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# ENTERPRISE VALUATION REPORT

OF

## M/S SUPREME SUYOG FUNICULAR ROPEWAYS PRIVATE LIMITED

REGISTERED AT

8, BHAWANI SERVICES INDUSTRIAL ESTATE, 3RD FLOOR, IIT MAIN GATE,  
POWAI, MUMBAI – 400 076, MAHASHTRA, INDIA

REPORT PREPARED FOR

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CORPORATE CENTRE, 21st FLOOR, MAKER TOWERS "E" CUFFE PARADE,  
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**PART A**

**INTRODUCTION**

1. **ABOUT THE REPORT:** Enterprise Valuation of M/s Supreme Suyog Funicular Ropeways Private Limited (SSFRPL), a Special Purpose Vehicle (SPV) created in 2008 for construction of funicular ropeway system at Haji Malang Gad in Thane district on Built, Operate and Transfer (BOT) basis.
2. **BACKGROUND:** The famous shrine of Haji Malang Baba is located in Ambernath Tehsil of Thane District, Maharashtra. As per information provided by the client/company and local authority acknowledged devotees' footfall, approximately, 8 lacs pilgrims from all walks of life come to pay their obeisance at this Dargah of Haji Malang throughout the year. Currently, state transport facility and private vehicles are available from Kalyan city to Malangwadi village.

As per informed by client/company, at present there are around 2600 steps from Malangwadi to Dargah, which are very steep, unsymmetrical, damaged, badly broken and poorly maintained. This journey in foot is very tough for women, senior citizens and children to reach to this Dargah. Besides, this route is quite inadequate to handle increasing number of visitors every year, particularly during festivals.

The Government of Maharashtra decided to build a Funicular railway system from Malangwadi to top of hill near Dargah. For this purpose, Government of Maharashtra entrusted Public Works Department (Thane) to develop, maintenance and management of the project. The Public Works Department (Thane) has resolved to construct the project on BOT basis i.e., design, supply, erection, testing and commissioning of Funicular railway system (Horizontal Length 1130 m, level difference 319 m.) This railway will start from the lower station located at left side of steps ascending to Haji Malang Gad Dargah from Malangwadi village.

The PWD invited the proposals to appoint an EPC contractor to execute the project and allocated the project to Supreme Suyog Yashita Consortium. Accordingly, the Sponsors incorporated a Special Purpose Vehicle ("SPV") M/s Supreme Suyog Funicular Ropeways Private Limited for implementing the project in the year 2008. M/s Supreme Infrastructure India Limited (SIIL) through its 100% Subsidiary M/s Supreme Infrastructure BOT Pvt. Ltd. (SIBPL) is the majority stakeholder in the SPV with 98% stake, balance being held by M/s Suyog Telematics Pvt. Ltd. (STPL) and M/s Yashita Automotive Engineering Private Limited (Yashita) 1% each.

M/s SIIL is engaged in construction of roads and related activities and also operates Ready Mix Concrete (RMC), Wet Mix and Asphalt plants. STPL is a Mumbai based privately held company engaged in telecommunication and other infrastructure construction. Yashita,





incorporated in 1991, is a Mumbai based company engaged in turnkey design, manufacturing and commissioning of special purpose machines and process plants. Yashita, as a technical partner executing the project, has 1% interest in the SSFR during the implementation stage. Yashita is not contributing any equity into the project and is a 1% partner till it realises its dues for manufacturing, supply, erection and commissioning of the funicular trolley system. On receipt of all payments, it will forgo all claims on their share of profits/ losses for commercial operation of funicular railway during the concession period.

The Letter of Award was issued to the Sponsors on August 4, 2008. Subsequently, concession agreement was signed on September 9, 2008 for a period of 24.5 years from Appointed Date (February 22, 2012) including construction period of 24 months. The work order was issued on February 22, 2012 by the PWD due to delay in receiving the environmental clearances.

In consideration of the development of Project, the Concessionaire is entitled to collect ticket fee on the Project Funicular Railway from Commercial Operation Date (COD) till Transfer Date in accordance with the CA. Below table shows the milestones of the company:

S.No.	Milestone	Date/Period	Remarks
1	Letter of Award	Aug. 4, 2008	-
2	Concession Signed	Sep. 9, 2008	-
3	Appointed Date	Feb. 22, 2012	PWD vide their work order no. <b>TCD/TENDER/1031</b> dated 22 <sup>nd</sup> February 2012 referring to the construction of funicular railway system from Malangwadi village to top of hill near Dargah set the appointed date of the project to be February 22, 2012.
4	Clearance from Forest Dept.	Sep.15, 2012	-
5	Scheduled Time Limit	24 Months	-
6	Operative Period	24 Years 5 Months	-
7	Concession End Date	July 22, 2036	-

