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# ENTERPRISE VALUATION REPORT

OF

## SINTEX-BAPL LIMITED

SITUATED AT

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

REPORT PREPARED FOR

STATE BANK OF INDIA, STRESSED ASSETS MANAGEMENT BRANCH,  
"PARAMSIDDHI" COMPLEX, 2ND FLOOR, OPP. V.S. HOSPITAL, ELLISBRIDGE,  
AHMEDABAD-380006

- Corporate Valuers
- Business/ Enterprise/ Equity Valuations
- Lender's Independent Engineers (LIE)
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**PART A**

**INTRODUCTION**

- 1. ABOUT THE REPORT:** Enterprise Valuation of Plastic Product Manufacturing company M/s Sintex BAPL Limited located at Abhijeet-1, 7th floor, Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006, Gujarat, India.
- 2. BACKGROUND:** Sintex Group (or the company) was established by Mr. Dinesh Patel in the year 1931. It started with plastic and textile business with manufacturing units spread over 35 facilities across the country. However, the Group in year 2007 is separated into two companies namely; Sintex Industries Limited (Textile segment) and Sintex Plastic Technology Limited.

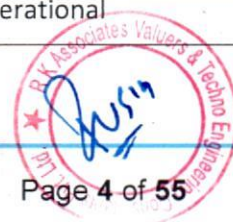
Sintex BAPL Limited is a 100% subsidiary of Sintex Plastic Technology Limited. Sintex acquired Bright Brothers Limited in the year 2007 which later became Bright Auto Plastic Limited (BAPL). As per the company's official website earlier the company was having 37 manufacturing units across the globe (including India) and was present in 9 countries spread over 4 continents. However, presently, the business of the Sintex BAPL is limited to India and there are no manufacturing units outside the country. The company has sold off all its overseas manufacturing units.

M/s Sintex-BAPL is headquartered in Kalol, Gujarat, India. The Company has two operational divisions namely, Plastic division and Auto division. As per information available on the company's website, the company is having a strong "original equipment manufacturing" (OEM) portfolio by catering some of the top automobile players in the world such as 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 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. Sintex BAPL has four subsidiary companies.

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

Currently company is having 10 operational plants in the country, out of which 5 units are related to Plastic division and 5 are related to Auto division of the company.

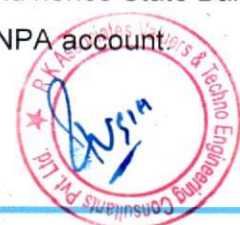
With its brand 'Sintex' for water tanks market has become synonym for water tank products in the country. Taking the competitive advantage of its existing brand value of 'Sintex', the company is marketing its other custom moulding products under brand 'Sintex'.

Below table shows the historical financial performance of the company from FY 2018-19 to FY 2021-22:

(In INR Cr)

Particulars	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 A
Total Revenue	1711.12	853.39	750.26	769.03
Total Expenses	1411.26	982.06	638.19	931.17
<b>EBITDA</b>	<b>299.86</b>	<b>-128.67</b>	<b>112.07</b>	<b>-162.14</b>
Depreciation	92.27	96.30	97.75	93.66
<b>EBIT</b>	<b>207.59</b>	<b>-224.97</b>	<b>14.32</b>	<b>-255.80</b>
Finance costs	220.76	278.55	335.16	7.45
Prior Period items	-	89.07	-	-
Exceptional items	-	800.00	-	-
<b>Profit before tax</b>	<b>-13.17</b>	<b>-1392.59</b>	<b>-320.84</b>	<b>-263.25</b>
Tax Expense	-12.38	-111.79	0.78	0.44
<b>Profit for the year</b>	<b>-0.79</b>	<b>-1280.80</b>	<b>-321.62</b>	<b>-263.69</b>
Other comprehensive income	-1.76	-0.59	0.77	0.60
<b>Total comprehensive income</b>	<b>-2.55</b>	<b>-1281.39</b>	<b>-320.85</b>	<b>-263.09</b>
EBITDA Margin %	17.52%	-15.08%	14.94%	-21.08%
EBIT Margin %	12.13%	-26.36%	1.91%	-33.26%
Net Profit Margin %	-0.15%	-150.15%	-42.77%	-34.21%
Revenue Growth Rate (Y.O.Y.)	-	-50.13%	-12.08%	2.50%

As per the discussion with the client, the company is not able to fulfill its financial obligations. Due to financial stress currently, company's debt accounts are classified as NPA and hence State Bank of India, SARG, Mumbai 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, SAMB, AHMEDABAD has assigned R K Associated to assess & determine the Enterprise Value/Fair Market Value of M/s Sintex-BAPL 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.*
  - i. *We have assumed that the information provided to us is correct and is not manipulated or distorted.*
  - ii. *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 is adopted for the calculation of Enterprise Value of the Company.

**7. DOCUMENTS / DATA REFERRED:**

- Last 4-year Financial Statements of Sintex-BAPL Limited.
- Previous year Financial Statements of the Subsidiaries (FY 20-21).



- List of Creditors as on 29<sup>th</sup> June 2022.
- Company's Website.

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PART B

PROJECT COMPANY

1. **BRIEF DESCRIPTION ABOUT THE COMPANY:** 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 were 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.

M/s Sintex-BAPL Ltd is engaged in the business of manufacture of injection Moulded plastic components for the automotive industry. The product portfolio includes exterior systems (such as front and rear bumper systems, overhead systems, side wall systems, acoustic management and seating systems) and hood systems (such as air dams, nozzle defrosters and radiator fan blades). Sintex-BAPL Limited (SBAPL) is a wholly owned subsidiary of Sintex Plastics Technology Limited (SPTL).

In India, the Company operates through its subsidiaries Sintex-BAPL Limited (developing and delivering high-end custom moulded products and solutions to diverse sectors) and Sintex Prefab and Infra Limited (which undertakes EPC contracts for various infrastructure projects across the country). The Company's custom moulding operations can be classified into two segments:

- Application-specific standard products catering to diverse sectors
- Customer-specific products primarily catering to the Automotive sector, Mass transit & Electrical sectors.

**Application-specific custom moulded products:** This is the flagship vertical, accounting for major portion of the Company's revenue. Under this vertical, the Company has developed niche solutions for critical applications that are high on the Government's priority list. In addition, the Company is focused on expanding its presence in India Inc. with the Key Account Management process. As a result, new customer addition and strong business relations with existing corporates are also making a significant contribution to business growth.

**Customer-specific custom moulding:** As the name suggests, the Company designs and develops components as per customer specification. While product development and approval take considerable time, once approved customer stickiness is high owing to prohibitive switch-over costs leading to long revenue visibility and high profitability. While the Indian operations are primarily concentrated on developing components for the automobile sector, the team is working on making inroads into the domestic Mass Transit, Electricals business spaces.





As per information available on MCA website, the incorporation details of the Project Company are provided in the table below:

INCORPORATION DETAILS	
<b>Name of the Company</b>	Sintex BAPL Limited
<b>CIN</b>	U25199GJ2007PLC051364
<b>Address</b>	<b>Registered Office</b> Abhijeet-I, 7th floor, Mithakhali Six Roads, Ellisbridge, AHMEDABAD GJ 380006 IN
<b>Constitution</b>	Public Company (Limited by Shares)
<b>Date of Incorporation</b>	23 July 2007
<b>Authorised Capital</b>	INR 66,10,00,000
<b>Paid up Capital (Equity)</b>	INR 66,03,20,000

The Sintex Automotive footprint in the Indian auto sector was achieved by Bright Autoplast Pvt. Ltd. (BAPL) a 100% subsidiary, taking over the automotive business of Bright Brothers Ltd in 2007.

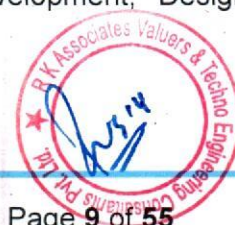
BAPL has seven manufacturing plants located across the automotive corridor of India with robust growth plans.

The company has a strong portfolio of OEM, as well as Tier-1 customers: 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.

The Company employs a range of plastic technologies like Injection Moulding, Gas Assist Injection Molding, Blow Moulding, Vacuum Forming, PU Foaming, Vibration Welding, Ultrasonic Welding, 3 coat PU painting, Post Moulding Assemblies and it has added new products like

- Cylinder head covers, Air intake ducts
- Instrument Panel, Door trim, and Console han-gon parts
- Roto moulded mudguards, blow moulded HVAC parts, Injection moulded & welding De-aeration tank
- Engine guides
- Hydraulic reservoir tank

BAPL is strong on Development Engineering and offers capabilities of Bench Marking, Concept Development, System Integration & Packaging, Detailed Design & Development, Design Validation, Design Optimization, Prototyping & Tool development etc.





