INFINITE INDIA

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

ISCIT/2024-25/ 10 **May 13, 2024**

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001
Security Code: **544005**
Symbol: **ISCITRUST**

Dear Sirs,

Sub: **Submission of Valuation Report of Intelligent Supply Chain Infrastructure Trust (the "Trust") as at March 31, 2024**

Pursuant to the applicable provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended, we are submitting a copy of the valuation report as at March 31, 2024, as received by us from BDO Valuation Advisory LLP (having IBBI Registration Number IBBI/RV-E/02/2019/103), the valuer appointed by the Trust. Please note that the said report has been adopted by the Board of Directors of Infinite India Investment Management Limited, the investment manager of the Trust at its meeting held on May 13, 2024.

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

Thank you.

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

JANISHA SHAH

Digitally signed by JANISHA SHAH
Date: 2024.05.14 00:11:23 +05'30'

Janisha Shah
Compliance Officer

Encl.: as above

Valuation Report

Intelligent Supply Chain Infrastructure Trust ("Trust")
(acting through the Trustee - Axis Trusteeship Services Limited)

and

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

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

May 2024

Refer No: LM/May13-1/2024
Date: May 13, 2024

To,
Intelligent Supply Chain Infrastructure Trust (the "Trust")
acting through its Trustee - Axis Trustee Services Limited
4th Floor, Court House, Lokmanya Tilak Marg,
Dhobi Talao, Mumbai 400 002

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

Dear Sir(s)/Madam(s),

Sub: Enterprise valuation of Intelligent Supply Chain Infrastructure Management Private Limited ("SPV" or "InvIT Asset" or "ISCIMPL") 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 Infinite India Investment Management Limited (**"Investment Manager"**) acting in the capacity of investment manager of Intelligent Supply Chain Infrastructure Trust (**"Trust"**) with respect to determination of enterprise value of Intelligent Supply Chain Infrastructure Management Private Limited (**"the SPV"** or **"InvIT Asset" or "ISCIMPL"**) 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"**).

The Trust was established pursuant to the Indenture of Trust (as defined below) dated August 17, 2021, entered into between, Reliance Retail Ventures Limited (**"RRVL" / "Sponsor"**) and Axis Trustee Services Limited **("Trustee")**. Pursuant to the Investment Management Agreement (as defined below) dated August 18, 2021, entered into between the Trustee and Infinite India Investment Management Limited, the latter was appointed as the investment manager **("Investment Manager")** of the Trust.

The Trust and/or SPV along with other parties have entered into various agreements collectively referred as the Transaction Documents **("Transaction Documents")** (defined in Section 1 of this Report) which inter alia govern the rights and interest of Trust and Sponsor in SPV and the commercial agreements in relation to the Warehouse Business (defined in Section 1 of this Report) of the SPV.

The Trust holds 100.0% of the equity share capital of ISCIMPL. ISCIMPL is the only SPV in terms of SEBI InvIT Regulations. ISCIMPL is in the business of providing warehousing services. ISCIMPL currently operates 65 warehouses.

We thereby, enclose our independent valuation report herewith dated May 13, 2024 (**“the Report”** or **“this Report”**) providing our opinion on the fair enterprise value of ISCIMPL 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, Sponsor, the SPV and the Investment Manager **(“the Management”)**. The SPV has been valued after considering the Transaction Documents shared with us and proposed structure of the Trust provided to us.

We have considered the cut-off date for the current valuation exercise to be March 31, 2024 (**“Valuation Date”**) and market factors, have been considered up to Valuation Date

We hereby consent to the inclusion of our name, references to us as the “**Valuer**” or the “**Valuer of the Trust**” in Draft Placement Memorandum, Placement Memorandum, Final Placement Memorandum and any other documents prepared in connection with the proposed initial offer **(“Issue”)** of the Units (as defined below) by the Trust **("the Placement Documents")**. We further consent to the inclusion of the Valuation Report in whole or relevant part thereof, including (i) the summary of valuation; (ii) valuation methodology; and (iii) frequency of valuation and indication of market value issued by us, in the Placement Documents. We understand that the Placement Documents would be filed with the Securities and Exchange Board of India **(“SEBI”)** and the relevant stock exchange(s) where the Units are proposed to be listed **(“Stock Exchange(s)”)**. We also consent to the inclusion of the Valuation Report, along with subsequent addendums with prior intimation to us, if any, as part of the material documents available for inspection in connection with the Issue.

This Valuation Report has been prepared solely for the purpose of inclusion as a part of the Placement Documents and for submission to SEBI and/or Stock Exchanges. This Report should not be used or relied upon for any other purpose.

We certify that we have been validly appointed as the Valuer by the Investment Manager, in consultation with the Trustee to the Trust, in accordance with the SEBI InvIT Regulations as the Valuer of the Trust.

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

- We are a registered valuer under the Companies Act, 2013 bearing registration number IBBI/RV-E/02/2019/103;
- 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 ISCIMPL is carried out as per internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organisation.

We have no present or planned future interest in the SPV, the Sponsor 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 of the Investment Manager, the Sponsor and the SPV **("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 only.

Regards,

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

BDO VALUATION ADVISORY LLP

Lata Gujar More
Registered Valuer
Reg. No. - IBBI/RV/06/2018/10488
VRN No: IOVRVF/BDO/2024-2025/3423
Encl: As above

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Table of Contents

1 Definitions, Abbreviations & Glossary of Terms

Asset Purchase and Sale Agreement	Means the Asset Purchase and Sale Agreement entered into between ISCIMPL and RRVL dated August 17, 2023, for the sale and transfer of the Logistics Infrastructure by RRVL to ISCIMPL in accordance with the terms set out in the Agreement.
BSE	Means BSE Limited
BV	Means breakup value
CAGR	Means compounded annual growth rate
Closing	Means allotment of the Units in the Issue
Closing Date	October 25, 2023
Contractor	Means RPPMSL under the PEA
Cr	Means Crore
CTM	Means comparable transaction multiple
DCF	Means discounted cash flow
DE	Means Debt-Equity
Equity Shares	Means the equity shares of ISCIMPL of face value Re 10/- each
FCFE	Means Free Cash Flow to Equity
FCFF	Means Free Cash Flow to Firm
FY	Means financial year
ICAI	Means the Institute of Chartered Accountants of India
Investment Manager	Means Infinite India Investment Management Limited
Investment Management Agreement	Means the investment management agreement dated August 18, 2021, entered into between the Trust (acting through its Trustee) and the Investment Manager
InvIT or Trust	Means Intelligent Supply Chain Infrastructure Trust
InvIT Loan	Means loan availed by the Trust for an aggregate principal amount of INR 2,122 Crore (Indian Rupees Two Thousand One Hundred Twenty-two Crore only) pursuant to InvIT Loan Agreement
InvIT Loan Agreement	Means the loan agreement dated August 17, 2023, entered into between the Trust (acting through the Trustee), the Investment Manager, Sponsor and Lenders
ISCIMPL/SPV/InvIT Assets	Means Intelligent Supply Chain Infrastructure Management Private Limited
Lease Agreements and Lease Assignment Agreements	Means Lease agreements entered into by the SPV with the relevant landlords in relation to the 31