Due to delay in execution of project, the IDC is increasing and because of that the cost of project is increasing. As per the original schedule, the Completion of the Project was within two years from December 2012 to December 2014. However due to delay for various reasons, the Project could not be completed by December 2014. As per consultant's progress report shared by client/company as on oct, 2019, the actual and revised project cost is shown in the below table:



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S. No.	Description	Estimated Project Cost		
		Original Cost	Revised Cost	Additions
<b>A</b>	<b>Project Cost</b>			
1	Design Engineering and Supervision Cost	5.00	5.00	-
2	EPC Cost	63.00	69.30	6.30
3	Interest During Construction (including DSRA 3 Month)	8.50	23.43	14.93
4	Financial Fees & Expenses	1.00	1.00	-
5	Preliminary & Pre-operative Expense and other overheads and expenses	1.00	1.00	-
6	Contingency	1.50	-	-1.50
<b>Total (A)</b>		<b>80.00</b>	<b>99.73</b>	<b>19.73</b>
<b>B</b>	<b>Means of Finance</b>			
1	Debt	50.00	50.00	-
2	Debt for Cost Overrun	-	10.00	10.00
3	Equity	30.00	39.73	9.73
<b>Total (B)</b>		<b>80.00</b>	<b>99.73</b>	<b>19.73</b>

Proposal of extension of time limit for Construction Period for completion of project is approved up to 31<sup>st</sup> December 2015 vide letter no. Khashes-2005/Ltr. No. 135(Part-1)/Road-9A dated 10<sup>th</sup> August 2015. A revised project implementation schedule for balance work was estimated till February 2016, but the work was not completed by March 2017, and therefore the Company has requested for extension till December 2017. The extension is given by PWD, Thane, till 31<sup>st</sup> December 2018.

Due to the stoppage of the work by the local villagers in the month of January and February 2019, the project could not be finalized and the company applied for further extension of time in construction period to PWD Department as per Attached documents Ref. No. zn/ssfrpl/hm/18-19/95, dated 11<sup>th</sup> May 2019. The date for the completion of project is extended till Sept 2019 as per revised proposal extension letter Ref. No. zn/ssfrpl/hm/18- 19/95, dated 11<sup>th</sup> May 2019. Company has revised completion schedule up to September 2019 & revised approval pending from PWD.

Company couldn't complete the project as per schedule till September 2019 due to delay on account of various reasons. After continuous follow up by PWD, girder launching was





completed in October, 2019, but again thereafter the work completely stopped and no progress was observed. After continuous communication between all parties involved, on 15<sup>th</sup> July 2021 a final chance to complete the project was given but no progress was observed. The project was expected to be completed within 2 years but despite lapse of more than 9 years, the project couldn't be completed.

Therefore, pursuant to Clause 16.2(a)(1) in the CA, a preliminary notice dated 4<sup>th</sup> April 2022 was issued to cure the default within 60 days. After failing to cure the default, the project was terminated by PWD as on 16<sup>th</sup> June 2022 under clause 16.2(a)(1)(b) of the Concession Agreement.

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

*(Figures in INR Crores)*

PARTICULARS	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total Income	660.30	337.87	214.64	83.66	0.00	0.00
Total Operating Expenses	660.88	337.97	216.21	81.41	4.77	1.18
<b>EBIT</b>	<b>-0.58</b>	<b>-0.10</b>	<b>-1.57</b>	<b>2.25</b>	<b>-4.77</b>	<b>-1.18</b>
Finance costs	4.89	5.94	8.63	10.17	10.39	10.40
<b>Profit/(loss) before tax</b>	<b>-5.47</b>	<b>-6.04</b>	<b>-10.20</b>	<b>-7.92</b>	<b>-15.16</b>	<b>-11.58</b>
Tax expense	0.00	0.00	0.00	0.00	0.00	0.00
<b>Profit/(loss) for the year</b>	<b>-5.47</b>	<b>-6.04</b>	<b>-10.20</b>	<b>-7.92</b>	<b>-15.16</b>	<b>-11.58</b>

**Note:** Figures shown in the above table for FY2022 are provisional as shared by the client/company.

The company faced the financial stress due to various reasons such as delay in land availability by PWD, Maharashtra and due to non-completion of approach road connecting to the ropeway project.

The work for construction of funicular ropeway system at Haji Malang Gad in Thane district on Built, Operate and Transfer (BOT) basis was awarded to the Company by Public Works Department as on year 2008. The said project was terminated by PWD, vide letter No. P.W.Dn.No./PB-2/Thane/4211 on dated 16<sup>th</sup> June 2022. In order to safeguard the interest of the stakeholder the Company has initiated legal proceedings. The Hon'ble High Court of Bombay while apprising the stand view of the Company had allowed that the Company and PWD to work towards amicable resolution in larger interest of all the stakeholder.