Currently the company is in financial distress, its debt accounts are classified as NPA. In June 2019, company defaulted on payments on its dues. Now, the business is completely deprived of working capital availability, which lead the company to work on cash and carry basis only and not giving any credit to distributors.

The Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench, has ordered the Commencement of Corporate Insolvency Resolution Process of "Sintex-BAPL Limited" (Corporate Debtor) (CIN- U25199GJ2007PLC051364) vide NCLT order No C.P (I.B) No.759/9/NCLT/AHM/2019 Dated: 18th December, 2020 (CIRP Commencement Date). Pursuant to the Order, Mr. Ketulbhai Ramubhai Patel, insolvency professional having IBBI Registration number (IBBI/IPA-001/IPP00228/2017-18/10427) has been appointed as Interim Resolution Professional.

In the FY 21-22, M/s Sintex-BAPL Limited has incurred losses and has a net current liability position on account of reduction in working capital facilities resulting in curtailment of operations. The default and NPA status continue with the lenders as on 31<sup>st</sup> March 2022 along with all outstanding amount with the lenders have been classified as current borrowing.

2. **KEY DIRECTORS 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 M/s Sintex-BAPL Limited**

S.No.	Name	DIN/PAN	Date of Appointment
1	AMIT DINESHCHANDRA PATEL	0000171035	23 <sup>rd</sup> July 2007
2	RAHUL ARUNPRASAD PATEL	0000171198	23 <sup>rd</sup> July 2007
3	DINESH KHERA	0008384217	29 <sup>th</sup> March 2019
4	MAMTA TRIPATHI	0008528138	14 <sup>th</sup> November 2019
5	BIJAYA KUSHASAN BEHERA	0008553621	15 <sup>th</sup> November 2019
6	PRADEEPBHAI MUKUNDBHAI SHAH	BHGPS1065P	7 <sup>th</sup> February 2020
7	YASH DILIPKUMAR SHETH	CYAPS1798D	10 <sup>th</sup> December 2014

Source: MCA Data

We could not find much details of directors/promoters, their educational background and experience in the public domain.

3. **CAPITAL STRUCTURE:** The authorized Share Capital of the Company is INR 16.10 crore divided into 1.61 crore Equity Shares of INR 10/- each.



During the year under review, paid up capital of the Company was INR 16.03 crore divided into 1.603 crore Equity Shares of INR 10/- each fully paid as on 31<sup>st</sup> March, 2022.

4. **SHAREHOLDING PATTERN:** The Shareholding Pattern of the Company as per the Financial Statements for FY Ended March 2022 is as follows: -

**Shareholding Pattern at the End of FY 2021-22**

Particulars	Number of Shares	Holding %
Equity shares of Rs.10 each full paid up held by Sintex Plastics Technology Limited	1,60,32,000	100%

*Source: Consolidated Financial Statement provided by the company*

5. **DEBT POSITION OF THE COMPANY:** The details of the loan are as under: -

**List of Creditors of Sintex-BAPL Limited as 29<sup>th</sup> June 2022**

S. No.	Category of creditor	Summary of claims received		Summary of claims admitted		
		No. of claims	Amount (In INR CR)	No. of claims	Amount of claims admitted (In INR Cr)	% Share
1	Secured financial creditors belonging to any class of creditors	1	238.19	1	237.74	7.41
2	Unsecured financial creditors belonging to any class of creditors	-	-	-	-	-
3	Secured financial creditors (other than financial creditors belonging to any class of creditors)	13	2,186.23	13	2,180.52	68
4	Unsecured financial creditors (other than financial creditors)	4	732.34	4	732.34	22.84





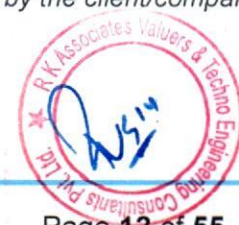
	belonging to any class of creditors)					
5	Operational creditors (Workmen)	-	-	-	-	-
6	Operational creditors (Employees)	140	4.66	110	2.45	0.08
7	Operational creditors (Government Dues)	3	5.20	1	0.52	0.02
8	Operational creditors (other than Workmen and Employees and Government Dues)	256	95.03	151	53.23	1.66
9	Other creditors, if any, (Other than financial creditors and operational creditors)	-	-	-	-	-
<b>Total</b>		<b>417</b>	<b>3,261.65</b>	<b>280</b>	<b>3,206.80</b>	<b>100</b>

Source: Data provided by the client/company

Regarding the loans from RBL Bank, Deutsche Bank and Axis Bank, which were assigned by the below mentioned lenders to ARCIL (Asset Reconstruction Company India Limited) under Section 5 of the SARFAESI Act, effective from date March 31st, 2022. The financial assistance granted by these lenders to Sintex-BAPL Limited together with all underlying securities, rights, title and interest in respect thereof has been assigned in totality.

Name of Borrowings	Claim admitted on 23rd June, 2021 (INR Cr)	Assignment of Loan to
RBL Working Capital and Term Loan	218.98	Asset Reconstruction Company India Limited
Deutsche Bank Working Capital Loan	62.32	Asset Reconstruction Company India Limited
Axis Bank Loan	280.32	Asset Reconstruction Company India Limited

Source: Data provided by the client/company



Sintex-BAPL Ltd.'s (SBAPL) Senior Secured Unlisted Non-Convertible Debentures having a face value of Rs. 100,000 each, were acquired (purchased) by Mahatva Plastic Products and Building Materials Private Limited ("MPPBMPL") which is the wholly owned subsidiary of Welspun Corp Limited, effective from date March 31st, 2022.

Particulars	Value (in Rs.)
Mahatva Plastic Products and Building Materials Private Limited (NCD Series A 13000, Series B 13000, Series C 13000) (Total 39000 debentures)	390,00,00,000
Mahatva Plastic Products and Building Materials Private Limited (NCD 55,500)	555,00,00,000

*Source: Data provided by the client/company*

- 6. REASONS FOR FINANCIAL DISTRESS:** 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 scale 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. However, revenue have increased by 2.50% on y-o-y basis FY22. Further, the company has reported net loss of INR 1,392.59 Cr (including loss of INR 800 crore pertaining to impairment of brand value, 'Sintex') during FY20. In FY21, the company has reported net loss of INR 320.84 Cr and in FY22, the net loss reported is INR 263.09 Cr. Furthermore, due to losses, tangible net-worth of the company eroded and are still negative as on March 31, 2022.

As per the information provided by the client/company, below are some of the other reasons due to which M/s Sintex-BAPL Limited is facing financial stress:



- The company failed to achieve objectives of Scheme of Arrangement of Demerger implemented by the promoters.
- Lower operation levels led to reduction in the drawing power (DP) of the company and the cash credit account became irregular since 05.07.2019.
- The promoters also failed to infuse required fresh capital to meet the working capital shortfall.
- The group was setting up a 300 MW plant through its SPV, Shirpur Power Pvt. Ltd. at Dhule which failed due to significant cost and time overrun, leading to the account slipping to NPA. Due to default in Shirpur Power Pvt. Ltd., the company started facing issues due to invocation of cross default by many lenders along with restrictions in fresh sanctions / disbursements with increased financing cost.
- Due to severe slowdown in auto industry, the company's operations got affected drastically in Q3 and Q4 of FY19. Turnover of the company declined in FY 20 to INR 842.41 Cr (FY19: INR1683.73 Cr). The revenue from operations for the year ended 31<sup>st</sup> March 2021 stood at INR 709.08 Cr as compared to the previous year. In FY 22, the revenue from operations increased slightly to INR 761.04 Cr.
- On 20<sup>th</sup> February, 2021 a major fire broke out at Auto division plant located at Sanaswadi near Pune, Maharashtra resulting in damage/loss to both Plant & Machinery and Stocks. The consolidated financial statements include Insurance claim receivable (for damaged/lost assets and inventories) of INR 23.59 Cr (Total claim INR 31.09 Cr of which INR 7.50 Cr received during the year)
- The drop in performance was due to slow down in domestic automotive business with squeeze in liquidity and OEMs facing sluggishness as well as demand starvation of Plastics Products due to choking of supply in absence of adequate working capital.
- The outbreak of Coronavirus (COVID-19) pandemic globally and in India, which has caused significant disturbance and slowdown of economic activity. The operations and revenue were impacted due to COVID-19 in the first quarter of the financial year. However, for the rest of the period (year ended March 31, 2022), there is no significant impact on the operations.

Due to financial stress currently, company's debt accounts are classified as NPA and hence State Bank of India, SAMB, Ahmedabad need to take appropriate decision/resolution on this NPA account.

In this regard the SBI SAMB, Ahmedabad has assigned the project to R K Associates to assess the Enterprise Value/Fair Market Value of M/s Sintex-BAPL Limited as per scope of work, to execute the appropriate action by the decision makers on this NPA account.

