considering the distinct nature of asset and capital structure. Hence, we have not considered CCM method.
		- Comparable Transactions	No	Due to unavailability of transactions in the public domain with business and characteristics similar to Tower Co. and CDPL, We have not considered CTM method.

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

(This Space has been intentionally left blank)

## 9 Valuation of Tower Co. and CDPL

### 9.1 Valuation of Tower Co.

9.1.1 The provisional balance sheet position of Tower Co. as on September 30, 2023, has been considered as the opening balance sheet of Tower Co. for the purpose of valuation.

9.1.2 Tower Co. and RJIL have entered into the Amended and Restated MSA in terms of which Tower Co. shall provide Passive Infrastructure and Services to RJIL for a period of 30 years from the Closing i.e. September 1, 2020. Hence, the financial projections, as provided by the Management, are for a period of 27 years starting from October 1, 2023 till August 31, 2050 which has been considered for valuation. The financial forecast provided by the Management were reviewed by us for consistency and reasonableness, however we have not independently verified the data provided.

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

i. **Volumes:**

The number of Tower Sites are expected to increase from 174,451 as of September 30, 2023 to 199,452 by August 31, 2025. Currently, RJIL is the anchor tenant of operational Tower Sites, and it will be the anchor tenant on all of the current and the proposed Tower Sites. Tower Co. has other tenants as on September 30, 2023 on sharer basis. Further, other tenants are estimated to increase in the projected period. The tenancy ratio is estimated to increase to 1.50 in August 2030 gradually from 1.0 in FY23 in the projected period considering the same.

ii. **Monthly Site Premium:**

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

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

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

iii. **O&M Contract Price**

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

iv. **Other Expenses**

The manpower head count of 267 with an average salary p.a. of INR 3.0 million with escalation of 5.0% p.a. has been assumed. Additionally, fixed administration expenses of INR 700.0 million with escalation of 3% p.a. are considered.

v. **Capital Expenditure**

Tower Co. projects a total capex of INR 82,212.1 Mn from Valuation Date till August 31, 2025 exclusive of Goods and Service Tax. The capex is majorly towards acquisition/construction of additional Tower Sites. Further growth capex is considered in projected period till August 31, 2032 on account of other tenants.

vi. **Discounted Cash Flow**

- The explicit period has been considered from October 1, 2023, to August 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 10.3% is considered.
- The projected net cash flows are discounted back to their present value using mid-year discounting convention. The use of mid-year discounting factors better reflects the assumption that net cash flows will be generated throughout the year, rather than at the beginning or at the end of the year.
- Given the fixed term of the Project Agreements, terminal cash flow discounting is not considered. Recoupment of all working capital at the end of the forecast period is considered.
- Tax rate of 25.17% being the tax rate prevailing in India is considered.
- The enterprise value (“Enterprise Value”) of Tower Co. is arrived at INR 6,20,307.1 Mn, determined as an aggregate of the present value of forecast period.
- Further, we have carried out the sensitivity of WACC on Enterprise value by adjusting risk premium in the range of 2.0% to 3.0% with WACC as follows:

WACC	10.0%	10.3%	11.0%
Enterprise Value (INR Mn)	6,36,818.3	6,20,307.1	5,80,769.3

vii. **Discounting Factor**

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

(This Space has been intentionally left blank)

- The break-up of the debt (excluding any interest due thereon) as of September 30, 2023, is provided below:

Particulars	As of September 30, 2023, in INR Million	As of September 30, 2023, adjusted for additional External Loan (including repayment) in INR Million
Long term loans (including current maturity of long-term borrowings) - External	297,764.0	388,557.2
Trust Loan	286,410.0	286,410.0
0% Redeemable Non-Cumulative, Non-Participating, Non-Convertible Preference Shares	153.0	153.0
<b>Total</b>	<b>5,84,327.0</b>	<b>6,75,120.2</b>