The company is announced as NPA since 30<sup>th</sup> June 2019. Currently, the company is under severe financial distress and has not been able to repay its debt obligations as well as not able to complete the project.

Hence, State Bank of India, SARG has appointed R. K Associates to determine the Enterprise Value/Fair Market Value of the Business/Company to take appropriate course of action on this terminated and stressed account.

3. **TYPE OF REPORT:** Enterprise Valuation of M/s Supreme Suyog Funicular Ropeways Pvt. Ltd.
4. **PURPOSE OF THE REPORT:** To estimate & determine current Fair Enterprise Value of the SPV Company to enable the lenders to evaluate the further course of action on this default account.
5. **SCOPE OF THE REPORT:** To estimate & determine the Enterprise Value of the Company based on Income based approach (Discounted Cash Flow method).
  - *This is just the enterprise valuation of the project based on its income generating capacity/ projections in future years. This Valuation shall not be construed as the physical asset valuation or should not be directly related to cost approach or Project cost.*
  - *This Valuation only covers the cash flow generated from the project of the Company. It does not cover any transaction with the subject company's subsidiary/ associate/ Joint Venture Companies.*
  - *This Enterprise Valuation report doesn't cover vetting of the documents/ financial data/ projections or any other information provided to us by the Bank.*
  - *It doesn't contain the principles of physical asset valuation and is not based on the site inspection of the project.*
  - *This exercise is neither an audit activity nor investigative in nature. We have relied on the data provided by the Bank and the Company in good faith.*
  - *The Market and Industrial assessment of the given company's industry 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.*





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**6. METHODOLOGY/ MODEL ADOPTED:** Income-based Approach (Discounted Cash Flow Model) for the calculation of Enterprise Value of the Company.

**7. DOCUMENTS / DATA REFERRED:**

- Last five year's audited & provisional Financial Statements of the company.
- Financial Model/Projections of the company.
- Concessionaire Agreement.
- Substitution Agreement, LOA & Work Order.
- Details of Outstanding Debt of M/s SSFRPL as on 31<sup>st</sup> March 2022.
- Details of Directors and Shareholding Pattern as on 31<sup>st</sup> March 2022.
- LIE Quarterly Progress Report (October 2019).



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**PART B**

**PROJECT COMPANY**

1. **BRIEF DESCRIPTION ABOUT THE COMPANY:** The Sponsors and their respective group companies incorporated an SPV in the name of Supreme Suyog Funicular Ropeways Private Limited to construct the Funicular railway system on BOT Basis from Malangwadi village to top of hill near Dargah. Below table shows the incorporation details of the company:

Incorporation Details	
Company Name	Ms. Supreme Suyog Funicular Ropeways Private Limited
Corporate Identity Number	U45202MH2008PTC181032
Incorporation Date	April 10, 2008
Constitution	Private Limited Company/Company limited by Shares
Registered / Corporate Office Address	8, Bhawani Services Industrial Estate, 3 <sup>rd</sup> Floor, IIT Main Gate, Powai, Mumbai – 400 076
Authorized Share Capital	INR 50,00,000/-
Issued, Subscribed and Paid-Up Capital	INR 10,00,000/-

2. **DETAIL OF PROMOTERS/DIRECTORS:** As per information provided by the company/client, below table shows the details of directors/promoters of the company along with their DIN details, Academic background and working experience:

**List of Directors of M/s Supreme Suyog Funicular Ropeways Private Limited**

S.No.	Name	DIN/DOA	Designation	Education	Experience
1.	Mr. Vikram Bhavanishankar Sharma	01249904/ 10 <sup>th</sup> April 2008	Director	Civil Engineering Graduate from Bombay University	Joined SIIL as Director in 1998. The company has completed various contracts and projects under his expertise and has become eligible for handling of new contracts like Bridges, Flyovers, Sewerage Projects, Residential and Commercial Buildings, etc. As per information available in the public domain, currently he is holding



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					directorship in Supreme Infracon llp, Patiala Nabha infra projects private ltd, Supreme Vasai Bhiwandi Tollways private ltd, Sanjose Mahavir supreme consortium private ltd, Chitrarth films & studio private ltd, Supreme best value Kolhapur (shiroli) sangli tollways private ltd.
2.	Mr. Shyam Mohanlal Khandelwal	08912505/ 10 <sup>th</sup> October 2020	Independ ent Director	-	-

3. **SNAPSHOT OF OUTSTANDING DEBT OF THE COMPANY:** As per information provided by the company/client, SBI has provided loan facility to the company and the banking arrangement of M/s Supreme Suyog Funicular Ropeways Private Limited as on March 31, 2022 is as provided below:

(Figures in INR Crores)

Name Of Lenders	Principal	Interest	Total O/S
State Bank of India (SBI)	59	30	89
<b>Total</b>	<b>59</b>	<b>30</b>	<b>89</b>

