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# ENTERPRISE VALUATION REPORT

OF

## M/S ATIBIR INDUSTRIES COMPANY LIMITED

### (UNIT-1 & UNIT-2)

SITUATED AT

REGISTERED OFFICE: 20B, ABDUL HAMID STREET, 7<sup>TH</sup> FLOOR,  
BLOCK-7B, KOLKATA-700069

OWNER/ PROMOTER

SRIBIR GROUP

■ Corporate Valuers

■ Business/ Enterprise/ Equity Valuations

■ Lender's Independent Engineers (LIE)

■ Techno Economic Viability Consultants (TEV)

■ Agency for Fraud Detection & Monitoring (AFDM)

■ Project Techno-Financial Advisors

■ Chartered Engineers

■ Industry/ Trade Rehabilitation Consultants

■ NPA Management

■ Panel Valuer & Techno Economic Consultants for PSU  
Banks

REPORT PREPARED FOR

STATE BANK OF INDIA, SARG, SAMB-II KOLKATA, JEEVANDEEP BUILDING, 1<sup>ST</sup>  
FLOOR, 1, MIDDLETON STREET, KOLKATA-700071

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## PART A

## INTRODUCTION

- 1. ABOUT THE REPORT:** Enterprise Valuation of basic Iron & Steel manufacturing Company (Sponge Iron (Unit I) and Pig Iron, Pellet & Sinter (Unit II)) M/s Atibir Industries Company Limited having registered and admin office at 20B , Abdul Hamid Street, 7th Floor, Block- 7B, Kolkata, West Bengal-700069 and having corporate office at Sarawgi Sadan Dumri Road, Giridih, Jharkhand - 815301.
- 2. BACKGROUND OF THE PROJECT:** As per the information provided by the client/company and information available on the public domain & website about the company, M/s Atibir Industries Company Limited is a company under the Sribir Group has set up the manufacturing Unit-1 & Unit-2 for the production of Pig Iron, Sponge Iron, pellets & sinter at its manufacturing facilities located at Giridih, Jharkhand, consisting of 4 sponge iron kilns of 100 tons per day (TPD), Pig Iron, Sinters and Pellets, having installed capacities of 0.60 million tonnes, 0.68 million tonnes and 0.30 million tonnes, respectively, along with a Captive Power Plant (CPP) of around 4 MW, oxygen plant, and all other allied facilities. The Company belongs to the Giridih based Sarawgi Family, headed by Sri Sandeep Kumar Sarawgi.

Below table gives a detailed overview about the operations of Unit 1 and Unit 2:

Operational Details of Unit-1 & Unit-2			
S.No.	Particulars	Unit-1	Unit-2
1.	Address	Tundi Road, Manjhiladih Gadi Srirampur, Giridih	Tundi Road, Borandiha, Giridih
2.	Manufacturing Facility	Sponge Iron (4 kilns) Capacity: 100 tons/day per line	Sinter plant (2 units) Blast Furnace plant (2 units) Pellet plant (1 unit) Foundry for stores and spares
3.	Finished Goods	Sponge Iron/Direct Reduced Iron (DRI)	Pig Iron
4.	Key Raw material Used	Iron Ore (+5 mm) Coal Dolomite	Sinter plant: Iron Ore, Dolomite fines, Limestone, Hard coke Fines, Iron ore fines (-5 mm), Mill scale Pellet plant Iron Ore Fines,



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			Coal (-10 mm), Bentonite Powder, Furnace Oil Blast Furnace: Sinter, Pellet Imported Hard Coke
5.	Output	Sponge Iron By-product: Charcoal (Wastage) Iron Ore fines (transferred to Unit II)	Pig Iron and following by-products: Runner [unshaped, small pieces of pig iron] - sold to Atibir Hi-Tech Pvt. Ltd. Slag [input for Cement manufacturing companies]
6.	Customer Base	Export and Domestic	Domestic

The SRIBIR Group entered into steel manufacturing industry 1990, when it set up the Atibir Industries Co. Ltd, Unit-1 at Jharkhand. The next two decades saw significant expansion and in 2009. At present, SRIBIR Group has plants in three locations in Jharkhand.

As per the information available on the company's website, below table shows the details of group companies of Sribir Group:

S.No.	Name	Location and Established Year	Description
1.	Atibir Hi-Tech Pvt. Ltd.	Mohanpur, Tundi Road, Giridih (Jharkhand), 1998	Induction Furnace & Rolling Mill. Equipped with high speed Thermo Mechanical Treatment (TMT) coupled with Quenching and Tempering (Q & T) Process adopted in this plant produces SRIBIR TMT Bars. <ul style="list-style-type: none"><li>Induction Furnace: Sponge iron produced in SPONGE PLANT is used in induction furnace as Raw Materials for production of quality steel in the form of Ingot / Billet.</li></ul> Induction Furnace Installed

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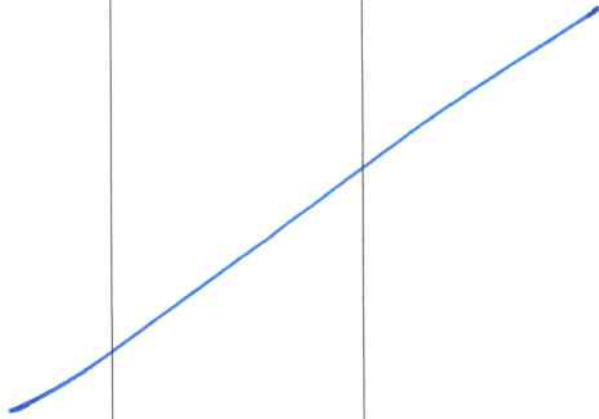
M/S ATIBIR INDUSTRIES COMPANY LIMITED

			<p>Capacity 120 Thousand M. T. Per Annum.</p> <ul style="list-style-type: none"> <li>• <b>Rolling Mill:</b> The high quality steel in the form of Ingot / Billet is used for rolling plant unit for the production of Rods and coils. These coils produced are used for the production of Wires &amp; Nails. Present Capacity: 20 Thousand M. T. Per Annum.</li> <li>• <b>TMT Bar Machine:</b> In this plant high quality Rod SRIBIR TMT BAR is produced by using Renowned American Technology Thermo Mechanically Treatment (T.M.T.) Process.</li> </ul>
2.	Bir Steel Pvt. Ltd.	Tundi Road, Mohanpur, Giridih (Jharkhand), 2002	This is the only unit in Jharkhand manufacturing steel wires, wire nails & wire mesh since 2002 from Iron ore through secondary route.
3.	Atibir Industries Co. Ltd – Unit I	Manjhladih, Gadi Srirampur, Giridih (Jharkhand), 2004	<p>This is one of the largest manufacturer of the steel in Jharkhand &amp; Bihar with a production capacity of 120000 M. T. per annum.</p> <ul style="list-style-type: none"> <li>• <b>Industrial Setup :</b> 4 Kilns of 100 TPD each</li> <li>• <b>Product :</b> Sponge Iron (Fe-78 A Grade)</li> </ul>
4.	Atibir Industries Co. Ltd – Unit II	Bhorandiha, Udnabad, Giridih (Jharkhand), 2009	The industrial setup involves setting up of blast furnace (600,000 tpa), sinter plant (680,000 tpa), pellet plant (300,000 tpa), hard coke, oxygen



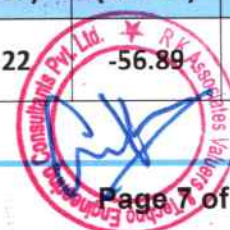
# ENTERPRISE VALUATION REPORT

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			<p>plant and a rolling mill (600,000 tpa). The unit consumes Coke, Coal for MBF, Iron ore fines, limestone, dolomite, quartzite and coke breeze for Sinter Plant, Iron ore fines, Limestone, coke breeze, bentonite for Pellet Plant and coking coal for coke oven as raw materials. Sinter Plant, Pallet Plant and Pig Iron.</p>
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Below table shows the historical financial performance of the company from FY 2016-17 to FY 2021-22:

HISTORICAL PROFIT & LOSS A/C						
Particulars	FY 2017 A	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
Net Sales	610.82	1,146.39	1,479.04	1,014.56	541.46	462.03
- Subsidy	13.62	41.28	33.61	33.94	20.70	12.52
- Others	0.18	0.19	0.01	0.02	0.62	-
<b>Total Revenue</b>	<b>624.62</b>	<b>1,187.86</b>	<b>1,512.66</b>	<b>1,048.52</b>	<b>562.78</b>	<b>474.55</b>
Depreciation	25.42	61.82	54.14	48.14	39.19	31.34
<b>Cost of Production</b>	<b>565.48</b>	<b>967.48</b>	<b>1,513.31</b>	<b>1,052.25</b>	<b>706.58</b>	<b>527.73</b>
<b>Cost of Sales</b>	<b>509.21</b>	<b>968.59</b>	<b>1,430.05</b>	<b>1,063.67</b>	<b>651.94</b>	<b>672.30</b>
Admin & Selling expenses	9.78	18.47	29.71	13.77	6.91	8.50
<b>Finance Cost</b>	<b>39.08</b>	<b>32.76</b>	<b>38.33</b>	<b>42.34</b>	<b>82.17</b>	<b>14.73</b>
<b>Total Operating Expenses</b>	<b>558.07</b>	<b>1,019.82</b>	<b>1,498.09</b>	<b>1,119.79</b>	<b>741.01</b>	<b>695.53</b>
<b>Operating Income</b>	<b>66.55</b>	<b>168.03</b>	<b>14.56</b>	<b>(71.26)</b>	<b>(178.24)</b>	<b>(220.98)</b>
Other Non-Operating Income	2.80	4.04	12.68	4.61	3.97	1.31
<b>Profit before Tax (PBT)</b>	<b>69.35</b>	<b>172.07</b>	<b>27.24</b>	<b>(66.65)</b>	<b>(174.27)</b>	<b>(219.67)</b>
Current Tax	4.90	3.89	12.07	0.01	-	0.00
<b>Profit after Tax (PAT)</b>	<b>64.45</b>	<b>168.18</b>	<b>15.17</b>	<b>(66.67)</b>	<b>(174.27)</b>	<b>(219.67)</b>
<b>Op. EBITDA without waiver of additional and penal</b>	<b>131.05</b>	<b>262.61</b>	<b>107.04</b>	<b>19.22</b>	<b>-56.89</b>	<b>-174.91</b>





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interest						
Op. EBIDTA without Subsidy and waiver of additional and penal interest	117.43	221.33	73.43	-14.72	-77.58	-187.43
EBIDTA waiver of without additional and penal interest	133.85	266.65	119.71	23.83	-52.92	-173.60
EBIDTA without Subsidy and waiver of additional and penal interest	120.23	225.37	86.10	-10.11	-73.62	-186.12
PBT	69.35	172.07	27.24	-66.65	-174.27	-219.67
PAT	64.45	168.18	15.17	-66.67	-174.27	-219.67
Op. EBIDTA %age	20.98%	22.11%	7.08%	1.83%	-10.11%	-36.86%
Op. EBIDTA without Subsidy %age	19.23%	19.31%	4.96%	-1.45%	-14.33%	-40.57%
EBIDTA %age	21.43%	22.45%	7.91%	2.27%	-9.40%	-36.58%
EBIDTA without Subsidy %age	19.68%	19.66%	5.82%	-1.00%	-13.60%	-40.28%
PBT %age	11.10%	14.49%	1.80%	-6.36%	-30.97%	-46.29%
PAT %age	10.32%	14.16%	1.00%	-6.36%	-30.97%	-46.29%

**Note:** Numbers shown in the above table during the FY 2022 are provisional as per the information shared by the company.

As per the historical analysis, which can be seen above revenue growth rate and all the margins are continuously declining which can be attributed to the financial stress faced by the company. As per the discussion with the client, the company is not able to fulfill its financial obligations and hence State Bank of India, SARG, SAMB-II Kolkata need to take appropriate decision/resolution on this NPA account.

Thus for the purpose of decision making on resolution of this stressed account, State Bank of India, SARG, SAMB-II Kolkata has assigned R K Associated to assess & determine the Enterprise Value/Fair Market Value of M/s Atibir Industries Company Limited as per scope of work, to execute the appropriate action by the decision makers on this NPA account.



**3. TYPE OF REPORT:** Enterprise Valuation Report.

**4. PURPOSE OF THE REPORT:** To assess & determine the Enterprise Value of the company under implementation as a whole as required by the lenders.

**5. SCOPE OF THE REPORT:** To assess & determine the Business Value/ Enterprise Value of the Company based on the appropriate method (NAV) considering the Resolution Plan.