- The Tower Co. is proposing to raise additional loan of INR 90,793.2 Mn to fund construction/ inorganic acquisition of additional towers and to re-finance existing loans.
- While the Trust Loan is in the nature of debt at the level of Tower Co., at the consolidated Trust level, the same would be considered as equity. For the purpose of this valuation exercise, we have considered the following to determine the WACC

WACC = (Cost of External Debt \* (1-tax rate) \* External Debt as of March 31, 2023 (including additional loan for additional towers) + Cost of Trust Loan \* (1-tax rate) \* Trust Loan + Cost of Equity \* Equity Share Capital) / (External Debt as of March 31, 2023 (including additional loan for additional towers) + Trust Loan + Equity Share Capital + Preference Share Capital)

- The cost of equity (“CoE”) has been calculated as per the Capital Asset Pricing Model based on the following parameters:
  - Cost of equity = Risk Free Rate + [Beta X Equity Risk Premium]
  - Risk free rate of return of 7.2% is based on yields of 10-year zero coupon bond yield as on September 30, 2023 having and as listed on [www.ccilindia.com](http://www.ccilindia.com).
  - Expected market premium of 7.8% has been calculated on the expected market return of 15.0% as prevalent in India based on historical market returns and our analysis.
  - Beta is a measure of systematic risk of the company’s stock as compared to the market risk. Since there are no listed companies directly comparable to the business of SDIL considering the distinct nature of asset and capital structure, we have considered a market beta of 1.0 for determination of CoE.
- Based on above, the base cost of equity is arrived at 15%.

- 0% Redeemable Non-Cumulative, Non-Participating, Non-Convertible Preference Shares carries nil dividend. Therefore, the cost of Preference Share Capital is considered as nil.
- Further, we have considered post tax cost of external debt of 5.9% and post-tax cost of trust loan of 11.2% to arrive at WACC of 8.0%.
- We have considered the risk premium given the construction or inorganic acquisition of additional towers by August 31, 2025 and to account for risk involved in getting other tenants onboard in projected period and the estimated revenues therefrom. We have considered an additional risk premium of 2.2%.
- We have hence considered a WACC of 10.3% after rounding off for the current valuation.

viii. **Note:**

- Security deposits of INR 1,411.9 Cr is considered as current liability in working capital which was earlier treated as debt like item. The security deposit consists of land lease deposits, GST input credit and GST on foundation. The security deposits are expected to due at the end of August 2050 except GST on foundation. This has reduced the enterprise value and may have positive impact on equity value.

(This Space has been intentionally left blank)

## 9.2 Valuation of Crest Digital Private Limited (“CDPL”)

9.2.1 The unaudited balance sheet position of CDPL as on September 30, 2023, has been considered as the opening balance sheet for the purpose of valuation.

9.2.2 The financial projections, as provided by the Management, from October 1, 2023 to March 31, 2032 has been considered for valuation. The financial forecast provided by the Management were reviewed by us for consistency and reasonableness, however we have not independently verified the data provided.

9.2.3 Following are the key assumptions considered in the financial projections while determining the operating cash flows of CDPL:

### i. Revenue

CDPL charges IP fee for providing passive telecom infrastructure services to Telecom Operators and other customers. In addition to IP Fees, CDPL charges land rent and electricity charges from the customers on actual basis.

Particulars (INR Mn)	FY22 (A)	FY23 (A)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<b>IP Fees</b>											
Retail	310	420	555	715	831	979	1,132	1,279	1,363	1,379	1,482
Metro	691	899	1,246	1,515	1,492	1,653	1,867	1,989	2,137	2,362	2,539
Airport	34	40	79	115	122	130	139	147	152	148	159
Small Cell	44	165	359	537	804	1,128	1,591	2,161	2,805	2,986	3,210
RTP	4	11	18	23	28	32	36	41	44	45	48
<b>IP Fees</b>	<b>1,083</b>	<b>1,535</b>	<b>2,257</b>	<b>2,905</b>	<b>3,277</b>	<b>3,921</b>	<b>4,766</b>	<b>5,616</b>	<b>6,502</b>	<b>6,920</b>	<b>7,438</b>
<b>Growth</b>		<b>42%</b>	<b>47%</b>	<b>29%</b>	<b>13%</b>	<b>20%</b>	<b>22%</b>	<b>18%</b>	<b>16%</b>	<b>6%</b>	<b>8%</b>