4. **CAPITAL STRUCTURE:** As per information available on MCA website, the company is having an authorized share capital of INR 50,00,000 and paid-up capital of INR 10,00,000.
5. **SHAREHOLDING PATTERN:** As per the information provided by the client/company, the shareholding pattern of M/s. SHNTPL as on 30 June, 2022 is provided below:

S. No.	Shareholder's Name	No. Of Shares	Holding (%)
1	Supreme Infrastructure BOT Private Limited (a 100% subsidiary of Supreme Infrastructure India Limited)	98,000	98%
2	Suyog Telematics Pvt. Ltd.	1,000	1%
3	Yashita Automotive Engineering Pvt. Ltd.	1,000	1%
	<b>Total</b>	<b>1,00,000</b>	<b>100%</b>

6. **CURRENT STATUS & REASONS FOR FINANCIAL STRESS:** M/s SSFRPL is a special purpose company and has been formed for the purpose of implementation of the proposed





Project and currently the company does not have any operational project as the project was terminated by the respective authority.

Letter of Award was issued to the Sponsors as on August 4, 2008. Subsequently, CA was signed on September 9, 2008 for a period of 24.5 years from Appointed Date (February 22, 2012) including construction period of 24 months. The work order was issued on February 22, 2012 by the PWD due to delay in receiving the environmental clearances.

In consideration of the development of Project, the Concessionaire is entitled to collect toll on the Project Funicular Railway from Commercial Operation Date (COD) till Transfer Date in accordance with the CA. The company has not completed the project due to delay on account of various reasons. Company needed the permission for further extension from Lenders/ PWD to complete the project. As per progress report (October, 2019) shared by the company/client, the company has achieved the physical completion of 97.25%, but the project was terminated by PWD as on 16<sup>th</sup> June 2022 due to no further progress by the company.

The company faced the financial stress due to various reasons such as

- Due to delay in land availability by PWD, Maharashtra for the construction of ropeway caused delay in completion of the projects.
- Due to non-completion of approach road connecting to the ropeway project.
- Due to the stoppage of the work by the local villagers.
- Delay in the commercial operation date (COD) of the project due to various reasons attributable to the client primarily due to non-availability of right of way, environmental clearances, etc.

The company is announced as NPA since 30<sup>th</sup> June 2019. The project was terminated by PWD, vide letter No. P.W.Dn.No./PB-2/Thane/4211 on dated 16<sup>th</sup> June 2022. In order to safeguard the interest of the stakeholder the Company has initiated legal proceedings.

The Hon'ble High Court of Judicature at Bombay while apprising the stand view of the Company had allowed that the Company and PWD to work towards amicable resolution in larger interest of all the stakeholder. Accordingly, the cash flows are prepared on continuous project basis.

**Hence, State Bank of India, SARG has appointed R. K Associates to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this stressed account.**





**PART C**

**OVERVIEW OF THE PROJECT**

1. **SCOPE OF PROJECT:** As per the Concession Agreement, the scope of the Project shall mean and include the following, during the Concession Period:
  - a) Construction of the Funicular Railway at Haji Malang Gad, Taluka Ambarnath, Dist. Thane, Maharashtra together with provision of project facilities in conformity with the specifications and standards as set forth in CA.
  - b) Operation and maintenance of the Project in accordance with the provisions of the CA; and
  - c) Performance and fulfillment of all other obligations of the Concessionaire in accordance with the provisions of the CA and necessary for the performance of any or all of the obligations of the Concessionaire under the CA.

2. **PROJECT DETAILS AND LOCATION:** A funicular is a cable railway in which a cable attached to a pair of tram-like vehicles (bogies) on rails moves them up and down a steep slope; the ascending and descending vehicles counterbalance each other. Unlike tram it has no self-propelling device but is pulled by a rope which has a similar trolley at the other end of the rope.

The basic idea of funicular operation is that two cars are always attached to each other by a cable, which runs through a pulley at the top of the slope. Counterbalancing of the two cars, with one going up and one going down minimizes the energy needed to lift the car going up. Winching is normally done by an electric drive that turns the pulley. Sheave wheels guide the cable to and from the drive mechanism and the slope cars.

Haji Malang is an 800-year-old Dargah and famous shrine and devotees from all corners of India as well as from abroad visit to pay their obeisance. The state government has included the Haji Malang under category 'B' of places of Tourist Importance. At Present the Haji Malang Gad can be approached by a road from Kalyan. The distance between Kalyan and Malangwadi, which is located at the foot of the hills, is about 17.00 Km. The journey to Haji Malang Dargah from Malangwadi is a 400 meters climb, which is necessarily undertaken on foot and is very arduous.