	warehousing facilities forming part of the Warehouse Assets. It also included Lease assignment agreements entered into by the SPV with the relevant original lessee, licensor or sub-lessee, as the case may be, in relation to the 33 warehousing facilities forming part of the Warehouse Assets
Logistics Infrastructure	Means various assets that are deployed at the Warehouses such as plant & equipment, fitments, apparatus, fixtures & fittings, other movable assets, and all utilities, and added infrastructure provisions as sought by local bodies/authorities, including the infrastructure required for construction and commissioning of the Warehouse that shall be acquired by the SPV under the Asset Purchase and Sale Agreement
Mn	Means Million
NAV	Means the Net Asset Value
O&M Agreement	Means the operation and maintenance agreement for operation and maintenance of the Warehouse Assets, and for providing services in relation thereto dated August 17, 2023, entered into between the Project Manager, the SPV and RPPMSL
Operator	Means RPPMSL under the O&M Agreement
Project Agreements	Means collectively, the WUA, the O&M Agreement and the Project Execution Agreement
Project Execution Agreement	Means the project execution agreement for establishment of the Warehouse Assets dated August 17, 2023, entered into between the SPV, the Project Manager and RPPMSL
Project Implementation and Management Agreement	Means the project implementation and management agreement dated August 17, 2023, entered into amongst the Trustee, the Project Manager, the Investment Manager and the SPV
Project Manager or JIMSL	Means Jio Infrastructure Management Services Limited
RIL	Means Reliance Industries Limited
RPPMSL	Means Reliance Projects & Property Management Services Limited
SEBI InvIT Regulations / InvIT Regulations	Means the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, along with all other relevant circulars issued by SEBI, from time to time
SHOA	Means the shareholders and option agreement dated August 17, 2023 entered into between the Trust (acting through the Trustee), the Investment Manager, the Sponsor and ISCIMPL, as amended from time to time
Sponsor / RRVL	Means Reliance Retail Ventures Limited
Transaction Documents	Means and includes: a) SHOA;

	b) InvIT Loan Agreement; c) Trust Loan 1 Agreement; d) Trust Loan 2 Agreement; e) Project Agreements; f) Project Implementation and Management Agreement; and g) Lease Agreements and Lease Assignment Agreements.
Trust Deed / Indenture of Trust	Means the indenture of trust in relation to the Trust dated August 17, 2021 entered into between the Sponsor and the Trustee
Trust Loan 1	Means the term loan granted by the Trust to the SPV for an aggregate principal amount of INR 2,928 Crore (Indian Rupees Two Thousand Nine Hundred Twenty-Eight Crore only) pursuant to the Trust Loan 1 Agreement
Trust Loan 1 Agreement	Means the facility agreement dated August 17, 2023, entered into between the Trust (acting through the Trustee), the Investment Manager and the SPV in relation to Trust Loan 1
Trust Loan 2	Means the term loan granted by the Trust to the SPV for an aggregate principal amount of INR 2,122 Crore (Indian Rupees Two Thousand One Hundred Twenty-two Crore only) pursuant to the Trust Loan 2 Agreement
Trust Loan 2 Agreement	Means the facility agreement dated August 17, 2023, entered into between the Trust (acting through the Trustee), the Investment Manager and the SPV in relation to Trust Loan 2
Trust Loans	Means the Trust Loan 1 and Trust Loan 2 together
Trustee	Means Axis Trustee Services Limited
Valuation Date	Means March 31, 2024
WACC	Means Weighted Average Cost of Capital
Warehouses	Means the warehousing facility owned, leased or assigned in favour of the SPV each of which meet the eligibility criteria of minimum 1,00,000 square feet and an investment of more than INR 25 crores specified under the Harmonized List.
Warehouse Assets	Means the Warehouses and the related Logistics Infrastructure meeting the eligibility criteria under the Harmonized List that shall be used for carrying out the Warehousing Infrastructure Business by the SPV.
Warehousing Infrastructure Business	Means the business of setting up, operating, maintaining and managing warehouses and related assets and providing warehousing services to customers, in which the SPV currently operates
WUA	Means the warehouse use agreement dated August 17, 2023, entered into between ISCIMPL and RRVL, as may be amended from time to time

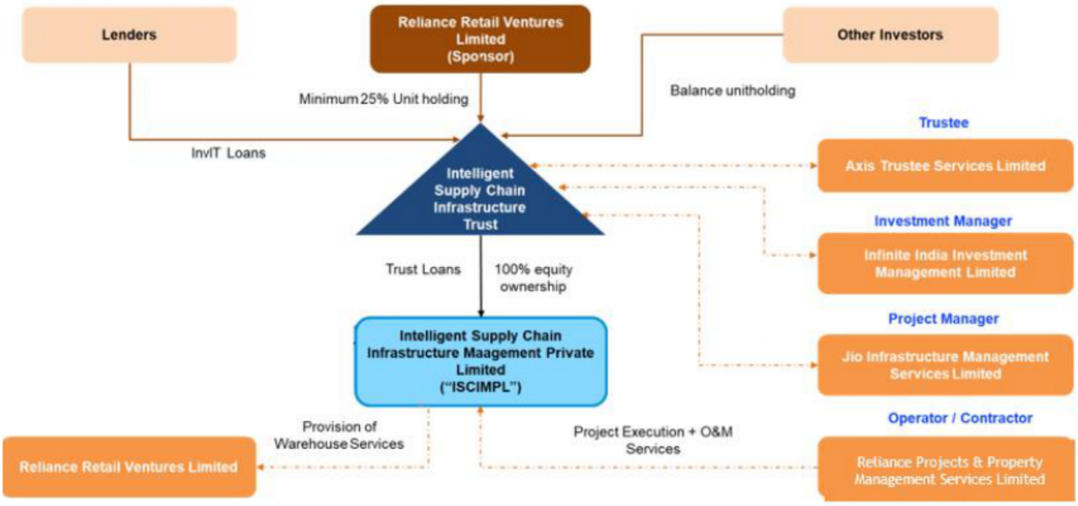
2 Executive Summary

2.1 Brief Background and Purpose of Valuation

2.1.1 Intelligent Supply Chain Infrastructure Trust ("**Trust**") was settled vide Trust Deed dated August 17, 2021, with Reliance Retail Ventures Limited ("**RRVL**") as the settler as well as the sponsor and Axis Trustee Services Limited as the Trustee. The Trust was subsequently registered as an infrastructure investment trust under the SEBI InvIT Regulations vide registration dated February 27, 2023.

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



2.1.4 The Trust has raised INR 3,048 crore through the initial offer of its units and additionally raised INR 2,122 crore as InvIT Loan in terms of the InvIT Loan Agreement. The Trust from the ISCIMPL from the Sponsor; and (b) extended the Trust Loan 1 and Trust Loan 2 to ISCIMPL.

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

2.1.6 Reliance Retail Ventures Limited ("**RRVL**" or "**Sponsor**"), a subsidiary of Reliance Industries Limited ("**RIL**"), is the sponsor of the Trust.