- IP Fee from Retail are estimated to grow at CAGR of 15% from INR 420 Mn in FY23 to INR 1,482 Mn in FY32. CDPL will enter into contracts with property developers and authorities to advance the process of deployment of IBS in premises.
- IP Fee from Metro stations are estimated to grow at CAGR of 12% from INR 899 Mn in FY23 to INR 2,539 Mn in FY32 on account of increase in number of metro stations considering CDPL’s substantial market share in this segment.
- IP Fee from Airports are estimated to grow at CAGR of 17% from INR 40 Mn in FY23 to INR 159.0 Mn in FY32.
- IP Fees from Small Cells are estimated to grow at CAGR of 39% from INR 165 Mn to 3,210 Mn in FY32 on account of increase in overall Small Cells market and market share of CDPL.

### ii. Expenses

The expenses consist of rent, electricity charges, employee expenses, business promotion and consultancy, site repair and maintenance charges and other administrative expenses. Rent and electricity charges are reimbursable on actual basis from Telecom operators and other customers. Employee expenses are fixed in nature and are estimated to decline from 33% of revenue in FY23 to 24% of revenue in FY32. Business Promotion and Consultancy expenses are estimated to increase at CAGR of 15% from INR 22 Mn in FY23 to INR 78.0 Mn in FY32 and are estimated in the range of 1.7% to 1.0% of revenue going forward in the explicit period. Site repair and Maintenance expenses are estimated to increase at CAGR of 18% from INR 16 Mn in FY23 to INR 69 Mn in FY32 which is in the range of 1.0% to 0.5% of revenue. Other expenses are semi-fixed and are estimated to increase at CAGR of 16% from INR 183 Mn in FY23 to INR 691 Mn in FY32.

iii. **Capital Expenditure**

CDPL projects a total capex of INR 10,356.4 Mn excluding GST in the projected period as follows:

Particulars (INR Mn)	FY24*	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Capex	664.3	1,186.5	999.9	1,547.0	1,833.2	1,947.5	1,135.8	544.5	497.7

\*Represents period from October 01, 2023 to March 31, 2024

The capex is majorly towards additional boof sites to provide passive telecom infrastructure services. The capex will be funded through additional borrowings. Capital expenditure forecasts have been revised in response to the observed gradual increase in the speed of 5G technology deployment and past experience of the Management.

iv. **Working Capital**

The working capital consists trade receivables and security deposits / customer advances and other assets and trade payables and customer security deposit and other non-current liabilities. Trade receivables and security deposits / customer advances are the major current assets. The trade receivables are assumed at 1.5 months of revenue in the explicit period. The trade payables and customer security deposit are estimated at 5% and 16% of the revenue in the explicit period. The working capital as % of revenue is estimated in the range of 3% in FY24 to negative 0.4% in FY30. The management has reduced its projected working capital requirement as compared to annual valuation of FY23 on the basis of current working capital for FY23 and 6 months period ended September 30, 2023.

v. **Discounted Cash Flow**

- The explicit period has been considered from October 1, 2023, to March 31, 2032.
- Working capital requirement and expected capital expenditure are considered as provided by the Management during forecast period.
- FCFE method under DCF is used to calculate enterprise value of CDPL.
- In FCFE, the free cash flows available to the company are discounted by WACC to derive the net present value. WACC of 12.4% 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.
- The terminal year growth is considered at 4% to calculate cash flows arising post explicit period.
- Tax rate of 25.17% being the tax rate prevailing in India is considered.
- The enterprise value (“Enterprise Value”) of CDPL is arrived at INR 20,230.6 Mn, determined as an aggregate of the present value of forecast period and terminal year.

