Report on Fair Valuation of Identified Business of Bharti Hexacom Limited

February 2025

Private and Confidential

Indus Towers Limited
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DLF Cyber City, Gurugram,
Haryana, India, 122002

Bharti Hexacom Limited
Bharti Crescent, 1, Nelson Mandela Road,
Vasant Kunj, Phase - II,
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5 February 2025

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Dear Sir,

Fair Valuation of Identified Business of Bharti Hexacom Limited

We refer to our engagement letter dated 31 January 2025 and the addendum to the engagement letter, dated 5 February 2025 (collectively referred to as the "Engagement Letters") confirming the appointment of Grant Thornton Bharat LLP ("Grant Thornton" or the "Firm") by **Indus Towers Limited** ("Indus" or the "Acquirer") **Bharti Airtel Limited** ("Airtel") and **Bharti Hexacom Limited** ("Hexacom") (collectively referred to as the "Companies" or the "Client") to estimate the fair valuation of the telecom towers business of Hexacom ("Identified Business") as of 31 December 2024 (the "Valuation Date") for their internal evaluation purposes in connection with a proposed transaction and for sharing it with the regulatory authorities, if required. In accordance with the terms of the engagement, we are enclosing our report (the "Report") along with this letter.

In the attached Report, we have summarized our valuation analysis of the fair valuation of the Identified Business (the "Valuation Analysis") together with the description of the methodologies used and limitations on our scope of work.

This Report is confidential and has been prepared exclusively for the internal evaluation purposes of Indus and Hexacom and hence, should not be used for any other purpose, whether in whole or in part without our prior written consent, for which consent will only be given after full consideration of the circumstances at the time.

Our Valuation Analysis are based on estimates and projections provided by the Client. Our analysis is invalid if used for any other purpose other than that stated herein.

The valuation worksheets prepared for the exercise are proprietary to the Firm and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

Please note that all comments in our Report must be read in conjunction with the Caveats to the Report, which are contained in Section 6.

Limitation of Liability

We draw your attention to the limitation of liability clauses in paragraphs 8 (i) to 8 (v) to Appendix 3 of our Engagement Letters.

Forms of Report

For your convenience, this Report may have been made available to you in electronic format, multiple copies and versions of this Report may therefore exist in different media and in the case of any discrepancy the final signed copy should be regarded as definitive.

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Please feel free to contact us if you need any further information/ clarifications.

Yours sincerely,

For and on behalf of Grant Thornton Bharat LLP

eSigned using Aadhaar
(Leegality.com - HcSmeeU)
Vikarth Kumar

Date: Wed Feb 05 20:12:38
IST 2025

Vikarth Kumar
Partner

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Abbreviations

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CAGR	-	Compound Annual Growth Rate
CAPM	-	Capital Asset Pricing Model
COE	-	Cost of Equity
CoW	-	Cell on Wheels
CSRP	-	Company Specific Risk Premium
CT	-	Comparable Transactions
CY	-	Calendar Year
DCF	-	Discounted Cash Flows
DTH	-	Direct To Home
EBIT	-	Earnings Before Interest and Taxes
EBITDA	-	Earnings Before Interest, Taxes, Depreciation and Amortisation
ERP	-	Equity Risk Premium
EV	-	Enterprise Value
FCFE	-	Free Cash Flows to Equity
FCFF	-	Free Cash Flows to the Firm
GBT	-	Ground Based Towers
GPC	-	Guideline Publicly Traded Comparable Method
INR	-	Indian Rupee
IVS	-	International Valuation Standards, 2025
Mn	-	Million
MSA	-	Master Service Agreement
NAV	-	Net Asset Value
NSE	-	National Stock Exchange
PAT	-	Profit After Tax
PBT	-	Profit Before Tax
PV	-	Present Value
RT	-	Roof Top Towers
TTM	-	Trailing Twelve Month
ULS	-	Ultra Lean Sites
WACC	-	Weighted Average Cost of Capital
YoY	-	Year on Year

Contents

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Section 1

Executive Summary

Executive Summary

Please note that this section is a summary and does not include all our findings from the fair valuation of telecom towers business of Hexacom (referred to as the "Valuation Analysis") as of 31 December 2024 (the "Valuation Date"), which may be important to you. Accordingly, this report (the "Report") must be read in full to understand the basis of our conclusion, the assumptions used and other relevant aspects with respect to our valuation approach.

Background & Scope	• Indus Towers Limited ("Indus" or the "Acquirer"), founded in November 2006, is a public company listed on BSE and NSE. Indus is a telecom infrastructure company which engages in the operation and maintenance of wireless communication towers and related infrastructures for various telecom service providers in India. Indus was formed by the merger of Bharti Infratel Limited and Indus Towers Limited and has over 234,643 towers and 386,819 co-locations (as of 31st Dec 2024) and a nationwide presence covering all 22 telecom circles. • Bharti Hexacom Limited ("Hexacom") a subsidiary of Bharti Airtel Limited, incorporated in April 1995, is a public company listed on BSE and NSE. Hexacom provides mobile services, fixed-line telephone, and broadband services to end consumers and business customers under the Airtel brand in India. The company operates through Mobile Services and Home and Office Services segments. The Mobile Services segment provides voice and data telecom services through wireless technology. Its Home and Office Services segment offers voice and data communications through fixed-line network and broadband technology for homes and offices.

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Please note that this section is a summary and does not include all our findings from the Valuation Analysis as of the Valuation Date, which may be important to you. Accordingly, this Report must be read in full to understand the basis of our conclusion, the assumptions used and other relevant aspects with respect to our valuation approach.

Background & Scope	• Under the telecom towers business, Hexacom has deployed more than 3,300 active telecom tower sites in the Northeast circle and the Rajasthan circle. • The tower sites deployed by Hexacom are broadly categorised into following categories: o Ground Based Towers (“GBT”) o Roof Top Towers (“RT”) o Ultra Lean Sites (“ULS”) o Cell on Wheels (“CoW”) (collectively referred to as “Segments”) • We understand from the Client that it is being contemplated for Indus to acquire the telecom towers business from Hexacom (“Identified Business”) through business transfer arrangement (“Proposed Transaction”). Therefore, the Client requires fair valuation of the Identified Business as of 31 December 2024 (the “Valuation Date”) for their internal evaluation purposes in connection with a Proposed Transaction.

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Please note that this section is a summary and does not include all our findings from the Valuation Analysis as of the Valuation Date, which may be important to you. Accordingly, this Report must be read in full to understand the basis of our conclusion, the assumptions used and other relevant aspects with respect to our valuation approach.

Valuation Approach	• For the purpose of estimating the enterprise value of Identified Business, we have considered a sum of the parts ("SOTP") approach. Under this, enterprise value of each Segments of Identified Business is estimated and subsequently added up to arrive at the enterprise value of the Identified Business. • To estimate the enterprise value of each of the Segments of Identified Business, we have used the Discounted Cash Flows ("DCF") method under the Income Approach. Further, we have also used Comparable Transactions ("CT") Method under Market Approach. While we have evaluated other methodologies as well for the Valuation Analysis, we were not able to consider them for reasons noted later in this report. • Under the DCF method, we have used the Free Cash Flows to Firm ("FCFF") which have been estimated based on the financial projections of each Segments as provided to us by the Client. These cash flows have been discounted at an appropriate discount rate to arrive at the Enterprise Value of the Segments as at the Valuation Date. • Under the CT method, we have used the Implied EV/ TTM EBITDA multiple of transaction of comparable companies as of the Valuation Date to estimate the enterprise value of each Segments of the Identified Business.
Valuation Assumption	• Client has provided us with the carved out key financial projections of each Segments of the Identified Business for the period from 1 January 2025 through 31 December 2035 (the "Projected Period") (please note for CoW segment, the Projected Period shall be construed as the period from 1 January 2025 through 31 December 2034). • Client has shared the carved out provisional balance sheets of the Identified Business as of Valuation Date. • Weighted Average Cost of Capital ("WACC") used to discount the FCFF is based on the economic conditions and rates prevailing in the industry and economy.

Please note that this section is a summary and does not include all our findings from the Valuation Analysis as of the Valuation Date, which may be important to you. Accordingly, this Report must be read in full to understand the basis of our conclusion, the assumptions used and other relevant aspects with respect to our valuation approach.

Conclusion of Value

Based on the analysis of the information provided to us, subject to the assumptions and limitations described in the Report and our Engagement Letters, the Valuation Analysis of Identified Business is shown in the table below:

Table 1.1: Enterprise Value of Identified Business as of the Valuation Date (INR Million)

Details	Enterprise Value
	INR Mn
Discounted Cash Flow Method	
GBT	9,975.3
RT	1,028.9
ULS	52.2
CoW	221.9
Total Enterprise Value of Identified Business	**11,278.4**
Comparable Transactions Method	
GBT	9,787.8
RT	1,196.8
ULS	58.3
CoW	298.8
Total Enterprise Value of Identified Business	**11,341.7**

The estimated enterprise value of the Identified Business ranges from INR 11,278.4 million to INR 11,341.7 million.

Please note that the Valuation Analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with Indus, or Hexacom.

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Section 2

Background & Overview

Background & Overview

2.1. About the Companies

Indus Towers Limited ("Indus" or the "Acquirer")

Indus Towers Limited, founded in November 2006, is a public company listed on BSE and NSE. Indus is a telecom infrastructure company which engages in the operation and maintenance of wireless communication towers and related infrastructures for various telecom service providers in India. Indus was formed by the merger of Bharti Infratel Limited and Indus Towers Limited and has over 234,643 towers and 386,819 co-locations (as of 31st Dec 2024) and a nationwide presence covering all 22 telecom circles.

