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ENTERPRISE VALUATION REPORT

OF

PLASTIC PRODUCTS MANUFACTURING COMPANY

SITUATED AT

**ABHIJEET-1, 7TH FLOOR, MITHAKHALI SIX ROADS, ELLISBRIDGE,
AHMEDABAD - 380006, GUJARAT, INDIA**

OWNER/ PROMOTER

A/C: M/S SINTEX-BAPL LIMITED

REPORT PREPARED FOR

STATE BANK OF INDIA, STRESSED ASSETS RESOLUTION GROUP, MUMBAI

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PART A

INTRODUCTION

1. ABOUT THE REPORT: Enterprise Valuation of Plastic Product Manufacturing company Sintex BAPL Limited located at Abhijeet-1, 7th floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006, Gujarat, India.

2. EXECUTIVE SUMMARY: M/s Sintex BAPL Limited is a major known plastic water storage tank manufacturing brand, initially started its plastic division in 1975, its automotive footprints was achieved in the year 2007 by taking over Bright Brothers Limited which was later named as Bright Autoplast Private Limited (BAPL). Sintex BAPL Limited got incorporated in 23rd July, 2007 under the provision of the company's act. Company is headquartered in Kalol, Gujarat, India. The Company has two operational divisions namely; Plastic division and Auto division. Sintex has strong "original equipment manufacturing" (OEM) portfolio by catering one of the top automobile players in the world: Maruti Suzuki, Hyundai Motors, TATA Motors, Mahindra & Mahindra, Mahindra Navistar, General Motors, Force Motors, Honda Scooters, TVS Motors, Mobis, Visteon, Hanil, Shriram Pistons, Grupo Antolin, Mann + Hummel, Faurecia, Volvo Eicher, Borg-Warner, Donaldson and others. Further, the plastic division deals in a wide range of plastic technologies like Injection Moulding, Gas Assist Injection Molding, Blow Moulding, Vacuum Forming, PU Foaming, Vibration Welding, Ultra sonic Welding, 3 coat PU painting, Post Moulding Assemblies. It also has added new products like Cylinder head covers, Air intake ducts, Instrument Panel, Door trim and Console han-gon parts, Roto moulded mud guards, Blow moulded HVAC parts, Injection moulded & welding De-aeration tank, Engine guides, Hydraulic reservoir tank.

Moreover, Sintex BAPL has four subsidiary companies, which are; Sintex Holdings B.V., VAPL Rototech Private Limited, Sintex Logistics LLC and Sintex Holdings UK Limited. The present status and holding details of the all the subsidiaries are mentioned below:

Subsidiaries	Holdings %	Present Status
Sintex Holdings B.V.	100%	Non-Operational
BAPL Rototech Private Limited	70%	Operational
Sintex Logistics LLC	100%	Operational
Sintex Holdings U.K. Limited	100%	Non-Operational

Company is having nearly 10 plant locations in the country, out of which 5 locations are related to Plastic division and 5 are related to Auto division of the company.

Sintex Group invested heavily through the means of debt financing in setting up new business lines. However, due to macroeconomic factors which includes increasing competition and changing market dynamics things didn't went in the expected direction. For this reason some of the businesses like CSP, SMC and Plastic sections did not perform as expected. As a result of this EBITDA didn't scaled up as per the capital expenditure done by the business. Some of the group companies also defaulted which had impacted the overall BAPL business. Also, company defaulted on payments in June 2019. Post Default Company appointed EY as CMS agent and all the cash was routed through TRA account. 15% of cash collections were retained by lenders in TRA account and hence business was deprived of cash thereby impacting the working capital availability. Today vendor payments are completely stretched, retailer/distributor payments have completely stopped which has led to retailers leaving the system and company is working on cash and carry basis and not giving any credit to distributors. On a standalone basis, the company's revenue declined by 50% on y-o-y basis during FY20. Further, the company has reported net loss of Rs.1,392.59 (including loss of Rs.800 crore pertaining to impairment of brand value, 'Sintex') during FY20. Furthermore, due to losses, tangible net-worth of the company eroded and turned negative as on March 31, 2020.

Currently, the company has Loans outstanding of Rs. 2,603.72 Crores as on 31.12.2020, from 6 lenders as per the information shared by the Company. The details of the loan are as under:-

Loan Outstanding of Sintex BAPL Limited as 31ST December 2021

Particulars		Principal Outstanding	Interest Accrued	Total
BAPL	Debenture	Rs in Cr	Rs in Cr	Rs in Cr
	Privately Placed NCD	200.00	29.95	229.95
	KKR Facility-945			
	Azim Premji Trust	150.00	118.66	508.66
	BOI AXA Equity Debt Rebalancer Fund	24.99		
	BOI AXA Midcap Equity and Debt Fund	25.98		
	DSP Black Rock Income Opportunities Fund	99.99		
	BOI AXA Corporate Credit Spectrum Fund	40.02		
	BOI AXA Regular Return Fund	15.00		
	BOI AXA Short Term Income Fund	34.02		
	BOI AXA Corporate Credit Spectrum Fund	100.00	90.53	645.53
	KKR India Debt Opportunities Fund II	80.00		

Particulars		Principal Outstanding	Interest Accrued	Total
	KKR India Financial Private Limited	105.00		
	L&T finance Ltd	270.00		
	Term Loans			
	KKR India Financial Private Limited	245.00	40.70	285.70
	Term Loan - HDFC-Pune	35.26	4.12	39.38
	RBL Bank WCTL	38.00	6.20	44.20
	RBL Bank WCTL	100.00	14.40	114.40
	Yes Bank WCTL	14.15	1.76	15.91
	HDFC ECB UnSecured Loan	164.36	13.56	177.92
	ADCB Unsecured loan	182.63	14.63	197.26
	Grand Total (A)	1,924.40	334.51	2,258.91
	Working Capital			
	SBI			
	FB	166.45	23.00	189.45
	<u>NFB</u>			
	LC Bill	29.12		
	BG		-	29.12
	BoB			
	FB	108.10	22.93	131.03
	<u>NFB</u>	-		
	Yes Bank			
	FB	42.02	4.61	46.63
	<u>NFB</u>			
	LC Bill	-	-	
	BG	0.77		0.77
	HDFC-Pune			
	FB	19.27	-	19.27
	<u>NFB</u>			
	LC Bill	0.12		
	BG			0.12
	RBL Bank			
	FB	47.72	6.17	53.89
	<u>NFB</u>			
	LC Bill	-		