- This is just the enterprise valuation of the company based on its fair market value of Current and Non-Current Assets. Further the Operational and Contingent liabilities will be adjusted with the Fair market value of Total assets, which will give the Net Assets Value (adjusted) of the company which can be used as proxy of Enterprise Value of the company.*
- This Valuation only covers the fair market value of Current and Non-Current assets of the company. It does not cover any transaction with the subject company's subsidiary/ associate/ Joint Venture Companies, as per the requirement by the lender.*
- This Valuation is prepared based on the current financial status and futuristic operational uncertainty of the company, financial data/ model, future projections, other facts & information provided by the company/ lender/ Client in writing & verbal discussions held during the course of the assignment and based on independent assessment of certain assumptions which are specifically mentioned in the Valuation section of the Report.*
- We have assumed that the information provided to us is correct and is not manipulated or distorted.*
- The Market and Industrial assessment of the given company's industry/ sector has not been done at our end. So, this valuation doesn't cover the Market & industrial scenario in terms of the product demand & market potential.*

**6. METHODOLOGY/ MODEL ADOPTED:** Net assets Value (NAV) method for the calculation of Enterprise Value of the Company.

**7. DOCUMENTS / DATA REFERRED:**

- Audited Financial Statements and Notes Provided by the Company.
- Detailed profile of the company shared by client/company including the reason for stress and steps taken by the company to mitigate the same
- Letters and proceedings details to NCLT by SBI.

# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

- Account wise total outstanding dues as on 26<sup>th</sup> April 2022 shared by company
- Provisional Balance Sheet of the company as on 31<sup>st</sup> March 2022
- In-principle sanction letters
- Details of contingent Liabilities of the company as on date provided by the client/company
- Details of slow-moving stock as on 31<sup>st</sup> march 2022
- ITR copies of AICL for last 3 assessment years





**PART B**

**PROJECT COMPANY**

**1. EXECUTIVE SUMMARY:**

M/s Atibir Industries Company Limited is a company under the Sribir Group has set up the manufacturing Unit-1 & Unit-2 for the production of Pig Iron, Sponge Iron, pallets & sinter at its manufacturing facilities located at Giridih, Jharkhand, consisting of 4 sponge iron kilns of 100 tons per day (TPD), Pig Iron, Sinters and Pellets, having installed capacities of 0.60 million tonnes, 0.68 million tonnes and 0.30 million tonnes, respectively, along with a Captive Power Plant (CPP) of around 4 MW, oxygen plant, and all other allied facilities. The company is presently managed by Shri Sandeep Kumar Sarawgi and Sharad Sarawgi.

Unit-1 was commissioned in 2005, DRI is produced and sold to market. Unit-II has 2 Sinter plant (production capacity of 0.30 million TPA and 0.34 million TPA, commissioned in 2011 & 2017 respectively), Pellet plant (production capacity of 0.30 million TPA, commissioned in 2011) and 2 Blast Furnace (production capacity of 0.30 million TPA and 0.34 million TPA, commissioned in 2011 & 2017 respectively). Blast Furnace tapped Hot Metal. It was then transferred to Pig casting machine. The pig iron then casted and sold to market.

The company is an existing connection with SBI since August 2003 and was earlier banking with SME Giridih Branch, Patna Circle. The account migrated to CCG vertical in April 2019.

Below table shows the operational capacity of Unit-1 & Unit-2, monthly and annually:

Operational Capacity of Unit-1 & Unit-2			
S.No.	Plant	Capacity (Ton Per Annum)	Capacity (Ton Per Monthly)
1.	Sponge Iron (Unit I)	120000	10000
2.	Pig Iron (Unit II: 300,000*2)	600000	50000
3.	Sinter (Unit II: 340,000*2)	680000	56667
4.	Pellets (Unit II)	300000	25000
5.	Slag / Unused Coal / Iron Ore etc.	-	-
6.	Subsidy	-	-



The incorporation details of the Project Company are provided in the table below:

<b>Name of the Company</b>	M/s Atibir Industries Company Limited
<b>CIN</b>	U00331WB2000PLC118392
<b>Address</b>	<p><b>Registered Office</b> 20B, Abdul Hamid Street, 7th Floor, Block 7B, Kolkata, West Bengal: 700069 (transferred from Jharkhand to West Bengal on 01 August 2007)</p> <p><b>Corporate Office</b> Sarawgi Sadan Dumri Road, Giridih, Jharkhand - 815301</p>
<b>Constitution</b>	Public Company (Limited by Shares)
<b>Date of Incorporation</b>	07 August 2000
<b>Authorised Capital</b>	Rs. 40,09,80,000
<b>Paid up Capital (Equity)</b>	Rs. 31,80,59,340

Part of the above facility was funded by way of term loans aggregating to Rs.145 Crores, involving SBI, earlier State Bank of Patiala (eSBP), Punjab National Bank (PNB) and Indian Bank. These loans were repaid on time to SBI and PNB and were prepaid to eSBP and Indian Bank.

In 2015, during the rough phase of the steel industry in the country, many steel projects were floundering primarily on account of high leverage, the Company followed a contrarian bet investment strategy and tried to take risk of advantage of its low term loans obligations, to add more capacities, and make value added products (Steel), by forward integrating and planned to double its Pig Iron manufacturing facilities to about 0.65 million tonnes, along with sinter plant and other allied facilities, and to forward integrate by way of conversion of its hot iron to steel by Basic Oxygen Furnace (BOF) Convertors, along with oxygen plants, Continuous Casting Machines (CCM), to finally make Billets for sale.

Further to execute the planned expansion, company approached the existing Consortium led by State Bank of India (SBI), which appraised the project and an In-Principal sanction was accorded in August 2015 with the following terms:

S. No.	Particular	Description
1.	Total Project cost	Rs. 854.42 Crores
2.	Total Term Loan	Rs. 513.00 Crores (DE 1.50 : 1)





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3.	SBI's Share	Rs. 250.00 Crores (48.73% of total debt)
4.	Upfront Equity	60% (Rs. 204.85 Crores) of the total Equity of Rs.341.42 Crores

As per the information provided by the client/company, below table shows the Total Capacity Installed, Capacity Utilization, Captive Consumption and Raw Material consumed historically by the company from FY 2017 to FY 2022. Thus the operating performance of the Plant was as follows:-

Particulars	FY 2017 A	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
<b>Installed Capacity (MT)</b>						
Sponge Iron	120000	120000	120000	120000	120000	120000
Pig Iron ( Including Runner) i.e. Hot Metal	600000	600000	600000	600000	600000	600000
Sinter	680000	680000	680000	680000	680000	680000
Pellets	300000	300000	300000	300000	300000	300000
<b>Capacity Utilisation (%)</b>	<b>42.76%</b>	<b>63.27%</b>	<b>77.13%</b>	<b>72.42%</b>	<b>28.31%</b>	<b>16.50%</b>
Sponge Iron	44.61%	48.48%	68.81%	62.41%	33.80%	24.97%
Pig Iron ( Including Runner) i.e. Hot Metal	34.30%	58.76%	73.70%	55.32%	26.09%	11.84%
Sinter	43.28%	63.00%	85.55%	81.31%	36.58%	16.21%
Pellets	62.67%	87.07%	76.47%	69.01%	17.37%	25.54%

**Note:** In the above table the numbers shown for the FY 2022 are provisional and it can be seen that the capacity utilization has been decreased drastically from a level of 77.13% in FY 2019 to 16.50% in FY 2022, which indicating that there is an operational efficiency gap and plants are not running in an efficient manner.

Thereafter, the Company started implementing the iron making part (Pig Iron & Sinter) of the expansion project and paid the upfront fee of Rs.38.00 Lakhs to State Bank of India (SBI) in





August 2015. Even after receiving the in-principal sanction and payment of the upfront fee, the In-principal sanctions could not be converted to final sanctions due to the scenario of steel sector further deteriorating in terms of the bank's exposure.

As per information provided by the banker/client, with SBI (Lead Bank) unable to sanction, the other banks in the consortium, also did not take sanctioning process ahead, while the Upfront Fee was never refunded to the Company.

As the Company had already started implementing the expansion project and it had invested more than Rs. 150 Crores, by the time the decision was not finalised on term loan, the Company dropped the steel making facilities (Basic Oxygen Furnace (BOF), and Rolling mill) work on which had not started, and decided to complete the Blast Furnace/Sinter plant/Oxygen plant part, thereby more than doubling the Pig iron making capabilities. The Company was assured of working capital support when the facilities neared completion.

In addition to internal generations and investments from promoters, the Company raised unsecured loan (USL) from one of its suppliers of raw materials to complete the project, amounting to Rs. 32.00 Crores. This part of the expansion project was completed at a cost of around Rs. 214 Crores. Thereafter, the Unit commenced operations with the expanded capacities from September 2017.

Further on commencement of the expanded capacities, the promoters of the company had been approached the lenders for enhancement of Working Capital limits and it was in-principally decided in January, 2018 by the lenders to enhance the WC limits, in the consortium, from Rs.479 crores to Rs.770 crores. Soon thereafter PNB after it gave its sanctions was struck due to various corrupted bank loans. PNB in the circumstances did not even release the sanctioned amounts even after documentation and charge creation thereof. Therefore, the limits were finally crystallized and re-documented at 541.26 crores i.e. the sanctions which were released (instead of Rs.770 crores).

The Company has attained investment grade rating (BBB-) in FY 2013, and remained so (investment grade, BBB+) till FY 2019, when the defaults, as mentioned later took the ratings to 'D'.

In spite of limited working capital limits, the Company was able to plan its cash flows and manage the working capital requirements. As per the audited financial report, company has been achieved net sales of Rs.1187.86 crores in FY 2018 and Rs.1, 512.66 crores in FY 2019, as against Rs.624.63 crores in FY 2017. The increase in Sales was possible without enhancements, due to



the support, the Company later realized, that the banks had given it in form of allowing reckoning of the LC payment date from the bill of exchange date rather than the bill of lading date.

Till 2019, the accounts were in Giridih Branch, which the promoters insisted on shifting to IFB Kolkata, based on their expectation that:

- A larger city would have a better perspective and assessment and sanction capabilities.
- Need based enhancement of limits, and completion of consortium that was not being achieved for multiple reasons not actually connected to the company or its management.

However, after the account was transferred to IFB, Kolkata, the Company was informed by the Branch that the LCs expiry dates have to be calculated from the Bills of Exchange Date, which was calculated from the Bills of Lading date in your Giridih Branch. This sudden change in calculation of maturity date of LCs, resulted in additional burden of about Rs.140 crores in August 2019, which was never accounted for by the Company and the company faced the lack of time to adjust the entire system to the new rules, and LC's that had already been opened were made necessary payable in 40 to 60 days of their opening.

The Promoters had proposed to the IFB Branch and PNB in September 2019 for extension of maturity dates of the LCs by approximately 120 days, which was in principle agreed by the beneficiaries and their lenders. The same was also rejected by the IFB Kolkata, though it was accepted by PNB. The promoters tried to pay the LC dues and resulting delayed ordering of raw materials.

Below table shows the lender wise details of dates on which the company was announced as a NPA account.

NPA Announcement Dates By the Lenders	
Name of the Bank	Date of NPA Announced
State Bank of India	16-10-2020
Punjab National Bank	07-06-2021
Indian Bank	27-12-2020

Due to the above, the productions got hampered from September 2019 and also led to devolvement of LCs and further led to liquidity crunch, the Company is still facing. In January 2020, the Branch reduced the limits by Rs.20.00 crores and increased the margin on LC from 15% to 25% and the company was further squeezed while it was facing the liquidity stress, and its volumes effected negatively.



With the problems being faced in the account, the promoters approached the IFB Branch with a Resolution Plan in May 2020, which was also not accepted by the Branch, instead the Branch alleged the promoters of financial indiscipline and Red Flagged the account on 30th April 2020 in between the pandemic, amidst the national lock down, where the Company worked with severe constraints while the Red Flag was removed on 26<sup>th</sup> Feb 2021.

Thereafter, many discussions took place between the Branch / CCG GM and the Promoters and many plans were submitted and discussed by the lenders. SBI has also been insisted upon infusion Rs.25.00 Crores, which the promoters did in February 2021.

However, none of the Resolution Plans were implemented and finally on 31-07-2021 the account was transferred to Stressed Assets Management Branch (SAMB) Branch, Kolkata by the consortium lead State Bank of India.

Due to this reason, the Company was finding difficult to service the debt which turned into NPA in October, 2020. For, this reason SBI, SARG, SAMB-II, Kolkata required the Fair Market Value/ Business Value/ Enterprise Value of the company assessed through the appropriate methodology as per the best practices in the industry in order to take decision on its resolution.

## 2. DIRECTORS/PROMOTERS DETAILS OF THE COMPANY:

Below table shows the details of directors/Promoters of the company along with their DIN details and date of appointment:

### List of Directors of AICL

S.No.	Name	DIN	Designation	Date of Appointment
1.	PARAS KUMAR SARAWGI	00539243	Director	7 <sup>th</sup> August, 2000
2.	SANDEEP KUMAR SARAWGI	00539285	Managing Director	26 <sup>th</sup> March 2004
3.	SHARAD SARAWGI	00727809	Director	18 <sup>th</sup> February, 2019
4.	PRADEEP GOYAL	02539253	Director	25 <sup>th</sup> May, 2016
5.	SURUCHI AGARWAL	08805924	Director	3 <sup>rd</sup> August 2020



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M/S ATIBIR INDUSTRIES COMPANY LIMITED

6.	Kuruganti Chidambaran	-	Chief Executive Officer	-
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We could not found much details of directors/promoters, their educational background and experience in the public domain.