(This Space has been intentionally left blank)



vi. **Discounting Factor**

- The WACC is arrived at after considering the cost of equity and the post-tax cost of debt and their respective weights in the capital structure of CDPL.

$$\text{WACC} = (\text{Cost of External Debt} * (1 - \text{tax rate}) * \text{Target Debt to Equity ratio} + \text{Cost of Equity} * (1 - * \text{Target Debt to Equity ratio}))$$

- 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 7.2% is based on yields of 10-year zero coupon bond yield as on September 30, 2023 having and as listed on [www.ccilindia.com](http://www.ccilindia.com).
  - Expected market premium of 7.8% has been calculated on the expected market return of 15.0% as prevalent in India based on historical market returns and our analysis.
  - Beta is a measure of systematic risk of the company’s stock as compared to the market risk. Since there are no listed companies directly comparable to the business of CDPL, we have considered a market beta of 1.0 for determination of CoE.
- Based on above, the base cost of equity is arrived at 15%. We have considered risk premium of 3% to account for factors inter-alia, risk of achieving projections, growth in turnover and margins. The revised cost of equity is arrived at 18.0%.
- Further, as discussed with the Management of the Trust and as per the audited financial statements of CDPL for FY23, there is debt of INR 1,422.9 Mn and the capex in future will be funded through external debt only. Therefore, we have considered target debt-equity ratio of 50% on basis of discussion with the Management and analysis of projected financial statements. The pre-tax cost of debt is considered at 9.0% on market participant basis and the post-tax cost of debt is arrived at 6.7%.
- Based on the above, the WACC is arrived at 12.4%.

(This Space has been intentionally left blank)

## 10 Valuation Summary

- 10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.
- 10.2. We would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g., quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of an entity or business.
- 10.3. The enterprise value of Tower Co. and CDPL is arrived at INR 6,40,537.7 Mn as on September 30, 2023 as follows:

InvIT Assets	Enterprise Value (INR Mn)
Tower Co. (corresponding to asset base of 174,451 towers as on September 30, 2023)	6,20,307.1
CDPL	20,230.6

(This Space has been intentionally left blank)

# 11 Annexures

## 11.1 Annexure I

### A. Valuation of Tower Co. and CDPL as per DCF Method

Summit Digital Infrastructure Limited

Valuation as per Discounted Cash Flow Method as on September 30, 2023 (INR Mn)

WACC		10.50%								
Year Ending	31 August 2024	31 August 2025	31 August 2026	31 August 2027	31 August 2028	31 August 2029	31 August 2030	31 August 2031	31 August 2032	
Revenue	82,921.5	1,00,099.4	1,09,691.6	1,14,381.9	1,19,358.9	1,24,430.3	1,29,527.9	1,34,769.5	1,40,189.3	
EBITDA	49,653.5	61,770.6	68,788.9	72,022.6	76,917.3	80,685.7	84,467.5	88,360.1	92,397.1	
EBITDA Margins	60%	62%	63%	63%	64%	65%	65%	66%	66%	
Less : Outflows										
(Less): Capital Expenditure	(31,432.8)	(50,758.3)	(2,099.8)	(2,107.6)	(2,154.8)	(1,903.1)	(1,903.1)	(1,903.1)	(1,903.1)	
Add/(Less): Change in GST block	4,663.9	(1,003.9)	6,692.0	(1.4)	(8.5)	45.3	-	-	-	
Add/(Less): Incremental Working Capital	1,415.3	(1,821.9)	(1,861.8)	(339.7)	(371.9)	(377.7)	(373.7)	(388.2)	(406.3)	
Less: Taxation	-	-	-	(6,385.9)	(11,435.3)	(13,495.7)	(15,397.3)	(17,184.3)	(18,886.6)	
Free Cash Flows (FCF)	24,299.9	8,186.5	71,519.3	63,188.0	62,946.8	64,954.6	66,793.4	68,884.5	71,201.1	
Present Value Factor	0.96	0.87	0.79	0.72	0.65	0.59	0.53	0.48	0.44	
Present Value of Cash Flows	23,234.2	7,126.8	56,457.6	45,231.1	40,858.2	38,231.3	35,648.9	33,337.8	31,246.8	
NPV of Explicit Period	6,19,789.1									
Working Capital Release	518.0									
Enterprise Value (EV)	6,20,307.1									