Particulars		Principal Outstanding	Interest Accrued	Total
	BG	-		
	DB Bank (Un-Secured)	49.98	9.62	59.60
	Axis Bank (Un-Secured)	215.78	30.86	246.64
	Total (B)	679.33	97.19	776.52
	Total Debt	2,603.72	431.70	3,035.42

Previous 5 Year Financial Performance of the Company

(In Crores)

Particulars	FY 2017	FY 2018	FY 2019	FY 2020
Total Revenue	2,021.11	1,871.65	1,711.12	853.39
EBITDA%	19%	17%	18%	-15%
EBIT%	16%	13%	12%	-26%
PAT%	14%	1%	0%	-150%

Currently company's debt accounts are classified as NPA. Therefore to find resolution on this account, lenders has appointed us to conduct the Enterprise Valuation of the company.

3. TYPE OF REPORT: Project Enterprise Valuation Report.

4. PURPOSE OF THE REPORT: To estimate & determine current Fair Enterprise Value of the Company to enable the lenders to evaluate the further course of action on this account.

5. SCOPE OF THE REPORT: To estimate & determine current Fair Enterprise Value & Liquidation Value of the Company on ongoing concern basis based on Discounted Cash Flow method.

- This is just the enterprise valuation of the project based on its income generating capacity in future years. This Valuation shall not be construed as the physical asset or should not be related directly to cost approach or Project cost.*
- This Valuation only covers the cash flow from operation of the company. It also covers company's subsidiaries valuation, as per the requirement by the client.*
- The valuation of subsidiaries are done only on NAV basis as per the scope of work.*

- *This Valuation is prepared based on the current financial status and projections 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.*
- *Site inspection of Plants in relation to Enterprise Valuation has not been conducted since this was out-of-scope of work.*

6. METHODOLOGY/ MODEL ADOPTED: Free Cash Flow to Firm Model for the calculation of Enterprise Value and Liquidation value of the Company considering company on ongoing basis.

7. DOCUMENTS / DATA REFERRED:

- Last 5 year Financial Statements of Sintex BAPL Limited
- Previous year Financial Statements of the Subsidiaries
- Financial projections of its Auto division and Plastic divisions
- CARE Rating Report

PART B

PROJECT COMPANY

1. BRIEF DESCRIPTION ABOUT THE COMPANY:

Sintex Group (or the company) was established by Mr. Dinesh Patel in the year 1931, it operates in plastic and textile business with manufacturing units spread over 35 facilities across the country. However, the Group has recently separated into two companies namely; Sintex Industries Limited (Textile segment) and Sintex Plastic Technology Limited. Sintex BAPL Limited is a 100% subsidiary of Sintex Plastic Technology Limited. Sintex acquired Bright Brothers Limited in the year 2007 which later became Bright Auto Plastic Limited (BAPL). Presently the company has 37 manufacturing units across the globe (including India) as the company's official website. The company is present in 9 countries and is spread over 4 continents. Further to it the company has a network of over 1,000 dealer/distributor and more than 40,000 retailers spread across the country. This provides a distinct advantage to the company of being located closer to its target customer segments. Also, with its brand 'Sintex' for water tanks market has become synonym for water tank products in the country. Taking the competitive advantage of its existing brand value of 'Sintex' it is marketing its other custom moulding products under brand 'Sintex'.

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

Name of the Company	Sintex BAPL Limited
CIN	U25199GJ2007PLC051364
Address	Registered Office Abhijeet-I, 7th floor, Mithakhali Six Roads, Ellisbridge, AHMEDABAD GJ 380006 IN
Constitution	Public
Date of Incorporation	23/07/2007
Authorised Capital	Rs. 66,10,00,000
Paid up Capital (Equity)	Rs. 66,03,20,000

2. KEY DIRECTORS OF THE COMPANY:

Table 2: List of Directors of Sintex BAPL Limited

S.No.	DIN/PAN	Name
1.	0000171035	AMIT DINESHCHANDRA PATEL
2	0000171198	RAHUL ARUNPRASAD PATEL

S.No.	DIN/PAN	Name
3	0008384217	DINESH KHERA
4	0008528138	MAMTA TRIPATHI
5	0008553621	BIJAYA KUSHASAN BEHERA
6	BHGPS1065P	PRADEEPBHAI MUKUNDBHAI SHAH
7	CYAPS1798D	YASH DILIPKUMAR SHETH

(Source: MCA Data)

3. CAPITAL STRUCTURE

The authorized Share Capital of the Company is Rs. 16.10 crore divided into 1.61 crore Equity Shares of Rs. 10/- each.

During the year under review, paid up capital of the Company was Rs. 16.03 crore divided into 1.603 crore Equity Shares of Rs. 10/- each fully paid as on 31st March, 2020.