2.1.7 Jio Infrastructure Management Services Limited ("**JIMSL**" or "**Project Manager**") is the Project Manager of the Trust and has entered into the PIMA with the SPV, the Investment Manager and the Trustee.

2.1.8 Reliance Projects & Property Management Services Limited, a company wholly owned by RIL has been appointed as the "Contractor" in terms of the Project Execution Agreement and as the "Operator" in terms of the O&M Agreement.

2.1.9 The Investment Manager has appointed BDO VAL to undertake the valuation of the InvIT Asset in accordance with SEBI InvIT Regulations.

2.2 Valuation Methodology Adopted

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

2.3 Valuation Conclusion

2.3.1 The enterprise value of SPV is arrived at INR 5,117.6 Crore.

2.3.2 Further, as per IND AS Accounting principles, leased assets and liabilities are recorded under the head non-current assets and non-current/current liabilities respectively in the balance sheet. The enterprise value of INR 5,117.6 crore has been determined based on lease rentals paid and not considering the IND AS principles. Accordingly, for the purpose of determining enterprise value under IND AS, leased asset adjustment of INR 686.1 crore as of March 31, 2024, has been separately added and accordingly, the enterprise value adjusted for the same is INR 5,803.8 crore. (Refer annexure - I)

2.3.3 The enterprise value of INR 5,117.6 crore as mentioned above has been adjusted for Trust Loan 1 of INR 2,928.0 crore and Trust Loan 2 of INR 2,122.0 crore collectively termed as **("Debt and debt-like items")**, cash and cash equivalents of INR 0.02 crore, advance income-tax assets of INR 18.9 crore, investments of INR 107.1 crore, capital advances of INR 9.9 crore, provision for payments towards stamp duty of INR 30.0 crore and capital creditors of INR 58.5 crore to arrive at the equity value of INR 115.0 crore.

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3 Introduction

3.1 Terms of Engagement

3.1.1 We, BDO Valuation Advisory LLP, Registered Valuer vide Registration Number IBBI/RV-E/02/2019/103, have been appointed by Infinite India Investment Management Limited in its capacity as Investment Manager to the Trust, to determine the enterprise value of InvIT Asset on a going concern basis as per SEBI InvIT Regulations.

3.1.2 We are a Registered Valuer in terms of Section 247 of the Companies Act, 2013, holding IBBI Registration Number: IBBI/RV-E/02/2019/103 since July 30, 2019. BDO Valuation Advisory LLP was incorporated on January 7, 2019, however the signing partners of BDO Valuation Advisory LLP have more than five years of experience in the valuation of infrastructure assets and accordingly, BDO Valuation Advisory LLP satisfies all requirements of section 247 of the Companies Act, 2013 as required under the InvIT Regulations.

3.1.3 This Report has been prepared by us pursuant to terms of engagement letter between BDO VAL and the Investment Manager including the terms and conditions set out therein.

3.2 Background and Purpose of Valuation

3.2.1 The Trust has raised INR 3,048 crore through the initial offer of its units and additionally raised INR 2,122 crore as InvIT Loan in terms of the InvIT Loan Agreement. The Trust from the proceeds of the Issue and the InvIT Loan has (a) acquired 100% of the equity share capital of ISCIMPL from the Sponsor; and (b) extended the Trust Loan 1 and Trust Loan 2 to ISCIMPL.

3.2.2 The following agreements have been entered into:

- SHOA;
- InvIT Loan Agreement;
- Trust Loan 1 Agreement and Trust Loan 2 Agreement;
- Project Agreements; and
- Lease Agreement and Lease Assignment Agreement

3.2.3 The Investment Manager has appointed the Valuer to undertake the valuation of InvIT Asset as per SEBI InvIT Regulations.

3.2.4 This Report should not be used or relied upon for any other purpose. The suitability or applicability of this Report for any purpose other than that mentioned above has not been verified by us.

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3.3 Sources of Information

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

a) Background of the business of ICSIMPL;
b) Projections of ISCIMPL from Valuation Date with the underlying assumptions as provided by the Management;
c) Lease Agreements and Lease Assignment Agreements for the identified warehouse facilities;
d) Project Agreements;
e) SHOA;
f) InvIT Loan Agreement;
g) Trust Loan 1 Agreement and Trust Loan 2 Agreement; and
h) CBRE industry report, referred to at the time of initial offer and valuation.
i) Information available in public domain and provided by leading database sources; and
j) 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.

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4 Exclusions and Limitations

4.1 Restricted Audience

4.1.1 This Report and the information contained herein are absolutely confidential and are intended for the use of the Investment Manager, Sponsor and the Trust in connection with the Purpose set out in the Report.

4.1.2 It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. It can however be relied upon and disclosed in connection with any statutory and regulatory filing as discussed above with SEBI, Stock Exchange(s) or any other regulatory/statutory authority for the Purpose mentioned herein as per the SEBI InvIT Regulations without any consent. For all other purposes, the Report may be disclosed with our prior consent.

4.1.3 It is clarified that this Report is not a fairness opinion under any of the stock exchange/listing regulations. In case of any third-party having access to this Report, please note that this Report is not a substitute for the third party's own due diligence/appraisal/enquiries/independent advice that the third party should undertake for its purpose.

4.2 Limitation Clause

4.2.1 The Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2.2 The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Further, conducting a financial or technical feasibility study was also not covered.

4.2.3 During the course of work, we have relied upon assumptions and projections as provided by the Management. These assumptions require exercise of judgment and are subject to uncertainties.

4.2.4 Further, this Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to, the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of InvIT Asset. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. The information presented in this valuation Report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation Report materially.

4.2.5 Valuation is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment as the valuation analysis is governed by the concept of materiality. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on the businesses.

4.2.6 Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

4.2.7 The realization of these projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. 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 ISCIMPL or any of other entity mentioned in this Report and have considered them at the value as disclosed by the Trust in their regulatory filings or in submissions, oral or written, made to us. Nothing has come to our knowledge to indicate that the material provided to us was misstated or incorrect or would not afford reasonable grounds upon which to base our Report.

4.2.10 The Valuer have not made any independent verification with respect to the ISCIMPL's claim to title of assets or property for the purpose of this valuation. With respect to claim to title of assets or property the Valuer have solely relied on representations, whether verbal or otherwise, made by the Management to us for the purpose of this Report.

4.2.11 Except to the extent required under the SEBI InvIT Regulations, we are not responsible for matters of legal nature including issues of legal title and compliance with local laws in respect of ISCIMPL and also no consideration has been given to litigation and other contingent liabilities that are not recorded in the financial of ISCIMPL.

4.2.12 The fee for the Report is not contingent upon the outcome of the Report.

4.2.13 It may be noted that a draft of this Report (without valuation numbers) was provided to the Management to review the factual information in the Report as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final Report.

4.2.14 This Report does not look into the business/commercial reasons behind the Purpose nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits of the Trust are sole responsibility of the investors of the Trust and we do not express any opinion on the suitability or otherwise of entering into any financial or other transactions with the Investment Manager, the Trust or ISCIMPL.