Indus offers ground base towers, smart poles, rooftop tower, small cells, and fiber backhauls; and offers energy supply to telecom equipment, as well as acquires the requisite space from residential and commercial property owners and landlords for placing passive infrastructure at strategic locations. It also provides smart digital infrastructure. Indus was formerly known as Bharti Infratel Limited.

Indus' leading customers are Bharti Airtel Limited (together with Bharti Hexacom Limited), Vodafone Idea Limited and Reliance Jio Infocomm Limited.

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The following table summarizes the shareholding pattern of Indus as of the 31 December 2024:

Table 2.1: Equity Shareholding Pattern of Indus as of 31 December 2024

Name of the Shareholder	Number of Shares	% Shareholding
Bharti Airtel Limited	1,31,92,10,733	50.00%
Public	1,31,80,25,602	49.96%
Shares held by Employee Trust	9,25,702	0.04%
Total	**2,63,81,62,037**	**100.00%**

We understand that as of 31 December 2024, Indus has common equity shares having a face value of INR 10.0 each.

Bharti Hexacom Limited ("Hexacom")

Bharti Hexacom Limited, a subsidiary of Bharti Airtel Limited ("Airtel"), incorporated in April 1995, is a public company listed on BSE and NSE. Hexacom provides mobile services, fixed-line telephone, and broadband services to end consumers and business customers under the Airtel brand in India. The company operates through Mobile Services and Home and Office Services segments. The Mobile Services segment provides voice and data telecom services through wireless technology. Its Home and Office Services segment offers voice and data communications through fixed-line network and broadband technology for homes and offices.

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The following table summarizes the shareholding pattern of Hexacom as of 31 December 2024:

Table 2.2: Equity Shareholding Pattern of Hexacom as of 31 December 2024

Name of the Shareholder	Number of Shares	% Shareholding
Bharti Airtel Limited	34,99,99,992	70.00%
Public	15,00,00,008	30.00%
Total	**50,00,00,000**	**100.00%**

We understand that as of 31 December 2024, Hexacom has common equity shares having a face value of INR 5.0 each.

2.2. About the Identified Business

Under the telecom towers business Hexacom have deployed more than 3,300 active telecom tower sites in the Northeast circle and the Rajasthan circle.

The tower sites deployed by Hexacom are broadly categorised into following categories:

i. Ground Based Towers ("GBT")
ii. Roof Top towers ("RT")
iii. Ultra Lean Site ("ULS")
iv. Cell on Wheels ("CoW")

(collectively referred to as "Segments")

Below table summarises the tower site details under telecom tower business of Hexacom as at the Valuation Date.

Table 2.3: Details of Telecom Towers of Hexacom

Category	Towers
Ground Based Towers (GBT)	2,409.0
Roof Top Towers (RT)	804.0
Ultra Lean Sites (ULS)	98.0
Cell on Wheels (CoW)	77.0
Total	**3,388.0**

The majority of tower portfolio is being captively used by Hexacom, additionally, it also has approximately 1,000 co-locations with other telecom operators such as Vodafone Idea Limited and Reliance Jio Infocomm Limited.

2.3. Transaction

We understand from the Client that it is being contemplated for Indus to acquire the telecom towers business from Hexacom ("Identified Business") through business transfer arrangement/ slump sale ("Proposed Transaction").

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Section 3

Financial Overview

Financial Overview

3.1. PROJECTED PROFIT & LOSS STATEMENT

We have been provided with the carved out projected profit & loss statements of each Segments of the Identified Business for the period from 1 January 2025 through 31 December 2035 (the "Projected Period"), as presented in the tables below (please note for CoW segment, the Projected Period shall be construed as the period from 1 January 2025 through 31 December 2034) :

Table 3.1: Projected Profit and Loss Statement of GBT Segment of Identified Business (INR Million)

For the period ending 31 December, No. of months	2025 12 Projected	2026 12 Projected	2027 12 Projected	2028 12 Projected	2029 12 Projected	2030 12 Projected	2031 12 Projected	2032 12 Projected	2033 12 Projected	2034 12 Projected	2035 12 Projected
Sharing Revenue	1,951.5	1,973.0	2,020.4	2,071.4	2,073.2	2,122.4	2,152.8	2,199.4	2,243.1	2,295.9	2,058.0
NET REVENUES	**1,951.5**	**1,973.0**	**2,020.4**	**2,071.4**	**2,073.2**	**2,122.4**	**2,152.8**	**2,199.4**	**2,243.1**	**2,295.9**	**2,058.0**
LLR	310.8	320.1	329.7	339.6	349.8	360.3	371.1	382.3	393.7	405.5	405.2
Opex - Personnel	85.1	90.2	95.6	101.4	107.5	113.9	120.7	128.0	135.7	143.8	147.9
Opex- R&M	91.2	93.0	94.9	96.8	98.7	100.7	102.7	104.8	106.9	109.0	107.9
Total Expenses	**487.1**	**503.4**	**520.3**	**537.8**	**556.0**	**574.9**	**594.6**	**615.0**	**636.3**	**658.4**	**660.9**
EBITDA (Excluding Non-Operating Income)	**1,464.3**	**1,469.6**	**1,500.2**	**1,533.6**	**1,517.2**	**1,547.5**	**1,558.2**	**1,584.4**	**1,606.8**	**1,637.5**	**1,397.1**
Depreciation and Amortization	1,583.0	1,372.7	1,193.9	1,041.9	912.7	802.9	709.6	630.2	562.8	505.5	456.8
EBIT (Excluding Non-Operating Income)	**(118.7)**	**96.9**	**306.3**	**491.7**	**604.5**	**744.6**	**848.6**	**954.1**	**1,044.0**	**1,132.1**	**940.4**
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
EBT (Excluding Non-Operating Income)	**(118.7)**	**96.9**	**306.3**	**491.7**	**604.5**	**744.6**	**848.6**	**954.1**	**1,044.0**	**1,132.1**	**940.4**
Other Income	-	-	-	-	-	-	-	-	-	-	-
PBT (Including Non-Operating Income)	**(118.7)**	**96.9**	**306.3**	**491.7**	**604.5**	**744.6**	**848.6**	**954.1**	**1,044.0**	**1,132.1**	**940.4**
Taxes	(29.88)	24.39	77.09	123.76	152.16	187.42	213.59	240.16	262.78	284.94	236.69
PAT (Including Non-Operating Income)	**(88.8)**	**72.5**	**229.2**	**367.9**	**452.4**	**557.2**	**635.0**	**714.0**	**781.3**	**847.1**	**703.7**
PAT (Excluding Non-Operating Income)	**(88.8)**	**72.5**	**229.2**	**367.9**	**452.4**	**557.2**	**635.0**	**714.0**	**781.3**	**847.1**	**703.7**

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Table 3.2: Projected Profit and Loss Statement of RT Segment of Identified Business (INR Million)

For the period ending 31 December, No. of months	2025 12 Projected	2026 12 Projected	2027 12 Projected	2028 12 Projected	2029 12 Projected	2030 12 Projected	2031 12 Projected	2032 12 Projected	2033 12 Projected	2034 12 Projected	2035 12 Projected
Sharing Revenue	389.2	398.2	408.7	419.5	425.2	434.0	444.5	456.3	468.2	480.6	427.9
NET REVENUES	**389.2**	**398.2**	**408.7**	**419.5**	**425.2**	**434.0**	**444.5**	**456.3**	**468.2**	**480.6**	**427.9**
LLR	164.8	169.7	174.8	180.1	185.5	191.1	196.8	202.7	208.8	215.0	214.8
Opex - Personnel	21.7	23.0	24.3	25.8	27.3	29.0	30.7	32.6	34.5	36.6	37.6
Opex- R&M	23.7	24.2	24.6	25.1	25.6	26.2	26.7	27.2	27.8	28.3	28.0
Total Expenses	**210.1**	**216.9**	**223.8**	**231.0**	**238.5**	**246.2**	**254.2**	**262.5**	**271.0**	**279.9**	**280.5**
EBITDA (Excluding Non-Operating Income)	**179.0**	**181.3**	**184.9**	**188.4**	**186.7**	**187.8**	**190.3**	**193.8**	**197.1**	**200.7**	**147.4**
Depreciation and Amortization	165.9	146.4	129.7	115.6	103.5	93.3	84.6	77.2	71.0	65.6	61.1
EBIT (Excluding Non-Operating Income)	**13.1**	**34.9**	**55.2**	**72.9**	**83.2**	**94.5**	**105.7**	**116.6**	**126.2**	**135.1**	**86.3**
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
EBT (Excluding Non-Operating Income)	**13.1**	**34.9**	**55.2**	**72.9**	**83.2**	**94.5**	**105.7**	**116.6**	**126.2**	**135.1**	**86.3**
Other Income	-	-	-	-	-	-	-	-	-	-	-
PBT (Including Non-Operating Income)	**13.1**	**34.9**	**55.2**	**72.9**	**83.2**	**94.5**	**105.7**	**116.6**	**126.2**	**135.1**	**86.3**
Taxes	3.30	8.79	13.89	18.34	20.94	23.78	26.59	29.35	31.76	34.00	21.73
PAT (Including Non-Operating Income)	**9.8**	**26.1**	**41.3**	**54.5**	**62.2**	**70.7**	**79.1**	**87.2**	**94.4**	**101.1**	**64.6**
PAT (Excluding Non-Operating Income)	**9.8**	**26.1**	**41.3**	**54.5**	**62.2**	**70.7**	**79.1**	**87.2**	**94.4**	**101.1**	**64.6**

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Table 3.3: Projected Profit and Loss Statement of ULS Segment of Identified Business (INR Million)