After realizing the tourism potential of this shrine, the Public Works Department (PWD), Thane had explored the possibility of construction of a motorable Ghat road. However, the proposal was not found to be feasible because of:





- The upper reach of the mountain where Dargah is situated falls under Matheran Eco Sensitive Zone, where vehicles emitting smoke and polluting gases have been totally banned by the Hon. Supreme Court, rendering the very purpose of construction of road irrelevant.
- A large tract of forest land would be required, which goes against the policy of forest conservation.
- The cost of construction including essential protective works was estimated to be prohibitively high.

As per the information provided by the client/company, a funicular trolley system is commissioned for transporting devotees and luggage from foot of the hill of Haji Malang to level of Dargah, and return. Both levels will have double-sided terraced platforms. There will be 2 Passenger trolleys with each passenger trolley will have a seating capacity of 60 passengers including 4-wheel chairs. If there is a need 2 luggage trolleys can be operated. Each goods trolley will have capacity of 0.5 Tons. Trolleys can depart in either direction after every 10 minutes, giving a rated capacity of 720 passengers / hour in each direction. The funicular trolley system has long life of 50 years.

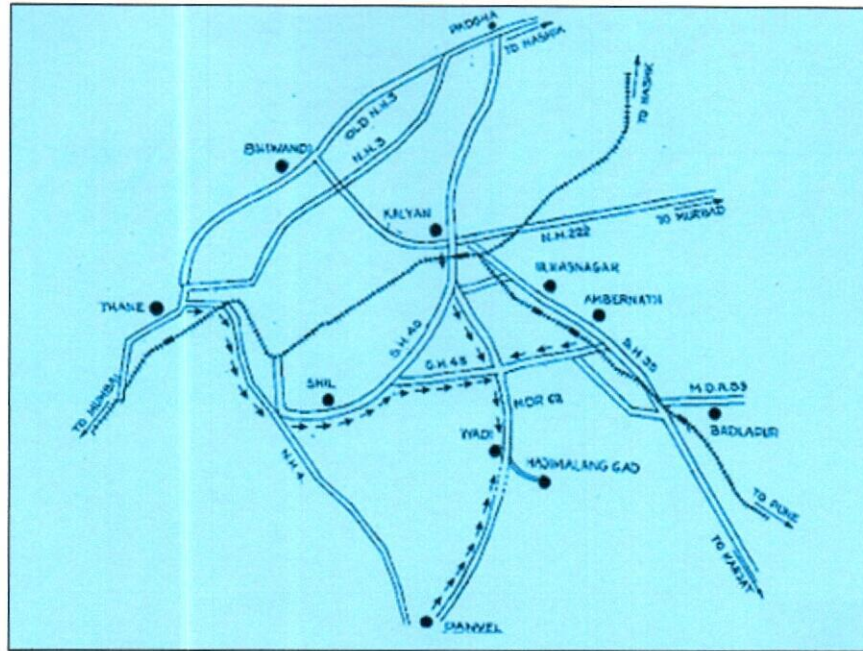
For transporting tourists, pilgrims and freight/luggage to Malang gad, a funicular trolley system is the best mode of transport as it is Safe and reliable, good carrying capacity, Unaffected by high winds, rain or visibility, Low operating cost, long service life, least damage to environment in eco-sensitive zone etc.

In view of the merits of this system over the other means of transportation of the devotees, it is proposed to provide this system for Haji Malang Gad under BOT. The project is being implemented by M/s SSFRPL. M/s SIIL with subcontracting to Yashita, as a technical consultant will manufacture, supply, erect and commission the funicular trolley system comprising of tracks and their foundations and its supporting beams and girders, the funicular trolleys, the electrical and mechanical systems relating to the traction communications and controls.

As per communicated by company officials, only brakes, AC drive unit and communication devices are imported and all other parts of the system would be indigenous and custom designed. The Project Funicular Railway lies within the Thane district of Maharashtra as indicated in Project Map below:







3. **PROJECT FACILITIES:** As per the concession agreement, the project will be facilitating approaches, queue area, waiting hall, canteen, parking, shops and garden.

Each level of station is provided with booking office, waiting hall, restaurant, gardens, shops and toilet, including water supply and electrification. For protection of the project and its users, PWD site office and Police Chowki is to be constructed along with rock fall protection and barbed wire fencing.

Other facilities such as parking lot, Rest House, Pathway development between parking and lower station and minor bridge between road and lower station are also proposed to be constructed



## PART D

## FINANCIAL PERFORMANCE

1. **HISTORICAL PROFIT & LOSS STATEMENT: (FY 2016-17 to FY 2021-22):** As per the audited financial statements provided by the company/client, below table shows the historical performance of the company.