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**PART C**

**COMPANY MANUFACTURING FACILITIES**

- 1. BRIEF DESCRIPTION OF COMPANY MANUFACTURING FACILITIES:** Presently company is having 10 plants in the country, out of which 5 locations are related to Plastic division 5 are related to Auto division. Plant's locations are spread across the country being 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 was present in 9 countries spread over 4 continents across the globe. However, presently the company has sold off its foreign holding subsidiaries.

Sintex BAPL Limited plastic division includes 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 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.

As per information provided by the client/company, Plant wise details of Sintex BAPL with their product line, manufacturing facilities and capacity is described in table below:

Plant	Products Manufactured at the plant	Sections	Licensed Capacity (MT per Month)	Actual Production (in FY 19-20)	Actual Production (in FY 20-21)
Nalagarh	Water Tank	ROTO	400	2854.52	1551.79
		BMC		827.51	365.24
Kalol	Factory Made Doors (Plastic Sheet Door)- Product Discontinued	PS	806	1896.24	720.05
	Sheet Moulded Compound- Product Discontinued	SMC	750	2724.53	1014.38
	Fiber Reinforced Plastic	FRP	52	490.66	188.43
	Water Tank, Septic Tanks	ROTO	1170	2126.31	762.25
		BMC	130	469.84	244.99
	Water Tanks	ROTO	290	2854.52	1551.79
Uluberia		BMC		827.51	365.24

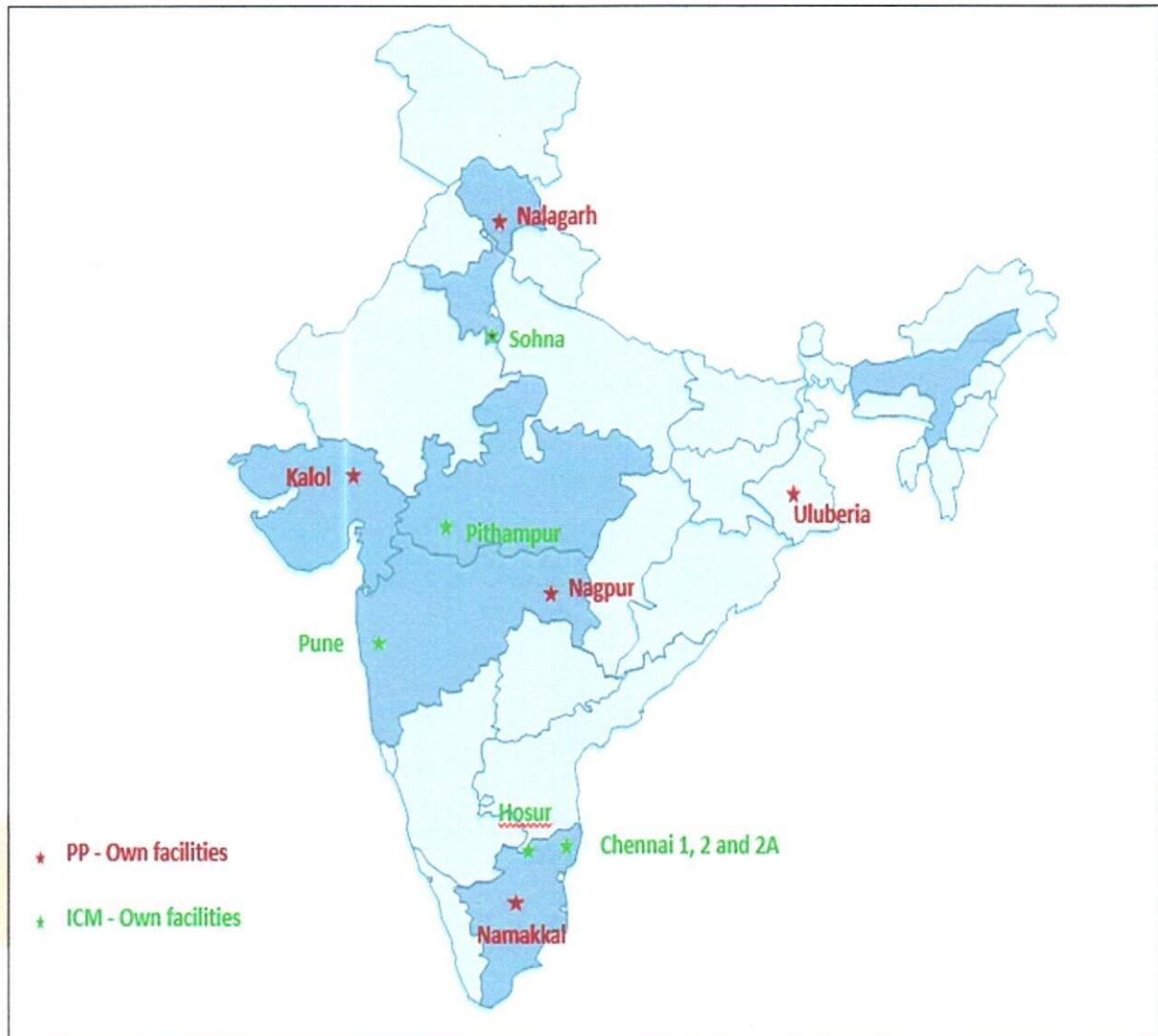
Plant	Products Manufactured at the plant	Sections	Licensed Capacity (MT per Month)	Actual Production (in FY 19-20)	Actual Production (in FY 20-21)
Nagpur	Water Tanks	ROTO	500	980.37	394.40
		BMC		175.47	76.43
Namakkal	Water Tanks, Septic Tanks, Kitchen Tanks, Chemical Tanks	ROTO	300	2468.52	1087.00
		BMC		999.08	575.48
Sohna	Automobile Plastic Parts- Car Dashboards, Bumpers		500 MT per month		
Pithampur	Automobile Plastic Parts- Fuel Tanks, Bumpers		40,25,000 Parts per Annum		
Pune	Automobile Plastic Parts- Car Dashboards, Door Panels		No information available		
Hosur	Automobile Plastic Parts- Car Dashboards, Steering Frame, AC Cases, Bumpers		No information available		
Chennai 1, 2 & 2A	Automobile Plastic Parts- Car Dashboards, Steering Frame, AC Cases, Bumpers		450 MT per month		

## 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 from Nalagarh, Himachal Pradesh in the north to the Namakkal, Tamil Nadu in the south and from Uluberia, West Bengal in the east to Kalol, Gujarat in the west.







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 10% to INR 59bn in FY20 from INR 33bn in FY14. Unorganized players dominate the industry with 70% market share.

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 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 liters) 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 programs 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 (e) 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**

- a.** 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%.
- b.** 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.

- c. In terms of size: 1,000-litre tanks account for 40-45% market share followed by tanks sized less than 1,000 liters (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.
- d. 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.
- e. 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.
- f. 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

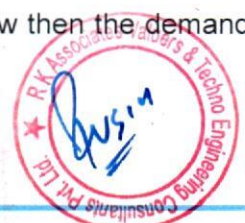


global construction and industrialization activities is anticipated to fuel the plastic water storage tank market. -Based on region, the global water storage tank market can be segmented into North America, Asia Pacific, Europe, Latin America, and Middle East & Africa. Developed economies in Europe and 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. 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. Consumption of plastic utility items such as water tanks is an essential utility item, however it is directly proportion to new development in the country. The performance of automobile sector also solely depends on the performance of the economy. Therefore, if the economic situation in near future stabilizes or grow then the demand for plastic utility products will also go up.





**PART E**

**MARKET OVERVIEW ON AUTO PARTS MANUFACTURING INDUSTRY**

1. **INTRODUCTION:** The Indian auto-components industry has experienced healthy growth over the last few years. The auto-components industry expanded by a CAGR of 3.28% over FY16 to FY20 to reach US\$ 45.90 billion in FY21. The industry is expected to reach US\$ 200 billion by FY26.

Due to high development prospects in all segments of the vehicle industry, the auto component sector is expected to rise by double digits in FY22.

Auto-components industry accounts for 7.1% of India's Gross Domestic Product (GDP) and employs as many as 5 million people directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favorable destination for investment.

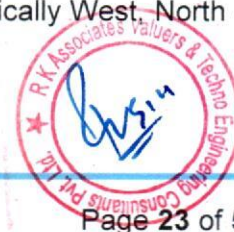
In first half of FY22, exports of auto components grew by 76% to Rs. 68,746 crore (US\$ 9.3 billion). As per the Automobile Component Manufacturers Association (ACMA) forecast, automobile component exports from India are expected to reach US\$ 80 billion by 2026. The Indian auto components industry is expected to reach US\$ 200 billion in revenue by 2026.