Valuation as per Discounted Cash Flow Method as on September 30, 2023 (INR Mn)

Year Ending	31 August 2033	31 August 2034	31 August 2035	31 August 2036	31 August 2037	31 August 2038	31 August 2039	31 August 2040	31 August 2041	
Revenue	1,45,794.4	1,50,523.8	1,54,304.8	1,58,181.4	1,62,156.1	1,66,231.4	1,70,409.8	1,74,694.1	1,79,086.9	
EBITDA	96,584.2	1,00,011.6	1,02,608.6	1,05,267.6	1,07,989.8	1,10,776.8	1,13,630.1	1,16,551.0	1,19,541.0	
EBITDA Margins	66%	66%	66%	67%	67%	67%	67%	67%	67%	
Less : Outflows										
(Less): Capital Expenditure	-	-	-	-	-	-	-	-	-	
Add/(Less): Change in GST block	-	342.6	-	-	-	-	-	-	-	
Add/(Less): Incremental Working Capital	(425.0)	(270.2)	(102.9)	(105.5)	(108.1)	(110.8)	(113.6)	(116.4)	(119.3)	
Less: Taxation	(20,559.6)	(21,984.4)	(23,116.0)	(24,191.4)	(25,221.8)	(26,216.8)	(27,184.4)	(28,131.6)	(29,064.4)	
Free Cash Flows (FCF)	75,599.6	78,099.5	79,389.7	80,970.7	82,659.9	84,449.2	86,332.1	88,303.0	90,357.3	
Present Value Factor	0.40	0.36	0.33	0.30	0.27	0.24	0.22	0.20	0.18	
Present Value of Cash Flows	30,084.4	28,182.1	25,977.2	24,024.8	22,239.8	20,603.2	19,099.1	17,714.1	16,436.6	

Valuation as per Discounted Cash Flow Method as on September 30, 2023 (INR Mn)

Year Ending	31 August 2042	31 August 2043	31 August 2044	31 August 2045	31 August 2046	31 August 2047	31 August 2048	31 August 2049	31 August 2050	
Revenue	1,83,591.1	1,88,209.3	1,92,944.7	1,97,800.2	2,02,778.9	2,07,883.9	2,13,118.5	2,18,486.0	2,23,989.9	
EBITDA	1,22,601.9	1,25,735.0	1,28,942.0	1,32,224.6	1,35,584.3	1,39,023.0	1,42,542.3	1,46,144.0	1,49,829.9	
EBITDA Margins	67%	67%	67%	67%	67%	67%	67%	67%	67%	
Less : Outflows										
(Less): Capital Expenditure	-	-	-	-	-	-	-	-	-	
Add/(Less): Change in GST block	-	-	-	-	-	-	-	-	-	
Add/(Less): Incremental Working Capital	(122.3)	(125.4)	(128.5)	(131.7)	(135.0)	(138.4)	(141.8)	(145.4)	(149.0)	
Less: Taxation	(29,988.0)	(30,906.8)	(31,824.6)	(32,744.9)	(33,670.4)	(34,603.9)	(35,547.4)	(36,503.0)	(37,472.5)	
Free Cash Flows (FCF)	92,491.6	94,702.9	96,988.9	99,348.0	1,01,778.9	1,04,280.7	1,06,853.1	1,09,495.6	1,12,208.4	
Present Value Factor	0.16	0.15	0.14	0.12	0.11	0.10	0.09	0.08	0.08	
Present Value of Cash Flows	15,256.5	14,165.0	13,154.7	12,218.6	11,350.7	10,545.6	9,798.5	9,104.8	8,460.6	