4. SHAREHOLDING PATTERN

The Shareholding Pattern of the Company as per the Financial Statements for FY Ended March 2020 is as follows:-

Shareholding Pattern at the End of FY 2019-20

Particulars	Numbers	Holding %
Equity share of Rs.1 each full paid up held by		
Sintex Plastics Technology	1,60,32,000	100%

(Source: Consolidated Financial Statement provided by the company)

PART C

COMPANY MANUFACTURING FACILITIES

1. BRIEF DESCRIPTION OF COMPANY MANUFACTURING FACILITIES

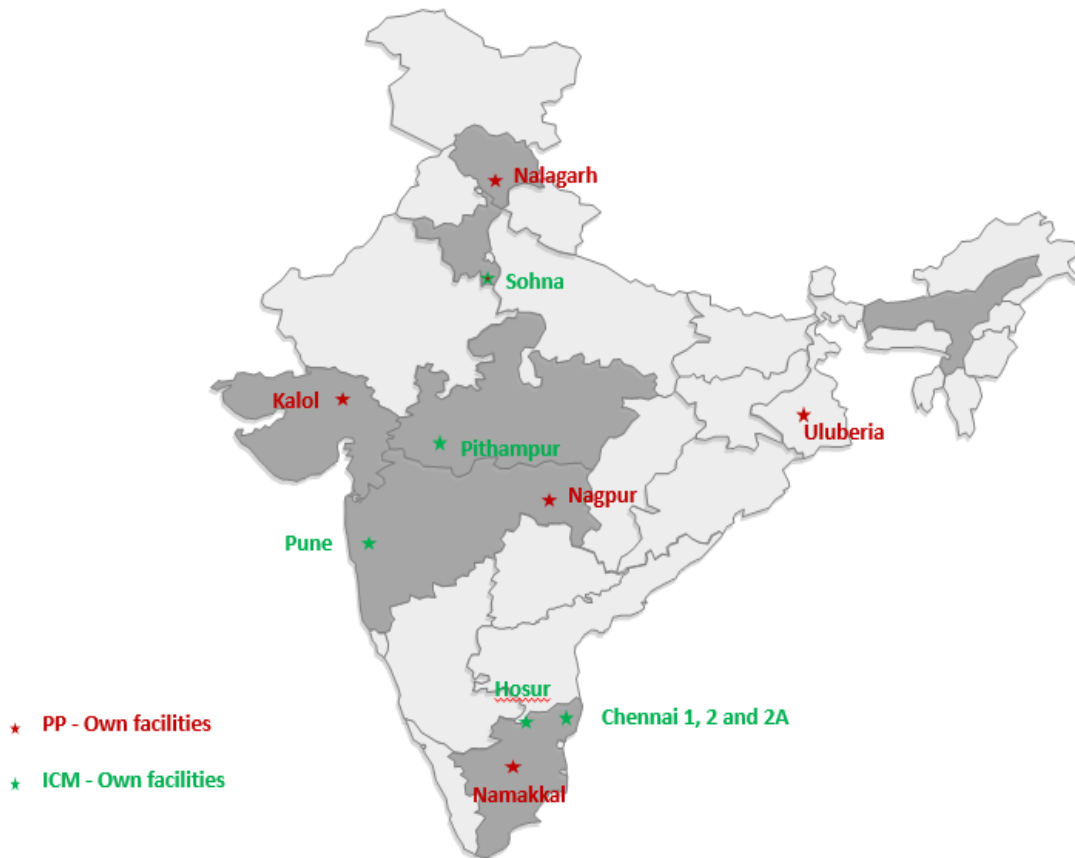
Presently the company has 37 manufacturing units across the globe (including India) as the company's official website.

There are nearly 10 plant locations in the country, out of which 5 locations are related to Plastic division 5 are related to Auto division of the company. The plants location of the company spread across the country having different plants Nalagarh, Himachal Pradesh in the north to the Namakkal in south as per the Map shown in the location section below. In addition to this, Sintex BAPL Limited is present in 9 countries spread over 4 continents across the globe.

Sintex BAPL Limited plastic division includes wide range of plastic technologies like Injection Moulding, Gas Assist Injection Moulding, Blow Moulding, Vacuum Forming, PU Foaming, Vibration Welding, Ultra sonic Welding, 3 coat PU painting, Post Moulding Assemblies. It has also added new products like Cylinder head covers, Air intake ducts, Instrument Panel, Door trim and Console han-gon parts, Roto moulded mud guards, Blow moulded HVAC parts, Injection moulded & welding De-aeration tank, Engine guides, Hydraulic reservoir tank. Moreover, the company having a network of about 1000 dealers and more than 40,000 retailers in the country.

2. PLANT LOCATIONS:

There are nearly 10 plant locations in the country, out of which 5 locations are related to Plastic division 5 are related to Auto division of the company. The plants location of the company spread across the country having different plants Nalagarh, Himachal Pradesh in the north to the Namakkal, Tamil Nadu in the south and Uluberia, West Bengal in the east to Kalol, Gujarat in the west.



GLOBAL PRESENCE

Sintex BAPL Limited is present in 9 countries spread over 4 continents across the globe.



PART D

MARKET OVERVIEW ON PLASTIC MANUFACTURING INDUSTRY

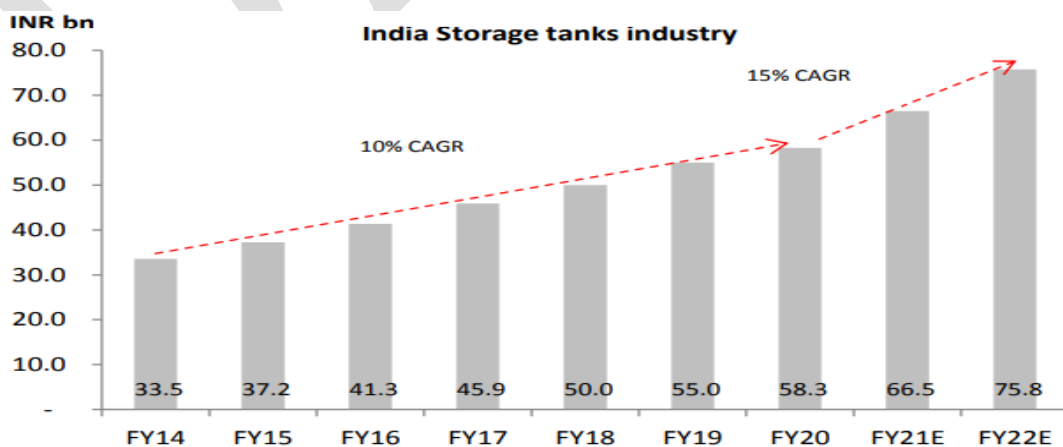
1. INDUSTRIAL STUDY:

a. Economic and Sector Outlook

Plastic manufacturing processing industry is regarded as the pillar of economy in the developed countries of the world. Also, in India it is becoming one of the most important sectors contributing to the overall GDP of the country. As India is the most populous nation in the world after china, the number of people belonging to middle-income group is also increasing year on year which is further resulting in higher demands. The demand for plastic products is majorly dependent on consumption of middle income group.

Further, the Indian plastic market has become one of the leading contributing sectors in the Indian economy. Hence, we can say that the increasing demand of plastic products, especially plastic home appliances and plastic utilities like water storage tanks and other essentials.

Also, Real estate investments, rising urbanization, increasing fresh water withdrawal, and consumption for various domestic and industrial applications have created substantial demand for economical water storage methods, which is expected to drive demand for plastic water storage tanks. As water is stored in overhead or elevated tanks, durability is the key attribute which a consumer requires in plastic water tanks. The domestic plastic water tank industry grew at a CAGR of c.10% to INR 59bn in FY20 from INR 33bn in FY14. Unorganized players dominate the industry with 70% market share.



(Source: Industry data, JM Financial)

As per the annual national income report published by Government of India Gross Value Added (GVA) of India's manufacturing sector at basic current prices grew at 5% CAGR from FY 2016 to FY 2020. Strong Growth was recorded in the production of basic metals (10.8%), immediate goods (8.8%), and food products (2.7%).

India's purchasing manager index stood at 58.9 in October 2020 as opposed to 56.8 in September. Capacity utilization in India stands at 68.9% in Q3 of FY 20.

b. India Water Storage Tank Demand Review

As per the report published by JM Financial dated 21.31.2020, Global storage tank industry to grow at c.3-4% CAGR with Asia having the highest growth rate. The global water storage tank market size is currently \$12.5bn and is expected to reach an estimated \$14.0bn by CY23E with a CAGR of 3-4% from 2019 to 2024. The major drivers for this market are growing construction activities and increasing concerns about water conservation. The future of the global plastic water storage tank market looks promising with opportunities in the sectors of residential, commercial, industrial, and municipal. Asia Pacific offers high potential for the plastic water storage tanks market. Countries such as India are facing severe water shortage in Asia Pacific which is augmenting the demand for water storage systems in the region. Asia Pacific will remain the largest region and witness the highest growth due to growing population and construction activities in this region.

c. Future Ahead

Over the next three years, we expect the plastic water tank industry to continue to grow at a healthy pace of 13- 15% CAGR from FY20-23E owing to increasing demand propelled by increase in the pace of real estate construction activity and growing necessity of water storage owing to irregularity in supply. Momentum in the construction of affordable housing has picked up. Over FY20-23E, roto moulded tanks are expected to witness 10-12% CAGR, while blow moulded tanks are expected to post 18-20% CAGR owing to their superior value proposition compared with the former as well as higher demand for smaller (up to 2,000 litre) tanks. Demand for steel and concrete tanks is expected to decrease owing to shifting focus towards light weight and durable plastic water tanks.

d. Government Initiatives

After the NDA government came back to power, in May'19, the erstwhile ministries of water resources and drinking water and sanitation were merged in the ministry of Jal

Shakti. As a result, all the water related departments – surface water, ground water, river rejuvenation, irrigation etc. and departments looking at the use of water have come under a single ministry, which could significantly ease the implementation of large programmes by easing the process and timelines of sharing data / resources within the government. The Government has initiated the Jal Shakti Abhiyan to stimulate rainwater harvesting and water conservation efforts in 255 water stressed districts of the country. Overall, 313 blocks with critical groundwater levels would be covered, along with 1,186 blocks with overexploited groundwater and 94 blocks with low groundwater availability. In this campaign, teams of officers from the central government will visit and work with district administration in 1592 water stressed blocks in 256 districts, to ensure five important water conservation interventions. These will be (a) water conservation and rainwater harvesting, (b) renovation of traditional and other water bodies / tanks, (c) reuse and bore well recharge structures, (d) watershed development and (d) intensive afforestation. As the 'Nal se Jal' plan execution progresses, the need for storage of hygienic water will increase considerably, which will be a major growth driver for the storage tanks industry in India.

2. MARKET SEGMENTATION- STORAGE TANKS INDUSTRY

- i. In terms of manufacturing sector: The plastic water tank market is highly fragmented; unorganized players dominate with 70% market share and organized players account for only 30%.
- ii. In terms of manufacturing process: In terms of the manufacturing process, blow moulded tanks account for 40-45% market share whereas roto moulded tanks account for the remaining. There is an increasing demand for blow moulded tanks and it is expected that their share will increase to 50-55% by FY22.
- iii. In terms of size: 1,000-litre tanks account for 40-45% market share followed by tanks sized less than 1,000 litre (30- 35%). In the less-than-1,000-litre tank category, 500-litre tank has the highest demand. On the other hand, 1,000+ to 2,000-litre tanks account for 15-20% market share. Going forward, we expect demand to shift from the less than 1,000-litre tank category to tanks of 1,000/2,000-litre capacity owing to increasing consumption of water, resulting in higher demand for more storage capacity. Tanks with 2,000-litre capacity or more are mostly used in institutions such as schools and offices, whereas tanks with up to 1,000-litre capacity are used in households.
- iv. In terms of usage category: Of the total plastic water tank industry, overhead tanks account for 80-85% market share, whereas loft and underground tanks account for the

remaining. Underground plastic water tanks have a market share of just ~5% as customers still prefer underground concrete tanks for water storage. Loft tanks, on the other hand, account for 10-15% share and can be kept in an empty space above washrooms and bathrooms due to compact size. These tanks are used along with underground and overhead tanks.