4.2.15 In rendering this Report, we have not provided any legal, regulatory, tax, accounting, actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

4.2.16 For the present valuation exercise, we have also relied upon information available in the public domain, however, the accuracy and timeliness of the same has not been independently verified by me.

4.2.17 In the particular circumstances of this case, we shall be liable only to the Investment Manager, Sponsor and the Trust. We shall have no liability (in contract or under statute or otherwise) to any other party for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, as laid out in the engagement letter, for such valuation work.

4.2.18 Whilst, all reasonable care has been taken to ensure that facts stated in the Report are accurate and opinions given are fair and reasonable, neither us, nor any of professional associates who worked as team member shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

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5 Valuation Approach

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

i. Submission of detailed information checklist for valuation of InvIT Asset.

ii. Review of information provided as per the checklist for initial understanding of the business followed by a preliminary discussion with the Management to gain insight on business operations and brief background of the Warehouse Infrastructure Business.

iii. We have conducted site visits of the Warehouse Assets. Analysis of additional information received post preliminary discussion and site visit. Valuer and its professional associates had various meetings with the Management to discuss business model, assumptions considered and future business outlook.

iv. Obtained various disclosures from the Management pertaining to approvals and litigations of the SPV as required under the SEBI InvIT Regulations.

v. Carried out the valuation based on internationally accepted valuation methodologies and in cognizance of international valuation standards and Valuation Standards 2018 issued by ICAI Registered Valuers Organization.

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6 Overview of Warehousing Infrastructure Business

6.1 Warehousing Infrastructure Business

6.1.1 The main business of the SPV is setting up, operating, maintaining and managing warehouses and related assets and providing warehousing services to warehouse users.

6.1.2 The SPV has entered into Lease Agreements and Lease Assignment Agreements for 65 unique warehouse sites across 34 cities aggregating 12.89 million square feet. Leases are effective from date of execution or closure.

6.1.3 The warehouses are technologically equipped for stock/material handling. Some of the key technologies used in the distribution centres are Telescopic Boom Conveyor, Automated Dimensioning and Weighing System, Handheld Terminals etc.

a) The Inbound - Put away department uses technologies such as system assisted put away and material handling equipment.

b) The Outbound - (i) Picking department uses technologies such as pick by light, conveyorized movement etc. (ii) Packing department uses technologies such as put to light, auto print and apply system etc.

c) Dispatch department uses technologies such as conveyor based diverts, HHT scan for secondary route sortation and truck loading.

6.2 Site Visit Details

6.2.1 We have carried out site visit and physical verification on May 9, 2024 of the select Warehouse Assets on sample basis forming part of the InvIT Assets including locations such as Bhiwandi, Khopoli, Bengaluru, Delhi NCR, Navi Mumbai, Jhajhar, etc.

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

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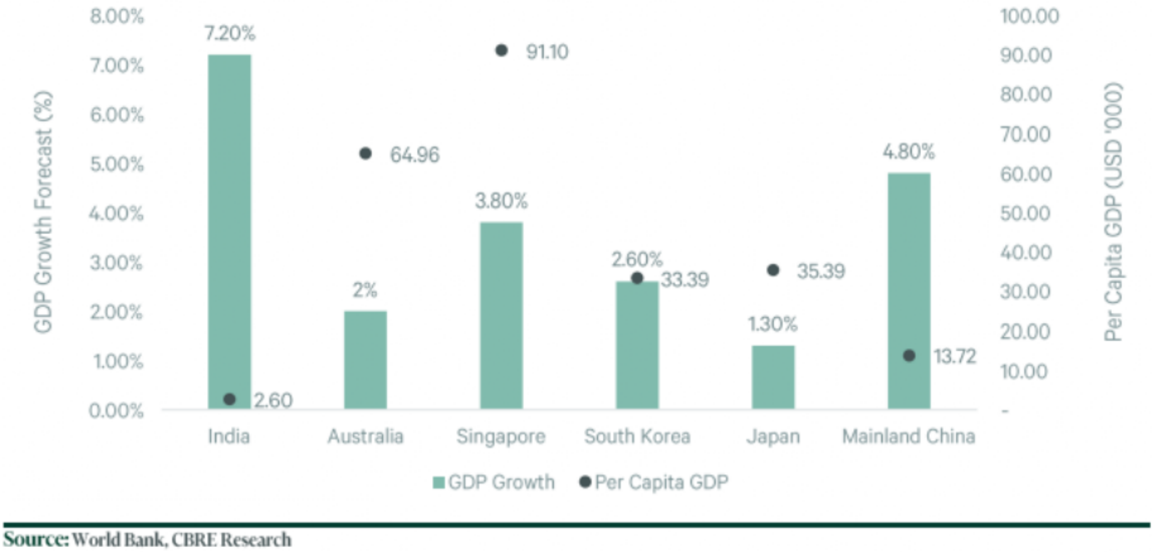
7 Industry Overview

7.1.1 India has risen as one of the most rapidly developing major economies globally, poised to become one of the leading three economic forces. The country's impressive economic transformation can be attributed to various factors, including a burgeoning young population, a growing middle class, a well-educated English-speaking workforce, and extensive government initiatives. These elements have significantly shaped India's economic landscape.

7.1.2 India has a strong consumption market which protects the economy from global market fluctuations and thus sustains growth. India's share of consumption as a percentage of GDP was over 61% (as of 2022) and has been growing at a 6.9% CAGR between 2013-2022.

7.1.3 Following the impact of the COVID-19 pandemic, India's real GDP growth rate showed signs of recovery, with an estimated rate of approximately 7.2% in 2022-23. However, certain global factors, such as rising international commodity prices, fluctuations in the global financial market, and bottlenecks in global supply chains, have contributed to some loss of momentum in the economic outlook.

7.1.4 The following graph compares India's GDP growth forecasts along with GDP per Capita growth forecasts with other Asia-Pacific Economies



(Source: World Bank, CBRE Research)

7.1.5 Several economic indicators suggest a steady and positive economic outlook for the foreseeable future. Both the Purchasing Managers' Index for manufacturing and services have positively remained in the expansion zone. Notably, the manufacturing sector achieved a high during this period, which resulted in Indian exports experiencing an annual rise of around 6% to reach USD 447 billion in FY 2022-23.

7.1.6 Furthermore, the lending market has seen significant growth in the commercial real estate segment, with bank credit deployment expanding by 8.5% year-on-year in 2023. These indicators collectively indicate promising prospects for stable economic growth in India.