(Figures in INR Crores)

Particulars	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 P
Income	0.00	0.00	0.00	0.00	0.00	0.00
Contract Revenue	660.30	337.87	214.64	83.66	0.00	0.00
<b>Total Income</b>	<b>660.30</b>	<b>337.87</b>	<b>214.64</b>	<b>83.66</b>	<b>0.00</b>	<b>0.00</b>
Cost of Construction	660.30	329.07	208.32	74.70	0.00	0.00
Employee Benefit Expenses	0.00	6.53	6.66	5.53	0.00	0.00
Other expenses	0.58	2.37	1.23	1.18	4.77	1.18
<b>Total Operating Expenses</b>	<b>660.88</b>	<b>337.97</b>	<b>216.21</b>	<b>81.41</b>	<b>4.77</b>	<b>1.18</b>
<b>EBIT</b>	<b>-0.58</b>	<b>-0.10</b>	<b>-1.57</b>	<b>2.25</b>	<b>-4.77</b>	<b>-1.18</b>
Finance costs	4.89	5.94	8.63	10.17	10.39	10.40
<b>Profit/(loss) before tax</b>	<b>-5.47</b>	<b>-6.04</b>	<b>-10.20</b>	<b>-7.92</b>	<b>-15.16</b>	<b>-11.58</b>
Current income tax	0.00	0.00	0.00	0.00	0.00	0.00
Deferred income tax / (credit)	0.00	0.00	0.00	0.00	0.00	0.00
<b>Tax Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Profit/(loss) for the year</b>	<b>-5.47</b>	<b>-6.04</b>	<b>-10.20</b>	<b>-7.92</b>	<b>-15.16</b>	<b>-11.58</b>

**Note:** Figures shown in the above table for FY2022 are provisional as shared by the client/company.

As the project is not yet finalized, the company is not earning any revenue from operations and that is why, the company is incurring losses constantly throughout the years historically from FY 2016-17 to FY 2021-22.





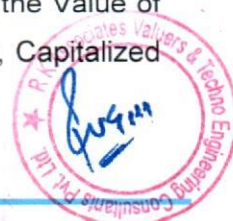
**PART E**

**VALUATION OF THE COMPANY**

- 1. METHODOLOGY/ MODEL ADOPTED:** Out of the various models & theories available, we have adopted the most widely used & acceptable approach to calculate the Enterprise Value of the Company, which is, Income based approach (Discounted Cash Flow Model).
- a) The free cash flow method is similar to the method used for public companies.
  - b) FCFF is more practical when substantial capital changes are expected because weighted average cost of capital (WACC) is less sensitive to the cost of equity.
  - c) In this method, we calculate the free cash flow to firm (FCFF) for the projected period.
  - d) Finally, we calculate the present value of future cash flows by using a required rate of return based on the riskiness of the project, which we determine by using the Weighted Average Cost of Capital (WACC).

**RATIONALE FOR USING DCF METHOD FOR ENTERPRISE VALUATION:** M/s SSFRPL is a SPV which is entitled to operate and collect the ticket revenue from the funicular ropeway project under a long-term concession agreement with PWD in the state of Maharashtra. The period of operations and toll prices are derived according to the terms of the specific agreement between M/s SSFRPL and PWD.

- a) The three broadly used approaches of the company/Business Valuations are – Income based approach (Discounted Cash Flow Model), Asset Based Approach (Net Asset Value Method) and Relative Valuation Approach (Market Multiple method).
- b) Asset Based Model is inappropriate as the Company is a going concern and the model is unable to capture the Value of the company.
- c) Considering the limited life of the toll road project and project characteristics not being comparable to other projects/companies in terms of number of operational projects, period of concession, location, traffic situation etc., typically market approach-based methods like CCM or CTM are not used for valuing a road project.
- d) Instead, DCF method is used which determines the value of a business based on its ability to generate desired economic benefit/ cash flows for the owners. Thus, considering the nature of business, we have used DCF method for valuing the Company.
- e) 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 high leverage of firm.
- f) The DCF 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.



- g) The best method input option for the PV Model in the case of M/s Supreme Suyog Funicular Ropeways Private Limited will be FCFF as it represents the benefits accruable to all the stakeholders in the Business enterprise.

### FCFF Model Formula and Key Inputs:

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

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

*FCFF = Net Income + Non-Cash Charges + Interest (1 - tax rate) - Working Capital Investment - Fixed Capital Investment.*

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

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

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

## 2. CALCULATION OF FREE CASH FLOW TO FIRM:

(Figures in INR Crores)

Particulars	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
No. Of Days	274	365	365	365	366	365	365
Operating Revenue	6.36	8.90	9.99	10.49	11.82	12.38	13.79
Other Revenue	0.86	1.24	1.36	1.48	1.62	1.76	1.92
<b>Total Revenue</b>	<b>7.22</b>	<b>10.15</b>	<b>11.35</b>	<b>11.97</b>	<b>13.44</b>	<b>14.14</b>	<b>15.71</b>
Operating Expenses	3.50	3.67	3.85	4.05	4.25	4.46	4.69