The industry can be broadly classified into organized and unorganized sectors. The organized sector caters to original equipment manufacturers (OEMs) and consist of high-value precision instruments while the unorganized sector comprises low-valued products and caters mostly to the aftermarket category.

The automobile component industry turnover stood at INR 1.96 lakh crore (US\$ 26.6 billion) between April–September 2021 and is expected to witness revenue growth of 15-17% during the fiscal year. In first half of FY22, exports of auto components grew by 76% to Rs. 68,746 crore (US\$ 9.3 billion). As per the Automobile Component Manufacturers Association (ACMA) forecast, automobile component exports from India are expected to reach US\$ 80 billion by 2026. The Indian auto components industry is expected to reach US\$ 200 billion in revenue by 2026.

Strong international demand and resurgence in the local original equipment and aftermarket segments are predicted to help the Indian auto component industry grow by 20-23% in FY22.

**Evolution of Auto Components Sector:** The Auto component Industry is directly dependent on Auto industry; the industry was of very small size in the period of 1970s, the growth initiated after the entry of Maruti Udyog Ltd. Many new auto component manufacturers emerged in 1980s. The Indian auto industry has evolved around three major clusters geographically West, North & South of India Major automotive clusters: –





- West- Mumbai, Pune, Nasik, and Aurangabad.
- South- Chennai Bangalore, Hosur and
- North- Delhi, Gurgaon, Faridabad.

The setup of Tata motors, Bajaj, Mahindra & Mahindra, Skoda, General Motors etc. and auto component manufacturers like Bharat Forge, DGP Hinoday, Kirloskar Brothers, SKF Bearings, Kalyani Brakes etc. in the west region. Maruti Suzuki during 1990s created a base in the North accordingly the other auto industry like Honda, Eicher etc., and auto component companies like Delphi, Denso India, Lumax, Minda, Sona Koyo, Shriram Pistons etc., setup a hub in the central North.

In the South region the auto & auto component industries are Ashok Leyland, Ford, Toyota Kirloskar, Hyundai, TVS Motors, Brakes India, MICO, Lucas-TVS, Rane Brakes, Sundram Fasteners etc. constituting a major hub. Further the entry of more MNC's & giant domestic auto manufacturers prompted supply chain developments to enhance the productivity and responsiveness towards both the ends' suppliers as well as automobile companies.

The auto component industry can also be segmented through the supply chain tiers like first tier, second tier, third tier and fourth tier as the levels of supply category and involvement in the supply chain of automobile company. The fourth-tier suppliers supply raw material as a small job while a second-tier suppliers produces a full auto component further the first-tier suppliers identified as an OEMS/ Assemblers (Original equipment manufacturers).

There are new direct suppliers, who design systems and coordinate almost the entire chain encompassing the manufacturing and assembly process and these are the Tier 1 and 0.5 who have major involvement as a supplier in manufacturing of automobiles, they provide semi – assembled modules of automobiles like steering system, rear axle system etc. which can be directly fixed on the final assembly of the cars. The risks and challenges are being transferred to the tier 1 & 0.5 suppliers.

#### **Opportunities:**

- India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually.
- Exports are expected to grow at 23.9% annually to reach US\$ 80 billion by 2026.
- Strong international demand and resurgence in the local original equipment and aftermarket segments are predicted to help the Indian auto component industry grow by 20-23% in FY22.

- India has a competitive advantage in the auto components sector due to large number of players which will result into higher exports in coming years.
- Growing working population and expanding middle class are expected to remain key demand drivers.
- By 2025, 4 million of EVs could be sold each year and 10 million by 2030. The market is expected to reach US\$ 206 billion by 2030, which will in result increase the demand for the auto components sector.
- A cost-effective manufacturing base keeps costs lower by 10-25% relative to operations in Europe and Latin America.

**2. MEASURES TAKEN BY GOVERNMENT OF INDIA:** The Union Budget 2022 -23 seeks to lay the foundation and give a blueprint to steer the economy over the Amrit Kaal of the next 25 years – from India at 75 to India at 100, said Union Minister for Finance and Corporate Affairs, Nirmala Sitharaman while presenting the Union Budget 2022-23 in Parliament today.

The finance minister announced four priorities which includes: PM GatiShakti; Inclusive Development, Productivity enhancement & investment, Sunrise opportunities; Energy transition and Climate action; and financing of investments.

1. Increase in the demand for automobiles is directly correlated to the increase in demand of auto components. As the increase in demand for automobiles will result into the automobile manufacturing companies demanding more auto parts to supplement the increasing demand of their products.
2. In November 2020, the Union Cabinet approved PLI scheme in automobile and auto components with an approved financial outlay over a five-year period of Rs. 57,042 crore (US\$ 8.1 billion). In September 2021, the Indian government issued notification regarding a PLI scheme for automobile and auto components worth Rs. 25,938 crore (US\$ 3.49 billion). In February 2022, the government has received investment proposals worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).
3. Government has come out with Automotive Mission Plan (AMP) 2016-26 which will help the automotive industry to grow and will benefit Indian economy in the following ways: -
  - Contribution of auto industry in the country's GDP will rise to over 12%.
  - Around 65 million incremental number of direct and indirect jobs will be created.





- End of life Policy will be implemented for old vehicles.
4. The Budget proposed increasing import duty on certain components to 15% from 7.5% -10% earlier. This will certainly encourage local manufacturing of these components, which has been another focus area of government. However, on the flip side there are some drawbacks as well. In the interim it could increase the price of vehicles further, which has been on an upward trend amid increasing input cost, and thus hurt the overall demand.
  5. 100% FDI is allowed under the automatic route for auto components sector.
  6. In February 2022, the government has received investment proposals worth Rs. 45,016 crore (US\$ 6.04 billion) from 20 automotive companies under the PLI Auto scheme. This scheme is expected to create an incremental output of Rs. 2,31,500 crore (US\$ 31.08 billion).
  7. **Opening R&D defense to private auto component makers:** Now private automakers can make bids for supplying auto components to our defense arsenal. This move could provide auto component players with a new revenue and growth area. However, to date, carmakers such as Tata Motors and Mahindra have successfully delivered products to the armed forces.

## 8. Key tax proposals

### A. Direct tax

- No change in personal and corporate tax rates.
- Extension in sunset date for incorporation of start-ups from 31 March 2022 to 31 March 2023, for availing 100% deduction of profits and gains from business for 3 consecutive years out of 10 years.
- Last date for commencement of operations by new manufacturing companies for availing concessional tax rate of 15% to be extended by 1 year from 31 March 2023 to 31 March 2024. The same will give an impetus to fresh investment in manufacturing of chemicals.

### B. Indirect tax

- No change in the Goods and Services Tax rates.
- Customs Tariff structure is being simplified by moving unconditional concessional rates from existing exemption notifications.



- Certain tariff lines and rates have also been rationalized. As a result, applicable BCD rates on chemical sector will operate almost entirely through tariff, which shall support the domestic manufacturers from a Make in India perspective.

**3. IMPACT OF COVID-19:** Sudden occurrence of COVID-19 pandemic across the globe has affected nearly all the sectors of the economy. 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 automobiles and thereof their components 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. The performance of automobile sector also solely depends on the performance of the economy. Therefore, if the economic situation in near future stabilizes or grow then the demand for plastic products will also go up.

**4. KEY DEVELOPMENTS:** To keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry attracted Foreign Direct Investment equity inflow (FDI) worth US\$ 30.78 billion between April 2000-September 2021, accounting for 5.49% of the total equity FDI during the period.

Some of the recent/planned investments and developments in the automobile sector in India are as follows:

- In February 2022, a MoU was signed between Ather Energy and Electric Supply Companies (ESCOMs) of Karnataka for setting up 1,000 fast charging stations across the state.
- In February 2022, Tata Power and Apollo Tyres Ltd announced a strategic partnership for the establishment of 150 public charging stations across India.