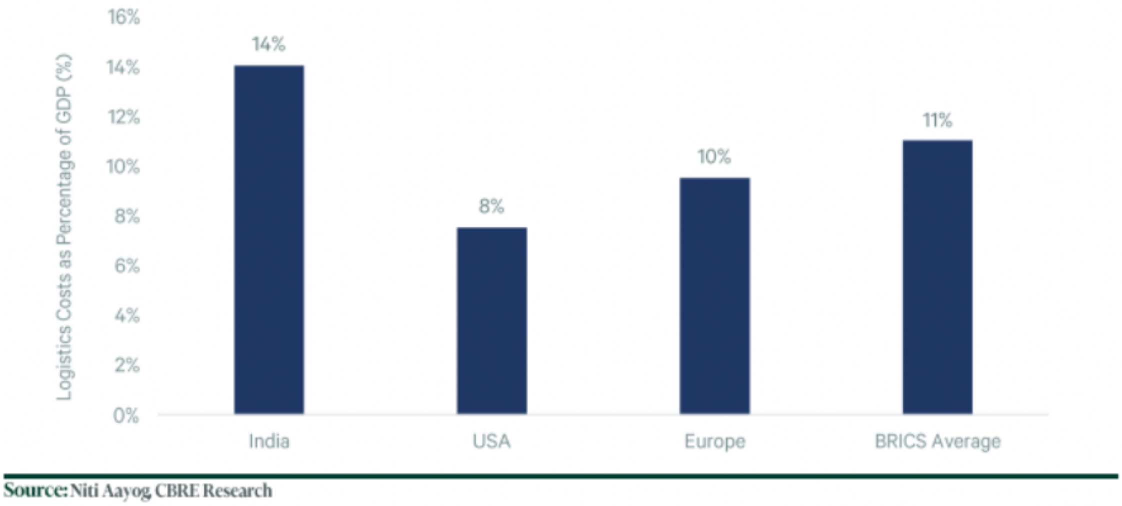
7.2 Indian Warehouse Infrastructure Industry

7.2.1 In 2014, the "Make in India" initiative was introduced, and more recently, the government emphasized the idea of an "Aatmanirbhar Bharat" (self-reliant India). To support these initiatives and facilitate the smooth movement of goods, services, and people on a global scale, the Indian government recognizes the importance of a robust logistics sector.

7.2.2 As part of its vision, the Government of India aims to develop an integrated, cost-effective, reliable, and sustainable logistics ecosystem, leveraging digital technologies to promote accelerated and inclusive economic growth. An essential target of this vision is to reduce logistics costs to less than 10% of the country's GDP.

7.2.3 Logistics costs in India are considerably high (in the range of 14-18% of GDP) in comparison to single-digit levels in developed countries. Transportation costs take up the majority share at approx. 8.5%, inventory and administrative costs at 5% and 0.5% respectively.

7.2.4 The following graph compares India's logistics costs with other regions:



(Source: Niti Aayog, CBRE Research)

7.2.5 The demand for logistics facilities in India is being fueled by ongoing structural changes. The Indian Industrial & Logistics (I&L) sector is experiencing rapid evolution, primarily due to sustained policy interventions, strong growth in the manufacturing sector, and the increasing prominence of E-Commerce and third-party logistics (3PL) services. There is a noticeable increase in demands from traditional sectors, alongside a surge in demand for E-Commerce services and platforms. These factors collectively contribute to the growing need for efficient logistics infrastructure in India.

7.2.6 Multiple demand drivers which are driving the growth in the Warehouse infrastructure sector are as follows:

7.2.6.1 GST & Emergence of Omnichannel Retail:

The implementation of the Goods and Services Tax (GST) in India brought about a synchronized tax structure with common rules and procedures across the country. This significant tax reform had a profound impact on Indian companies. Instead of solely focusing on reaping financial benefits from tax savings, companies began strategizing and planning their supply chains to achieve efficiency and effectiveness. The shift in focus towards streamlining supply chains aimed to capitalize on the newfound harmonization and standardization brought about by the GST, leading to improved business operations and logistics.

The implementation of GST acted as a catalyst for aggregating storage locations and transportation systems to bring in advantages of economies of scale, less deviation in forecasting, low inventory holding costs, better clarity and control over the supply chain. As a result, small to mid-scale, Grade B and C warehouses close to urban peripheral zones of leading cities were replaced by modern warehouses with larger floor plates.

7.2.6.2 Growth of E-Commerce:

The e-commerce industry's rapid expansion and shifts in consumer behavior have resulted in significant benefits for the logistics sector. The remarkable growth of e-commerce has played a pivotal role in driving the demand for Grade A warehouses. In fact, this particular end-user industry has accounted for approximately 12% of the overall warehouse facilities absorption across India's top eight cities. As the e-commerce sector continues to flourish, the logistics industry is witnessing a surge in demand for modern warehouse infrastructure facilities to efficiently handle the increased volume of goods and cater to the evolving consumer needs.

With a population of approximately 1.4 billion and rising disposable incomes, India has gradually become one of the most lucrative smartphone markets. Online retail penetration is expected to reach 16% of total retail sales by 2025 over 8% in 2020. The key enablers supporting India's e-commerce growth are as follows:

- Increasing urban population
- Growth of internet users
- Growth of mobile users
- Increase in per-capita income and willingness for consumption
- Increased digital socialization
- Rise of digital payments

7.2.6.3 3PL & Operational Efficiencies:

Due to the various activities involved in a supply chain, logistics activities often throw up challenges that businesses are typically unequipped to handle. Additionally, supply chains are becoming increasingly complicated with businesses trying to keep delivery costs at a minimum, while ensuring timely deliveries to end customers. This is where 3PL service providers come in, to facilitate supply chain management for businesses by consolidating various logistics activities into a single management contract.

The expertise, standard operating procedures (SOPs) and technology driven solutions of 3PL service providers can assist in integrating various business processes to make supply chains agile and responsive to growing customer demands and to leverage the same in an ultra-competitive global business environment.

India's logistics market is currently not on par with the logistics markets of mature economies like the US, the UK, Australia, Japan, and China. However, the increasing adoption of third-party logistics (3PL) service providers in India is expected to significantly contribute to the development and growth of the logistics sector in the country. The demand for 3PL services in India is being driven by various industries, including fast-moving consumer goods (FMCG), manufacturing, retail, and e-commerce.

It is projected that India's 3PL space will experience substantial growth, with a CAGR estimated to be around 8-9% during the period from 2023 to 2027. This growth signifies the growing reliance on 3PL providers to optimize supply chain operations, enhance efficiency, and meet the increasing demands of diverse industries. As India continues to embrace and integrate 3PL services into its logistics landscape, it is anticipated that the logistics sector will witness significant advancements, positioning the country closer to the logistics capabilities of more developed economies.

7.2.6.4 Automation of Internal Warehousing Operations:

Automation and technology are the driving forces behind the transformation of the warehousing space. The initial wave of automation in this sector involved the implementation of warehouse management systems, partially automated material handling equipment, and an emphasis on increased clear height for better storage capacity. However, the rise of e-commerce companies has had a profound impact on the warehousing and supply chain industries.

As the e-commerce sector continues to grow, warehouses are being reimagined and redesigned to handle smaller orders with more frequent shipments. This shift is leading to the emergence of disruptive technologies such as drones, optical sensors, auto-sorting machines, and robotic devices in warehouse operations. These innovations enable faster and more efficient order processing, ultimately enhancing overall logistics efficiency.

In India, the e-commerce and automobile sectors have been early adopters of warehouse automation, spearheading its growth and widespread adoption in the market. As the benefits of warehouse automation become increasingly evident, other sectors are expected to follow suit and incorporate advanced technologies to optimize their supply chain operations. The integration of automation and technology is revolutionizing the warehousing landscape, paving the way for more streamlined and agile logistics solutions.