For the period ending 31 December, No. of months	2025 12 Projected	2026 12 Projected	2027 12 Projected	2028 12 Projected	2029 12 Projected	2030 12 Projected	2031 12 Projected	2032 12 Projected	2033 12 Projected	2034 12 Projected	2035 12 Projected
Sharing Revenue	13.5	13.9	14.2	14.6	14.8	15.0	15.4	15.8	16.2	16.7	15.1
NET REVENUES	**13.5**	**13.9**	**14.2**	**14.6**	**14.8**	**15.0**	**15.4**	**15.8**	**16.2**	**16.7**	**15.1**
LLR	3.6	3.7	3.8	4.0	4.1	4.2	4.3	4.5	4.6	4.7	4.7
Opex- R&M	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4	1.4
EBITDA (Excluding Non-Operating Income)	**4.8**	**4.9**	**5.1**	**5.2**	**5.3**	**5.5**	**5.6**	**5.8**	**6.0**	**6.1**	**6.1**
Depreciation and Amortization	**8.7**	**8.9**	**9.2**	**9.4**	**9.5**	**9.5**	**9.8**	**10.0**	**10.3**	**10.5**	**9.0**
EBIT (Excluding Non-Operating Income)	8.3	7.4	6.7	6.0	5.5	5.0	4.6	4.3	4.0	3.7	3.5
Finance Costs	**0.4**	**1.5**	**2.5**	**3.4**	**4.0**	**4.5**	**5.2**	**5.7**	**6.3**	**6.8**	**5.4**
EBT (Excluding Non-Operating Income)	-	-	-	-	-	-	-	-	-	-	-
Other Income	**0.4**	**1.5**	**2.5**	**3.4**	**4.0**	**4.5**	**5.2**	**5.7**	**6.3**	**6.8**	**5.4**
PBT (Including Non-Operating Income)	-	-	-	-	-	-	-	-	-	-	-
Taxes	**0.4**	**1.5**	**2.5**	**3.4**	**4.0**	**4.5**	**5.2**	**5.7**	**6.3**	**6.8**	**5.4**
PAT (Including Non-Operating Income)	0.10	0.38	0.63	0.85	1.01	1.14	1.30	1.45	1.58	1.71	1.36
PAT (Excluding Non-Operating Income)	**0.3**	**1.1**	**1.9**	**2.5**	**3.0**	**3.4**	**3.9**	**4.3**	**4.7**	**5.1**	**4.1**

Table 3.4: Projected Profit and Loss Statement of CoW Segment of Identified Business (INR Million)

For the period ending 31 December, No. of months	2025 12 Projected	2026 12 Projected	2027 12 Projected	2028 12 Projected	2029 12 Projected	2030 12 Projected	2031 12 Projected	2032 12 Projected	2033 12 Projected	2034 12 Projected
Sharing Revenue	49.2	50.5	51.7	53.0	54.3	55.7	57.1	58.5	60.0	61.5
NET REVENUES	**49.2**	**50.5**	**51.7**	**53.0**	**54.3**	**55.7**	**57.1**	**58.5**	**60.0**	**61.5**
LLR	-	-	-	-	-	-	-	-	-	-
Opex - Personnel	2.2	2.3	2.4	2.6	2.7	2.9	3.1	3.3	3.5	3.7
Opex- R&M	2.4	2.5	2.7	2.8	3.0	3.2	3.3	3.6	3.8	4.0
Total Expenses	**4.5**	**4.8**	**5.1**	**5.4**	**5.7**	**6.1**	**6.4**	**6.8**	**7.2**	**7.6**
EBITDA (Excluding Non-Operating Income)	**44.7**	**45.7**	**46.6**	**47.6**	**48.6**	**49.6**	**50.7**	**51.7**	**52.8**	**53.8**
Depreciation and Amortization	24.9	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7	25.7
EBIT (Excluding Non-Operating Income)	**19.8**	**20.0**	**20.9**	**21.9**	**22.9**	**23.9**	**25.0**	**26.0**	**27.1**	**28.1**
Finance Costs	-	-	-	-	-	-	-	-	-	-
EBT (Excluding Non-Operating Income)	**19.8**	**20.0**	**20.9**	**21.9**	**22.9**	**23.9**	**25.0**	**26.0**	**27.1**	**28.1**
Other Income	-	-	-	-	-	-	-	-	-	-
PBT (Including Non-Operating Income)	**19.8**	**20.0**	**20.9**	**21.9**	**22.9**	**23.9**	**25.0**	**26.0**	**27.1**	**28.1**
Taxes	5.00	5.02	5.27	5.52	5.77	6.03	6.29	6.55	6.81	7.08
PAT (Including Non-Operating Income)	**14.9**	**14.9**	**15.7**	**16.4**	**17.2**	**17.9**	**18.7**	**19.5**	**20.3**	**21.1**
PAT (Excluding Non-Operating Income)	**14.9**	**14.9**	**15.7**	**16.4**	**17.2**	**17.9**	**18.7**	**19.5**	**20.3**	**21.1**

3.2. PROJECTED PROFIT & LOSS STATEMENT

The following is a summary of the projected profit & loss statement of the Identified Business:

- As discussed earlier, since the majority of tower portfolio is currently being captively used by Hexacom, and hence, the management of Hexacom does not maintain separate books of accounts for these divisions. Therefore, we have not been provided with historical carved out financial statements of the Identified Business.

- In reference to net operating revenues (excluding non-operating income) ("Net Revenues"), we noticed the following trend during the projected period:

  - As discussed earlier, Hexacom offer passive infrastructure services related to Ground Based Towers, Rooftop Towers, Ultra Lean Sites and Cell on Wheels.

  - The Identified Business are projected to earn Net Revenues from renting of passive infrastructure under following categories/ Segments throughout the Projected Period:

    i. GBT
    ii. RT
    iii. ULS
    iv. CoW

  - As discussed earlier, the Identified Business' primary client will be Hexacom followed by Vodafone Idea, and Reliance Jio.

  - The Net Revenues of the Identified Business are driven by long term Master Service Agreement ('MSA') usually for 10 years between the passive infrastructure company and the clients for such tower sites.

  - Based on the MSA and discussions with the client we understand that each product's total revenue is determined by three parameters namely – standard rate, rental charges and loading charges.

  - Standard rate are the base charges for the passive infrastructure provided at the site to the clients. The same is calculated as per the provisions of MSA.

  - Rental charges are landlord rent per site that are passed onto the customers. However, for some legacy products like Macro GB in case of GBT and Macro RT in case of RT, a certain % of the landlord rent is absorbed and is not passed on to the customer.

  - Loading charges are charged based on the customisation requirement of the site like Diesel generator removal discount, diesel generator charges addition, power loading, additional battery pack charges, solar loading, height additions, wind speed stability, MW enhancement, etc.

- While Hexacom enjoys single tenancies on majority of the tower portfolio under the GBT and RT categories, certain tower have multi-tenancies with other telecom operators i.e., Vodafone Idea and Reliance Jio.

- Per the Client, Hexacom tenancies are expected to commence from the first day of the Projected Period for a period of 10 years. Thereafter, the renewal probability for Hexacom's Master Service Agreement (MSA) stands at 97.0% with a renewal discount. A similar discount is projected to be offered upon renewals of tenancies of other telecom operator clients.

- At certain tower sites, Hexacom is expected to pay a premium for exclusivity for the period of initial five years of the Projected Period i.e. INR 1,80,000 per year with a Y-o-Y growth of 2.5%.

- All the revenue drivers discussed above are projected to grow at 2.5% Y-o-Y (based on the provisions of MSA) except for landlord rent which is expected to grow at 3.0% Y-o-Y.

- The major cost components of the four segments of the Identified Business are as follows:

  - Landlord Rent – lease rentals to be paid for tower sites, projected to grow at 3.0% annually.

  - Employee Expenses – Such expenses are not projected for ULS. Employee expenses are projected to grow at 6.0% annually.

  - Repair and Maintenance and other cost – Such expenses are projected to grow at 2.0% annually for GBT, RT and ULS while for CoW the same are expected to be grow at 6.0% annually as the same suffers more wear and tear.

- The capital expenditure projected to be incurred for Identified Business comprises of maintenance capital expenditure throughout the Projected Period and expansionary capital expenditure in first two years of the Projected Period. For details, please refer to the Appendices section of the Report.

- **Segments**

  Ground Based Towers

  There are 2,409 GBT sites for Identified Business as of the Valuation Date and are expected to remain same through the CY 2034 and thereafter a decline of 3% in total number of towers in CY 2035 due to expected renewal percentage of 97%.

  Revenue: The Net Revenues from GBT segment are projected to grow from INR 1,951.5 million in CY 2025 to INR 2,295.9 million in CY 2034 at a CAGR of 1.8%. Further, it is expected to decline by 10.4% in CY 2035 on account of renewal of Hexacom's MSA with a discount.

EBITDA Margins: EBITDA margins are projected to decline from 75.0% in CY 2025 to 67.9% in CY 2035 primarily on account of difference in growth rate of projected revenues and costs.

Rooftop Towers

There are 804 RT sites for Identified Business as of the Valuation Date and are expected to remain same through the CY 2034 and thereafter a decline of 3% in total number of towers in CY 2035 due to expected renewal.

Revenue: The Net Revenues from RT segment are projected to grow from INR 389.2 million in CY 2025 to INR 480.6 million in CY 2034 at a CAGR of 2.4%. Further, it is expected to decline by 11.0% in CY 2035 on account of renewal of Hexacom's MSA with a discount.

EBITDA Margins: EBITDA margins are projected to decline from 46.0% in CY 2025 to 34.5% in CY 2035 primarily on account of difference in growth rate of projected revenues and costs.

ULS

There are 98 ULS sites for Identified Business as of the Valuation Date and are expected to remain same through the CY 2034 and thereafter a decline of 3% in total number of towers in CY 2035 due to expected renewal.

Revenue: The Net Revenues from ULS segment are projected to grow from INR 13.5 million in CY 2025 to INR 16.7 million in CY 2034 at a CAGR of 2.4%. Further, it is expected to decline by 9.6% in CY 2035 on account of renewal of Hexacom's MSA with a discount.