- v. In terms of type of demand: In terms of demand, there is 90% demand for new plastic tanks, but only 10% demand for replacement of existing concrete tanks with plastic tanks.
- vi. In terms of the buyer category: B2C customers (mainly households requiring tanks for storage of water) make up 75-80% of the plastic water tanks market, whereas the B2B segment (builders and contractors) has the remaining share.

3. GLOBAL WATER STORAGE TANKS INDUSTRY

The global water storage tank market size is currently \$12.5bn and is expected to reach an estimated \$14 billion by CY23 with a CAGR of 3-4% from CY18 to CY23. The major drivers for this market are growing construction activities and increasing concerns about water conservation. The future of the global plastic water storage tank market looks promising with opportunities in the sectors of residential, commercial, industrial, and municipal. - Scarcity of water in various regions has led to an increase in the usage of water storage systems across municipal and residential sectors.

Furthermore, the necessity of treated, recycled, and fresh water for various purposes in industrial and commercial sectors, particularly in refineries, is propelling the demand for plastic water storage tanks. Increase in population has boosted the demand for Plastic Water Storage Tank Market across domestic and public service enterprises in rural and urban areas. Additionally, increase in global construction and industrialization activities is anticipated to fuel the plastic water storage tank market. -Based on region, the global water storage tank market can be segmented into North America, Asia Pacific, Europe, Latin America, and Middle East & Africa. Developed economies in Europe and North America have contributed significantly toward the growth of the global plastic water storage tank market. Asia Pacific offers high potential for the plastic water storage tanks market. Countries such as India are facing severe water shortage in Asia Pacific. This is augmenting the demand for water storage systems in the region. - Various research studies expect that plastic storage tanks (made of polyethylene) will remain the largest segment and is also expected to witness the highest growth rate because it is exceptionally durable, light weight and cost effective. Asia Pacific will remain the largest region.

It is also expected to witness the highest growth due to growing population and construction activities in this region -Key players operating in the global plastic water storage tank market include Niplast Storage Tanks, Sintex Industries Ltd, American Tank Co., Inc., GHP Manufacturing Pty Ltd, Protank, Karplas Composite Plastic Fiberglass Co., Cotterill Civils Ltd., Emiliana Serbatoi S.r.l., Carbery Plastics Limited, Enduramaxx Limited, Plastic Proget European (PPE) S.r.l., Nova Plastic Industries L.L.C, and Al Bassam International Factories L.L.C.

4. IMPACT OF COVID-19:

Sudden occurrence of COVID-19 pandemic across the globe has affected nearly all the sectors of the economy. In this globalized world where all countries are economically dependent on each other directly or indirectly. While the government revenues are decreasing due to declining sectorial growths in the economy, the domestic consumption is also affected by the pandemic. During the Pan-India lockdown in the country the discretionary consumption came to stand-still. However, till date, discretionary consumption in the country haven't achieved its previous consumption level. The high probability of the virus spreading in India could result in a massive impact on the consumer products and retail sectors. The consumers are likely to curtail their discretionary spending which would significantly impact the sector's growth further. As, a result of this demand for residential as well as commercial water storage tanks will remain stagnant or decline. Also, the demand for new cars and other automobile has also affected by the pandemic. Due to this, consumer's behavior is shifting towards marginal propensity to save behavior of the consumers due to uncertain behavior arising out of COVID-19. Hence, due to aforesaid reasons it can be said that plastic products manufacturing and automobile sector has seen a greater impact due to COVID-19. Considering the present situation also, the future remains in bleak especially for the automobile consumption.

PART E

FINANCIAL PROJECTIONS

Based on the data/ information/ inputs provided by the Bank/ company, financial projections of the company has been estimated as below.

1. Previous Year Financials of Sintex BAPL Limited:

(Value in Crores)

Particulars	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
Income				
Revenue from operations	2,002.45	1,859.72	1,683.73	842.41
Other income	18.66	11.93	27.39	10.98
Total income	2,021.11	1,871.65	1,711.12	853.39
Total expenses	1,826.65	1,817.42	1,724.29	1,356.91
Cost of materials consumed	967.19	1,079.81	867.00	473.16
Purchases of Stock-in-Trade	19.09	3.00	3.93	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	9.01	-101.00	-5.58	128.91
Employee benefits expense	131.72	125.76	142.32	133.27
Excise duty	183.80	43.59	-	
Other expenses	321.86	398.14	403.59	246.72
EBITDA	388.44	322.35	299.86	-128.67
Depreciation and amortisation expense	67.61	84.84	92.27	96.30
EBIT	320.83	237.51	207.59	-224.97
Finance costs	126.37	183.28	220.76	278.55
Profit before exceptional items and tax	194.46	54.23	-13.17	-503.52
Exceptional items	0.00	23.52	0.00	889.07
Profit before tax	194.46	30.71	-13.17	-1,392.59

Previous year financials of Sintex shows that the company remained profitable for the FY 2017 and FY 2018, however, incurred a loss of Rs. 13.17 crore for the FY 2019. For the year FY 2020, the company has shown a loss of Rs. 1392.59 crore which is majorly due to an impairment expenses amounting to Rs. 800 crore (approx.). Sintex BAPL has booked an impairment loss of Rs. 800 crore under the A.S.36 'impairment to assets' for its Sintex brand value. The brand valuation stands at Rs. 700 crore which has reduced from Rs.1500 crore.