\*Represent period ending as on August 31, 2050

Crest Digitel Private Limited

Valuation as per Discounted Cash Flow Method as on September 30, 2023 (INR Mn)

WACC		12.40%									
Terminal Growth Rate		4.00%									
Year Ending	FY24*	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	TY	
Revenue	1,967.7	4,730.0	5,408.4	6,423.6	7,768.5	9,127.1	8,878.0	9,448.3	10,156.9	10,563.2	
EBITDA	615.2	1,706.9	1,876.0	2,305.7	2,909.0	3,501.1	4,212.5	4,455.4	4,784.5	4,989.7	
EBITDA Margins	31%	36%	35%	36%	37%	38%	47%	47%	47%	47%	
Less : Outflows											
(Less): Capital Expenditure	(664.3)	(1,186.5)	(999.9)	(1,547.0)	(1,833.2)	(1,947.5)	(1,135.8)	(544.5)	(497.7)	(726.0)	
Add/(Less): Incremental Working Capital	(212.0)	213.0	75.2	(216.8)	(170.0)	(50.0)	262.9	24.9	15.2	1.6	
Less: Taxation	(109.9)	(292.2)	(316.1)	(394.6)	(507.8)	(618.1)	(786.4)	(862.8)	(965.5)	(1,073.1)	
Free Cash Flows (FCF)	(371.0)	441.1	635.1	147.4	398.0	885.5	2,553.2	3,072.9	3,336.5	3,192.3	
Terminal Value	38,003.2										
Present Value Factor	0.97	0.89	0.79	0.70	0.63	0.56	0.50	0.44	0.39	0.39	
Present Value of Cash Flows	(360.3)	392.5	502.7	103.8	249.4	493.6	1,266.2	1,355.8	1,309.7	14,917.3	
NPV of Explicit Period	5,313.3										
Present Value of TV	14,917.3										
Enterprise Value (EV)	20,230.6										

\* Represents period from October 01, 2023 to March 31, 2024

## 11.2 Annexure II - Details of all Permissions

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

## 11.3 Annexure III - Litigations Details

- During the year, Tower co. received demand orders for financial year 2019-20 and 2020-21 of Rs. 1,057 million and Rs. 1,073 million respectively from Bihar GST Authority disallowing the input tax credits utilised by the Tower co. The Tower co. has disputed the aforesaid disallowance. Against the demand for the year 2019-20, the Tower co. has filed a writ petition before the High court. Against the demand for the year FY 2020-21, the Tower co. has filed an appeal before the Appellate authority. The appeal has been admitted and is yet to be heard by the Appellate authority.
- During the half year ended September 30, 2023, Tower co. has received the following orders:
  - a. Against the demand for the year 2019-20, Tower co. has received High court (Bihar) order rejecting the writ petition on payment of pre-deposit for appeal by utilising balance in the electronic credit ledger.
  - b. Received demand orders of Rs. 1,694 million and Rs. 2,253 million for the financial year 2019-20 and 2020-21 respectively from Uttar Pradesh GST Authority disallowing the input tax credit utilised by Tower co. within the state. Tower co. has filed appeals before the Appellate Authority.
  - c. Received demand order from Tamil Nadu GST authorities for FY 2019-20, 2020-21 and 2021-22 aggregating to Rs. 288 million. Tower co. has filed appeals before the Appellate Authority.

- Tower co. has reviewed the aforesaid orders and does not foresee any provision required in this respect at this stage. Tower co. is indemnified by a party for these demands except for Rs. 247 million
- As confirmed by the management, other than the above, there are no material litigations involving the Tower Co. or regulatory actions pending against the Tower Company requiring a disclosure under this section.