EBITDA Margins: EBITDA margins are projected to decline from 64.5% in CY 2025 to 59.4% in CY 2035 primarily on account of difference in growth rate of projected revenues and costs.

CoW

There are 77 CoW sites for Identified Business as of the Valuation Date and are expected to remain same through the CY 2034 and thereafter a decline of 3% in total number of towers in CY 2035 due to expected renewal.

The life of CoW segment is projected to be till CY 2034.

Revenue: The Net Revenues from CoW segment are projected to grow from INR 49.2 million in CY 2025 to INR 61.5 million in CY 2034 at a CAGR of 2.5%.

EBITDA Margins: EBITDA margins are projected to decline from 90.8% in CY 2025 to 87.6% in CY 2034 primarily on account of difference in growth rate of projected revenues and costs.

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- We understand that there is nil net working capital for each Segments of the Identified Business as of the Valuation Date. The working capital for each Segments of the Identified Business as of 31 December 2025 has been projected as given below:

Table 3.5 Net Working Capital of Segments as of 31 December 2025 (INR Million)

Details	GBT	RT	ULS	CoW
Net Working Capital	136.5	26.6	0.3	4.0

- Thereafter, the Client has confirmed that given the nature of operations and stringent MSAs, the net working capital balances will remain the same through the Projected Period.

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Section 4

Valuation Methodology & Approach

Valuation Methodology and Approach

4.1. Valuation Approach

For the purpose of estimating the enterprise value of the Identified Business, we have considered a sum of the parts ("SOTP") approach. Under this, enterprise value of each Segments of Identified Business is estimated and subsequently added up to arrive at the enterprise value of the Identified Business. For the purpose of the fair valuation of Identified Business, we have adopted the following procedures:

4.1.1. Data Collection and Planning:

- Collected business plan provided by the Client.
- Any details needed for surplus assets, contingent liabilities and other data required based on further understanding.

4.1.2. Data Analysis and Management Discussions:

- Sought discussions with the Client to understand the business model, recent performance and achievability of key performance indicators.
- Where needed analysed publicly available information whether or not provided by Client.

4.1.3. Performing Valuation Analysis:

- Evaluated and considered internationally acceptable valuation methodologies and thereafter, selected appropriate valuation methodologies to be used based on the information received, understanding gathered through interviews with the Client, publicly available information and prior experience.
- Understood key drivers of valuation and supporting assumptions.
- Identified key assumptions on which sensitivity analysis may be necessary.
- Concluded on a range of values for each of Identified Business based on various methods.

4.1.4. Exclusion to Scope of Work

- Equity valuation of the Companies or any of its investments and/or subsidiaries.
- Fair valuation of any tangible/ intangible assets owned by the Companies or the Identified Business.
- Valuation of the Identified Business as per the Income Tax Act, 1961.
- Preparation/ validation/ vetting of financial projections/ business plan or due diligence of the data provided for the Identified Business.

4.1.5. Valuation Base

Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. The standard of value used in our analysis is "fair value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business/ security were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

4.1.6. Premise of Valuation

A premise of value or assumed use describes the circumstances of how an asset or liability is used. We have considered the current use/ existing use as Premise of Value. Current use/ existing use is the current way an asset, liability, or group of assets and/or liabilities is used. Current use/ existing use is the going concern value and "As-Is-Where-Is" value as applicable to the Identified Business being valued, as the Premise of Value.

4.1.7. Intended Users

This Report is intended for consumption of Indus and Hexacom.

4.1.8. Valuation Date

The valuation date considered for this engagement is 31 December 2024.

4.1.9. Valuation Standards

The Report is being prepared in accordance with the relevant International Valuation Standards, 2025 such as General Standards (IVS 101 – 105) and Asset Standard – Businesses and Business Interests (IVS 200).

4.2. Valuation Methodology

Valuation of an enterprise, its equity shares or its securities is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be even prepared to pay for goodwill. This exercise may be carried out using generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business
- Industry to which the entity belongs
- Extent to which industry and comparable company information is available
- Past track record of the business and estimation of future profits.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer.

It should be understood that the valuation of any business/ company or its assets/ equity shares is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. Valuation results could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions, financial and otherwise, and other factors which generally influence the valuation of companies.

The application of any method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. The choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guidelines, and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of similar nature.

In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. The aforesaid valuation techniques can be broadly categorized as follows:

4.2.1 Cost Approach

- **Net Asset Value ("NAV") Method or Summation Method or Underlying Asset Method**

The value arrived at under this approach is based on the latest available audited/ unaudited/ provisional financial statements of the business and may be defined as the Shareholder's Funds or Net Assets owned by the business.

Under this method, the net assets as per the financial statements are adjusted for market value of surplus/ non-operating assets, potential and contingent liabilities, if any. The NAV is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.

Considering, the current NAV of Identified Business as per the provisional financial statements as on the Valuation Date is not reflective of the growth and the cash generating potential of the Identified Business going forward. While we have evaluated this method, keeping in mind the context and purpose of the Report, we have not used this method to estimate the fair value of Identified Business.

4.2.2 Market Approach

- **Guideline Publicly Traded Comparable ("GPC") Method**

Under this methodology the market multiples of comparable listed companies are computed and applied to the company being valued in order to arrive at a multiple based valuation. This is based on the premise that the market multiples of comparable listed companies are good benchmarks to derive valuation.

While we have looked for publicly listed companies comparable to the Identified Business however due to the lack of availability of the publicly listed companies comparable to Identified Business engaged in the similar business, we have not considered this method to compute the Enterprise Value of Identified Business.

- **Comparable Transactions ("CT") Method**

This method is similar to the above GPC Method, with the exception that the companies used as guidelines are those that have been recently acquired. Under this method, acquisitions or divestitures involving similar companies are identified, and the multiples implied by their purchase prices are used to assess the subject company's value. There is no rule of thumb for the appropriate age of a reasonable transaction; however, it is important to be aware of the competitive market at the time of the transaction and factor any changes in the marketplace environment into the analysis. All other things being equal, the more recent the transaction, the more reliable the value arrived at using this technique.

We have used this methodology for the valuation analysis by computing the implied Enterprise Value ("EV") to TTM EBITDA ("EV/ TTM EBITDA") multiple of such transactions of comparable companies.

4.2.3 Income Approach

- **Discounted Cash Flow ("DCF") Method**

The DCF method uses the future free cash flows of the firm/ equity holders discounted by the cost of capital/ equity, respectively, to arrive at the equity value of a company. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors),
- The cost of capital/ equity to discount the projected cash flows.

Considering the above, we have used this methodology to estimate the fair value of Identified Business, since it captures the company's growth and cash generating potential.

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Section 5

Valuation Analysis

Valuation Analysis

As mentioned previously, we have estimated the enterprise value of Identified Business under the SOTP approach as a sum of enterprise value of each Segments therein as of the Valuation Date.

The following section summarizes our analysis for estimating the enterprise value of each Segments of Identified Business.

5.1 Discounted Cash Flows ("DCF") Method

DCF uses the future free cash flows of the company discounted by an appropriate discount rate i.e., the firm's WACC (the average cost of all the capital used in the business, including debt and equity) in the case of Free Cash Flows to the Firm ("FCFF") approach or Cost of Equity ("COE") in case of Free Cash Flows to Equity ("FCFE") approach.

As discussed previously, we have considered the DCF method using the FCFF approach to estimate the enterprise value of each Segments of the Identified Business i.e. GBT, RT, ULS, and CoW, as of the Valuation Date.

As explained earlier, we have been provided with the key financial projections (including major profit & loss and balance sheet line items) of each Segments of the Identified Business for the Projected Period as prepared by the Client, which we have considered for our Valuation Analysis. Accordingly, the projected FCFF of the Identified Business based on these key financial projections as of the Valuation Date have been set out in the Appendices section of the Report.

Please note that we have relied on explanations, key financial projections and information provided by the Client. Projections and assumptions for the Projected Period are only the best estimates of the Client for the Identified Business growth and sustainability of profitability margins. We have not independently investigated or otherwise verified the data provided.

The key assumptions and the basis for the valuation are explained in detail below:

5.1.1. Discount Factor

DCF requires the application of an appropriate discount rate that reflects the risks of the cash flows, risks associated with the overall business and the industry. The discount rate considered for arriving at the present value of the FCFF is the Weighted Average Cost of Capital ("WACC") which comprises of cost of equity and cost of debt.

$$WACC = \frac{D}{TC}(1-t)K_d + \frac{E}{TC}K_e$$

Where,

- D and E represent Debt and Equity respectively in the Capital Structure,
- TC represents total capital of the firm,
- Ke is the cost of equity
- Kd is the cost of debt, and
- T represents the marginal tax rate

5.1.2. Cost of Equity (“K_e”)

The cost of equity is calculated using the Adjusted Capital Asset Pricing Model (“CAPM”) derived with the formula:

$$ACOE = BCOE + CSRP$$
$$BCOE = Rf + \beta\ (ERP)$$

Where,

– ACOE – Adjusted Cost of Equity,
– BCOE – Base Cost of Equity,
– Rf – Risk Free Rate
– β – Beta, a measure of market risk
– ERP – Equity Risk Premium
– CSRP – Company Specific Risk Premium

Since the business structure and key value drivers of all the Segments are similar, we have applied similar WACC for all Segments of Identified Business.

The cost of equity of the Segments as of the Valuation Date has been estimated using the following inputs:

- Risk Free Rate (R_f) – The risk-free rate (R_f) is the return on an investment with zero risk where actual returns are equal to the expected return. Generally, government bonds are considered bonds with negligible default risk. We have considered the 10-year zero coupon yield as published by the Clearing Corporation of India Limited as of the Valuation Date.