- In January 2021, leading commercial vehicle manufacturer Ashok Leyland teamed up with Airdrivers, a global leader in AI-enabled autonomous solutions for industrial mobility, to develop AI-enabled autonomous vehicles to fulfil the demands of a sustainable future.
- Two-wheeler EV maker HOP Electric Mobility, a diversified business venture of Rays Power Infra, is looking at investing Rs. 100 crore (US\$ 13.24 million) over the next two years to expand manufacturing capacity for its EVs.
- In December 2021, TVS Motor Company and BMW Motorrad, announced a partnership in the two-wheeler EV space, with plans to release their first electric two-wheeler within the next two years.
- In December 2021, Hyundai announced plans to invest Rs. 4,000 crores (US\$ 530.25 million) in R&D in India, with the goal of launching six EVs by 2028.
- In November 2021, Indian Oil Corporation (IOC) and two other public sector oil firms announced that they will install 22,000 EV charging stations in India over the next 3–5 years.
- In November 2021, Skoda Auto announced plans to locally manufacture electric cars in India. However, the firm may bring its first EV, the Enyaq, through the CBU route, before committing to local manufacturing.
- In November 2021, Hero Motor (HMC), the parent company of Hero Cycles, entered a joint venture partnership with Yamaha, a Japanese two-wheeler major, to make electric motors for e-bicycles for the global market.
- In October 2021, Tata Motors announced that private equity group TPG along with ADQ of Abu Dhabi has agreed to invest Rs. 7,500 crore (US\$ 1 billion) in its EV division.
- A cumulative investment of Rs. 12.5 trillion (US\$ 180 billion) in vehicle production and charging infrastructure would be required until 2030 to meet India's EV ambitions.

**5. MAJOR CHALLENGES FACED BY THE INDUSTRY:** Some of the major issues faced by the automobile component sector are highlighted below:

- A stable exchange rate regime is a primary requirement for the e-commerce business, for it sources products from different countries. The recent fluctuation in exchange rate and depreciation of rupees may also add to the market place woes.



- Indian diversity sets bigger challenges in terms of communication for all the businesses including auto components. The language and dialect change every 60 kilometers in India, posing a challenge in terms of offering services to the customers.
- Competition from other low-cost countries like China, Taiwan, Thailand etc.
- Expansion of the European Union- inclusion of Hungary, Czech Republic Poland etc. which are major exporting countries to western Europe.
- Developments of new technologies like fuel cell, hydrogen powered vehicles, electric vehicles which may affect the auto component industry.

**Other Factors:**

- **Political:** Political climate is different in countries producing and buying automobiles, regarding policies on import, export and manufacture of automobiles and automobile components. This will also include policies on allowing setting up of manufacturing plants by foreign companies. Taxation policies also impact every industry.
- **Economical:** The population and purchasing power of the people affect the demand for the automobiles. The level of economic activity also affects the need for commercial vehicles.
- **Socio-Cultural:** The choice of type of automobile is heavily impacted by the lifestyle and preferences of people. Social norms also impact the decision to own and use vehicles versus other means of transport which directly impacts the demand for auto components sector.
- **Technological:** The auto components sector is heavily impacted by the technological factors such as change in automobile designs. Technological developments that may increase or decrease use of automobiles. For example, Internet increased the number of people working from home during this torrid time of COVID-19 and thus reduce automobile use for commuting.
- **Legal:** Various legal factors also impact the auto components sector like legal provision relating to environment pollution by automobiles and the carbon emissions by the manufacturing units. There are also legal provisions relating to safety measures.

However, despite all the above challenges, the government goes with the conventional fundamental of macroeconomics where the economy is vigorous and that the slowdown in the job market will be skirted on account of ongoing structural reforms.





As per the government, the Indian automobile industry is destined for a bright future ahead. What is required is to take care of the sensitive segments of the market while building a manufacturing ecosystem, instead of exchanging prosperous perspectives with short-term gains.

- 6. ROAD AHEAD:** The rapidly globalizing world is opening newer opportunities for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt change via systematic R&D.

As per ACMA forecasts, automobile component export from India is expected to reach US\$ 80 billion by 2026. With shift in global supply chains, the Indian global automotive component trade is likely to expand at ~4-5% by 2026.

The Indian auto-components industry is set to become the third largest in the world by 2025. Indian auto-component makers are well positioned to benefit from the globalization of the sector as Exports of auto components grew by 76% to Rs. 68,746 crore (USD 9.3 billion) in H1 2021-22 from Rs 39,003 crore (USD 5.2 billion) in H1 2020-21.



**PART F**

**FINANCIAL PERFORMANCE**

**1. HISTORICAL PROFIT & LOSS STATEMENT: (FROM FY 2018-19 TO FY 21-2022)**

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

Particulars	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 A
Revenue from Operations	1683.73	842.41	709.08	761.04
Other income	27.39	10.98	41.18	7.99
<b>Total Revenue</b>	<b>1711.12</b>	<b>853.39</b>	<b>750.26</b>	<b>769.03</b>
Cost of materials consumed	867.00	473.16	357.52	406.22
Purchases of stock-in-trade	3.93	0.00	0.00	0.00
Changes in inventories	-5.58	128.91	7.84	2.64
Employee benefits expense	142.32	133.27	108.78	110.63
Other expenses	403.59	246.72	164.05	411.68
<b>Total expenses</b>	<b>1411.26</b>	<b>982.06</b>	<b>638.19</b>	<b>931.17</b>
<b>EBITDA</b>	<b>299.86</b>	<b>-128.67</b>	<b>112.07</b>	<b>-162.14</b>
Depreciation and amortisation expenses	92.27	96.30	97.75	93.66
<b>EBIT</b>	<b>207.59</b>	<b>-224.97</b>	<b>14.32</b>	<b>-255.80</b>
Finance costs	220.76	278.55	335.16	7.45
Prior Period items/Exceptional Items	0.00	889.07	0.00	0.00
<b>Profit before tax</b>	<b>-13.17</b>	<b>-1392.59</b>	<b>-320.84</b>	<b>-263.25</b>
Tax Expense	-12.38	-111.79	0.78	0.44
<b>Profit for the year</b>	<b>-0.79</b>	<b>-1280.80</b>	<b>-321.62</b>	<b>-263.69</b>
OCI for the year, net of tax	-1.76	-0.59	0.77	0.60
<b>Total comprehensive income for the year</b>	<b>-2.55</b>	<b>-1281.39</b>	<b>-320.85</b>	<b>-263.09</b>

**2. KEY FINANCIAL RATIOS:**

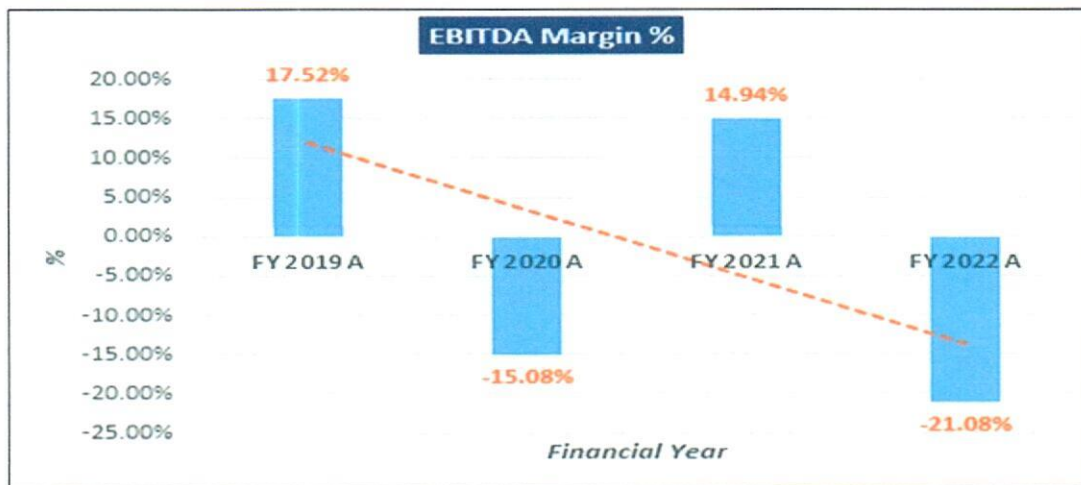
Particulars	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 P
<b>EBITDA Margin %</b>	17.52%	-15.08%	14.94%	-21.08%
<b>EBIT Margin %</b>	12.13%	-26.36%	1.91%	-33.26%
<b>Net Profit Margin%</b>	-0.15%	-150.15%	-42.77%	-34.21%
<b>Revenue Growth % (Y.O.Y.)</b>	-	-50.13%	-12.08%	2.50%