EBITDA for the last 4 years from FY 2017 to FY 2020 shows a declining trend mainly due to decreasing revenue. Earnings before interest and tax (EBIT) also remains in declining trend for the same time period mainly due to depreciation expense.

As, result of the above mentioned considerations, finance cost and tax adjustments in EBIT the Profit after tax (PAT) shows de-growth and negative margins for the last two Fiscal years.

2. PROJECTED PROFIT & LOSS STATEMENT:

(Value in Crores)

Particulars	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Net Revenue	650.0	790.2	828.2	886.5	911.7	987.5
Expenses						
Cost of goods sold	344.6	422.4	434.8	465.2	474.1	514.2
Employee benefits expense	105.9	114.1	122.7	130.4	134.0	145.0
Consumption of stores and spare parts	24.6	34.2	35.7	37.4	38.6	40.3
Power and fuel	38.2	43.5	45.6	48.8	50.1	54.3
Other expenses	106.2	102.7	101.7	106.4	109.4	118.5
Total expenses	619.6	716.9	740.5	788.1	806.3	872.4

ENTERPRISE VALUATION REPORT

M/s SINTEX BAPL LIMITED

Particulars	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
EBITDA	30.4	73.3	87.7	98.5	105.4	115.2
Depreciation	98.8	97.7	96.6	94.3	93.9	93.5
EBIT	(68.4)	(24.4)	(8.9)	4.2	11.4	21.7
Interest cost	238.0	235.7	234.3	233.5	232.9	225.9
Other income	10.6	-	-	-	-	-
PBT	(295.8)	(260.1)	(243.2)	(229.4)	(221.5)	(204.1)
Prov. For taxes	0.8	-	-	-	-	-
PAT	(296.5)	(260.1)	(243.2)	(229.4)	(221.5)	(204.1)

PART F

VALUATION OF THE COMPANY

1. METHODOLOGY/ MODEL ADOPTED:

Out of the various models & theories available we have adopted two methodologies namely; Two Stage Free Cash Flow to Firm Model for the calculation of Enterprise Value of Sintex BAPL Limited and Net Asset Value for the valuation of the subsidiaries of Sintex BAPL :-

- a. The free cash flow method is similar to the method used for public companies.
- b. The free cash flow method used here is a two-stage model.
- c. Two stage model covers the cash flows of the project during the projection period and the terminal value of the plant in perpetuity.
- d. The estimated terminal value captures the value of the business at the end of the projection period.
- e. FCFF is more practical when substantial capital changes are expected because weighted average cost of capital (WACC) is less sensitive to the cost of equity.
- f. Net Asset Value (NAV) on book value basis is done for the purpose of estimating the Enterprise value of 4 subsidiary companies of Sintex BAPL Limited
- g. NAV on book value is taken into consideration because of our scope of valuation of the subsidiary companies i.e; 'Desktop Valuation'.

Rationale for using 2- Stage FCFF Model for the Enterprise Valuation:

- a. The 3 Broad Model of Company Valuation are - Present Value (Discounted Cash Flow Models), Asset Based and Market Multiple.
- b. Asset Based Model is inappropriate as the Company is a going concern and the model is unable to capture the Value of the company.
- c. Market Multiple Approach is also not suitable as the company is not listed and no proper similar recent comparable transactions are available.
- d. Therefore the most appropriate Model left to Value Sintex BAPL Limited will be using the Present Value Model.
- e. 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.
- f. 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.

- g. The best method input option for the PV Model in the case of Sintex BAPL Limited will be FCFF as it represents the benefits accruable to all the stakeholders in the Business enterprise.
- h. Further to the above considerations, valuation of the subsidiaries needs to be done on Desktop valuation basis as per the scope of work shared by the company.
- i. Hence, NAV method is also used in the valuation process of the Subsidiary companies of Sintex BAPL Limited.

Two Stage FCFF Model Formula and Key Inputs:

SIMPLE TWO-STAGE FCF MODELS

$$\text{Firm value} = \sum_{t=1}^n \frac{\text{FCFF}_t}{(1 + \text{WACC})^t} + \frac{\text{FCFF}_{n+1}}{(\text{WACC} - g)} \frac{1}{(1 + \text{WACC})^n}$$

- a. **Free Cash Flow to Firm (FCFF)** - is the cash available to pay investors after a company pays its costs of doing business, invests in short-term assets like inventory, and invests in assets like property, plants and equipment.

FCFF = Net Income + Non-Cash Charges + Interest (1-t) – Working Capital Investment – Fixed Capital Investment.

- b. **Weighted Average Cost of Capital (WACC)** - The weighted average cost of capital (WACC) is the rate that a company is expected to pay on average to all its security holders to finance its assets. The WACC is commonly referred to as the firm's cost of capital. WACC is used as the discount rate to discount FCFF.

$$\text{WACC} = \frac{D}{D + E} K_d + \frac{E}{D + E} K_e$$

Where D is the total debt, E is the shareholders equity and K_d and K_e are the cost of debt and cost of equity, respectively.

- c. **Cost of Equity:** The cost of equity is estimated using the CAPM methodology.