Automation of warehouses has created demand for taller structures since users often install mezzanine levels and tall racking systems that require more space above the floor. The floor quality is equally important, with floor flatness and clear height area being as important enablers of warehouse automation as robotics, guided vehicles, and conveyors, etc. Grade A warehousing facilities are designed for additional height and better floor quality. Thus, with increasing adaptation of automation, the reed for Grade A warehouses is expected to increase.

7.2.6.5 Investments from Institutional Capital Funds:

Traditionally, warehousing infrastructure in the country was lacking due to limited availability of funds and financing options. Propelled by its 'infrastructure status' and institutional investments between 2018 and 2022, India's industrial and logistics sector has become a haven for developers after the COVID-19 pandemic. This growth momentum is likely to continue into the future, as major global investors and developers continue to expand their footprint in proximity to high consumption areas of India's Tier I and II cities. Increased Investments in the logistics space are further driving demand for developing warehouse facilities, as easier financing options become available through capital funds and FDI.

Following strong operator and investor interest and driven by demand from e-commerce and 3PL service providers, the logistics sector in India reached its historic peak in 2021. Investments were led by greenfield developments and brownfield acquisitions, with deals worth more than USD 1.3 billion being recorded during the year. Despite the onset of multiple headwinds and other adverse macro-economic factors, capital values in the sector posted an impressive growth. With an increasing flow of capital, investment opportunities are increasing too, driving demand for Grade A warehousing in the country.

7.2.6.6 Growth of Indian Manufacturing:

The Indian economy has traditionally been agrarian in nature, with the manufacturing and services sectors lacking in comparison to developed economies. There has been a shift from centralized to decentralized manufacturing. Government initiatives in the sector and a breakdown of global trade relations have provided a much needed thrust to the Indian manufacturing sector, with some of the critical factors being:

- US-China Trade war
- Chinese supply chain disruptions
- Aatmanirbhar Bharat Abhiyan
- Impact of the Production Linked Incentive (PLI) scheme
- FDI Inflows into India

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8 Valuation Approach for InvIT Asset

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

i. **"Cost"** Approach

ii. **"Income"** Approach

iii. **"Market"** Approach

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

8.1 Cost Approach

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

i. Net Asset Value Method

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

ii. Break Up Value Method

- Under the Break-Up Value **("BV")** method, the assets and liabilities are considered at their realizable (market) values including intangible assets and contingent liabilities, if any, which are not stated in the balance sheet. From the realizable value of the assets, the payable value of all liabilities (existing plus potential) are deducted to arrive at the BV of the company.

- This valuation approach is mostly used in case of companies where there are huge operating investments or surplus marketable investments.

8.2 Income Approach

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

i. <u>Discounted Cash Flow Method</u>

- 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. <u>Market Price Method</u>

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

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ii. <u>Comparable Companies Multiple Method</u>

- 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. <u>Comparable Transactions Multiple Method</u>

- 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	The SPV 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	ISCIMPL is not listed on any stock exchange, therefore we have not considered market price method of valuation.
		- Comparable Companies	No	There are no listed companies directly comparable to the business of the InvIT Asset considering the distinct nature of asset and capital structure. Hence, we have not considered CCM method.
		- Comparable Transactions	No	Due to unavailability of transactions in the public domain with business, scale and characteristics similar to ISCIMPL

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

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9 Valuation of InvIT Asset

9.1.1 The valuation of the InvIT Asset has been determined as of March 31, 2024.

9.1.2 The SPV and RRVL have entered into WUA in terms of which the SPV shall provide RRVL the warehouse services and other basic services in terms of the WUA. The financial projections provided by the Management for the period beginning from the Valuation date till October 31, 2053. We have reviewed the financial forecast for consistency and reasonableness only.

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

i. <u>Existing warehouse facilities of the SPV across India:</u>

- <u>Revenue projections:</u> As per WUA, SPV shall provide the warehousing services to RRVL for a period of 30 years from the Closing Date. RRVL shall on the Closing Date issue service orders for at least 60% of the total space in relation to the identified Warehouse Assets. Each service order would be valid for a period of 1 year and can be renewed by the SPV for a further period of 1 year. RRVL has also committed to take up additional space as may be required to enable the SPV to meet its debt servicing obligations subject to a maximum of 65%, 70%, 75% and 80% of the total space of the identified Warehouse Assets during the period of Y11 to Y15, Y16 to Y20, Y21 to Y25 and Y26 to Y30 respectively. The same has been factored into the revenues and cash flows for the purpose of the valuation. Following are the key components of the revenue from RRVL under the WUA:

    a. <u>Base Fees:</u> RRVL shall pay 'Base Fees' computed on a per square foot basis at the rates as mentioned in service orders and WUA for the identified Warehouse Assets.

    b. <u>Warehouse Usage Fees:</u> RRVL shall pay 'Warehouse Usage Fees' computed on a per square foot basis at the rates as mentioned in service orders and WUA for the identified Warehouse Assets.

    The Base Fees, Warehouse Usage Fees together constitute the total revenue for the SPV.

- <u>Operations cost projections:</u> The O&M fees under the O&M Agreement is computed on a per square feet basis for the total space at the identified Warehouse Assets. O&M fees is payable to RPPMSL in terms of the O&M Agreement. RPPMSL, at its own costs and expenses, will provide adequate equipment, materials, tools, consumables, spares, supplies and aids, and sufficient and adequately trained manpower, staff, labor and personnel to the SPV to carry out warehouse business activities. RPPMSL will also carry out the refurbishment activities in respect of existing warehouses as and when required at its own cost and expenses.

- <u>Lease rental payments:</u> We have considered the lease rentals payable by the SPV in terms of the Lease Agreements and Lease Assignment Agreements entered into by the SPV. We have additionally assumed renewals of these agreements with escalations for the forecast period. The SPV has entered into Lease Agreements and Lease Assignment Agreements for 65 unique warehouse sites across 34 cities aggregating 12.89 million square feet.

- <u>Other expenses:</u> The fixed general & administrative expenses of INR 18.0 Cr with escalation of 4.0% p.a. has been assumed.

- **Working Capital Requirement:** We have considered working capital requirement and changes in working capital as provided by the Management during the forecast period.

ii. **Capital Expenditure**

- For the purpose of this valuation exercise, we have not considered any additional Warehouse Assets. We understand that the SPV has entered into one additional lease agreements. However, the same have not been considered in this valuation exercise as the risk and rewards for any future warehouses shall accrue to the SPV only in the event the warehouse assets meet the required standards laid down in the WUA and an acceptance certificate is issued under the PEA. Further till the acceptance certificate is issued, RPPMSL as the Contractor bears all the risks and costs.

iii. **Discounting Factor**

- We have used the Free Cash Flows to Firm **("FCFF")** model under DCF method to estimate the Enterprise Value of the SPV. In FCFF, the free cash flows available are discounted by Weighted Average Cost of Capital **("WACC")** to arrive the net present value.
- The WACC is arrived at after considering the cost of equity, the post-tax cost of Trust Loan 1 and Trust Loan 2 and their respective weights in the capital structure of the SPV.
- There is no external debt currently at ISCIMPL.
- The break-up of the debt as of March 31, 2024 is provided below:

Particulars	As of March 31, 2024 (in INR Crore)
Trust Loan 1	2,928.0
Trust Loan 2	2,122.0
Equity Share Capital	100.0
Total	**5,150.0**

- For the purpose of this valuation exercise, we have considered the following to determine the WACC:

WACC = (Cost of Trust Loan 1 * (1-tax rate) * Trust Loan 1 + Cost of Trust Loan 2 * (1-tax rate) * Trust Loan 2 + Cost of Equity Shares * Equity Share capital) / (Trust Loan 1 + Trust Loan 2 + Equity Share capital as of the Closing Date).