### 3. DEBT POSITION OF THE COMPANY:

Below table shows the Working capital loans and facilities sanctioned as per Sanction letters and CMA statement:

A. As per sanctioned letters Sanctioned debt position as on October 2021 is shown in the below table:

Sanctioned Debt Position as on October, 2021				
Particular (INR Crore)	State Bank of India	Indian Bank	Punjab National Bank	Total
Sanction Letter Dated	27 <sup>th</sup> Jan 2020	8 <sup>th</sup> July 2019	24 <sup>th</sup> April 2020	
<b>1. Fund Based</b>				
Cash Credit (Stocks)	155	30	40	225
Corporate Loan	20	10	0	30
<b>Sub-Total</b>	<b>175</b>	<b>40</b>	<b>40</b>	<b>255</b>
<b>2. Non-Fund Based</b>				
Letter of Credit	170	33	48	251
Bank Guarantee	2	0	3.60	5.60
Derivatives	9	0.66	0	9.66
<b>Sub-Total</b>	<b>181</b>	<b>33.66</b>	<b>51.60</b>	<b>266.26</b>
<b>Grand Total</b>	<b>356</b>	<b>73</b>	<b>91.60</b>	<b>521.26</b>

B. As per sanctioned letters Actual debt position as on October 2021 is shown in the below table:

Sanctioned Debt Position as on October, 2021				
Particular (INR Crore)	State Bank of India	Indian Bank	Punjab National Bank	Total



Fund/Non-Fund Based				
Cash Credit (Stocks, LC, BGs)	338.41	67.69	78.78	484.88
Term Loan	15.98	8.57	0	24.55
<b>Grand Total</b>	<b>354.39</b>	<b>76.26</b>	<b>78.78</b>	<b>509.43</b>

As on 26<sup>th</sup> April 2022, account wise the Company has a total dues of Rs. 396.36 Crores as per the information shared by the Company. Below table shows the details of the total due of the company categorized as term loan, Cash Credit and Working Capital Loan:

**Table 1: Outstanding Dues of AICL as on 26<sup>th</sup> April 2022**

S. No.	A/C No.	Facility	Limit	O/S	Accrued Interest	Penalty Interest	Total Dues
1	37748374983	Term Loan	200000000	160000000	43490713	2893027	
2	38405967749	Cash Credit	589000000	2288717078	240350709	48866107	
3	39031624720	WCL	80000000	80000000	18471208	0	
4	39699340534	WCL	80000000	80944438	16691819	0	
5	39699346025	WCL	80000000	80944438	16691819	0	
6	39705637054	WCL	80000000	80944438	16691819	0	
7	39761419733	WCL	80000000	80944438	16690024	0	
8	39760937131	WCL	80000000	80944438	16690024	0	
9	39785083804	WCL	480000000	484387068	108264239	0	
10	40122319271	HOOP	1000000	0.00	0.00	0.00	
<b>Total</b>	<b>INR Crore</b>		<b>175.00</b>	<b>341.78</b>	<b>49.40</b>	<b>5.18</b>	<b>396.36</b>

#### 4. CAPITAL STRUCTURE:

As per the provisional financial statement provided by the client/company, the authorized Share Capital of the Company is INR 40,09,80,000 Crores divided into 4,00,98,000 Equity Shares of Rs. 10/- each.

During the year under review, paid up capital of the Company was INR 31,80,59,340 divided into 3,18,05,934 Equity Shares of Rs. 10/- each fully paid as on 31<sup>st</sup> March, 2022.



## 5. SHAREHOLDING PATTERN:

As per details shared by the client/company, the Shareholding Pattern of the Company as on 31<sup>st</sup> March 2022 is as follows:-

**Table 3: Shareholding Pattern as on 31<sup>st</sup> March 2022**

S. NO.	Name of shareholder	No. of Shares	Nom.Val/ Shares	Amount (Paid Up value).
1	Santosh Kumar Sarawgi	5000	10.00	50,000
2	Paras Kumar Sarawgi	54000	10.00	5,40,000
3	Harish Kumar Sarawgi	486000	10.00	48,60,000
4	Sandeep Kumar Sarawgi	3674300	10.00	3,67,43,000
5	Samir Kumar Sarawgi	1083200	10.00	1,08,32,000
6	Surendra Kumar Sarawgi (HUF)	2228220	10.00	2,22,82,200
7	Samir Kumar Sarawgi( HUF)	1869970	10.00	1,86,99,700
8	Paras Kumar Sarawgi ( HUF)	2439590	10.00	2,43,95,900
9	Harish Kumar Sarawgi( HUF)	1894572	10.00	1,89,45,720
10	Sandeep Kumar Sarawgi(HUF)	1762880	10.00	1,76,28,800
11	Santosh Kumar Sarawgi(HUF)	2178100	10.00	2,17,81,000
12	Sri Bir Marketing Services (P) Ltd	54000	10.00	5,40,000
13	Atibir Hi-Tech ( Pvt) Ltd	1467500	10.00	1,46,75,000
14	Sharad Sarawgi	175500	10.00	17,55,000
15	Arpit Sarawgi	216000	10.00	21,60,000
16	Ramesh Mercantile Pvt Ltd	70000	10.00	7,00,000





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17	Nariman Fiscal Services Pvt Ltd	200000	10.00	20,00,000
18	Jit Finance Pvt Limited	130000	10.00	13,00,000
19	Amit Auto Credit Company Pvt. Ltd	153800	10.00	15,38,000
20	Baba Iron Industries Pvt. Limited	110000	10.00	11,00,000
21	Surendra Sarawgi -Partner (Beneficial Owner- M/S Arihant & Company- Partnership FIRM)	7824740	10.00	7,82,47,400
22	Shikherjee Properties Pvt Ltd	348626	10.00	34,86,260
23	Shri Paras Finance Pvt Ltd	862830	10.00	86,28,300
24	Prayag Chand Khesti Dass Auto Private Limited	1133227	10.00	1,13,32,270
25	Sribir Marketing Service Pvt Ltd	1263877	10.00	1,26,38,770
26	Bir Steels Private Limited	100001	10.00	10,00,010
27	Prayag Chand Khesti Dass- (Partnership FIRM)	20001	10.00	2,00,010
Total (A)		3,18,05,934		31,80,59,340

**6. REASON FOR FINANCIAL STRESS:**

The account of the company is running irregular since January 17, 2020, on account of devolvement of LCs. Subsequently, on account of COVID-19 related moratorium, the asset classification of the account was under standstill (IRAC) from March 01, 2020 to August 31, 2020. After the end of moratorium, though the account became NPA on October 16, 2020, it was not stamped in CBS on account of the order dated September 03, 2020, of the Hon'ble Supreme Court. Subsequently, Supreme Court vide its order dated March 23, 2021, has vacated its order and the account has been stamped NPA on March 31, 2021 w.e.f. October 16, 2020.

As per the PIM report of SBI shared by the client/company, the reasons for the liquidity crunch experienced by the company leading to irregularity in the account are the following:

- a) Short term funds were utilized for capital expenditure by the company during FY 2018.
- b) Corporate loan aggregating Rs.30.00 crore (by SBI and Indian Bank) sanctioned to the company during FY2018 for shoring up of NWC was utilized by the company for repayment of unsecured loan availed from Noble Resources and Trading (India) Private Limited during FY2019. As such, the aforesaid payment sucked up the working capital funds of the company.
- c) Devolvement of LCs of Rs.118.39 crore in SBI in August 2019, which was regularized in September 2019.
- d) Devolvement of LC Bills of Rs.85 crore on January 17, 2020, which the company failed to regularize by February 01, 2020 as per initial commitment. Subsequent commitments were also not met till the lockdown w.e.f. March 25, 2020 due to COVID- 2019 and the account continues to be irregular till date.
- e) The company accumulated draw materials during Jan. 2020 and Feb. 2020, anticipating cancellation of iron-ore mining license from April 2020 which was likely to cause escalation in the prices of iron-ore due to shortage of supply. However, due to onset of Covid-19, the calculation of company misfired and as per audited financials for FY2020, the company has reported devaluation of its stocks and booked net loss of Rs.66.66 crore.
- f) The company had stopped routing the sales proceeds through SBI since April 2020. However, they have started transacting in the account since 06.03.2021 under Holding on Operation (HOO), whereby they are allowed to draw 97% of the sale proceeds and 3% is being used for regularization of the irregularity in the account.



- g) As per the Stock Statement for June 2021, about 52.07% of the company's receivables amounting to Rs.38.22 crore (Total Book Debts of the company as on 30.06.2021 is Rs.73.41 crore) is due from its related party, Atibir HiTech Private Limited (AHPL). AICL sells sponge iron and runner (unshaped pig iron) to AHPL.

Post the devolvement of LCs on January 17, 2020, no further LCs were issued to the company on the enhanced 25% margin. However, in order to keep the operations of the company running, on the request of the company, branch allowed LCs against 100% (domestic)/110% (foreign) cash margin in consultation with CCGRO.

The objective was to gradually build up the cash margin to such a level, that the cash unlocked on LCs after margin is reduced to the approved level is utilized for regularizing the account and the balance funds for regularization of the account would be brought in by the promoters. However, consequent to outbreak of COVID-19, factory was shut down on March 21, 2020, and company could not regularize the account. Subsequently, the operations restarted from May 2020.

The company had availed deferment of interest on Cash Credit and deferment of interest and instalment on Term Loan, from April 2020 to Sept. 2020) under COVID-19 Regulatory Relief Package. Meeting of Promoters of the company with Branch & CCGRO teams were held at CCGRO on July 13, 2020, wherein the company again requested for issuance of LCs at 100%/110% cash margin for procurement of RM and also for allowing Holding On Operations (with 2% cutback as requested by the company) in the account. The request for issuance of domestic/foreign LCs at 100%/110% cash margin was approved by the appropriate authority on July 17, 2020.

#### **Holding on Operations (HOO):**

While HOO was first implemented from February 18, 2020, the same did not continue till the expiry of the period ended on May 17, 2020, on account of COVID-19 related disruptions. As such, HOO allowed in the first instance was incomplete. At that time, Rs.7.37 crore (10% cutback) was recovered through this mechanism and adjusted at our end as the account of PNB and Indian Bank were regular at that time. HOO was again allowed to the company from August 01, 2020 to October 31, 2020, when Rs.0.38 crore (2% cutback) was recovered from the company's account as the share after transferring to Indian Bank. The cut-back was negligible as the company did not route the sales proceeds through SBI and routed only through PNB and the account was still regular thereat.

Subsequently, CCSC-2 at its meeting held on February 05, 2021, approved HOO by way of TRA arrangement with 3% cutback, from February 01, 2021, for a period of three months in



anticipation of implementation of Resolution Plan under RBI circular dated June 07, 2019. As there was delay in finalization and execution of TRA agreement, the same was signed by the consortium lenders only on February 27, 2021, and the HOO could be operationalized only from March 06, 2021. As such, branch has allowed HOO till June 06, 2021 i.e. 3 months from operationalization.

During the period of HOO from March 06, 2021,-May 31, 2021, the company has routed Rs.205.70 crore, through the cash credit account maintained with SBI and Rs.6.15 crore was cut-back (SBI Share-Rs.4.24 crore adjusted in CC account). CCSC-I at its meeting held on June 22, 2021, approved the continuation of HOO in the account for a period of 3 months till September 06, 2021.

Subsequent to the account becoming irregular since January 17, 2020, branch has explored various options to regularize the account and support the company to keep the operations of the plant running including issuance of LCs against 100% cash margin and also allowing HOO in the account on four instances.

Further, moratorium was granted from March to August 2020 and FITL was provided to the company for FB working capital (CC and WCL) interest portion and TL repayments are extended suitably as per Bank's extant instructions. The matters regarding regularization/regularization plan of the account with SBI was discussed in the consortium meeting held on February 14, 2020, April 30, 2020, June 18, 2020, August 04, 2020, October 13, 2020.

Further, after the account turned NPA on October 16, 2020 (though was not stamped in CBS on Account of Supreme Court Order), with SBI, matters regarding restructuring the limits was discussed in the consortium meetings held on January 27, 2021, February 22, 2021, March 30, 2021, May 21, 2021, June 02, 2021, June 16, 2021 and July 17, 2021. Company's Restructuring plan was being examined which has been changed several times by the company as the same was not acceptable to the lenders. As on date, final plan is still awaited.

**In this regard the SAMB branch, Kolkata has assigned the project to R K Associates to assess the Enterprise Value/Fair Market Value of M/s Atibir Industries Company Limited as per scope of work, to execute the appropriate action by the decision makers on this NPA account.**





**PART C**

**THE PROJECT**

**1. BRIEF DESCRIPTION OF THE PROJECT:**

**A. UNITS AND THEIR LOCATIONS:**

As per the information available on the public domain, M/s AICL has two units set up in Jharkhand.