Risk Free Rate (R_f) – 6.8%

- Beta (β) – We have considered median of 3-year weekly beta of publicly listed companies which are operating in the broad industry/ sector of the Identified Business/ Segments has been considered. The raw beta has then been unlevered based on the debt-to-market capitalisation ratios of the respective comparable companies, the median of which has then been re-levered based on the target debt-to-equity ratio of the Identified Business. Refer the *Appendices* section for the broadly comparable companies considered.

Beta (β) – 0.94x

- Equity Risk Premium (ERP) – The ERP measures the excess return that the overall stock market provides over a risk-free security. This excess return compensates investors for taking on the relatively higher risk of the equity market. ERP of 6.8% has been considered based on the return of key Indian stock indices.

ERP – 6.8%

- Company Specific Risk Premium (CSRP) – CSRP is based on the qualitative analysis of the risk factors inherent in the subject Segments’ cash flow projections. We have applied a CSRP of 1.0% to factor in the execution risk, concentration risk, counterparty risk and risks associated with the renewal of the MSA with customers.

CSRP – 1.0%

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- Adjusted Cost of Equity (ACOE) – Based on the above estimates, the following table summarizes the cost of equity for the Identified Business and Segments as of the Valuation Date.

Table 5.1: Adjusted Cost of Equity of Segments

Details	
Beta	0.94x
Risk-Free Rate	6.8%
Equity Risk Premium	6.8%
Base Cost of Equity	**13.2%**
Company Specific Risk Premium	1.0%
Adjusted Cost of Equity	**14.2%**

5.1.3. Cost of Debt ("Kd")

The pre-tax cost of debt has been considered based on the average cost of borrowings of the Identified Business based on market rates as of the Valuation Date as provided to us by the Client. The pre-tax cost of debt has then been adjusted for the effective tax rate to arrive at the post-tax cost of debt

Table 5.2: Post-Tax Cost of Debt of Segments

Details	
Pre-Tax Cost of Debt	8.00%
Tax Rate	25.2%
Post-Tax Cost of Debt	**6.0%**

5.1.4. Debt-to-Total Capital

The debt-to-total capital ratio of the Segments is considered based on the target debt-to-equity ratio of the Identified Business i.e., 25.0% as of the Valuation Date as provided to us by the Client. Further, the debt-to-total capital ratio is:

Debt-to-Total Capital – 20.0%

5.1.5. Tax Rate ("t")

WACC has been estimated using marginal tax rate of 25.17% based on the income tax rates as prescribed by the income tax authorities of India as confirmed to us by the Client.

5.1.6. Weighted Average Cost of Capital ("WACC")

Based on the above-mentioned parameters, the WACC of 12.5% has been estimated as follows as of the Valuation Date:

Table 5.3: WACC of Segments

Details	Weight	%
Adjusted Cost of Equity	80.0%	14.2%
Post-Tax Cost of Debt	20.0%	6.0%
Weighted Average Cost of Capital		**12.5%**

5.1.7. Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the explicit period of forecasts up to perpetuity. This value is estimated taking into consideration the past growth rates of the product / service, economic life cycle of the product/ service, expected growth rates in future, capital investments made in the business as well the estimated growth rate of the industry and economy. Based on the dynamics of the sector, existing MSAs and discussions with the Client, a terminal growth rate of 2.5% has been considered for the GBT, RT, and ULS segments of the Identified Business as of the Valuation Date. However, as mentioned earlier the CoW segment of the Identified Business has a limited tenure i.e. till 31 December 2034, as confirmed by the Client, therefore, no terminal value has been considered for the same.

To estimate the free cash flows to firm for the terminal period for the GBT, RT, and ULS segments of the Identified Business, we have assumed the following:

- As mentioned earlier, revenues for the terminal year have been grown after analyzing the Identified Business' performance, operating outlook, industry and overall economy,
- EBITDA margin for the terminal period has been considered based on the EBITDA margin of the Segments for the last year of the Projected Period i.e., CY35,
- Capital expenditure in the nature of maintenance and replacement for the terminal period has been considered based on the capital expenditure of the respective Segments of the Identified Business for the last year of the Projected Period i.e., CY35,
- Depreciation for the terminal period has been considered to be the same as the capital expenditure of the terminal period,
- Net Working Capital for the terminal period has been considered based on the net working capital of the respective Segments of the Identified Business for the last year of the Projected Period i.e., CY35,

Since the CoW segment has limited tenure, the release of working capital at the end of the Projected Period i.e. CY 2034 has been considered to arrive at the enterprise value. The same has been considered on present value basis using the end period discounting factor.

Based on the above-mentioned assumptions, the present value of terminal value has been summarized in the table below:

Table 5.4: PV of Terminal Value of Segments of Identified Business (INR Million)

Details	GBT	RBT	ULS	CoW
PV of Terminal Value	2,703.9	250.1	14.7	NA

5.2. Enterprise Value

Using the above-mentioned assumptions and the discount rate used under the DCF method, we have arrived at an enterprise value as summarized in the table below for each Segments of the Identified Business as of the Valuation Date:

Table 5.5: Enterprise Value of Segments of Identified Business under the DCF Method as of 31 December 2024 (INR Million)

Details	GBT	RBT	ULS	CoW
Sum of PV of Cash Flow	7,271.5	778.9	37.5	220.7
PV of Terminal Value	2,703.9	250.1	14.7	NA
PV of Working Capital at the end of CY 2034	NA	NA	NA	1.2
Enterprise Value	**9,975.3**	**1,028.9**	**52.2**	**221.9**

5.2 Comparable Transactions ("CT") Method

As mentioned previously, we have analysed transactions in the telecom tower business space over the last 7 years and based on our analysis we have identified transactions in which the target companies/ assets are comparable to the Segments/ Identified Business in terms of economic activities. Therefore, we have used this methodology for the Valuation Analysis by computing the implied EV/ TTM EBITDA multiple of such transactions to arrive at the enterprise value of the Identified Business under the CT Method.

Please refer the Appendices section of this Report for details of the transactions considered for the CT method.

We have arrived at the median implied EV/ TTM EBITDA of 8.9x of the comparable transactions, which has been adjusted for a discount of 20.0% on account of difference in businesses, stage of operations, client portfolio, segment mix etc. to arrive at an adjusted implied EV/ TTM EBITDA multiple of 7.1x. Further, the same has been applied to the forward EBITDA for CY 2025 of the respective Segments of the Identified Business as of the Valuation Date to arrive at the enterprise value, which has been further discounted to arrive at the adjusted enterprise value of respective Segments of the Identified Business as of the Valuation Date.

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Table 5.6: Enterprise Value of Segments of Identified Business under CT Method (INR Million)

Details	GBT	RT	ULS	CoW
	Implied EV/TTM EBITDA	Implied EV/TTM EBITDA	Implied EV/TTM EBITDA	Implied EV/TTM EBITDA
Selected Multiple	**8.9**	**8.9**	**8.9**	**8.9**
Discount	20%	20%	20%	20%
Adjusted Multiple	**7.1**	**7.1**	**7.1**	**7.1**
Forward EBITDA for 2025 (INR Mn)	1,464.3	179.0	8.7	44.7
Enterprise Value (INR Mn)	**10,382.8**	**1,269.5**	**61.8**	**317.0**
PV Factor	0.943	0.943	0.943	0.943
Adjusted Enterprise Value (INR Mn)	**9,787.8**	**1,196.8**	**58.3**	**298.8**

5.3. Valuation Summary

The following table summarizes the enterprise value range for each Segments of the Identified Business as per DCF and CT method for each of the business segments, as of the Valuation Date:

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Table 5.7: Enterprise Value of Identified Business as of the Valuation Date (INR Million)

Details	Enterprise Value
	INR Mn
Discounted Cash Flow Method	
GBT	9,975.3
RT	1,028.9
ULS	52.2
CoW	221.9
Total Enterprise Value of Identified Business	**11,278.4**
Comparable Transactions Method	
GBT	9,787.8
RT	1,196.8
ULS	58.3
CoW	298.8
Total Enterprise Value of Identified Business	**11,341.7**

The estimated enterprise value of the Identified Business ranges from INR 11,278.4 million to INR 11,341.7 million.

The above valuation is critically dependent on the ability of the Client to successfully and timely implement/ execute the financial projections of the Segments provided to us by the Client. Any significant variation in these assumptions would have an impact on our valuation estimate and should be read in conjunction with the assumptions and limitations explained in this Report and our Engagement Letters.

The key financial projections and forecasts described in this analysis are based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts are based may not materialize or may vary significantly from actual results, and such variances may increase over time. All projections and forecasts relied upon by us have been prepared solely by the Client and have not been validated, authenticated or verified by us.

We express no opinion on the achievability of the forecasts given to us by the Client. We have been informed that the assumptions used in the preparation of the forecasts are based on the present expectation of the most likely set of future business events. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

We understand the Enterprise Value of Identified Business shall be adjusted in accordance with closing adjustments in relation to Proposed Transaction. It should be noted that our scope is to estimate the Enterprise Value of Identified Business as on the Valuation Date and does not involve estimating or commenting on the adjustment made to the Enterprise Value of Identified Business as on a date after the date of this Report.

Please note that our Valuation Analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with Indus, and Hexacom.

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Section 6

Caveats

6.1 General

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, audit, financial due diligence review, consulting, transfer pricing or domestic / international tax-related services that may otherwise be provided by us.

We have carried out the fair valuation of the Identified Business. Our analysis and review of the financial statements (including historical and projected financial statements) of Identified Business does not constitute an audit in accordance with Auditing Standards and does not include the vetting of financial projections of Identified Business provided by the Client. We understand that the revenue and cost of operations as forecasted in the financial projections provided to us are on a consolidated basis. We have solely relied on explanations and information provided by the Client and accepted the information provided to us as consistent and accurate on an “as is” basis. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided has material misstatements or would not afford reasonable grounds upon which to base the Report. The responses to our queries (either via correspondence or meetings) on the earning capacity and operating outlook for Client’s reflects their best judgment as of the Valuation Date regarding the future profitability of the businesses after taking into account industry and operating conditions in the sector in which the Identified Business operates in India.