# ENTERPRISE VALUATION REPORT

M/S SUPREME SUYOG FUNICULAR ROPEWAYS PRIVATE LIMITED

MM Expense	11.20	0.00	0.00	0.00	5.11	0.00	0.00
<b>Total Expenses</b>	<b>14.70</b>	<b>3.67</b>	<b>3.85</b>	<b>4.05</b>	<b>9.36</b>	<b>4.46</b>	<b>4.69</b>
<b>EBITDA</b>	<b>-7.47</b>	<b>6.47</b>	<b>7.50</b>	<b>7.92</b>	<b>4.09</b>	<b>9.68</b>	<b>11.02</b>
<b>Free Cash Flow to Firm (FCFF)</b>	<b>-7.47</b>	<b>6.47</b>	<b>7.50</b>	<b>7.92</b>	<b>4.09</b>	<b>9.68</b>	<b>11.02</b>
<b>Discount Rate (WACC)</b>	<b>16.50%</b>						
Period	1.58	2.58	3.58	4.58	5.58	6.58	7.58
Discount Factor	0.79	0.67	0.58	0.50	0.43	0.37	0.31
<b>PV of FCFF</b>	<b>-5.87</b>	<b>4.36</b>	<b>4.34</b>	<b>3.94</b>	<b>1.74</b>	<b>3.54</b>	<b>3.46</b>

(Figures in INR Crores)

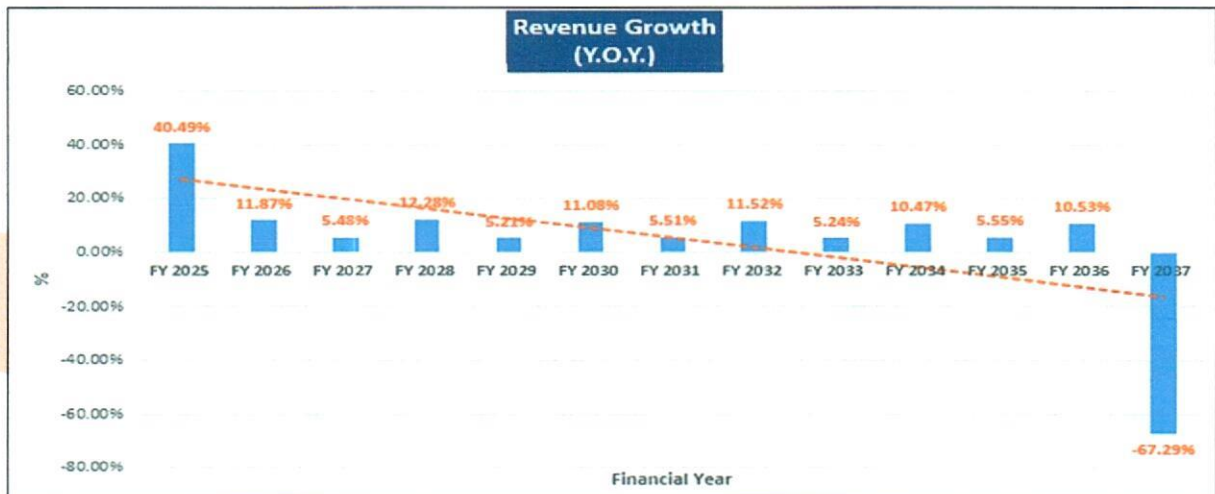
Particulars	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037
No. Of Days	365	366	365	365	365	366	113
Operating Revenue	14.48	16.19	16.95	18.76	19.69	21.79	7.09
Other Revenue	2.10	2.30	2.50	2.74	2.99	3.28	1.11
<b>Total Revenue</b>	<b>16.58</b>	<b>18.49</b>	<b>19.45</b>	<b>21.49</b>	<b>22.69</b>	<b>25.08</b>	<b>8.20</b>
Operating Expenses	4.92	5.17	5.42	5.70	5.98	6.28	2.60
MM Expense	0.00	6.21	0.00	11.40	0.00	7.54	0.00
<b>Total Expenses</b>	<b>4.92</b>	<b>11.37</b>	<b>5.42</b>	<b>17.10</b>	<b>5.98</b>	<b>13.82</b>	<b>2.60</b>
<b>EBITDA</b>	<b>11.66</b>	<b>7.11</b>	<b>14.03</b>	<b>4.39</b>	<b>16.71</b>	<b>11.25</b>	<b>5.60</b>
<b>Free Cash Flow to Firm (FCFF)</b>	<b>11.66</b>	<b>7.11</b>	<b>14.03</b>	<b>4.39</b>	<b>16.71</b>	<b>11.25</b>	<b>5.60</b>
<b>Discount Rate (WACC)</b>	<b>16.50%</b>						
Period	8.58	9.58	10.58	11.58	12.58	13.58	14.58
Discount Factor	0.27	0.23	0.20	0.17	0.15	0.13	0.11
<b>PV of FCFF</b>	<b>3.14</b>	<b>1.65</b>	<b>2.79</b>	<b>0.75</b>	<b>2.44</b>	<b>1.41</b>	<b>0.60</b>