**ATIBIR INDUSTRIES CO. LTD – Unit I** is one of the largest manufacturer of the steel in Jharkhand & Bihar with a production capacity of 120000 M. T. per annum. This unit was established in 2004 and is situated at Manjhladih, Gadi Srirampur, Giridih (Jharkhand). It has an industrial setup of 4 Kilns of 100 TPD each. Manufacturing units of sponge iron, MS Billets, MS Bars TMT Bars have been set up which follow the highest standard of production processes.

**ATIBIR INDUSTRIES CO. LTD – Unit II** has set up integrated steel plant at Bhorandiha in Udanabad in Giridih district in Jharkhand in 2009. The industrial setup involves setting up of blast furnace (600,000 tpa), sinter plant (680,000 tpa), pellet plant (300,000 tpa), hard coke, oxygen plant and a rolling mill (600,000 tpa). The unit consumes Coke, Coal for MBF, Iron ore fines, limestone, dolomite, quartzite and coke breeze for Sinter Plant, Iron ore fines, Limestone, coke breeze, bentonite for Pellet Plant and coking coal for coke oven as raw materials.

**B. PRODUCTS:**

- a) **SRIBIR TMT BARS:** TMT is "Thermo Mechanically Treated Steel". The name is derived from the metallurgical process called thermo-mechanical treatment that integrates work hardening and heat treatment into single process. In this process, Bars do not need cold twisting and hence these bars show excellent resistance to corrosion.

**Applications:** General purpose concrete re-enforcement structures, Bridges, Flyovers, Dams, Buildings, Industrial structures, Concrete roads, etc.

**Composition:**

Chemistry	Unit	IS : 1786 Fe 415	Sribir TMT
Carbon	%	0.30** max.	0.16 to 0.20

Carbon Equivalent (C+Mn)	%		0.35 max
Sulphur	%	0.060	0.045 to 0.050
Phosphorous	%	0.06 max	0.045 to 0.052
S & P	%	0.110 max	0.090 max

### Mechanical Properties:

Properties	Unit	IS : 1786 Fe 415	Sribir TMT	Remarks
Yield Stress	N/mm	415 min	455 min	Sribir TMT bars ensure much higher strength than BIS specifications
Tensile Strength	N/mm	485 min	570 min	
Elongation	%	14.5 min	20 min	Sribir TMT bars ensure higher resistance under earthquakes

### b) STEEL WIRES AND NAILS:

M/s AICL offer wide range of steel products such as steel wires, steel coils, steel barbed wires and steel nails. Binding Wire, Nails, Welded Mesh (NET), Chain Link Fencing, Electro Galvanized Wire, PVC Coated Wire, PVC Coated Chain Link Fencing, PVC Coated Barbed Wire etc.

### Product Specifications:

Steel Wire		
Size	M.M. Sizes	100 mtwt
16 g	1.82 M.M.	1.245 Kg
18 g	1.21 M.M.	0.915 Kg
20 g	0.91 M.M.	0.514 Kg
22 g	0.71 M.M.	0.311 Kg
24g	0.55 M.M.	0.192 Kg





Nails	
Sizes	25 Kg & 50 Kg
1 inch X 14 g	2½ inch X 12 g
1¼ inch X 14 g	3 inch X 8 g
1½ inch X 14 g	4 inch X 8 g
1¾ inch X 14 g	4 inch X 6 g
2 inch X 12 g	4 inch X 4 g
2 inch X 10 g	5 inch X 4 g
2½ inch X 10 g	6 inch X 4 g

## c) MILD STEEL BARS:

Mild steel has a relatively low tensile strength. It is made of low carbon and silicon. Therefore it is not used for special purposes such as reinforcement and heavy structure manufacturing.

Mild Steel is cheap and easy to form, basically used for remelting, alloying and manufacturing of fabrication of steel structures. Mild steel is often used when large quantities of steel are needed. MS Square Bars are used in cranes gantry, bullock carts axles, conveyors, truck trailers and tippers, bright bars, anchor bolts and many more engineering industries.

## d) MILD STEEL INGOTS:

Mild steel ingots are the basic raw material for manufacturing various types of rerolled products. With the increased infrastructural activities in the country, the demand for mild steel ingots are very high now-a-days. MS Ingots are used for forging, upsetting, and ring-rolling applications.

## e) PIG IRON:

Pig iron is a form of iron that is produced by melting iron ore along with charcoal and limestone under very high pressure. Pig iron is an intermediate product of the iron

industry. Pig iron has a very high carbon content, typically 3.5–4.5%, along with silica and other constituents of dross, which makes it very brittle, and not useful directly as a material except for limited applications.

**f) SPONGE IRON:**

Sponge iron is a metallic product produced through direct reduction of iron ore in the solid state. It has high iron content, uniform and consistent quality, lower Sulphur and phosphorus content.

Sponge iron is superior to pig iron as it is richer in iron content. Because of this property, it is widely used in electric furnaces. Sponge iron, in its powdered form can be mixed with many other metals to manufacture a variety of iron based products.



**PART D**

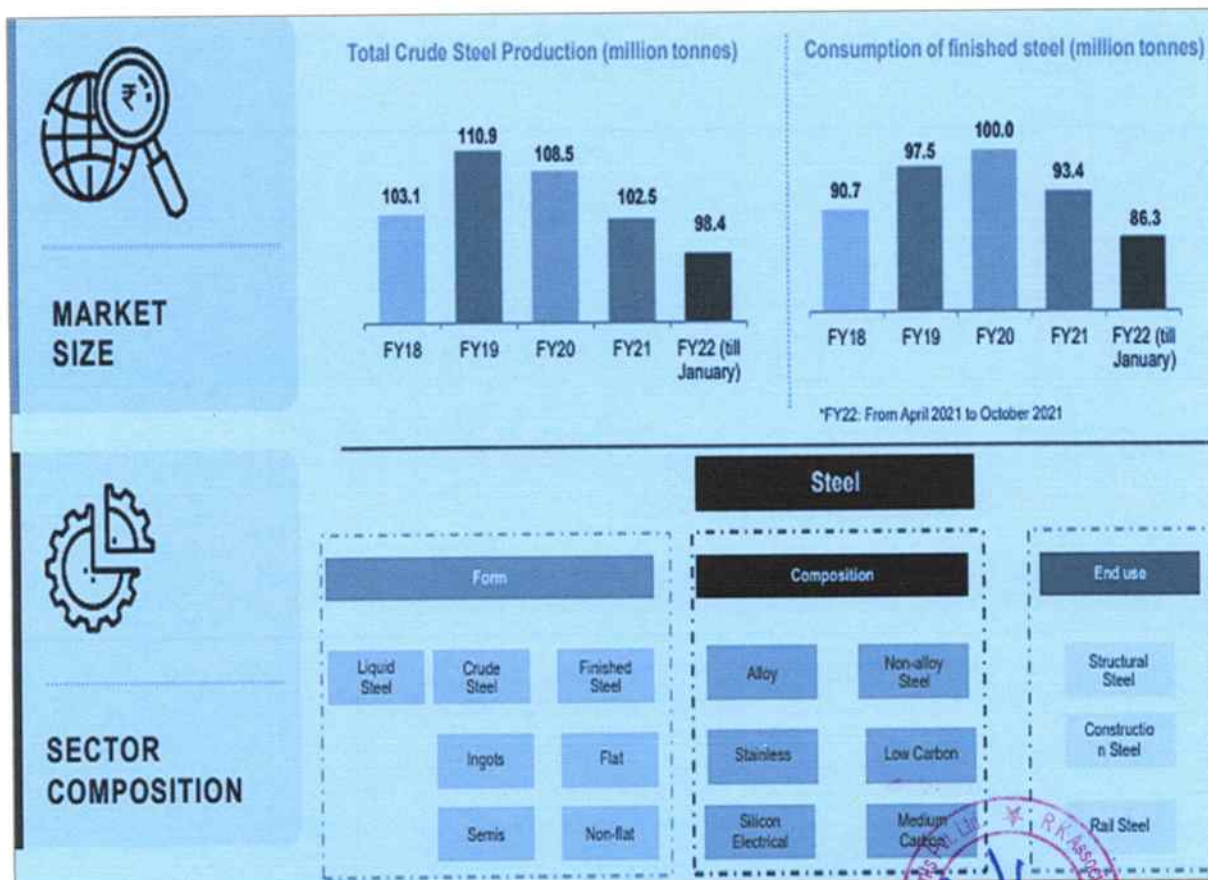
**MARKET OVERVIEW ON STEEL SECTOR**

**1. INTRODUCTION:**

As of October 2021, India was the world's second-largest producer of crude steel, with an output of 9.8 MT. In FY22 (till January), the production of crude steel and finished steel stood at 98.39 MT and 92.82 MT, respectively. In FY22, crude steel production in India is estimated to increase by 18%, to reach 120 million tonnes, due to the rising demand from customers. The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labor. Further, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is modern, with state-of-the-art steel mills. It has always strived for continuous modernization of older plants and up-gradation to higher energy efficiency levels.

The Indian steel industry is classified into three categories - major producers, main producers and secondary producers.



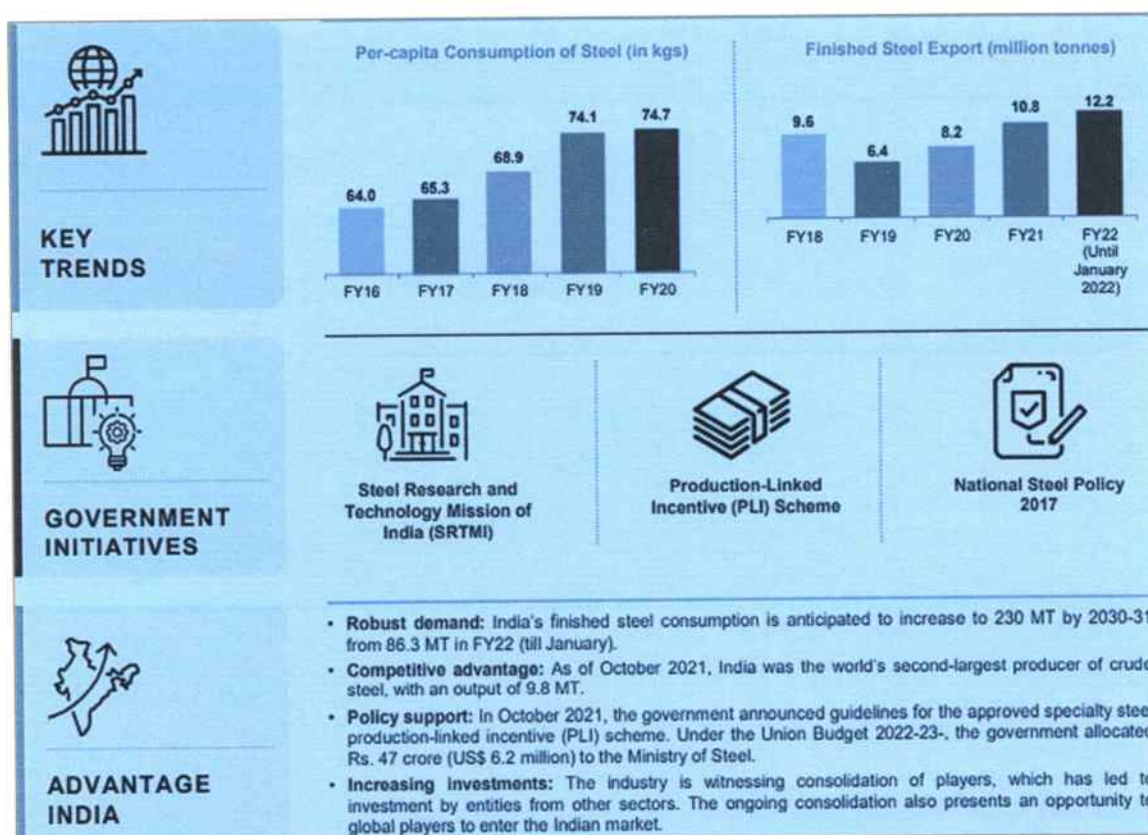


## A. ROBUST DEMAND:

- India's finished steel consumption is anticipated to increase to 230 MT by 2030-31 from 86.3 MT in FY22 (till January).
- As of October 2021, India was the world's second-largest producer of crude steel, with an output of 9.8 MT

## B. INCREASING INVESTMENTS:

- The industry is witnessing consolidation of players, which has led to investment by entities from other sectors. The ongoing consolidation also presents an opportunity to global players to enter the Indian market.



## C. POLICY SUPPORT:

- In October 2021, the government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme
- Under the Union Budget 2022-23, the government allocated Rs. 47 crore to the Ministry of Steel

## D. COMPETITIVE ADVANTAGE:

- As of September 2021, India was the world's second-largest producer of crude steel, with an output of 9.5 MT.
- Easy availability of low-cost manpower and presence of abundant iron ore reserves make India competitive in the global set up.
- India is home to fifth-highest reserves of iron ore in the world.

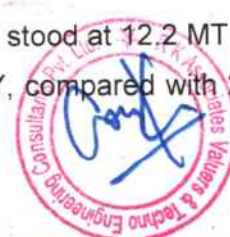
## 2. MARKET SIZE OF THE INDIAN STEEL INDUSTRY:



In FY22 (till January), the production of crude steel and finished steel stood at 98.39 MT and 92.82 MT, respectively. According to various rating houses, crude steel production is expected to reach 112-114 MT (million tonnes), an increase of 8-9% YoY in FY22.