We assume that the liabilities are only those which were made available to us in the balance sheets and that there are no other contingent liabilities, unusual contractual obligations, substantial commitments or claims against Identified Business which would materially affect the financial statements and have an impact on the value. Our valuation is primarily from a business perspective and has not taken into account various legal and other corporate structures beyond the limited information made available to us.

The responsibility for forecasts and the assumptions on which they are based is solely that of the Client and we provide no confirmation or assurance on the achievability of these projections. It must be emphasized that profit forecasts necessarily depend upon subjective judgment. They are to a greater or lesser extent, according to the nature of the business and the period covered by the forecasts, subject to substantial inherent uncertainties. In consequence, they are not capable of being audited or substantiated in the same way as financial statements, which present the results of completed periods. Similarly, we have relied on data from external sources. These sources are considered to be reliable and therefore, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences for Identified Business.

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Please note that for the purpose of our Valuation Analysis, suitable averaging and rounding off in the values arrived at have been done wherever necessary/ applicable.

The valuation worksheets prepared for the exercise are proprietary to Grant Thornton and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the exercise and which a wider scope might uncover. It may be noted that valuation is not an exact science and ultimately depends upon what the business is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. The valuation exercise is carried out as on the Valuation Date mentioned in the Report and using generally accepted valuation methodologies, the relative emphasis of each often varying based on several specific factors. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. The Valuation Analysis recommendation contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in use which we have applied in this exercise.

This Report is issued on the understanding that the Client has disclosed all documents, records and information relevant to our review of the financial outlook and are complete and fair in relation to the valuation of the business of Identified Business as of the Valuation Date, and have drawn our attention to all matters of which it is aware concerning the financial position of the business and the companies, which may have an impact on our Report up to the date of issue. The value derived is as at the date of the Report and the same may change with change in the market condition, volatility or any other internal and external factors affecting the operations and market value of the companies, post the date of valuation as per this Report. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report. We have no present or planned future interest in Identified Business, Indus, and Hexacom and the fee for this Report is not contingent upon the values reported herein. Our valuation analysis should not be construed as investment advice.

We do not have any financial interest in the Identified Business, Indus, and Hexacom, nor do we have any conflict of interest in carrying out this valuation.

We understand that you did not require us to perform this valuation as a Registered Valuer under the Companies Act 2013 (the “Act”), the Companies (Registered Valuers and Valuation) Rules, 2017 or as per any other rules, regulations, standards, byelaws, ordinance, notifications issued pursuant to such Act or Rules. Accordingly, our Valuation Analysis and this Report does not constitute nor can be construed as a valuation carried out by a Registered Valuer in accordance with such Act or Rules or as per any rules, regulations, standards, byelaws, ordinance, notifications issued pursuant to such Act or Rules and any such use of our Valuation Analysis, and this Report is not permitted.

6.2 Distribution of Report

This valuation analysis is confidential and has been prepared exclusively for the Indus and Hexacom. Unless governed by statute or regulation, the Report and the deliverable issued by the Firm is strictly confidential and for use by Indus and Hexacom for the purpose specified in the Engagement Letters. Hence, it should not be used, reproduced or circulated for any other purpose, whether in whole or in part without the prior written consent of Grant Thornton. Such consent will only be given after full consideration of the circumstances at the time.

If the Report is shared with any third party, Grant Thornton does not assume any duties or obligations to these third parties in connection with such access and the Valuation Analysis contained in the Report should not be construed as investment advice. Please note that our firm owes no duty of care to the third parties or any other person who may have access to the Report and cannot accept any responsibility or liability for reliance by them in acting or refraining from acting on the contents of the Report. Client shall indemnify and hold harmless Grant Thornton and its personnel against all claims by third parties, including its shareholders arising directly or indirectly as a result of the Report being shared with third parties. The Report and other deliverables may not be used, reproduced or circulated for any other purpose, whether in whole or in part, without the prior written consent of Grant Thornton, which consent shall only be given after full consideration of the circumstances at the time and on the understanding that the Firm owes no duty of care to any party other than the Client.

6.3 Sources of Information

The valuation analysis is based on a review of the projected financial information relating to Identified Business provided by the Client and discussions with Client and explanation received from them. For the valuation analysis, we have also drawn upon information of comparable companies as available in the public domain.

The sources of information include:

- Discussions with the Client,
- Carved out financial projections of GBT, RT and ULS segments of the Identified Business from the period starting from 1 January 2025 through 31 December 2035 as provided to us by the Client,
- Carved out financial projections of CoW segment of each of the Identified Business from the period starting from 1 January 2025 through 31 December 2034 as provided to us by the Client,

- Provisional carved out balance sheet of Identified Business as of 31 December 2024,
- 10-Year Zero Coupon Yield as of 31 December 2024 from Clearing Corporation of India Limited website i.e., www.ccilindia.com,
- Capital IQ, Venture Intelligence, VCC Edge and media reports,
- In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the analysis.

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Section 7
Appendices

APPENDIX I – DISCOUNTED CASH FLOWS ANALYSIS – IDENTIFIED BUSINESS: GBT SEGMENT (INR Million)

Details for the Period Ending 31 December, No. of Months		2025 12	2026 12	2027 12	2028 12	2029 12	2030 12	2031 12	2032 12	2033 12	2034 12	2035 12	Terminal Period
Net Revenues (Excl. Non-Operating Income)		**1,951.5**	**1,973.0**	**2,020.4**	**2,071.4**	**2,073.2**	**2,122.4**	**2,152.8**	**2,199.4**	**2,243.1**	**2,295.9**	**2,058.0**	**2,109.5**
YoY Growth Rate			*1.1%*	*2.4%*	*2.5%*	*0.1%*	*2.4%*	*1.4%*	*2.2%*	*2.0%*	*2.4%*	*-10.4%*	*2.5%*
EBITDA (Excl. Non-Operating Income)		**1,464.3**	**1,469.6**	**1,500.2**	**1,533.6**	**1,517.2**	**1,547.5**	**1,558.2**	**1,584.4**	**1,606.8**	**1,637.5**	**1,397.1**	**1,432.1**
EBITDA Margins		*75.0%*	*74.5%*	*74.2%*	*74.0%*	*73.2%*	*72.9%*	*72.4%*	*72.0%*	*71.6%*	*71.3%*	*67.9%*	*67.9%*
Less: Depreciation and Amortisation		1,513.2	1,316.7	1,149.7	1,004.4	880.8	775.8	686.5	610.6	546.1	491.3	444.7	180.7
EBIT (Excl. Non-Operating Income)		**(48.9)**	**152.8**	**350.4**	**529.2**	**636.4**	**771.7**	**871.6**	**973.7**	**1,060.7**	**1,146.2**	**952.4**	**1,251.4**
EBIT Margins		*-2.5%*	*7.7%*	*17.3%*	*25.5%*	*30.7%*	*36.4%*	*40.5%*	*44.3%*	*47.3%*	*49.9%*	*46.3%*	*59.3%*
Less: Tax Expense	*25.2%*	-	26.2	88.2	133.2	160.2	194.2	219.4	245.1	267.0	288.5	239.7	315.0
Gross Free Cash Flows		**(48.9)**	**126.7**	**262.2**	**396.0**	**476.2**	**577.5**	**652.3**	**728.7**	**793.7**	**857.7**	**712.7**	**936.4**
Adjustments:													
Add: Depreciation and Amortisation		1,513.2	1,316.7	1,149.7	1,004.4	880.8	775.8	686.5	610.6	546.1	491.3	444.7	180.7
Less: Capital Expenditure		180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7
Less: Increase/ (Decrease) in Net Working Capital		136.5	-	-	-	-	-	-	-	-	-	-	-
Net Free Cash Flows to Company		**1,147.1**	**1,262.8**	**1,231.3**	**1,219.7**	**1,176.4**	**1,172.6**	**1,158.1**	**1,158.6**	**1,159.2**	**1,168.4**	**976.8**	**936.4**
PV Factor	*12.5%*	0.943	0.838	0.744	0.662	0.588	0.522	0.464	0.413	0.367	0.326	0.290	
Present Value of Net Free Cash Flows to Company		**1,081.4**	**1,057.9**	**916.6**	**806.9**	**691.6**	**612.6**	**537.7**	**478.1**	**425.0**	**380.7**	**282.8**	
Terminal Value													**9,337.7**
Sum of Present Value of Net Free Cash Flows to Company	7,271.5												
Present Value of Terminal Value	2,703.9												
Enterprise Value (INR Mn)	**9,975.3**												

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APPENDIX II – DISCOUNTED CASH FLOWS ANALYSIS – IDENTIFIED BUSINESS: RT SEGMENT (INR Million)