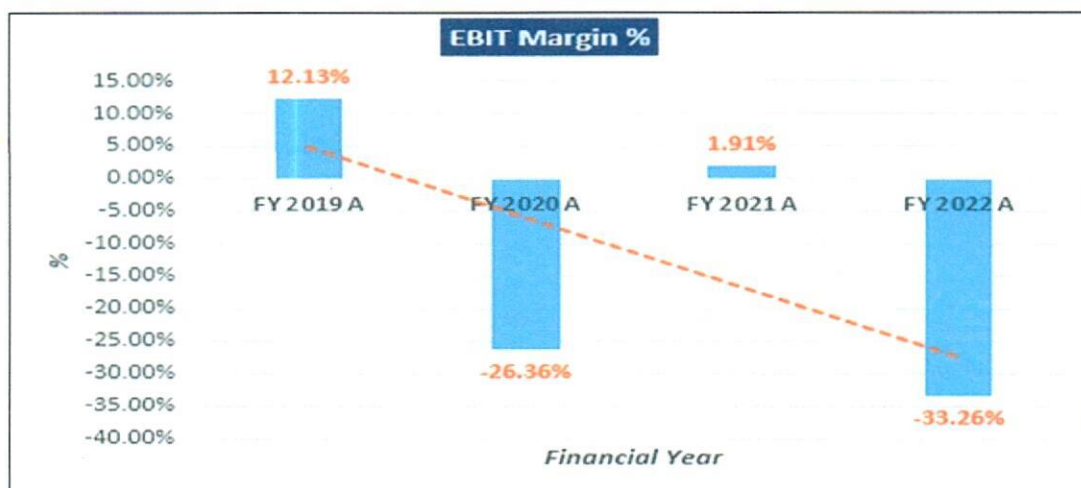


**3. GRAPHICAL REPRESENTATION OF THE KEY FINANCIALS OF THE COMPANY:**

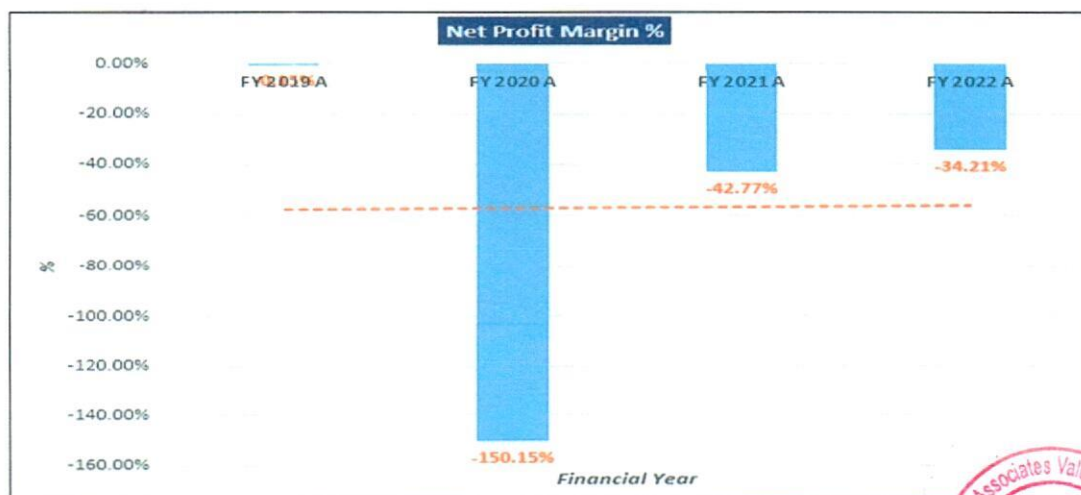
**EBITDA MARGIN %**



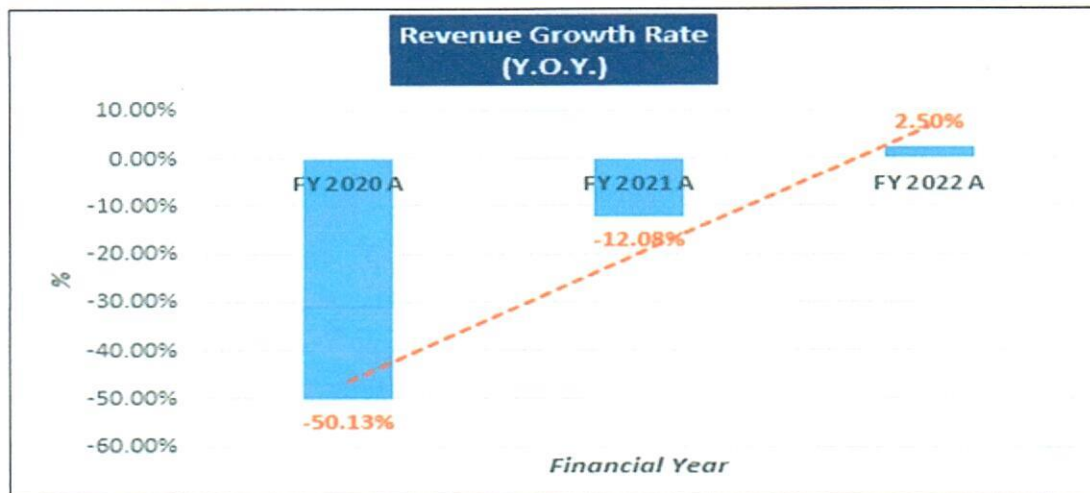
**EBIT MARGIN %**



**NET PROFIT MARGIN %**



**REVENUE GROWTH RATE (Y.O.Y.)**



Previous year financials of M/s Sintex-BAPL Ltd. shows that the company incurred a loss before tax of INR 13.17 Cr for the FY 2019. For the year FY 2020, the company has shown a loss before tax of INR 1392.59 Cr which is majorly due to an impairment expense amounting to INR 800 Cr (approx.). Sintex BAPL has booked an impairment loss of INR 800 Cr under the A.S.36 'impairment to assets' for its Sintex brand value. The brand valuation stands at INR 700 Cr which is reduced from INR 1500 Cr. For FY 2021 & 2022, the company incurred the loss before tax of INR 320.84 Cr & INR 263.25 Cr respectively.

EBITDA for the last 4 years from FY 2019 to FY 2022 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.

However, for the last 4 years from FY 2019 to FY 2022, revenue is increasing on a Y-O-Y basis.

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





**PART G****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 Sintex-BAPL 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 Sintex-BAPL 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 Sintex-BAPL 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.

**Notes:**

- 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:

(Value in INR Cr)

ASSETS	AMOUNT AS ON 31ST MARCH 2022	FAIR MARKET VALUE
<b>Non-Current Assets</b>		
PPE	1546.25	1203.52
CWIP	2.34	
Goodwill	19.40	0.00
Other Intangible Assets	704.90	0.00
Rou Assets	12.82	6.41
Financial Assets		
Investment in subsidiaries and joint venture	109.85	0.00
Loans	0.00	0.00
Other Financial Assets	10.94	2.19
Deferred Tax Assets (Net)	90.44	90.44
Other Non-Current Assets	4.05	3.24
<b>Total Non-Current Assets</b>	<b>2500.99</b>	<b>1305.80</b>
<b>Current Assets</b>		
Inventories	99.31	79.45
Financial Assets		
Investments	0.00	0.00
Trade Receivables	72.17	67.50
Cash & Cash Equivalents	149.50	149.50
Bank Balance other than above	80.06	80.06
Loans	0.00	0.00



Other Financial Assets	123.55	117.84
Current Tax Assets	10.76	10.76
Other Current Assets	44.81	37.24
<b>Total Current Assets</b>	<b>580.16</b>	<b>542.34</b>
<b>Total Assets</b>	<b>3081.15</b>	<b>1848.14</b>
<b>Equity &amp; Liabilities</b>		
Equity Share Capital	16.03	16.03
Other Equity	-511.54	-511.54
<b>Total Equity</b>	<b>-495.51</b>	<b>-495.51</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
Borrowings	49.61	49.61
Lease Liabilities	11.89	11.89
Other Financial Liabilities	0.00	0.00
Provisions	25.43	25.43
Deferred Tax Liabilities (Net)	0.00	0.00
<b>Total Non-Current Liabilities</b>	<b>86.93</b>	<b>86.93</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	2313.39	2313.39
Lease Liabilities	4.47	4.47
Trade Payables		
Total Dues MSME	32.42	32.42
Total Dues other than MSME	161.03	161.03
Other Financial Liabilities	926.19	926.19
Short term Provisions	2.87	2.87
Other Current Liabilities	49.36	49.36
Current Tax Liabilities (Net)	0.00	0.00
<b>Total Current Liabilities</b>	<b>3489.73</b>	<b>3489.73</b>
<b>Total Liabilities</b>	<b>3576.66</b>	<b>3576.66</b>
<b>Total Equity and Liabilities</b>	<b>3081.15</b>	<b>3081.15</b>



ADJUSTED NET ASSET VALUE (NAV)	
PARTICULARS	AMOUNT
Total Assets (A)	INR 1848.14 Crore
Total Operational Liabilities (B)	INR 271.11 Crore
<b>Net Assets Value (NAV) (A-B)</b>	<b>INR 1577.03 Crore</b>
Discount Factor	10%
<b>Adjusted NAV</b>	<b>INR 1419.33 Crore</b>