- The returns expected by the equity depend on the perceived level of risk associated with the business and the industry in which the business operates. We have considered Capital Asset Pricing Model for calculation of Cost of Equity.

a) The CAPM can be defined as follows:

Ke = Rf + (Rp * Beta) + CSRP

- Risk Free Rate (Rf): The risk-free rate of return is based on yields of 30-year zero coupon bond yield as on March 31, 2024 having and as listed on www.ccilindia.com. In the present case, the risk-free rate of return is arrived at 7.0%.

- Market Return (Rm): Market Return is a measure of rate of return that investors earn by investing in equity markets. It is calculated based on the average historical market return. In the present case, the market return is considered at 15.0%.
- Risk Premium (Rp): Risk premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. A risk premium is calculated as follows:

Risk premium = Equity market return (Rm) - Risk free rate (Rf).

- Beta: It is a measure of the sensitivity of a company's stock price to the movements of the overall market index. Due to absence of listed comparable companies engaged in the similar business, we have considered market beta of 1.

b) We have considered post tax cost of Trust Loan 1 at 10.8% and Trust Loan 2 at 9.5% respectively.

c) After considering the above we have determined the WACC of 10.4% for the current valuation exercise.

d) We have adjusted the above WACC for Company-Specific Risk Premium to account for risks inter alia projection risk, profitability risk, business risk etc. The adjusted WACC is arrived at 12.0%.

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iv. <u>Discounted Cash Flow</u>

- The explicit period has been considered from the Valuation Date till October 31, 2053.
- The FCFF method under DCF has been used to calculate enterprise value of the SPV;
- In FCFF, the free cash flows available to the company are discounted by WACC to derive the net present value. We have considered a WACC of 12.0%;
- We have discounted the projected FCFF back to their present value using mid-year discounting convention. The use of mid-year discounting factors better reflects the assumption that net cash flows will be generated throughout the year, rather than at the beginning or at the end of the year;
- We have not considered any terminal cash flow given the fixed term of the WUA, O&M Agreement and PEA and have considered recoupment of all working capital at the end of the forecast period;
- Income Tax rate of 25.2% being the tax rate prevailing in India has been considered.
- The enterprise value **("Enterprise Value")** of the SPV is arrived at INR 5,117.6 crore.
- Further, as per IND AS Accounting principles, leased assets and liabilities are recorded under the head non-current assets and non-current/current liabilities respectively in the balance sheet. The enterprise value of INR 5,117.6 crore has been determined based on lease rentals paid and not considering the IND AS principles. Accordingly, for the purpose of determining enterprise value under IND AS, leased asset adjustment of INR 686.1 crore as of March 31, 2024, has been separately added and accordingly, the enterprise value adjusted for the same is INR 5,803.8 crore. (Refer annexure - I)

- The enterprise value of INR 5,117.6 crore as mentioned above has been adjusted for Trust Loan 1 of INR 2,928.0 crore and Trust Loan 2 of INR 2,122.0 crore collectively termed as **("Debt and debt-like items")**, cash and cash equivalents of INR 0.02 crore, advance income-tax assets of INR 18.9 crore, investments of INR 107.1 crore, capital advances of INR 9.9 crore, provision for payments towards stamp duty of INR 30.0 crore and capital creditors of INR 58.5 crore to arrive at the equity value of INR 115.0 crore.

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10 Valuation Summary

10.1. The current valuation has been carried out based on the valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations, were given due consideration.

10.2. We would like to highlight that in the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheet but which will strongly influence the worth of an entity or business.

10.3. The enterprise value of InvIT Asset is arrived at INR 5,117.6 crore, corresponding to warehousing area of 12.89 million square feet as of Valuation Date.

10.4. Further, as per IND AS Accounting principles, leased assets and liabilities are recorded under the head non-current assets and non-current/current liabilities respectively in the balance sheet. The enterprise value of INR 5,117.6 crore has been determined based on lease rentals paid and not considering the IND AS principles. Further there is a difference in lease assets and liability due to discount rate differences and these being entirely notional book adjustment and hence we have considered the lease asset adjustment equal to lease liability to remove the notional effect of this difference. Accordingly, for the purpose of determining enterprise value under IND AS, leased asset adjustment of INR 686.1 crore as of March 31, 2024, has been separately added and accordingly, the enterprise value adjusted for the same is INR 5,803.8 crore. (Refer annexure - I)

10.5. The enterprise value of INR 5,117.6 crore as mentioned above has been adjusted for Trust Loan 1 of INR 2,928.0 crore and Trust Loan 2 of INR 2,122.0 crore collectively termed as **("Debt and debt-like items")**, cash and cash equivalents of INR 0.02 crore, advance income-tax assets of INR 18.9 crore, investments of INR 107.1 crore, capital advances of INR 9.9 crore, provision for payments towards stamp duty of INR 30.0 crore and capital creditors of INR 58.5 crore to arrive at the equity value of INR 115.0 crore.

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11 Annexures

11.1 Annexure I

Valuation of InvIT Asset as per DCF Method

Valuation as per Discounted Cash Flow Method as on March 31, 2024 (INR Cr)										
WACC	12.0%									
Year Ending	**FY25**	**FY26**	**FY27**	**FY28**	**FY29**	**FY30**	**FY31**	**FY32**	**FY33**	**FY34**
Net Sales	1,320.9	1,371.2	1,427.5	1,469.9	1,514.2	1,560.2	1,684.0	1,735.3	1,788.2	1,865.2
Growth Rate	95.6%	3.8%	4.1%	3.0%	3.0%	3.0%	7.9%	3.0%	3.0%	4.3%
EBITDA	520.9	532.5	547.4	547.4	546.7	545.6	620.4	620.1	618.4	639.2
EBITDA Margins	39.4%	38.8%	38.3%	37.2%	36.1%	35.0%	36.8%	35.7%	34.6%	34.3%
Less : Outflows										
Capital Expenditure and GST	97.7	99.2	102.0	102.2	102.2	102.2	113.2	-	-	-
Incremental Working Capital	0.1	0.5	0.5	0.6	0.6	0.6	0.8	6.5	6.5	6.8
Taxation	(27.6)	(40.9)	(54.0)	(62.3)	(69.7)	(76.2)	(101.2)	(106.6)	(111.1)	(120.8)
Free Cash Flows (FCF)	**591.0**	**591.3**	**596.0**	**587.8**	**579.8**	**572.2**	**633.3**	**520.0**	**513.8**	**525.1**
Present Value Factor	0.9	0.8	0.8	0.7	0.6	0.5	0.5	0.4	0.4	0.3
Present Value of Cash Flows	**558.4**	**498.8**	**448.9**	**395.2**	**348.0**	**306.6**	**303.0**	**222.1**	**195.9**	**178.8**
Enterprise Value (EV)	**5,117.6**									
Add: IND AS Leased Asset Adjustment	686.1									
Adjusted Enterprise Value	**5,803.8**									