The consumption of finished steel stood at 86.3 MT in FY22 (till January). From April 2021 to January 2022, the consumption of finished steel stood at 86.3 MT. In January 2022, India's finished steel consumption stood at 9.65 MT.

In FY22 (until February 2022), exports and imports of finished steel stood at 12.2 MT and 4.3 MT, respectively. In April 2021, India's export rose by 121.6% YoY, compared with 2020. In FY21, India exported 9.49 MT of finished steel.





It is expected that the steel demand would expand by roughly 10% through 2022 as the Government of India continues to focus on the construction of roads, trains, ports, and airports. India would have the highest demand for steel in the APAC area, followed by Korea, Japan, and China. While China was the leading steel exporting country in 2020, India was ranked eighth, with its exports accounting for 4% of total global exports.

In FY22, India exported 13.5 million tonnes (MT) of completed steel worth Rs. 1 lakh crore (US\$ 13.05 billion). India's steel consumption reached an all-time high of roughly 106 MT in FY22, while the country produced a record 120 MT of crude steel. On a YoY basis, the sector is increasing at a compound annual growth rate (CAGR) of roughly 5-6%. The steel industry has the capacity to improve in all sectors. The engineering sector, which is intertwined with the manufacturing and infrastructure sectors, is critical to India's economy, and the steel sector is integral to it.

### 3. LATEST INVESTMENTS:

Recently, the steel industry and its associated mining and metallurgy sectors have seen major investments and developments. According to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), Indian metallurgical industries attracted FDI inflows of US\$ 16.1 billion from April 2000 to December 2021. In FY22, demand for steel is expected to increase by 17% to 110 million tonnes, driven by rising construction activities.

**Some of the major investments in the Indian steel industry are as follows:**

- ArcelorMittal and Nippon Steel Corp.'s joint venture steel firm in India, announced a plan in October 2021, to expand its operations in the country by investing Rs. 1 trillion over 10 years.
- Tata Steel announced to invest Rs. 8,000 crore in August 2021, in capital expenditure to develop operations in India in FY22.
- ArcelorMittal announced to invest Rs. 1 lakh crore in August 2021, in Gujarat for capacity expansion.
- Tata Steel announced to invest Rs. 3,000 crore in August 2021, in Jharkhand to expand capacities over the next three years.
- Jindal Steel & Power Ltd. announced plans to invest US\$ 2.4 billion in August 2021 to increase capacity over the next six years to meet the rising demand from customers.



- In the next three years from June 2021, JSW Steel is planning to invest Rs. 47,457 crore to increase Vijayanagar's steel plant capacity by 5 MTPA and establish a mining infrastructure in Odisha.
- The newly elected CII president and MD of Tata Steel, in June 2021, stated that steel companies have firmed their plans to invest Rs. 60,000 crore over the next three years this is the biggest private sector investment plan announced in recent times.
- Shyam Metalics and Energy Ltd. (SMEL) announced in June 2021, to double its production capacity at an estimated investment of Rs. 2,894 crore through brownfield expansion at two of its units in the next 3-4 years.
- In April 2021, in a virtual roundtable conference organized by the Indian Chamber of Commerce (ICC), The South Korean Ambassador to India, announced that POSCO, the South Korean steel giant, is planning to set up an integrated steel plant in Odisha at an investment of US\$ 12 billion, which would make it the country's biggest FDI project.
- In May 2021, JSW Steel signed a Memorandum of Understanding (MOU) to conduct a feasibility study with its strategic alliance partner JFE Steel Corporation to establish a Grain-oriented Electrical Steel Sheet Manufacturing and Sales JV Company in India.
- JSW Steel announced the steel-making expansion at its Vijayanagar plant by 5 MT every year to 17 MT every year by the financial year ending March 2024 in May 2021.
- In March 2021, JSW Steel completed its takeover of debt-ridden Bhushan Power and Steel Ltd., boosting the former's overall output to 21.5 MTPA. JSW Steel's has 18 MTPA of capacity, which will hit more than 26 MTPA with the addition of BPSL and a doubling of capacity at JSW Steel's Dolvi steel mill to 10 MTPA.
- Ministry of Steel plans to invest US\$ 70 million in the eastern region of the country through accelerated development of the sector.
- The production capacity of SAIL is expected to increase from 13 MTPA to 50 MTPA in 2025 with total investment of US\$ 24.88 billion.
- Tata Steel has decided to increase the capacity of its Kalinganagar integrated steel plant from 3 million tonnes to 8 million tonnes at an investment of US\$ 3.64 billion.



**4. GOVERNMENT'S INITIATIVES:**

Some of the other recent Government initiatives in this sector are as follows:

- The Indian government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme in October 2021.
- India and Russia signed a MoU to carry out R&D in the steel sector and produce coking coal (used in steel making) in October 2021.
- In July 2021, the Union Cabinet approved the production-linked incentive (PLI) scheme for specialty steel. The scheme is expected to attract investment worth Rs. 400 billion and expand specialty steel capacity by 25 million tonnes (MT), to 42 MT in FY27, from 18 MT in FY21.
- In June 2021, Ministry of Steel & Petroleum & Natural Gas addressed the webinar on 'Making Eastern India a manufacturing hub with respect to metallurgical industries organized by the Indian Institute of Metals.
- 'Mission Purvodaya' was launched in 2020, to accelerate the development of the eastern states of India (Odisha, Jharkhand, Chhattisgarh, West Bengal and the northern part of Andhra Pradesh) through the establishment of an integrated steel hub in Kolkata, West Bengal. Eastern India has the potential to add more than 75% of the country's incremental steel capacity. It is expected that of the 300 MT capacity by 2030-31, more than 200 MT can come from this region alone.
- JSW Steel, CSIR-National Chemical Lab (NCL), Scottish Development International (SDI) and India H2 Alliance (IH2A) joined forces in June 2021, to commercialize hydrogen in the steel and cement sectors.
- The government allocated Rs. 47 crore to the Ministry of Steel under the Union Budget 2022-23. The budget's focus is on creating infrastructure and manufacturing to propel the economy.
- In addition, enhanced outlays for key sectors such as defense services, railways, roads, transport and highways would provide impetus to steel consumption.
- The Ministry of Steel, Government of India, signed a Memorandum of Cooperation (MoC) with the Ministry of Economy, Trade and Industry, Government of Japan, to boost



the steel sector through joint activities under the framework of Indo-Japan Steel Dialogue.

- The Union Cabinet, Government of India approved the National Steel Policy (NSP) 2017, as it intends to create a globally competitive steel industry in India. NSP 2017 envisage 300 million tonnes (MT) steel-making capacity and 160 kgs per capita steel consumption by 2030-31.
- The Ministry of Steel is facilitating the setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs. 200 crore.
- The Government of India raised import duty on most steel items twice, each time by 2.5% and imposed measures including anti-dumping and safeguard duties on iron and steel items.

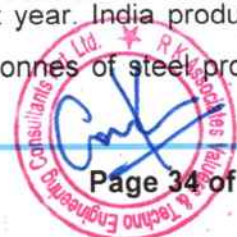
## 5. ROAD AHEAD:

**The National Steel Policy, 2017** envisage 300 million tonnes of production capacity by 2030-31. The per capita consumption of steel has increased from 57.6 kgs to 74.1 kgs during the last five years. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

As per **Indian Steel Association (ISA)**, steel demand has grown by 7.2% in 2019-20 and 2020-21. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Ministry of Steel, congratulated India's steel sector on its outstanding performance on a worldwide scale and encouraged it to maintain this level of performance in the year 2022. In the next 25 years of Amritkaal, such production momentum will enable India to reach the projected level of 500 million tons of production capacity.

According to World Steel Association data issued on April 22, India is the only country among the top 10 steel manufacturing nations in the world to have increased steel output from January to March 2022 compared to the same period last year. India produced 31.9 million tonnes of steel, an increase of 5.9%. With 10.9 million tonnes of steel produced in

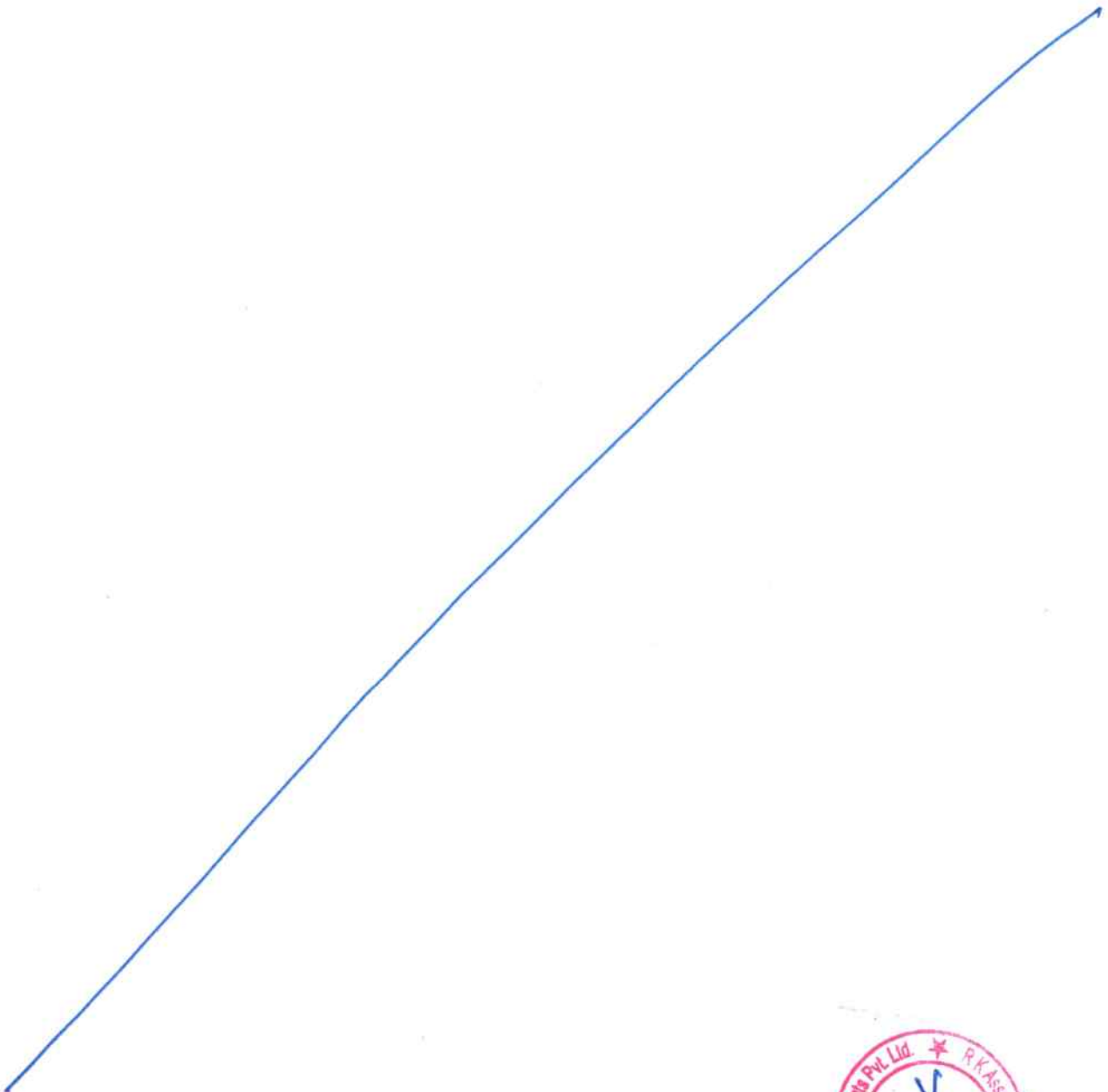




March 2022, India's growth rate is 4.4%. Brazil is the only other country in the top ten that has had an increase in steel production in the month of March.

Union Minister of Steel had separate meetings with public and private steel companies to assess capital investment, production targets, and future plans. When creating strategic plans for the future, he urged them to keep in mind India's ambition to be carbon neutral by 2070, the hydrogen mission, and clean and green steel.

**Hence, as per the industry analysis, trends of the industry seeming positive.**



### PART E

### FINANCIAL PROJECTIONS

As per the audited financial statements provided by the company/client, below table shows the historical performance of the company.