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

##### Statement of Assets

The InvIT holds entire outstanding equity share capital in Tower Co. Tower Co. is in the business of setting up and maintaining passive tower infrastructure and related assets and providing passive tower infrastructure services in India to telecommunication service providers. The Tower Infrastructure Business was transferred by way of a slump sale on a going concern basis by RJIL to Tower Co. under a scheme of arrangement that was approved by the National Company Law Tribunal, Ahmedabad with effect from close of business hours March 31, 2019. As per the audited financial statements of Tower Co. as of September 30, 2023, Tower Co. has a gross block of fixed assets consisting of assets related to Tower Infrastructure Business aggregating INR 5,21,536 million.

As per the audited financial statements of Crest Digitel Private Limited, as of September 30, 2023, it has a gross block of fixed assets of INR 3,305 million.

Particulars	<i>INR Mn</i>				
	Net Tangible Assets	Intangible Assets	Capital Work in Process	Non Current Assets	Current Assets
SDIL	4,49,679.0	42.0	-	17,295.0	27,065.0
CDPL	3,302.0	14.8	656.5	225.7	1,113.0

##### Summary of Enterprise Value Changes over Valuation Dates

Particulars	<i>INR Mn</i>					
	September 30, 2023	March 31, 2023	March 31, 2022	September 30, 2021	March 31, 2021	March 31, 2020
SDIL	6,20,307.1	6,22,931.7	5,09,039.6	4,82,686.6	4,40,055.1	4,36,555.0
CDPL	20,230.6	15,415.3	13,227.7	NA	NA	NA

##### Details of Major Repairs - Past and Proposed

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

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

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

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

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

(This Space has been intentionally left blank)

### Visit Photos - Summit Digital Infrastructure Private Limited



Nagondanahalli, Bengaluru



Nagondanahalli, Bengaluru



KVSK School, Chansandra, Bengaluru



KVSK School, Chansandra, Bengaluru



Gasgowdan Chansandra, Bengaluru



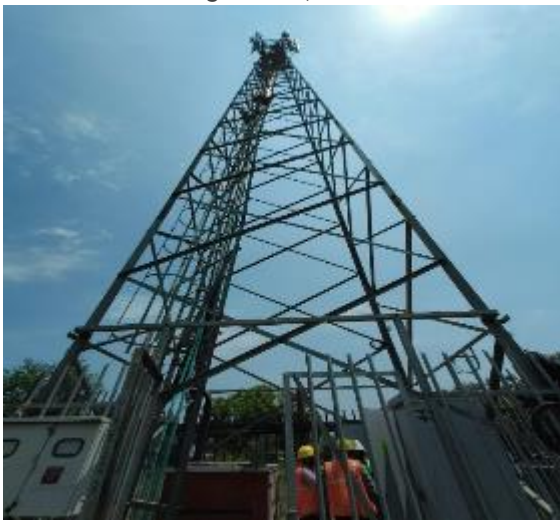
Gasgowdan Chansandra, Bengaluru



Sinhagad Road, Pune



Sinhagad Road, Pune



Baner - Sus Road, Pune



Baner - Sus Road, Pune



GOI Staff Colony, Juhu, Mumbai



GOI Staff Colony, Juhu, Mumbai





Lilavati Hospital, Mumbai



Lilavati Hospital, Mumbai



Bandra West, Mumbai



Bandra West, Mumbai

Crest Digital Private Limited



Sheshadripuram Kumara Park, Bengaluru



Sheshadripuram Kumara Park, Bengaluru



Yallapa Garden, Malleshwaram, Bengaluru



Yallapa Garden, Malleshwaram, Bengaluru



AMC Road, Bengaluru



AMC Road, Bengaluru



Hotel Orchid Pune



Blue Ridge, Hinjewadi, Pune