Details for the Period Ending 31 December, No. of Months		2025 12	2026 12	2027 12	2028 12	2029 12	2030 12	2031 12	2032 12	2033 12	2034 12	2035 12	Terminal Period
Net Revenues (Excl. Non-Operating Income)		**389.2**	**398.2**	**408.7**	**419.5**	**425.2**	**434.0**	**444.5**	**456.3**	**468.2**	**480.6**	**427.9**	**438.6**
YoY Growth Rate			*2.3%*	*2.7%*	*2.6%*	*1.4%*	*2.1%*	*2.4%*	*2.7%*	*2.6%*	*2.7%*	*11.0%*	*2.5%*
EBITDA (Excl. Non-Operating Income)		**179.0**	**181.3**	**184.9**	**188.4**	**186.7**	**187.8**	**190.3**	**193.8**	**197.1**	**200.7**	**147.4**	**151.1**
EBITDA Margins		*46.0%*	*45.5%*	*45.2%*	*44.9%*	*43.9%*	*43.3%*	*42.8%*	*42.5%*	*42.1%*	*41.8%*	*34.5%*	*34.5%*
Less: Depreciation and Amortisation		157.7	140.0	124.9	111.5	100.1	90.4	82.1	75.1	69.2	64.1	59.8	35.4
EBIT (Excl. Non-Operating Income)		**21.4**	**41.3**	**60.0**	**76.9**	**86.6**	**97.4**	**108.1**	**118.7**	**128.0**	**136.6**	**87.6**	**115.7**
EBIT Margins		*5.5%*	*10.4%*	*14.7%*	*18.3%*	*20.4%*	*22.4%*	*24.3%*	*26.0%*	*27.3%*	*28.4%*	*20.5%*	*26.4%*
Less: Tax Expense	*25.2%*	5.4	10.4	15.1	19.4	21.8	24.5	27.2	29.9	32.2	34.4	22.1	29.1
Gross Free Cash Flows		**16.0**	**30.9**	**44.9**	**57.6**	**64.8**	**72.9**	**80.9**	**88.8**	**95.8**	**102.2**	**65.6**	**86.6**
Adjustments:													
Add: Depreciation and Amortisation		157.7	140.0	124.9	111.5	100.1	90.4	82.1	75.1	69.2	64.1	59.8	35.4
Less: Capital Expenditure		35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4
Less: Increase/ (Decrease) in Net Working Capital		26.6	-	-	-	-	-	-	-	-	-	-	-
Net Free Cash Flows to Equity		**111.6**	**135.5**	**134.4**	**133.7**	**129.5**	**127.9**	**127.7**	**128.6**	**129.5**	**130.9**	**90.0**	**86.6**
PV Factor	*12.5%*	0.943	0.838	0.744	0.662	0.588	0.522	0.464	0.413	0.367	0.326	0.290	
Present Value of Net Free Cash Flows to Company		**105.2**	**113.5**	**100.1**	**88.5**	**76.2**	**66.8**	**59.3**	**53.1**	**47.5**	**42.7**	**26.1**	
Terminal Value													**863.6**

Sum of Present Value of Net Free Cash Flows to Company	778.9
Present Value of Terminal Value	250.1
Enterprise Value (INR Mn)	**1,028.9**

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APPENDIX III – DISCOUNTED CASH FLOWS ANALYSIS – IDENTIFIED BUSINESS: ULS SEGMENT (INR Million)

Details for the Period Ending 31 December, No. of Months		2025 12	2026 12	2027 12	2028 12	2029 12	2030 12	2031 12	2032 12	2033 12	2034 12	2035 12	Terminal Period
Net Revenues (Excl. Non-Operating Income)		**13.5**	**13.9**	**14.2**	**14.6**	**14.8**	**15.0**	**15.4**	**15.8**	**16.2**	**16.7**	**15.1**	**15.4**
YoY Growth Rate			*2.6%*	*2.6%*	*2.6%*	*1.5%*	*1.3%*	*2.6%*	*2.6%*	*2.6%*	*2.6%*	*-9.6%*	*2.5%*
EBITDA (Excl. Non-Operating Income)		**8.7**	**8.9**	**9.2**	**9.4**	**9.5**	**9.5**	**9.8**	**10.0**	**10.3**	**10.5**	**9.0**	**9.2**
EBITDA Margins		*64.5%*	*64.5%*	*64.4%*	*64.4%*	*63.9%*	*63.4%*	*63.4%*	*63.3%*	*63.3%*	*63.2%*	*59.4%*	*59.4%*
Less: Depreciation and Amortisation		8.1	7.2	6.6	5.9	5.4	4.9	4.5	4.2	3.9	3.7	3.5	2.4
EBIT (Excl. Non-Operating Income)		**0.7**	**1.7**	**2.6**	**3.5**	**4.1**	**4.6**	**5.2**	**5.8**	**6.3**	**6.8**	**5.5**	**6.8**
EBIT Margins		*5.0%*	*12.3%*	*18.4%*	*23.9%*	*27.6%*	*30.6%*	*33.9%*	*36.7%*	*39.0%*	*41.1%*	*36.2%*	*44.2%*
Less: Tax Expense	*25.2%*	0.2	0.4	0.7	0.9	1.0	1.2	1.3	1.5	1.6	1.7	1.4	1.7
Gross Free Cash Flows		**0.5**	**1.3**	**2.0**	**2.6**	**3.1**	**3.4**	**3.9**	**4.3**	**4.7**	**5.1**	**4.1**	**5.1**
Adjustments:													
Add: Depreciation and Amortisation		8.1	7.2	6.6	5.9	5.4	4.9	4.5	4.2	3.9	3.7	3.5	2.4
Less: Capital Expenditure		2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Less: Increase/ (Decrease) in Net Working Capital		0.3	-	-	-	-	-	-	-	-	-	-	-
Net Free Cash Flows to Equity		**5.9**	**6.2**	**6.2**	**6.2**	**6.1**	**6.0**	**6.1**	**6.2**	**6.3**	**6.5**	**5.2**	**5.1**
PV Factor (d)	*12.5%*	0.943	0.838	0.744	0.662	0.588	0.522	0.464	0.413	0.367	0.326	0.290	
Present Value of Net Free Cash Flows to Company		**5.6**	**5.2**	**4.6**	**4.1**	**3.6**	**3.1**	**2.8**	**2.6**	**2.3**	**2.1**	**1.5**	
Terminal Value													**50.9**

Sum of Present Value of Net Free Cash Flows to Company	37.5
Present Value of Terminal Value	14.7
Enterprise Value (INR Mn)	**52.2**

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APPENDIX IV – DISCOUNTED CASH FLOWS ANALYSIS – IDENTIFIED BUSINESS: CoW SEGMENT (INR Million)

Details for the Period Ending 31 December, No. of Months		2025 12	2026 12	2027 12	2028 12	2029 12	2030 12	2031 12	2032 12	2033 12	2034 12
Net Revenues (Excl. Non-Operating Income)		**49.2**	**50.5**	**51.7**	**53.0**	**54.3**	**55.7**	**57.1**	**58.5**	**60.0**	**61.5**
YoY Growth Rate			*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
EBITDA (Excl. Non-Operating Income)		**44.7**	**45.7**	**46.6**	**47.6**	**48.6**	**49.6**	**50.7**	**51.7**	**52.8**	**53.8**
EBITDA Margins		*90.8%*	*90.5%*	*90.2%*	*89.8%*	*89.5%*	*89.1%*	*88.8%*	*88.4%*	*88.0%*	*87.6%*
Less: Depreciation and Amortisation		33.6	29.1	25.3	22.0	19.2	16.9	14.8	13.1	11.7	10.4
EBIT (Excl. Non-Operating Income)		**11.1**	**16.5**	**21.3**	**25.6**	**29.4**	**32.8**	**35.8**	**38.6**	**41.1**	**43.4**
EBIT Margins		*22.5%*	*32.8%*	*41.2%*	*48.3%*	*54.1%*	*58.8%*	*62.8%*	*65.9%*	*68.5%*	*70.6%*
Less: Tax Expense	*25.2%*	2.8	4.2	5.4	6.4	7.4	8.3	9.0	9.7	10.3	10.9
Gross Free Cash Flows		**8.3**	**12.4**	**15.9**	**19.1**	**22.0**	**24.5**	**26.8**	**28.9**	**30.8**	**32.5**
Adjustments:											
Add: Depreciation and Amortisation		33.6	29.1	25.3	22.0	19.2	16.9	14.8	13.1	11.7	10.4
Less: Capital Expenditure		3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Less: Increase/ (Decrease) in Net Working Capital		4.0	-	-	-	-	-	-	-	-	-
Net Free Cash Flows to Equity		**34.5**	**38.1**	**37.9**	**37.8**	**37.8**	**38.0**	**38.3**	**38.6**	**39.0**	**39.5**
PV Factor (d)	*12.5%*	0.943	0.838	0.744	0.662	0.588	0.522	0.464	0.413	0.367	0.326
Present Value of Net Free Cash Flows to Company		**32.5**	**31.9**	**28.2**	**25.0**	**22.3**	**19.9**	**17.8**	**15.9**	**14.3**	**12.9**

Sum of Present Value of Net Free Cash Flows to Company	220.7
Present Value of Working Capital release at the end	1.2
Enterprise Value (INR Mn)	**221.9**

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APPENDIX V – COMPARABLE COMPANIES – BETA

Comparable Listed Companies	Unlevered Beta
Indus Towers Limited	1.1
Suyog Telematics Limited	0.6
Bharti Airtel Limited	0.7
Bharti Hexacom Limited	0.9
Median	**0.8**

APPENDIX VI – COMPARABLE TRANSACTIONS FOR IDENTIFIED BUSINESS

Date	Acquirer	Target	Percentage Sought (%)	Enterprise Value (INR Mn)	Implied EV/TTM EBITDA*
1-Apr-18	Bharti Infratel	Indus Towers	NA	715,000.0	8.9
25-Feb-22	Nettle Infrastructure Investments Limited	Indus Towers Limited (NSEI:INDUSTOWER)	4.7%	508,098.3	5.1
25-Feb-21	ATC Asia Pacific Pte. Ltd.	Elevar Digitel Infrastructure Private Limited	7.9%	268,792.7	8.9
25-Nov-20	ATC Asia Pacific Pte. Ltd.	Elevar Digitel Infrastructure Private Limited	12.3%	307,081.4	
12-Nov-20	Brookfield Corporation (TSX:BN)	Summit Digitel Infrastructure Limited	100.0%	254,049.1	8.9
	Median				**8.9**

**The multiple has been adjusted for control premium based on control premium study (Source: An Insight into India Control Premium, October 2024 published by Incwert Advisory Private Limited) for minority stake transactions,*