### 3. 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 INR Crores)

Particulars	Amount as on 31st March 2021
<b>Assets</b>	
PPE	17.97
CWIP	0.19
Right of use Assets	6.22
Intangible Assets	1.68
Intangible Assets underdevelopment	0.08
Financial Assets	
Other Financial Assets	1.07
Income Tax Assets (Net)	0.33
<b>Current Assets</b>	
Inventories	16.63
Financial Assets	
Trade Receivables	31.68
Cash & Cash Equivalents	19.66
Other Financial Assets	0.02



Other Current Assets	3.95
<b>Total Assets</b>	<b>99.49</b>
<b>Equity &amp; Liabilities</b>	
<b>Equity</b>	
Equity Share Capital	10.07
Other Equity	11.36
<b>Liabilities</b>	
<b>Non-Current Liabilities</b>	
Financial Liabilities	
Borrowings	1.59
Other Financial Liabilities	6.44
Long term Provisions	0.01
Deferred Tax Liabilities (Net)	0.01
Other Non-current Liabilities	0.02
<b>Current Liabilities</b>	
Financial Liabilities	
Borrowings	18.45
Trade Payables	42.25
Other Financial Liabilities	1.82
Short term Provisions	0.09
Other Current Liabilities	7.38
Current Tax Liabilities (Net)	0.00
<b>Total Equity and Liabilities</b>	<b>99.49</b>

PARTICULARS	AMOUNT (IN INR CR.)
<b>Total Assets</b>	<b>99.49</b>
<b>Total Operational Liabilities</b>	<b>49.75</b>
<b>Net Asset Value</b>	<b>49.73</b>
<b>Liquidation Discount</b>	<b>20.00%</b>
<b>Liquidation Value</b>	<b>39.79</b>
<b>Share of Sintex-BAPL LTD. (70%)</b>	<b>27.85</b>





- 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.

Assets	(USD Million)	(INR CR)
	Amount as on 31st March 2021	Amount as on 31st March 2021
PPE	0.00	0.00
Investment	1.09	7.98
Cash & Cash Equivalents	65.90	482.43
<b>Total Assets</b>	<b>66.99</b>	<b>490.41</b>
Equity Share Capital	17.50	128.11
Other Equity	49.49	362.30
Non-current liabilities	0.00	0.00
Other financial liabilities	0.00	0.00
Other current Liabilities	0.00	0.00
<b>Total Equity and Liabilities</b>	<b>66.99</b>	<b>490.41</b>

PARTICULARS	AMOUNT (IN INR CR.)
<b>Total Assets</b>	<b>490.41</b>
<b>Total Operational Liabilities</b>	<b>-</b>
<b>Net Asset Value</b>	<b>490.41</b>
<b>Liquidation Discount</b>	<b>20.00%</b>
<b>Liquidation Value</b>	<b>392.33</b>

### C. SINTEX LOGISTICS LLC:

(Value in INR Crores)

Particulars	Amount as on 31st March 2021
PPE	0.01
Inventories	0.07
Trade Receivables	0.05
Cash and Cash Equivalents	0.07
Other Current Assets	0.01
<b>Total Assets</b>	<b>0.22</b>
Equity share Capital	0.11



Other Equity	-0.05
Non-current Liabilities	0.00
Credit Card	0.00
Trade Payable	0.12
Other Current Liabilities	0.03
<b>Total Equity and Liabilities</b>	<b>0.22</b>

PARTICULARS	AMOUNT (IN INR CR.)
<b>Total Assets</b>	<b>0.22</b>
<b>Total Operational Liabilities</b>	<b>0.15</b>
<b>Net Asset Value</b>	<b>0.06</b>
<b>Liquidation Discount</b>	<b>20.00%</b>
<b>Liquidation Value</b>	<b>0.05</b>

**D. CALCULATION OF LIQUIDATION VALUE OF SUBSIDIARIES:**

Particulars	Amount (In INR Cr)
BAPL Rototech Private Limited	27.85
Sintex Holding BV	392.33
Sintex Logistics LLC	0.05
<b>Liquidation Value</b>	<b>420.23</b>

**4. ENTERPRISE VALUE:**

**CALCULATION OF ENTERPRISE VALUE**

Particulars	Amount (In INR Cr)
Adjusted NAV of Sintex-BAPL Limited	1419.33
Liquidation Value of Subsidiaries	420.23
<b>Adjusted Enterprise Value (NAV)</b>	<b>1839.56</b>





**ADJUSTED NET ASSET VALUE (NAV) OF M/S SINTEX-BAPL LIMITED**

**INR ONE THOUSAND EIGHT HUNDRED THIRTY-NINE CRORE AND FIFTY-SIX LAKHS**  
**(INR 1839.56 CRORE)**

Hence, the "Enterprise Value" of the Firm "M/s Sintex-BAPL Limited" is INR 1839.56 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.*

**5. KEY ASSUMPTIONS:**

- a) **Non-Current Assets:** Refer to the below table for the valuation of fair market value of non-current assets performed by us. In this, Fair Market Value of Land is assessed by using Market Comparable Approach (Sales Comparable Method) & Fair Market Value of Plant & Machinery is assessed by using Cost Approach (Depreciated Replacement Method).

(In INR Cr)

Address	Type of Property	Consti- tution of Prop- erty	Total Area	Fair Market Value (Land)	Fair Market Value (Buildi- ng)	Fair Market Value (P&M)	Total Estimat- ed Fair Market Value
Plot No. 04, Sector-01, Industrial Estate, Roz-Ka- Meo, Tehsil Nuh, District Mewat, Haryana	Industrial Land & Building and Plant & Machinery	Owned (Free Hold)	Land Area – 26575 sq.mtr/ 31780.112 sq. yds	41.19	9.79	50.29	101.27
Premises Bearing No. 417, 418, 419, On 4th Floor, Sahara Plaza Co- Operative Society Ltd. Mathuradas Vasanji (M.V Road), Andheri (E), Mumbai - 400059	Commercial Office Unit		145.48 sq. mtr / 1566 sq. ft.	0.00	5.64	0.00	5.64



Plot Nos. 40(P) & 41, Uluberia Industrial Growth Centre, R.S. Plot Nos. 84(P), 91(P), 92, 93(P), 94(P), 98(P), 100(P), 101(P) & 216, Mouza-Harinarayan Chak, J.L No.55, P.S. Uluberia, District Howrah, West Bengal	Industrial Land & Building and Plant & Machinery	Lease hold	5.099 acres/ 308.49 Katha/ 20634.88 sq.mtr	13.77	3.27	16.11	33.14
Survey No. 345/2 + 3/903 + / 904 / , Unit No. 903 – 904, Ninth Floor Shilp Near Gov. Survent Society, Navrangpura, Ahmedabad – 380009, Gujarat	Commercial Office Unit		140 sq.mtr. / 1517.6 sq. ft	0.00	0.87	0.00	0.87
Plot No- 186, Pithampur Industrial Area, District-Dhar, Madhya Pradesh	Industrial Land & Building and Plant & Machinery	Lease hold	4 Acres/ 16188 sq. mtr.	6.56	7.08	5.74	19.39
Plot No. C-11, Sipcot Industrial Park, Irrungattukottai, Sriperumbdur Taluk, Kancheepuram, Tamilnadu	Industrial Land & Building and Plant & Machinery	Lease hold	44529 sq. ft. (additional 5037 sq. ft.)	0.00	0.04	19.43	19.47
Survey No. 131- 135, 248, Ezhichur- Village, Sriperumbudur- Taluk, Kancheepuram- District, Tamil Nadu.	Industrial Land & Building and Plant & Machinery	Free hold	6.85 Acers/ 27,720.97 sq.mtr	4.11	22.37	40.06	66.54





Survey No. 927/1b Part, 927/3a Part, 927/3b Part, 927/2,927/5b, 927/5a, 930/2, Village Bairamanglam, Taluk Denkanikottai, District Krishnagiri, Tamil Nadu	Industrial Land & Building and Plant & Machinery	Lease hold	11903 sq. mtr/128114 sq. ft.	0.00	0.00	16.80	16.80
Village- Navani, Taluka & District- Namakkal, Tamil Nadu	Industrial Land & Building and Plant & Machinery	Free hold	47.25 Acres/ 1,91,214 sq.mtr.	14.18	10.64	87.61	112.42
Survey No. 14/8,14/9,14/10,14/11,1 5/1,15/2,15/4a,15/5a,15/ 6a,36/1b2b, Village Sandhiyur Attaiyyampatti, Chandipur, & Chandiyur Adiyyampatti, District Salem, Tamil Nadu.	Industrial Land & Building and Plant & Machinery		5.39 acres/ 21812.36 sq.mtr	2.96	2.22	0.00	5.19
Village- Bhatian, Tehsil- Nalagarh, District- Solan, Himanchal Pradesh	Industrial Land & Building and Plant & Machinery	Free hold	18.76 Acres/ 75917.16 sq.mtr.	20.18	8.22	10.76	39.16
All That Pieces of Land Parcels Pertaining to Sintex Bapl Ltd. Situated in Village Saij & Kalol, Taluka Kalol, District Gandhi Nagar, Gujarat	Industrial Land & Building and Plant & Machinery		109069 sq.mtr/ 45.87 bigha	71.80	57.05	576.05	704.90