#### 1. HISTORICAL PROFIT & LOSS STATEMENT: (FROM FY 2017 TO FY 2022)

(Value in Rs. Crores)

Historical Profit & Loss (P&L)						
Particulars	FY 2017 A	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
Sales	610.82	1,146.39	1,479.04	1,014.56	541.46	462.03
<b>Net Sales</b>	<b>610.82</b>	<b>1,146.39</b>	<b>1,479.04</b>	<b>1,014.56</b>	<b>541.46</b>	<b>462.03</b>
Other Operating Income						
- Subsidy	13.62	41.28	33.61	33.94	20.70	12.52
- Others	0.18	0.19	0.01	0.02	0.62	-
- Waiver of additional and penal interest	-	-	-	-	-	-
<b>Total Revenue</b>	<b>624.62</b>	<b>1,187.86</b>	<b>1,512.66</b>	<b>1,048.52</b>	<b>562.78</b>	<b>474.55</b>
Raw Material Consumed	455.55	782.38	1,302.06	900.26	572.45	400.92
Power & Fuel	47.39	65.14	80.55	62.98	50.22	44.50
Stores & Consumables	15.05	27.65	47.00	13.12	22.63	21.94
Other Manufacturing Expenses	2.42	2.11	2.23	1.72	3.37	13.08
Wages & salary	19.65	28.38	27.33	26.03	18.73	15.93
Depreciation	25.42	61.82	54.14	48.14	39.19	31.34
<b>Cost of Production</b>	<b>565.48</b>	<b>967.48</b>	<b>1,513.31</b>	<b>1,052.25</b>	<b>706.58</b>	<b>527.73</b>
Add: Opening Stock of F/G	24.93	81.20	80.09	163.35	151.92	206.56
Less: Closing stock of F/G	81.20	80.09	163.35	151.92	206.56	61.99
<b>Cost of Sales</b>	<b>509.21</b>	<b>968.59</b>	<b>1,430.05</b>	<b>1,063.67</b>	<b>651.94</b>	<b>672.30</b>
Admin & Selling expenses	9.78	18.47	29.71	13.77	6.91	8.50
<b>Finance Cost</b>	<b>39.08</b>	<b>32.76</b>	<b>38.33</b>	<b>42.34</b>	<b>82.17</b>	<b>14.73</b>
Other Finance Charges	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>558.07</b>	<b>1,019.82</b>	<b>1,498.09</b>	<b>1,119.79</b>	<b>741.01</b>	<b>695.53</b>





# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

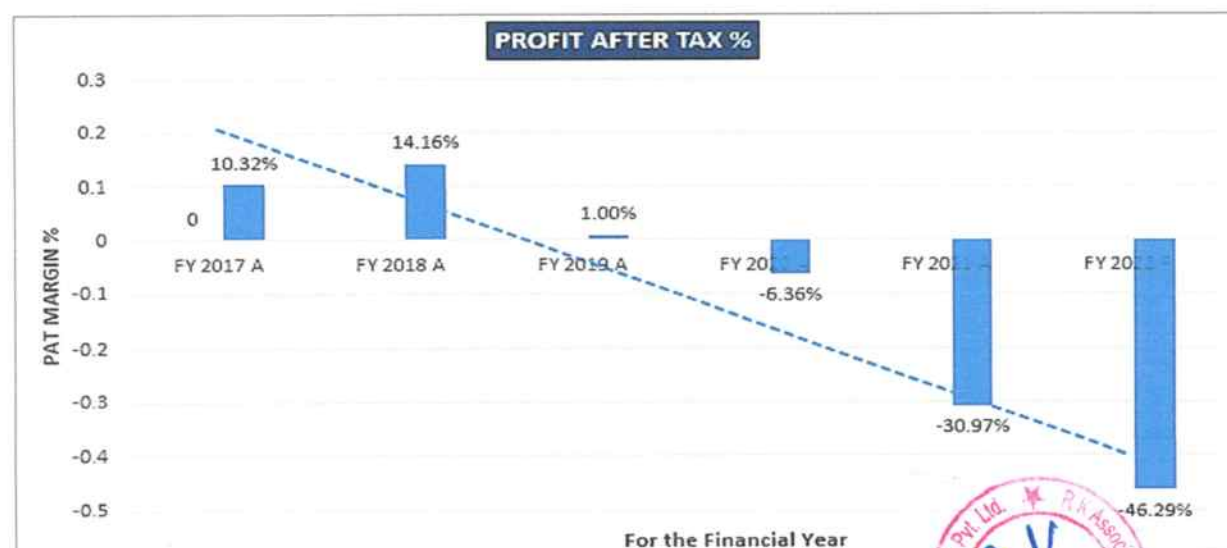
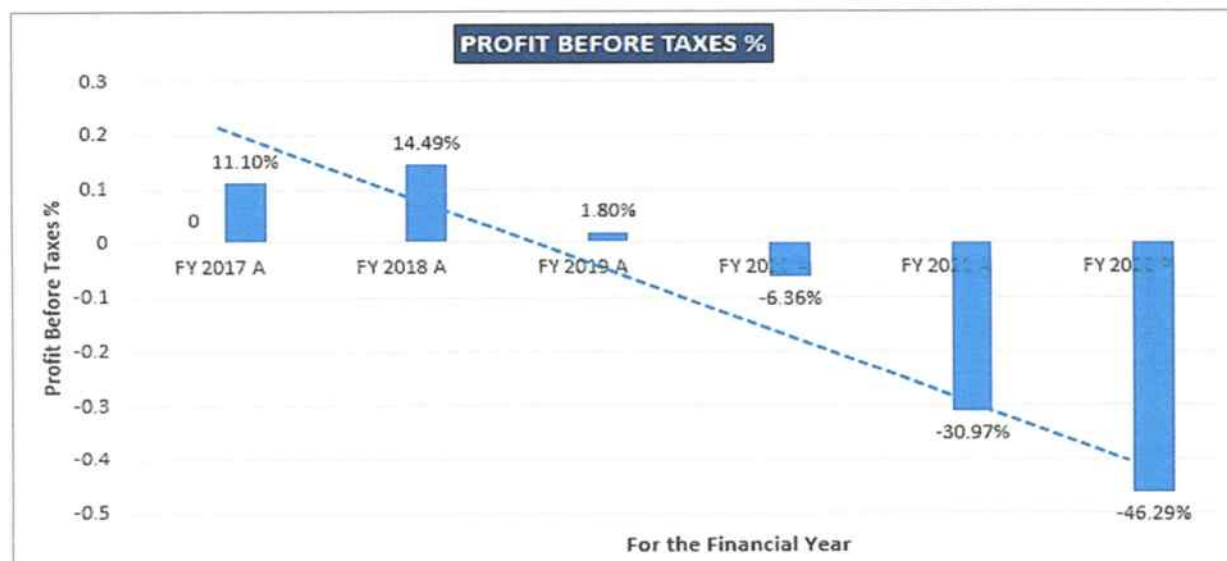
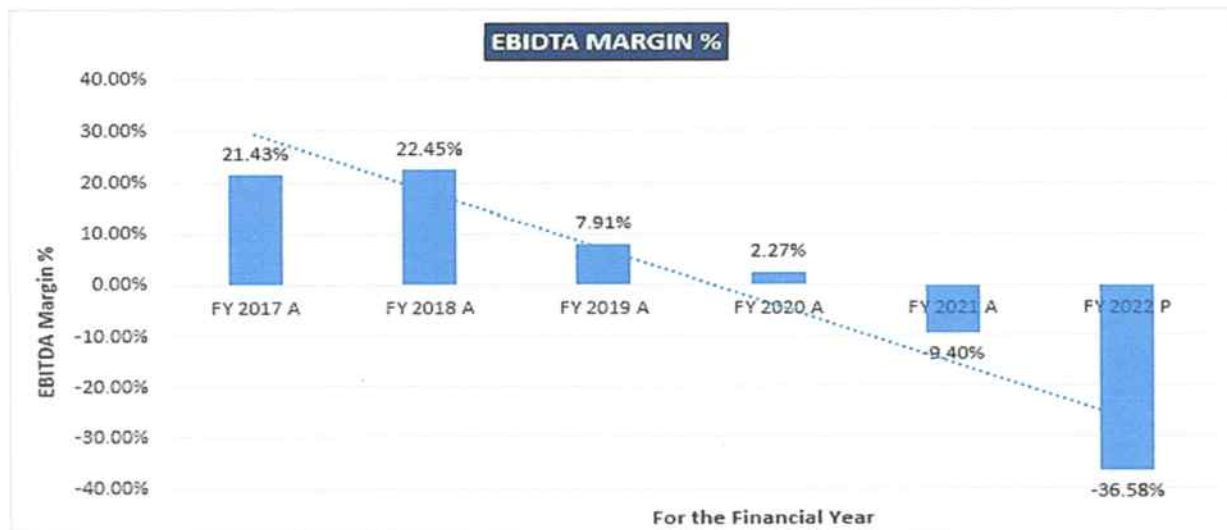
Operating Income	66.55	168.03	14.56	(71.26)	(178.24)	(220.98)
Other Non-Operating Income	2.80	4.04	12.68	4.61	3.97	1.31
Profit before Tax (PBT)	69.35	172.07	27.24	(66.65)	(174.27)	(219.67)
Current Tax	4.90	3.89	12.07	0.01	-	0.00
Deferred Tax			-	-	-	-
Profit after Tax (PAT)	64.45	168.18	15.17	(66.67)	(174.27)	(219.67)
Op. EBIDTA without waiver of additional and penal interest	131.05	262.61	107.04	19.22	-56.89	-174.91
Op. EBIDTA without Subsidy and waiver of additional and penal interest	117.43	221.33	73.43	-14.72	-77.58	-187.43
EBIDTA waiver of without additional and penal interest	133.85	266.65	119.71	23.83	-52.92	-173.60
EBIDTA without Subsidy and waiver of additional and penal interest	120.23	225.37	86.10	-10.11	-73.62	-186.12
PBT	69.35	172.07	27.24	-66.65	-174.27	-219.67
PAT	64.45	168.18	15.17	-66.67	-174.27	-219.67
Op. EBIDTA %age	20.98%	22.11%	7.08%	1.83%	-10.11%	-36.86%
Op. EBIDTA without Subsidy %age	19.23%	19.31%	4.96%	-1.45%	-14.33%	-40.57%
EBIDTA %age	21.43%	22.45%	7.91%	2.27%	-9.40%	-36.58%
EBIDTA without Subsidy %age	19.68%	19.66%	5.82%	-1.00%	-13.60%	-40.28%
PBT %age	11.10%	14.49%	1.80%	-6.36%	-30.97%	-46.29%
PAT %age	10.32%	14.16%	1.00%	-6.36%	-30.97%	-46.29%

**Note:** As per the information provided by the client/company, numbers shown in the above table for the FY 2022 are taken as provisional.

As per the historical trends it can be observed that all the operating margins, profitability margins and revenue are declining constantly, which shows that the lack of operational efficiency and due to it the company is under severe financial stress



## 2. GRAPHICAL REPRESENTATION OF KEY FINANCIAL METRICES:

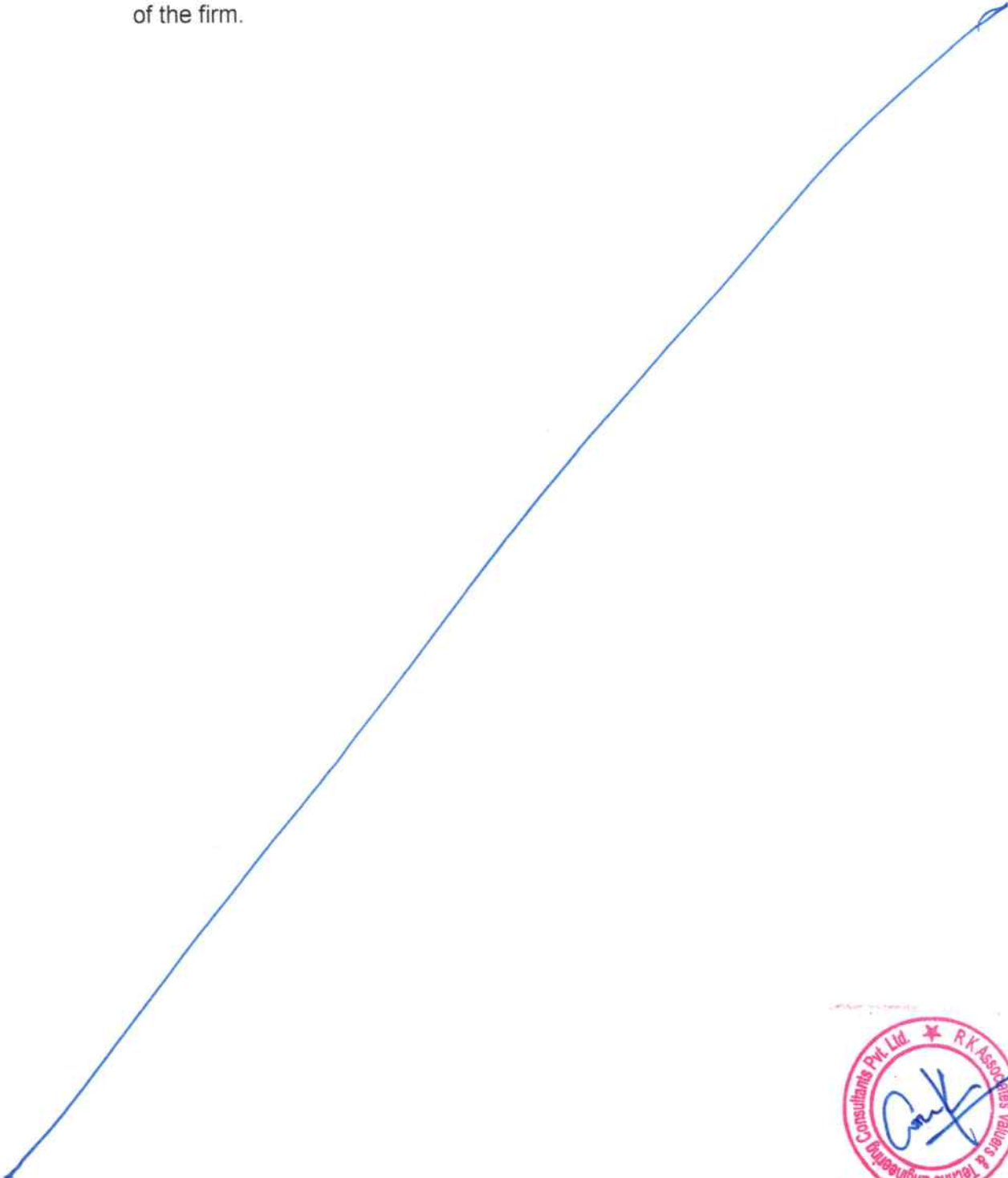




# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

As per the historical trends, It can be seen that EBITDA Margin & PAT Margin is continuously declining from the FY2019 to FY2022. The metrices are negative in the last few years which shows that the company is not performing well in the last few years and there is critical concern with the financial health of the company. Based on the above key indicators, the management is suggested to take the appropriate action to improve the operational efficiency of the firm.