2. CALCULATION OF FREE CASH FLOW TO FIRM:

(In Crores)

Particulars	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	-68	-24	-9	4	11	22
Taxes	0	0	0	0	0	0
NOPAT	-68	-24	-9	4	11	22
Add: D&A	98.76	97.68	96.58	94.31	93.94	93.46
Less: Change in WC	-37.48	-22.81	-6.54	-9.10	-5.10	-11.44
Less: Capex	-42	-45	-25	-26	-26	-28
Free Cash Flow to Firm (FCFF)	-49	6	57	64	74	76
Discount Period	0.1	1.1	2.1	3.1	4.1	5.1
Discount Factor	1.0	0.8	0.7	0.6	0.5	0.5
Present Value of FCFF	-48	5	41	40	40	35
Present Value of TV						265

3. KEY INPUTS USED TO DISCOUNT CASH FLOWS DURING THE PROJECTION PERIOD:
Table 12: Calculation of Valuation Inputs for Sintex BAPL Limited

Inputs	
Cost of Debt	8.73%
Cost of Equity	18%
Rf	5.90%
Market Risk Premium	6.85%
Company specific risk premium	5%
Beta	1.02
WACC	16%

Table 13: Calculation of WACC for Sintex BAPL Limited

Weighted Average Cost Of Capital	
Average % of Debt in Capital Structure*	13%
Cost of Debt	8.73%
Average % of Equity in Capital Structure*	87%
Cost of Equity	18%
WACC	16%

*Note: We have considered the average debt equity ratio of the market comparable for the purpose of WACC calculation because Sintex BAPL Limited equity share capital is negative.

4. CALCULATION OF ENTERPRISE VALUE:

ENTERPRISE VALUE OF THE COMPANY	
Rs. 283 Crores	

NOTE: This is just the enterprise valuation of the project based on its income generating capacity in future years. This Valuation shall not be construed as the physical asset or should be directly related to cost approach or Project cost.

5. CONTINGENT LIABILITIES OF THE COMPANY:

The total Contingent Liabilities of the company stands at Rs. 54.44 crores. A list of claim contingent liabilities is provided by the company. However, no details regarding the probable outflow of cash that would be required to settle such claims was provided to us, hence, we have not adjusted such claims while calculating free cash flows to the firm.

List of such contingent claims is attached below for your ready reference:

(In crores)

Claims against the Group not acknowledged as debts	Amount
(i) Indirect tax matters	1.84
(ii) Direct tax matters	0.33
Legal Cases	
In respect of Matters Going against the company towards Legal Cases	8.65
Guarantees excluding financial guarantees	
Outstanding bank guarantees	35.89
Commitments (Estimated amount of contracts remaining to be executed on capital account and not provided for)	
Total	54.44

6. VALUATION OF SUBSIDIARIES:

There are 4 subsidiary companies of Sintex BAPL Limited which includes BAPL Rototech Private Limited, Sintex Holding BV, Sintex Logistics LLC and Sintex UK Holding Limited. However, Sintex Holding BV and Sintex UK Holding Limited are non-operational and have no business to generate any future revenues. Further as per the scope of work, valuation of the Subsidiaries is to be done based on the desktop valuation approach i.e; Net Asset value (NAV) method based on book value approach.

a) BAPL Rototech Private Limited

(Value in Crores)

Assets	FY 2020	As on 30th September 2020
Non-Current Assets		
PPE	10.56	10.20
CWIP	3.05	3.31
Right of use Assets	7.14	6.68
Intangible Assets	1.96	1.82
Financial Assets		
Other Financial Assets	0.81	0.88
Deferred Tax Assets (Net)	0.76	0.79
Income Tax Assets (Net)		
Current Assets		
Inventories	8.90	9.83
Financial Assets		
Trade Receivables	15.48	23.23
Cash & Cash Equivalents	2.28	4.83
Other Financial Assets	0.00	0.98
Other Current Assets	5.91	6.85
Total Assets	56.86	69.39
Equity & Liabilities		
Equity	10.07	10.07
Equity Share Capital	3.62	3.54
Other Equity		
Liabilities		
Non-current Liabilities		
Financial Liabilities		
Borrowings	2.81	4.25
Other Financial Liabilities	7.03	6.68
Long term Provisions		
Other Non-current Liabilities	0.02	0.02
Current Liabilities		
Financial Liabilities		
Borrowings	5.00	11.78
Trade Payables	19.63	25.16
Other Financial Liabilities	3.49	2.90
Short term Provisions	0.06	0.17
Other Current Liabilities	5.00	4.69
Current Tax Liabilities (Net)	0.13	0.13
Total Equity and Liabilities	56.86	69.39

Total Assets	69.39
Total Liabilities	55.78
Net Asset Value	13.61
Liquidation Discount	25%
Liquidation Value	10.21

b) Sintex Holding BV

As per the information provided by the client, the said holding is non-operational and only cash and cash equivalent will be realized from this foreign holding. Bank balance amounting to 54.97 million euro needs to be realized and taken to India. The said amount will be converted to Rs. 469.13 crore in India. Further, an amount of Rs. 70 crore needs to be adjusted (Rs.65 crore tax and 5 crore other expenses) along with book liabilities amounting to Rs.3.91 crore. Hence, an amount of Rs.395.22 crore will be the net asset value of Sintex Holding BV.

c) Sintex Logistics LLC

(Value in Crores)

Assets	Amount as on 31st March 2020
Non-Current Assets	
PPE	0.87
Goodwill	0.72
Current Assets	
Inventories	5.65
Financial Assets	
Trade Receivables	5.00
Cash and Cash Equivalent	4.49
Total Assets	16.73
Equity and Liabilities	
Equity	
Equity share Capital	7.89
Other Equity	-2.39
Liabilities	
Non-current Liabilities	-
Current Liabilities	
Financial Liabilities	
Borrowings	0.07
Trade Receivable	11.01
Other Current Liabilities	0.22
Total Equity and Liabilities	16.80

Total Assets	16.73
Total Liabilities	11.30
Net Asset Value	5.43
Liquidation Discount	25%

Liquidation Value	4.07
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7. CALCULATION OF ENTERPRISE VALUE:

NET ASSET VALUE OF SUSIDARIES
Rs. 409.10 Crores

Declaration	i. <i>Since this is Enterprise Valuation hence no site inspection was carried out by us.</i> ii. <i>The undersigned does not have any direct/indirect interest in the above property.</i> iii. <i>The information furnished herein is true and correct to the best of our knowledge.</i> iv. <i>This valuation work is carried out by our Financial Analyst team on the request from State Bank Of India, Stressed Asset Resolution Group Branch, Mumbai.</i> v. <i>We have submitted Valuation report to the Client.</i>	
Name & Address of Valuer company	Signature of the authorized person	
M/s R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd. D-39, Second Floor, Sector-2, Noida, UP-201301 India		
Number of Pages in the Report	31	
Financial Analyst Team worked on the report	PREPARED BY: Mr. Jatin Joshi	
	REVIEWED BY: HOD Valuations	

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

Place : Noida

Date : 08 April 2021

(Authorized Signatory)

Valuations

PART G

IMPORTANT DEFINITIONS & DISCLAIMER | REMARKS

Definitions:

- **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.