Year Ending	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	FY43	FY44
Net Sales	1,950.6	2,011.2	2,075.4	2,142.7	2,299.1	2,497.0	2,568.1	2,641.5	2,718.8	2,912.2
Growth Rate	4.6%	3.1%	3.2%	3.2%	7.3%	8.6%	2.8%	2.9%	2.9%	7.1%
EBITDA	659.5	654.9	651.9	649.3	730.2	850.4	840.6	826.6	814.0	913.8
EBITDA Margins	33.8%	32.6%	31.4%	30.3%	31.8%	34.1%	32.7%	31.3%	29.9%	31.4%
Less : Outflows										
Capital Expenditure and GST	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	7.0	7.0	7.0	7.0	7.8	9.0	9.0	8.9	8.8	9.8
Taxation	(129.9)	(132.4)	(134.8)	(137.1)	(160.1)	(192.7)	(192.4)	(190.8)	(189.3)	(216.0)
Free Cash Flows (FCF)	**536.6**	**529.5**	**524.1**	**519.2**	**577.9**	**666.6**	**657.2**	**644.7**	**633.5**	**707.6**
Present Value Factor	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Present Value of Cash Flows	**163.1**	**143.7**	**127.0**	**112.3**	**111.6**	**114.9**	**101.1**	**88.6**	**77.7**	**77.5**

Year Ending	FY45	FY46	FY47	FY48	FY49	FY50	FY51	FY52	FY53	October 31, 2053
Net Sales	3,152.1	3,222.5	3,293.9	3,365.7	3,893.1	4,464.6	4,382.5	4,284.6	4,166.0	2,433.2
Growth Rate	8.2%	2.2%	2.2%	2.2%	15.7%	14.7%	-1.8%	-2.2%	-2.8%	N.A.
EBITDA	1052.6	1018.8	982.0	936.7	1343.6	1789.8	1572.2	1334.9	1071.4	565.4
EBITDA Margins	33.4%	31.6%	29.8%	27.8%	34.5%	40.1%	35.9%	31.2%	25.7%	23.2%
Less : Outflows										
Capital Expenditure and GST	-	-	-	-	-	-	-	-	-	-
Incremental Working Capital	11.1	10.9	10.7	10.4	14.1	18.2	16.4	14.3	12.1	(119.3)
Taxation	(252.3)	(245.1)	(237.0)	(226.6)	(329.9)	(443.0)	(389.0)	(329.9)	(264.2)	(137.4)
Free Cash Flows (FCF)	**811.4**	**784.6**	**755.7**	**720.5**	**1,027.8**	**1,365.0**	**1,199.5**	**1,019.3**	**819.3**	**308.6**
Present Value Factor	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.04	0.04	0.04
Present Value of Cash Flows	**79.3**	**68.5**	**58.9**	**50.1**	**63.8**	**75.7**	**59.4**	**45.1**	**32.3**	**11.1**

(This space has been left blank intentionally)

11.2 Annexure II – Details of all Permissions

- The Warehouse infrastructure business requires broadly the following permissions / approvals viz. (i) No-objection certificate from Fire Department; (ii) approval for operating diesel-generator sets; (iii) shops and establishments registrations in certain states; (iv) Goods and Service Tax (GST) registration certificate and (v) approvals for operation of weighbridges. The SPV and / or the Operator under the O&M Agreement, are in the process for applying and procuring fresh approvals or seek transfer of certain existing approvals which are held in the name of either (a) the landlord; (b) existing operator of the warehouse; or (c) warehouse user. However, in certain cases, the approval may continue to remain in the name of the landlord (for instance, approval form the Fire department as the same may relate to the structure which is owned by the landlord) or the warehouse user with consent and requisite permission for SPV for continuity of the usage till the validity of the lease period.

11.3 Annexure III – Litigations Details

- We have been given to understand that there are no ongoing material litigations including tax disputes involving the SPV or in relation to the assets or there being any other regulatory actions involving the SPV warranting a disclosure herein.

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

Statement of Assets

- The Trust holds 100.0% of the outstanding equity share capital in the SPV. The capital structure of the SPV is as below:

Particulars	**As of March 31, 2024 (in INR Crore)**
Trust Loan 1	2,928.0
Trust Loan 2	2,122.0
Equity Share Capital	100.0
Total	**5,150.0**

Details of Major Repairs – Past and Proposed

- As per discussions with Management, no major repairs have been done in the past to the existing warehouses.
- Going forward, the maintenance (including any major maintenance) costs are to be borne by RPPMSL in terms of the O&M Agreement and accordingly we understand that there are no major repair costs that SPV would need to incur.

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

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

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

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

11.5 Annexure V - Photographs

Indran Logistics Indospace Industry and Logistics, Ajivali, Khalapur, Raigad - Khopoli

Building No B200, Shed 200, Indran Logi Indospace Industrial & Logistics, Ajivali, Khalapur Raigad - Khopoli

New Era Warehousing and Industrial complex, Lohop, /Vanivali, Patalganga, Rasayni, Raigad District

Santosh Warehousing Complex, Shil Phata Panvel Road, Dhansar Village, Taloja, Navi Mumbai

Sultanpur NDC, Industrial Plot No 1, Village: Dadri Toe, Jhajjar – Haryana

Block A, Nh 71 New Nh 352, Chainage Rd 401 370, Village Ghijarod, Jhajjar – Haryana

Embassy Industrial Park, 122506 Farukhnagar – Haryana

GF Rect No 47, Village Tajnagar Tehsil Farukhnagar, Pataudi Rd Dist Gurgaon - 122506

Khasra No.110/2(1-19), Kulana, PO.-Pătauda – Jhajjar

Bldg No. A1&A2 DC Wahuli, Saptashree Warehouse, Opp. Pushakar Mela Resort Wahuli, Bhiwandi Thane 421302

Indian Corporation, Dapoda Road,Opp.Gajanan Petrol Pump, Mankoli Naka – Bhiwandi

FC - Gala-1-14 Plot-GA-1 ,Hissa-3/2 Villlage Kukse, Bhiwandi – Thane

Sagar Complex, Ovali, Bhiwandi, Dist.Thane

A1, Building, Sagar Complex, Mumbai - Nashik Highway, Dapode, Bhiwandi, Thane

Survey No. 54 / 1 Nandihalli Village, 55th KM Stone NH-4 Tumkur Road, Oordigree Hobli

Bidaluru Village, Thyamagondlu Hobli, Nelamangala Taluk – Bengaluru

Sy.No 83/2 Bidalur Village,thyamangondlu Hobli,Nelamangala Taluk,Bangalore Rural District

Gandragulipura Village, Kasaba, Hobli, Nelamangala Taluk – Bengaluru

Source: the visits and Management