Gat No. 1225, 1226/1, Village Sansawadi, Taluka- Shirur, Pune, Maharashtra	Industrial Land & Building and Plant & Machinery	Lease hold	Gat no. 1225 – (1 Hectare 59.2 Ares) Gat no. 1226/1 – (7000 sq. mtr)	0.00	0.00	46.23	46.23
Plot No. J-11, Butibori Industrial Area, Village – Mandwa, Taluka – Hingna, District - Nagpur	Industrial Land & Building and Plant & Machinery	Lease hold	40000 sq. mtr.	13.00	3.94	14.55	31.49
Flat No. 301, 3rd Floor, Swapnalok Complex, Sarojini Devi Road (Old Oxford Street), Secunderabad, Telangana	Commercial Office Unit		126.35 sq. mtr. / 1360 sq. ft.	0.00	0.82	0.00	0.82
Office No. 2011, Situated on 2nd Floor, Building Known As “Farena Corporate Park”, Village- Hadapsar & District – Pune, Maharashtra	Office Equipment's & Other Items	Lease hold	6890 sq. ft.	0.00	0.00	0.20	0.20
<b>Total</b>				<b>187.75</b>	<b>131.95</b>	<b>883.83</b>	<b>1203.52</b>

**b) Other Non-Current Assets:**

Other Non-Current Assets				
PARTICULARS		Value as on 31st March 2022	Fair Market Value	Factor
Goodwill		19.40	0.00	0.00
Other Intangible Assets		704.90	0.00	0.00
Rou Assets		12.82	6.41	0.50
Financial Assets				
Investment in subsidiaries & J.V.		109.85	0.00	0.00





Loans	0.00	0.00	0.00
Other Financial Assets	10.94	2.19	0.20
Deferred Tax Assets (Net)	90.44	90.44	1.00
Other Non-Current Assets	4.05	3.24	0.80
<b>Total Other Non-Current Assets</b>	<b>952.40</b>	<b>102.28</b>	

Fair market value assessment of other non-current assets is shown in the above table. Due to lack of information regarding the bifurcation of balance sheet items and no information regarding their aging, marketability, terms & conditions etc. The fair market value is determined as per the information provided by the client/company referring the provisional balance sheet as on 31<sup>st</sup> March 2022.

**c) Current Assets:**

Current Assets				
PARTICULARS	Value as on 31st March 2022	Fair Market Value	Factor	
Inventories	99.31	79.45	0.80	
Financial Assets				
Investments	0.00	0.00	0.80	
Trade Receivables	72.17	67.50		
Cash & Cash Equivalents	149.50	149.50	1.00	
Bank Balance other than above	80.06	80.06	1.00	
Loans	0.00	0.00	0.00	
Other Financial Assets	123.55	116.41		
Current Tax Assets	10.76	10.76	1.00	
Other Current Assets	44.81	37.24		
<b>Total Current Assets</b>	<b>580.16</b>	<b>542.34</b>		

- **Trade Receivable:** As per information provided by the client/company, we have not received any details/ supporting documents regarding any outstanding dues against the same or not, terms and conditions under which sales were made, status of the recovery procedures regarding those outstanding receivables etc. As per the information received, we have allocated 100% value to all debtors as per books on 31.03.22, which are due for less than six months and allocated 50% value to all debtors as per books on 31.03.22, which are due for more than 6 months because we have no details as to how long these are unpaid





for. We have allocated 50% value to the provisions for doubtful debts as per books on 31.03.22. The recoverability of these dues is totally dependent on the efforts made by Client/Company.

(Values in INR Crores)

Particulars	Amount as on 31.03.2022	Fair Value
Ageing of Trade Receivable		
0-90 Days	57.24	57.24
91-180 Days	5.59	5.59
> 180 Days	136.08	68.04
<b>Total Trade Receivable</b>	<b>198.91</b>	<b>130.87</b>
Less: Provision for Bad & Doubtful Debts	-126.74	-63.37
<b>Net Trade Receivable</b>	<b>72.17</b>	<b>67.50</b>

- **Other Financial Assets:** As per information provided by the company/client, for the amount of INR 116.41 Crores, the honorable court has ordered the bank/creditors to appropriate this amount in an account for settlement against dues in the future. Hence, we have considered 100% value of this for calculation of Fair Market Value. For the remaining INR 7.14 crores, we have not received any information as to nature and purpose of this amount and that is why we have considered only 20% of this amount for the calculation of fair market value.

(Values in INR Crores)

Particulars	Amount as on 31.03.2022	Fair Value
Amount appropriated from TRA Account by W.C. Lenders	116.41	116.41
Others	7.14	1.43
<b>Total</b>	<b>123.55</b>	<b>117.84</b>

- **Other Current Assets:** As per information provided by the client/company, we have not received any details/ supporting documents regarding any outstanding dues against the same or not, terms and conditions under which sales were made, status of the recovery procedures regarding those outstanding receivables etc.

(Values in INR Crores)

Particulars	Amount as on 31.03.2022	Fair Value	Remarks
Balances with government authorities	4.83	4.83	We have considered 100% value as Fair Value as the dues from the govt authorities will be adjusted against any dues of the company.





Prepaid expenses	4.33	2.165	We have not received any information as to nature and purpose of this amount and that is why we have considered 50% of this amount for the calculation of fair market value.
Export incentives receivables	1.38	1.38	We have considered 100% value as Fair Value as the dues from the govt authorities will be adjusted against any dues of the company.
Advances to suppliers	10.54	5.27	We have not received any information as to nature and purpose of this amount and that is why we have considered 50% of this amount for the calculation of fair market value.
Insurance Claim Receivable	23.59	23.59	We have considered 100% value as Fair Value as the dues from the govt authorities will be adjusted against any dues of the company.
Others	0.14	0	We have not received any information as to nature and purpose of this amount and that is why we have not considered this amount for the calculation of fair market value.
<b>Total</b>	<b>44.81</b>	<b>37.24</b>	

Fair market value assessment of current assets is shown in the above table. Due to lack of information regarding the bifurcation of balance sheet items and no information regarding their aging, marketability, terms & conditions etc. The fair market value of inventory, trade receivables, cash & cash equivalents and short-term loans & advances are determined as per the information provided by the client/company referring the balance sheet as on 31<sup>st</sup> March 2022.

**Thus, the Fair Market Value of Total Assets is being calculated as INR 1848.14 Crore as on valuation date.**

- d) 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 is being calculated as INR 271.11 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.**

- e) As the company is under severe stress and is unable to pay off its long-term as well as short-term dues, although we have not received any information regarding the contingent liabilities of the company but as per our understanding of the current situation of the company, we are assuming that the company will bear some future expenses while settling these dues like legal fees, etc. So, as per the best practices of the industry, for the calculation of Adjusted NAV of M/s. Sintex-BAPL Ltd., we have used a discount factor of 10% and only considered 90% of the calculated NAV for the Fair Market Value/Adjusted NAV of the company.





- f) For Valuation purposes of Subsidiaries, we have used the latest balance sheet available as on 31<sup>st</sup> March 2021. As the values are more than a year old and considering other factors such as the contingent expenses that the company will bear while settling any disputes and selling off the subsidiaries, we have used a liquidation discount of 20% for all three subsidiaries.
- g) USD-INR Exchange Rate used to convert the values of M/s Sintex Holding BV is INR 73.21 per 1 USD as on 31<sup>st</sup> March 2021.

**Hence, after deducting the Total Operational Liabilities from the fair market value of Total Assets, the Adjusted Net Asset Value (NAV) is being calculated as INR 1839.56 Crores, which is being considered as the proxy of Enterprise Value of "M/s Sintex-BAPL 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 SINTEX-BAPL 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, SAMB, "Paramsiddhi" Complex. 2<sup>nd</sup> Floor, Opp. V.S. Hospital, Ellisbridge, Ahmedabad-380006.</p> <p>v. We have submitted Valuation report to the Client.</p>	
	<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>	<b>55</b>	
<b>Financial Analyst Team worked on the report</b>	<b>PREPARED BY: Mr. Rachit Gupta</b>	
	<b>REVIEWED BY: Mr. Gaurav Kumar</b>	

For R.K Associates Valuers & Techno

Place : NOIDA

Engineering Consultants (P) Ltd.

Date : 8<sup>th</sup> August 2022



(Authorized Signatory)

Valuations

PART H

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 I**

**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.
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.