- **Distress Sale Value** is the value when the asset 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, the "Bear Market Scenario Value" or "Distress Sale Value" is calculated by increasing the present discount rate for the additional risk for the buyer by an appropriate rate. 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 less value compare to the estimated Fair Market Value.
- **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, saleability outlook, usability factor, market perception & reputation of the buyer & seller, saleability 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.

Remarks:

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
2. 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.
3. 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 wilful 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.
4. This Valuation is prepared based on the current financial status of the company, financial data, other facts & information provided by the client in writing & during verbal discussion during the course of the assignment and based on certain assumptions which are specifically mentioned in the Valuation section of the Report.
5. Key assumptions in the report is taken based on data, information, inputs, financial statements etc. provided by the client to us during the course of the assessment and on the basis of the assessment done by us and we have assumed that all such information is true & factual to the best of the knowledge of the promoter company.
6. Sale transaction method of the asset is assumed as free market transaction while assessing Prospective Fair Market Value of the asset.
7. Legal aspects for eg. 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.
8. 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.
9. 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.
10. 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.
11. 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.

12. This Report is prepared by our competent technical team which includes financial experts & analysts.
13. Value varies with the Purpose/ Date/ Condition of the market. This report should not to be referred if any of these points are different from the one mentioned aforesaid in the Report.
14. Analysis and conclusions adopted in the report are limited to the reported assumptions, conditions and information came to our knowledge during the course of the work.
15. This report is having limited scope as per its fields to provide only the general indication of the Value of Equity of the companies prevailing in the market based on the documents/ data/ information/ financial statements provided by the client and the assessment and assumption taken by us. The suggested value should be considered only if transaction is happened as free market transaction.
16. Secondary/ Tertiary costs related to transaction like Stamp Duty, Registration charges, Brokerage, etc. pertaining to the sale/ purchase of the company are not considered while assessing the Market Value.
17. Appropriate methodology & assumptions are rationally adopted based on the facts of the case came to our knowledge during the course of the assignment considering many factors like nature of Industry, current market situation and trends.
18. Valuation is a subjective field and opinion may differ from consultant to consultant. To check the right opinion, it is important to evaluate the methodology adopted and various factors/ basis considered during the course of assessment before reaching to any conclusion.
19. At the outset, it is to be noted that Value analysis cannot be regarded as an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of different factors, which have to be made. Therefore, there can be no standard formulae to establish an indisputable exchange ratio. In the event of a transaction, the actual transaction value achieved may be higher or lower than our indicative analysis of value depending upon the circumstances of the transaction. The knowledge, negotiability and motivations of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our indicative analysis of value will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. However our Valuation analysis can definitely help the stakeholders to make them informed and wise decision about the Value of the asset and can help in facilitating the arm's length transaction.
20. This report is prepared on the Enterprise Valuation format as per the client requirement. This report is having limited scope as per its fields to provide only the indicative Fair value of the company based on the current financial position, future prospects & current Industry trends. The Valuation assessed in this Valuation Report should hold good only if transaction is happened as per free market transaction. No detailed analysis or verification of the information is carried upon pertaining to the value of the shares of the subject companies. No claim for any extra information will be

entertained whatsoever be the reason. For any extra work over and above the fields mentioned in the report will have an extra cost which has to be borne by the customer.

21. As per the scope of the report no site survey has been carried out by us and no thorough vetting of the documents/ information provided to us has been done at our end.
22. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned stakeholder which is using this report that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.
23. 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 upto their satisfaction & use and further to which R.K Associates shall not be held responsible in any manner.
24. This Valuation report is prepared based on the facts of the companies provided to us during the course of the assignment. However, in future the assumptions taken may change or may go worse due to impact of Govt. policies or effect of World economy, Industry/ market scenario may change, etc. Hence before taking any business decision the user of this report should take into consideration all such future risk.
25. The documents, information, data provided to us during the course of this assessment by the client is reviewed only upto the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.
26. In case of any default in repayment of credit facility extended to the borrowing company, as estimated by us, 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.
27. This report only contains general assessment & opinion as per the scope of work evaluated and based on technical & market information which came to knowledge during course of the assignment 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.
28. This report is prepared following our Standard Operating Procedures & Best Practices, Limitations, Conditions, Remarks, Important Notes, Valuation TOR.
29. Valuation is done based on the Industry wide general accepted norms and based on the international standards & best practices for equity valuations.

30. Any kind of unpaid statutory, utilities, lease, interest or any other pecuniary dues on the asset has not been factored in the Valuation.
31. This Valuation is conducted based on the macro analysis of the asset/ property and operations of the companies and not based on the micro, component or item wise analysis. Analysis done is a general assessment and is not investigative in nature.
32. 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.
33. 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.
34. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at 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.
35. 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.
36. This Enterprise Valuation report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) R.K Associates Quality Policy, (3) Valuation & Survey Best Practices Guidelines formulated by management of R.K Associates, (4) Information input given to us by the customer and (4) 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.
37. 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.
38. If this report is prepared for the matter under litigation in any Indian court, no official or employee of R.K Associates will be under any obligation to give in person appearance in the court as a testimony. For any explanation or clarification, only written reply can be submitted on the additional payment of charges.