**PART F**

**VALUATION OF THE COMPANY**

**1. METHODOLOGY/ MODEL ADOPTED:**

Out of the various Models & theories available, we have adopted Methodology namely Net Asset Value (NAV) Approach, and the adjusted NAV is being considered as the proxy of the Enterprise Value of M/s Atibir Industries Company Limited:

- a. The NAV approach used here, is based on the present value/fair market value of all its fixed asset and its financial assets.
- b. Present/Fair value of fixed assets of the company including property, plant and equipment is calculated based on the Market and Cost Approach as-is-where-is basis for estimating the Current Depreciated Replacement value of the assets.
- c. Present value of the financial/ current assets is estimated based on the document/ information provided by the company.
- d. Further, the operational liabilities of the company will be net off with the Total asset value estimated based on the present scenario.

**Rationale for using Net Asset Value (NAV) Approach for the Enterprise Valuation:**

- a. The 3 Broad Model of Company Valuation are – Income based approach (Discounted Cash Flow Models), Asset Based and Market Multiple.
- b. The free cash flow method is not used here because the account is under CIRP process and due to going on hearings & pending litigations future cash flow cannot be projected easily since there is a downward trend in the capacity utilization of the company since last few years and currently manufacturing units of the company are running at a very low capacity utilization while the account is already categorized NPA by the financial creditor as per norms of the RBI guidelines.
- c. Also, due to uncertain future operations as the same is communicated by the banker/client, estimating accurate future projections becomes difficult.
- d. Asset Based Model is a more appropriate approach for estimating the Company's present value/fair market value based on the present value calculation of the assets (fixed asset and financial assets).





- e. Market Comparable Approach was also not used since we could not find any suitable market comparable transactions and company of similar scale, scope & nature in the market.
- f. Therefore, the most appropriate Model left to Value M/s Atibir Industries Company Limited is Net Asset Value approach since there is an uncertainty regarding company's futuristic operations.
- g. The best method input option for the NAV Model in the case of M/s Atibir Industries Company Limited will be present value of the fixed assets based on the market and cost-based approach and financial assets valuation based on the documents/information made available us by the client/company
- h. Further, the Present Value Model gives us a variety of input options to use while calculating the Value of the firm - Dividend, Free Cash Flow to the Firm, Free Cash Flow to Equity, Capitalized Cash Flows and Residual Earnings.
- i. Dividends cannot be used as the Company has no history of paying dividends and we don't foresee any dividend payments to occur in the future due to the high leverage of the firm.
- j. Hence, NAV method is used in the valuation process of the company.

**Gathering of Information on high level breakup of each head of Current and Non-Current Assets for assessment (as per RKA Format).**

- Review of data/ inputs/ information which company could provide to us against the queries raised by the consultant.
- Final assessment as per the data /information available on record.

**Note:**

- a. *There is no a fixed criterion, formula or norm for the Valuation of Current Assets. It is purely based on the individual assessment and may differ from consultant to consultant based on the practicality he analyses in recoveries of the outstanding dues. Ultimate recovery depends on efforts, extensive follow-ups of the individual case by the company. So our values should not be regarded as any judgement in regard to the recoverability of current assets but should only be read in terms of analysis.*



- b. For arriving at the Liquidation Value, **appropriate discounting factor against each current asset item is applied based on the nature of current asset and level of difficulty in realization of these.**
- c. No audit of any kind is performed by us at our end from the books of account or ledger statements. All the data/ information/ input/ details provided to us by the company/ lenders are taken by us as-it-is on good faith and assumed that that these are factually correct information.
- d. This is a general assessment of the estimated fair and liquidation value of the current assets based on the data/ input/ Information Company/ lenders could provide to us against our questions/ queries. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.

## 2. SUMMARY OF VALUATION ASSESSMENT:

Particular (Values in INR Crores)	Value as per Consolidated Provisional Balance Sheet as on 31.03.2022	Fair Market Value
<b>Assets:</b>		
<b>Non-Current Assets</b>		
<b>Fixed Assets</b>		
Tangible Assets	151.86	133.41
Non-Current Investment	0.94	0.94
<b>Total Non-Current Assets</b>	<b>152.80</b>	<b>134.35</b>
<b>Current Assets</b>		
Inventories	140.89	137.89
Trade Receivable	50.32	48.33
Cash and Cash equivalents	0.51	0.51
Short Term loans and Advances	183.42	183.42
<b>Total Current Assets</b>	<b>375.14</b>	<b>370.15</b>
<b>Total Assets</b>	<b>527.94</b>	<b>504.50</b>
<b>Shareholder's Equity and Liabilities:</b>		
<b>Shareholder's Fund</b>		
Share Capital	31.81	31.81





# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

Reserves & Surplus	-122.10	-122.10
<b>Total Shareholder's Fund</b>	<b>-90.30</b>	<b>-90.30</b>
<b>Non-Current Liabilities</b>		
Long -Term Borrowings	25.92	25.92
Deferred Tax Liabilities	0.00	0.00
Others Long -Term Liabilities	31.20	31.20
Provision	1.65	1.65
<b>Total Non-Current Liabilities</b>	<b>58.78</b>	<b>58.78</b>
<b>Current Liabilities</b>		
Short -Term Borrowings	482.43	482.43
Trade Payable	24.37	24.37
Other Current Liabilities	38.32	38.32
Short Term Provisions	14.33	14.33
<b>Total Current Liabilities</b>	<b>559.45</b>	<b>559.45</b>
<b>Total Shareholder's Equity and Liabilities:</b>	<b>527.94</b>	<b>527.94</b>

Adjusted Net Asset Value (NAV)	
Total Assets (A)	INR 504.50 Crore
Total Operational Liabilities including Contingent liabilities (B)	INR 201.30 Crore
Net Assets Value (NAV) (A-B)	INR 303.20 Crore
Adjusted NAV	INR Three Hundred Three Crore and Twenty Lakhs

### 3. ENTERPRISE VALUATION:

<b>ADJUSTED NET ASSET VALUE (NAV) OF M/S ATIBIR INDUSTRIES COMPANY LIMITED</b>
<b>THREE HUNDRED THREE CRORE AND TWENTY LAKHS (INR 303.20 CRORE)</b>

Hence the "Enterprise Value" of the Firm "M/s Atibir Industries Company Limited" is INR 303.20 Crores.



*This is only a general assessment of the current value of the Enterprise/Business based on the data/ input that the Bank/Client/Company could provide to us against our questions/ queries using the appropriate method with respect to the present scenario. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.*

## 4. KEY ASSUMPTIONS:

### a) Non-Current Assets:

- Net block for the tangible assets has been considered as per the provisional balance sheet provided by the client/company/RP. Fair market value of Land & Building, Plant & Machinery, Pollution control equipment and facility expansion related items have been considered as the 100% of the trial balances as on date, while FMV for other tangible assets are calculated as per the discounting factor considered based on the current marketability condition of the assets after discussion with the company/client.

Below table shows the assessment of fixed assets based on their marketability condition as per information shared by the client as on date:

FIXED ASSETS			
PARTICULARS	Net Block as on 31st March 2022	Fair Market Value	Factor
<b>TANGIBLE ASSETS</b>			
<b>SPONGE IRON UNIT</b>			
LAND	0.83	0.83	100%
FACTORY SHED & BUILDING	0.08	0.08	100%
PLANT & MACHINERY	1.98	1.78	90%
ELECTRICAL INSTALLATIONS	0.21	0.17	80%
GENERATOR	0.02	0.02	80%
PAY LOADER	0.05	0.04	80%
WEIGH BRIDGE	0.01	0.01	80%
POLLUTION CONTROL EQUIP.	0.48	0.48	100%
AIR CONDITIONERS	0.01	0.00	50%
FURNITURE & FIXTURES	0.01	0.00	50%
BUS & DUMPER	0.04	0.02	50%
MOTOR CARS	0.06	0.03	50%
MOTOR CYCLE	0.00	0.00	50%
COMPUTERS	0.01	0.00	50%
XEROX MACHINE	0.00	0.00	50%
TELEVISION & REFRIGERATOR	0.00	0.00	50%

# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

MISCELLANEOUS EQUIPMENTS	0.02	0.01	50%
<b>TOTAL : (A)</b>	<b>3.80</b>	<b>3.47</b>	
<b>BLAST FURNACE UNIT</b>			
LAND & LAND DEVELOPMENT	5.82	5.82	100%
OFFICE BUILDING	0.58	0.52	90%
BOUNDARY WALL	0.45	0.36	80%
STAFF & LABOUR QUARTER	0.49	0.39	80%
PLANT & MACHINERY	18.16	14.53	80%
<b>SINTER DIVISION</b>			
PLANT & MACHINERY	7.39	6.65	90%
<b>PELLET PLANT</b>			
PLANT & MACHINERY	12.49	11.24	90%
<b>OXYGEN PLANT</b>			
PLANT & MACHINERY	0.95	0.76	80%
<b>MISCELLANEOUS FIXED ASSETS</b>			
POLLUTION CONTROL EQUIPMENTS	0.27	0.27	100%
EARTH MOVING MACHINE	3.22	2.89	90%
WATER RESERVOIR	0.02	0.01	50%
GENERATOR	0.34	0.17	50%
ELECTRICAL INSTALLATIONS	2.14	1.07	50%
WEIGH BRIDGE	0.05	0.03	50%
AIR CONDITIONERS	0.04	0.02	50%
LABORATORY EQUIPMENTS	0.11	0.03	30%
FURNITURE & FIXTURES	0.03	0.02	50%
BUS, TRACTOR & DUMPHY	0.62	0.37	60%
MOTOR CARS	0.38	0.23	60%
MOTOR CYCLE	0.01	0.00	50%
COMPUTERS	0.01	0.00	30%
REFRIGERATOR	0.00	0.00	50%
TELEVISION	0.00	0.00	50%
OFFICE EQUIPMENTS	0.08	0.00	0%
MISCELLANEOUS EQUIPMENTS	0.16	0.08	50%
<b>TOTAL : (B)</b>	<b>53.82</b>	<b>45.48</b>	
<b>SINTER DIVISION</b>			
PLANT & MACHINERY	4.82	4.82	100%
<b>BLAST FURNACE UNIT</b>			
PLANT & MACHINERY	67.07	60.37	90%
Building Expansion Unit	1.77	1.77	100%





# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

Water Reservoir	1.14	0.91	80%
D. G. Sets	1.19	0.95	80%
Electrical Installation (Expansion)	4.56	4.56	100%
Laboratory Equipment (Expansion)	0.55	0.55	100%
Oxygen Plant (Expansion)	7.91	7.91	100%
Furniture & Fixtures	0.04	0.02	50%
Motor Car	0.72	0.36	50%
Misc. fixed assets	0.08	0.04	50%
IT Software & Hardware	0.03	0.02	50%
Earth moving machine	0.17	0.08	50%
Crawler crane	0.29	0.15	50%
Winch Machine	0.02	0.01	50%
OTHER ASSETS (Gross) -WIP	3.85	1.93	50%
<b>TOTAL : (C)</b>	<b>94.23</b>	<b>84.45</b>	
<b>TOTAL : (A+B+C)</b>	<b>151.86</b>	<b>133.41</b>	<b>87.85%</b>

- Fair market value of Non- current investments are as 100% of the trail balance as on date since the company is holding 4,20,000 equity shares of Atibir Hi-tech, having the current market value of INR 0.94 Crore as per the information provided by the client/company.