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APPENDIX VII – DETAILS OF PROJECTED CAPITAL EXPENDITURE OF IDENTIFIED BUSINESS

Capital Expenditure for the year ending 31 December,	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
GBT	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7	180.7
RT	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4
ULS	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
CoW	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	NA

APPENDIX VIII: PROJECTED PROFIT AND LOSS STATEMENT OF SEGMENTS OF IDENTIFIED BUSINESS (INR Million)

For the period ending 31 December, No. of months	2025 12 Projected	2026 12 Projected	2027 12 Projected	2028 12 Projected	2029 12 Projected	2030 12 Projected	2031 12 Projected	2032 12 Projected	2033 12 Projected	2034 12 Projected	2035 12 Projected
Sharing Revenue	2,403.4	2,435.5	2,495.1	2,558.5	2,567.6	2,627.2	2,669.7	2,730.0	2,787.5	2,854.7	2,501.0
NET REVENUES	**2,403.4**	**2,435.5**	**2,495.1**	**2,558.5**	**2,567.6**	**2,627.2**	**2,669.7**	**2,730.0**	**2,787.5**	**2,854.7**	**2,501.0**
LLR	479.2	493.6	508.4	523.7	539.4	555.6	572.2	589.4	607.1	625.3	624.7
Opex - Personnel	108.9	115.5	122.4	129.7	137.5	145.8	154.5	163.8	173.6	184.0	185.5
Opex- R&M	118.4	120.9	123.4	126.0	128.6	131.3	134.1	136.9	139.8	142.7	137.3
Total Expenses	**706.6**	**730.0**	**754.2**	**779.4**	**805.5**	**832.7**	**860.8**	**890.1**	**920.5**	**952.1**	**947.5**
EBITDA (Excluding Non-Operating Income)	**1,696.8**	**1,705.5**	**1,740.9**	**1,779.1**	**1,762.1**	**1,794.5**	**1,808.9**	**1,839.9**	**1,867.0**	**1,902.6**	**1,553.5**
Depreciation and Amortization	1,782.2	1,552.2	1,356.0	1,189.2	1,047.4	926.9	824.5	737.4	663.4	600.5	521.4
EBIT (Excluding Non-Operating Income)	**(85.4)**	**153.3**	**384.9**	**589.9**	**714.6**	**867.6**	**984.4**	**1,102.5**	**1,203.6**	**1,302.1**	**1,032.1**
Finance Costs	-	-	-	-	-	-	-	-	-	-	-
EBT (Excluding Non-Operating Income)	**(85.4)**	**153.3**	**384.9**	**589.9**	**714.6**	**867.6**	**984.4**	**1,102.5**	**1,203.6**	**1,302.1**	**1,032.1**
Other Income	-	-	-	-	-	-	-	-	-	-	-
PBT (Including Non-Operating Income)	**(85.4)**	**153.3**	**384.9**	**589.9**	**714.6**	**867.6**	**984.4**	**1,102.5**	**1,203.6**	**1,302.1**	**1,032.1**
Taxes	(21.5)	38.6	96.9	148.5	179.9	218.4	247.8	277.5	302.9	327.7	259.8
PAT (Including Non-Operating Income)	**(63.9)**	**114.7**	**288.0**	**441.4**	**534.8**	**649.2**	**736.6**	**825.0**	**900.6**	**974.3**	**772.4**
PAT (Excluding Non-Operating Income)	**(63.9)**	**114.7**	**288.0**	**441.4**	**534.8**	**649.2**	**736.6**	**825.0**	**900.6**	**974.3**	**772.4**

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1. Transfer of Telecom Tower Business by Hexacom

1.1. Overview of the transaction

This report covers the transaction of transfer of Telecom Tower business of Bharti Hexacom Limited (“Hexacom”) to Indus Towers Limited (“Indus”).

Under the telecom towers business, Hexacom operates in only 2 of the 22 circles in India viz., Northeast circle and Rajasthan circle.

Under the proposed arrangement, Indus is set to acquire the Telecom Tower business from Hexacom.

The detailed economic analysis of the transaction is provided in the below section.

1.2. Economic analysis

1.2.1. Most Appropriate Method[1]

The Indian Regulations provide no priority of methods. Rather, the selection of the pricing method to be used to test the arm's length character of a controlled transaction must be made under the “most appropriate method rule”. The most appropriate method is that method which, under the facts and circumstances of the transaction under review, provides the most reliable measure of an arm's length result.

In determining the reliability of a method, the two most important factors to be taken into account are (i) the degree of comparability between the controlled and uncontrolled transactions and (ii) the coverage and reliability of the available data. As per the Indian Regulations, other factors such as the nature and class of international transactions, conditions prevailing in the markets, the extent and reliability of adjustments that can be made, and the extent and reliability of assumptions that may be required in applying the method, shall also be taken into account.

Because the selection of the most appropriate method involves a test of relative merit, a method that may not be perfect is not rejected unless some other method can be shown to be more reliable or provide a better estimate of an arm's length result.

1.2.2. Selection of most appropriate method

With regards to the facts of the case and the nature of the current transaction, RPM, CPLM, PSM and TNMM cannot be applied and accordingly were eliminated from the consideration as an appropriate method. CUP method can be considered as the most appropriate method for determining the arm’s length

[1] Section 92C read with Rule 10B(2) and 10C

nature of the transaction under analysis. However, the applicability of the CUP method as the most appropriate method would depend upon the availability of reliable comparable data.

In the instant case, Hexacom/ Indus have not undertaken similar transactions with independent third parties. Hence, no internal comparables were available in respect of the subject transaction. Further, no data regarding this transaction was available and hence, external comparables were not considered for benchmarking the transaction under analysis.

In this regard, 'Other Method' provided under the Indian Regulations was evaluated and considered as the most appropriate method for determining the arm's length price for this transaction.

Further, OECD guidelines permit the use of any other method and state that the taxpayer retain the freedom to apply any methods not described in OECD guidelines to establish prices, provided the prices satisfies the arm's length principle.

Accordingly, the price which has been charged or paid, or would have been charged or paid for the same or similar uncontrolled transaction, is considered for the purposes of determining the arm's length price.

1.2.3. Determination of the arm's length price

For the determination of the arm's length nature of the transaction under consideration, reliance has been placed on the valuation report provided by the independent valuer on Telecom Tower business of Hexacom, as provided by the company's management.

Based on our analysis, the policy of Hexacom of charging the consideration for transfer of telecom tower business, by aligning the same with the value determined by an independent valuer, should meet the arm's length criteria.

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Disclaimer

Our views contained in this memorandum are based on the completeness and accuracy of the information provided by personnel of Airtel and/ or any assumptions made by Airtel/its related parties that were relied upon for the purpose of this memorandum. Furthermore, we are not commenting on the correctness of the valuation undertaken by the independent valuer. Our evaluation is limited to commenting upon the policy that the price is decided basis valuation undertaken by an independent valuer. We disclaim any liability for advice based on incorrect or inaccurate information provided to us relating to the operations and related party transactions of Airtel/its related parties with its AEs. If any of the information and assumptions provided by Airtel/its related parties is not complete or accurate, it is imperative that we be informed accordingly, as the inaccuracy or incompleteness thereof could have a material effect on our findings.

B S R prepared the memorandum in accordance with the Indian transfer pricing provisions contained in Sections 92 and 92A to 92F of the Act, read with Rules 10A to 10E of the Rules. In reviewing the related party transactions, useful inferences have been made from the "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations" published by the Organisation for Economic Cooperation and Development and Guidance Note on report under section 92E of the Act issued by the Institute of Chartered Accountants of India.

B S R's conclusions are based on the completeness and accuracy of the information provided by Airtel/its related parties and on the assumptions stated in this report. The audited results/ information supplied by Airtel/its related parties has been relied upon without audit or verification by B S R. B S R has also relied upon the confirmation provided by the management of the company due to the confidential nature of the information/ documents from business perspective. Should any of the facts or any of the assumptions be inaccurate or incomplete, it is imperative that B S R be informed immediately as inaccurate or incomplete information could materially affect the conclusion presented herein. Since tax laws are continually being revised, subsequent legislation and interpretations could significantly affect the tax consequences. We recommend checking this report again in the coming years to verify continued compliance with the local transfer pricing rules.

In preparing this memorandum, B S R has relied upon the accuracy of information generated from databases (which are licensed from third parties) and other websites specified in the memorandum. While we have reviewed the information contained in the databases and / or the relevant websites, we bear no responsibility in respect of any inaccuracies, omissions or changes, which may subsequently be discovered in the information contained in these databases or the websites.

The analysis and findings outlined in this memorandum are specifically in response to a request for advice by Airtel/its related parties. This memorandum is confidential and has been prepared solely for the use by Airtel/its related parties on the terms set out in our engagement letter. It should not be copied or disclosed to any third party, in whole or in part, without our prior written consent.

However, this memorandum may be presented (either in full or part) by Airtel/its related parties to the tax authorities should there be an inquiry into its transfer pricing arrangements. Neither the firm nor any of its members or employees undertake responsibility in any way whatsoever to any person or company other than Airtel/its related parties, for any error or omission in the advice given, however caused. Our views are not binding on any authority or Court and hence, no assurance is given that a position contrary to our views/ opinions expressed herein will not be asserted by any authority and/ or sustained by an appellate authority or a Court of law. The responsibility for any taxes/ penalties arising from the course of assessments would not be rest on the firm.

In the preparation of this memorandum, we have relied on the provisions of The Income-tax Act, 1961, the Income-tax Rules, 1962, and judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislation or regulatory changes or administrative pronouncements or judicial decisions. Any such change, which could be prospective, retrospective or retroactive, could affect the validity of the conclusions herein. Unless specifically requested otherwise, we shall not update this memorandum for subsequent changes or modifications to the law, to the rules/ regulations, or to the judicial and administrative interpretations thereof.