Below table shows the details of Non-current Investment of the company and the fair market value of the assets as on date:

Non- Current Investment			
PARTICULARS	Value as on 31st March 2022	Fair Market Value	Factor
4,20,000 Equity shares of Atibir Hi-Tech Pvt Ltd of Rs.10/-each (UNQUOTED AND NON TRADE)-AT COST	0.94	0.94	100%
<b>TOTAL</b>	<b>0.94</b>	<b>0.94</b>	

## b) Current Assets:

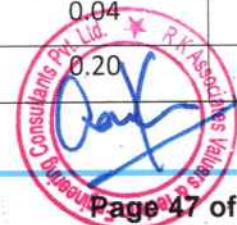
Current Assets			
PARTICULARS	Value as on 31st March 2022	Fair Market Value	Factor
(A) Inventories			



# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

<b>INVENTORIES</b> (At lower of Cost and Net realisable Value)			
Raw Materials ( Indigenous)	50.80	50.80	100%
Raw Materials ( Imported)	7.69	7.69	100%
Finished Products / By Products	67.39	67.39	100%
<b>Other Materials :-</b>			
Stores & other Consumables (Indigenous)	11.52	9.21	80%
Stores & other Consumables ( imported)	3.49	2.79	80%
<b>Total</b>	<b>140.89</b>	<b>137.89</b>	
<b>(B) TRADE RECEIVABLES</b>			
Trade receivable outstanding for a period exceeding Six months	7.94	5.96	75%
Tarde receivable outstanding for a period Below Six months	42.37	42.37	100%
<b>Total</b>	<b>50.32</b>	<b>48.33</b>	
<b>(C). CASH &amp; CASH EQUIVALAENTS</b>			
Cash In Hand-unit-2	0.07	0.07	100%
cash in Hand -unit-1			
Current account in SBI			
Balance with banks			
Fixed Deposit Account	0.44	0.44	100%
<b>Total</b>	<b>0.51</b>	<b>0.51</b>	
<b>(D) SHORT TERM LOANS AND ADVANCES</b>			
(UNSECURED ,CONSIDERED GOODS)			
SECURITY DEPOSITES	6.28	6.28	100%
Duty and Taxes Receivable ( GST & Income Tax & TDS)	19.70	19.70	100%
Advance for R/M	2.23	2.23	100%
Payable for Expenses	0.97	0.97	100%
Advance for automobile	0.02	0.02	100%
Advance for Expenses	0.04	0.04	100%
Advance for imported Cons. Store	0.20	0.20	100%



# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

Advance. Store & Consumables	0.18	0.18	100%
Advance for Raw materials	1.14	1.14	100%
Advance for Expenses	2.14	2.14	100%
Capital advance to Supplier	2.34	2.34	100%
Subsidy Receivable from Jharkhand Govt. (Revenue Subsidy)	145.50	145.50	100%
Advances for Expenses (others)	2.67	2.67	100%
BMW Finance India Pvt Ltd (Receivable)	0.01	0.01	100%
<b>Total</b>	<b>183.42</b>	<b>183.42</b>	
<b>TOTAL</b>	<b>375.14</b>	<b>370.15</b>	

Fair market value assessment of current assets is shown in the above table. The fair market value of inventory, trade receivables, cash & cash equivalents and short term loans & advances are determined by various factors taken into consideration as on date such as aging, marketability, terms & conditions etc. as per the information provided by the client/company referring the provisional balance sheet as on 31<sup>st</sup> March 2022.

**Thus, the fair Market Value of Total assets is being calculated as INR 504.50 Crore as on valuation date.**

- The fair market value of Current liabilities has been considered as 100% of the book value as on 31<sup>st</sup> March 2022.

**Thus, the fair market value of Total operational liabilities including the contingent liabilities is being calculated as INR 201.30 Crore as on valuation date, while the detailed break-up of contingent liabilities of the company is shared by the client/company as on date.**

Total Adjustable Liabilities	
Particular	Amount (INR Crore)
Operational Liabilities	77.02
Contingent Liabilities	124.28
<b>Total Adjustable Liabilities</b>	<b>201.30</b>




Hence after deducting the Total operational liabilities including the contingent liabilities from the fair market value of Total Assets, the Adjusted Net Asset Value (NAV) is being calculated as INR 303.20 Crores, which is being considered as the proxy of Enterprise Value of "M/s Atibir Industries Company Limited".

- Enterprise Valuation of the subject project has been done by using Net Assets Value (NAV) Method.
- The Net Assets Value (NAV) of the project has been calculated after the deduction of Operating Liabilities from the Total Assets Value of the company.
- The NAV method has been adopted for the calculation of Enterprise Valuation of the subject project since the project is categorized as NPA and as per the information provided by the banker/company, the future operation of the is uncertain as financial institution is about to execute the decision/resolution plan.
- No employee or member of R.K Associates has any direct/ indirect interest in the Project.
- This is just an opinion report on Valuation based on the copy of the documents/ information provided to us by the client which has been relied upon in good faith and the assessment and assumptions done by us.
- This is only a general assessment of the Enterprise/Business Value of the firm based on the data/ input Company officials could provide to us against our questions/ queries and information available in the public domain. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.



# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

<b>Declaration</b>	<p>i. Since this is Enterprise Valuation hence no site inspection was carried out by us.</p> <p>ii. The undersigned does not have any direct/indirect interest in the above property.</p> <p>iii. The information furnished herein is true and correct to the best of our knowledge.</p> <p>iv. This valuation work is carried out by our Financial Analyst team on the request from State Bank of India, SARG, SAMB-II, KOLKATA.</p> <p>v. We have submitted Valuation report to the Client.</p>	
<b>Name &amp; Address of Valuer company</b>	<b>Signature of the authorized person</b>	
M/s R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd. D-39, Second Floor, Sector-2, Noida, UP-201301 India		
<b>Number of Pages in the Report</b>	56	
<b>Financial Analyst Team worked on the report</b>	<b>PREPARED BY: Mr. Gaurav Kumar</b>	
	<b>REVIEWED BY: HOD Valuations</b>	

For R.K Associates Valuers & Techno  
Engineering Consultants (P) Ltd.

(Authorized Signatory)  
Valuations



Place : NOIDA  
Date : 20<sup>th</sup> May 2022

## PART G

### IMPORTANT DEFINITION

**Definitions:**

- **Enterprise Value:** Enterprise value (EV) is the corporate valuation of a company, determined by using market capitalization and total debt. Market cap comprises preference stocks, common stocks, and minority interest; total debt comprises short-term and long-term liabilities of the company. Enterprise value (EV) refers to the overall valuation—equity, debt, cash, and cash equivalents. In other words, it is the cost of acquiring a firm. The EV/EBITDA is an enterprise multiple. It correlates EV with earnings before interest, taxes, depreciation, and amortization. The metric determines whether the firm is undervalued or overvalued.
- EV is computed using the following formula:  $EV = (\text{Market Capitalization} + \text{Market Value of Debt} - \text{Cash and Equivalents})$ .
- **Fair Market Value** suggested by the competent Valuer is that prospective estimated amount in his expert & prudent opinion of the subject asset without any prejudice after he has carefully & exhaustively evaluated the facts & information came in front of him related to the subject asset at which the subject asset should be exchanged between a willing buyer and willing seller at an arm's length transaction in an open & unrestricted market, after proper marketing, wherein the parties, each acted knowledgeably, prudently and without any compulsion on the date of the Valuation.

*Forced, under compulsion & constraint, obligatory sales transactions data doesn't indicate the Fair Market Value.*

- **Realizable Value** is the minimum prospective estimated value of the Company which it may be able to realize at the time of actual transaction factoring in the potential prospects of deep negotiations carried out between the buyer & seller for ultimately finalizing the transaction across the table. Realizable value may be 10-20% less than the Fair Market Value depending on the various salability prospects of the subject asset and the needs of the buyer & the seller.
- **Forced/ Distress Sale Value** is the value when the company has to be sold due to any compulsion or constraint like financial encumbrances, dispute, as a part of a recovery process, legal issues or any such condition or situation. In this type of sale, minimum fetch value is assessed which can be 15-25% less than the estimated Fair Market Value. In this type of sale, negotiation power of the buyer is always more than the seller and eagerness & pressure of



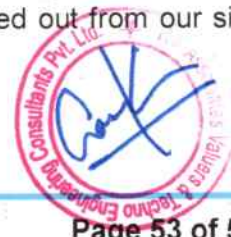
selling the asset is more than buying it. Therefore, the Forced/ Distress Sale Value will always fetch significantly less value compare to the estimated Fair Market Value.

- **Liquidation Value** is the amount that would be realized when an asset or group of assets are sold on a piecemeal basis that is without consideration of benefits (or detriments) associated with a going-concern business. Liquidation value can be either in an orderly transaction with a typical marketing period or in a forced transaction with a shortened marketing period.
- **Difference between Costs, Price & Value:** Generally, these words are used and understood synonymously. However, in reality each of these has a completely different meaning, premise and also have different definitions in the professional & legal terms. Therefore, to avoid confusion, it is our professional responsibility to describe the definitions of these words to avoid ambiguity & confusion in the minds of the user of this report.
  - The **Cost** of an asset represents the actual amount spend in the construction/ actual creation of the asset.
  - The **Price** is the amount paid for the procurement of the same asset.
  - The **Value** is defined as the present worth of future rights in the asset and depends to a great extent on combination of various factors such as demand and supply, market situation, purpose, situation & needs of the buyer & seller, salability outlook, usability factor, market perception & reputation. Needs of the buyer & seller, salability outlook, usability factor, market perception & reputation.
  - Therefore, in actual for the same asset, cost, price & value remain different since these terms have different usage & meaning.



**PART H****DISCLAIMER | REMARKS**

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
2. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. All such information provided to us has been relied upon in good faith and we have assumed that it is true and correct in all respect. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the owner, company, its directors, employee, representative or agents. Verification or cross checking of the documents provided to us from the originals or from any Govt. departments/ Record of Registrar has not been done at our end since this is beyond the scope of our work. If at any time in future, it is found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report shall automatically become null & void.
3. Legal aspects for e.g., investigation of title, ownership rights, lien, charge, mortgage, lease, sanctioned maps, verification of documents, etc. have not been done at our end and same has to be taken care by legal expert/ Advocate. It is assumed that the concerned Lender/ Financial Institution has satisfied them with the authenticity of the documents, information given to us and for which the legal verification has been already taken and cleared by the competent Advocate before requesting for this report. I/ We assume no responsibility for the legal matters including, but not limited to, legal or title concerns.
4. This report is a general analysis of the project based on the scope mentioned in the report. This is not an Audit report, Design document, DPR or Techno feasibility study. All the information gathered is based on the facts seen on the site during survey, verbal discussion & documentary evidence provided by the client and is believed that information given by the company is true best of their knowledge.
5. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.





6. Bank/FII should ONLY take this report as an Advisory document from the Financial/ Chartered Engineering firm and its specifically advised to the creditor to cross verify the original documents for the facts mentioned in the report which can be availed from the borrowing company directly.
7. In case of any default in loans or the credit facility extended to the borrowing company, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
8. The documents, information, data provided to us during the course of this assessment by the client is reviewed only up to the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.
9. This report only contains general assessment & opinion as per the scope of work evaluated as per the information given in the copy of documents, information, data provided to us and/ and confirmed by the owner/ owner representative to us at site which has been relied upon in good faith. It doesn't contain any other recommendations of any sort including but not limited to express of any opinion on the suitability or otherwise of entering into any transaction with the borrower.
10. We have relied on data from third party, external sources & information available on public domain also to conclude this report. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context, however still we can't vouch its authenticity, correctness or accuracy.
11. This Report is prepared by our competent technical team which includes Engineers and financial experts & analysts.
12. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned Financial Institution which is using this report for taking financial decision on the project that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.
13. All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.





14. Though adequate care has been taken while preparing this report as per its scope, but still, we can't rule out typing, human errors, over sightedness of any information or any other mistakes. Therefore, the concerned organization is advised to satisfy themselves that the report is complete & satisfactory in all respect. Intimation regarding any discrepancy shall be brought into our notice immediately. If no intimation is received within 15 (Fifteen) days in writing from the date of issuance of the report, to rectify these timely, then it shall be considered that the report is complete in all respect and has been accepted by the client up to their satisfaction & use and further to which R.K Associates shall not be held responsible in any manner.
15. Defect Liability Period is **15 DAYS**. We request the concerned authorized reader of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes, incorrect data/ figures/ statement will be entertained within the defect liability period. Any new changes for any additional information in already approved report will be regarded as additional work for which additional fees may be charged. No request for any illegitimate change in regard to any facts & figures will be entertained.
16. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at [valuers@rkassociates.org](mailto:valuers@rkassociates.org) in writing within 15 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Financial Feasibility Study Services will be entertained due to possible change in situation and condition of the subject Project.
17. Our Data retention policy is of **ONE YEAR**. After this period, we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
18. This Financial Feasibility Study report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) Information/ Data/ Inputs given to us by the client and (3) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this report to immediately or at least within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.

# ENTERPRISE VALUATION REPORT

M/S ATIBIR INDUSTRIES COMPANY LIMITED

19. R.K Associates never releases any report doing alterations or modifications from pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.