### 3. KEY FINANCIAL RATIOS:

Particulars	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
EBITDA Margin	-103.51%	63.81%	66.04%	66.19%	30.41%	68.45%	70.17%
Revenue Growth (Y.O.Y.)	-	40.49%	11.87%	5.48%	12.28%	5.21%	11.08%



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



**Notes:**

- As per the ratio analysis performed, it is observed that EBITDA Margin is showing an upward trend as it is grown from -103.51% in FY 2023-24 to 68.29% in FY 2036-37, as it is assumed that the COD will be achieved and operating revenues from ticket sale will start as there is a high probability that the project will be reallocated to M/s. SSFRPL and as a result the company's EBITDA will start increasing.

**5. KEY INPUTS USED TO DISCOUNT CASH FLOWS DURING THE PROJECTION PERIOD:**

**Calculation of Weighted Average Cost of Capital (WACC)**

Particulars	%
Nifty Fifty 20-Year Return	15.00%
Company Risk Premium	1.50%
<b>Appropriate Discount Rate</b>	<b>16.50%</b>





### Valuation Inputs for M/s Supreme Suyog Funicular Ropeways Pvt. Ltd.

INPUTS	
Valuation Date	20th August 2022
Discount Rate	16.50%
Discount Rate Change	1%

**Note:** Change in discount rate of 1% is used to perform the Sensitivity of the Enterprise Valuation.

### 6. CALCULATION OF ENTERPRISE VALUE:

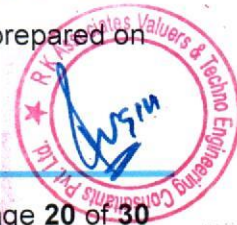
#### Calculation of Enterprise Value

Cumulative Discounted Cash Flow Over the Projection Period		
Scenario	Discount Rate	Enterprise Value (In INR Crores)
Bull Case	15.50%	30.40
Base Case	16.50%	28.30
Bear Case	17.50%	26.37

ENTERPRISE VALUE OF THE FIRM
INR TWENTY-EIGHT CRORES AND THIRTY LAKHS (INR 28.30 CRORES)

#### NOTES:

- Under Valuation Inputs section, the discount rate change measures the sensitivity of Firm Value to a (+/-) 1% change.
- As per industry best practice we have consider cash EBITDA as a proxy of free cash flow to the firm (FCFF) because while calculating EBITDA we have already adjusted Capex (Major Maintenance Expense) and there are no working capital changes during the estimated period.
- As per the information shared by the client/company, these projections are made on the assumption that the project will be reassigned to the concessionaire M/s Supreme Suyog Funicular Ropeways Private Limited, although the project is terminated, but as the project is nearly completed and to compensate the company for its due, the authority will reallocate the project to the company.
- In order to safeguard the interest of the stakeholder the Company has initiated legal proceedings. The Hon'ble High Court of Judicature at Bombay while apprising the stand view of the Company had allowed that the Company and PWD to work towards amicable resolution in larger interest of all the stakeholder. Accordingly, the cash flow is prepared on continuous project basis.





- It is a new industry and there is not much relevant information available in public domain regarding industry trends, potentials, etc.

Hence, the “Enterprise Value” of the Firm “M/s Supreme Suyog Funicular Ropeways Private Limited” is **INR 28.30 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.*

- 7. ASSUMPTIONS FOR FINANCIAL PROJECTIONS:** Assumptions in the Valuation assessment have been taken based on data/ information/ documents shared by the Company/ Bank, Project Cost Figures, Operating History of the Project. Assumptions have been considered after thoroughly reviewing their feasibility.

**A. PROJECTION PERIOD:** Key dates and projection period details are as follows:

Particulars	Detail
<b>Letter of Award</b>	4 <sup>th</sup> August 2008
<b>Concession Agreement Signing Date</b>	9 <sup>th</sup> September 2008
<b>Concession Appointed date</b>	22 <sup>nd</sup> February 2012
<b>Concessionaire Period</b>	24 Years 5 Months
<b>Projection End Date</b>	22 <sup>nd</sup> July 2036

**B. REVENUE/ INCOME:**

- i. Operating Revenue:** As per concession agreement, the traffic is expected to increase at a growth rate of 5% per annum. The average no. of daily passengers for the FY2022-23 is assumed as follows:

Particulars	No. Of Passengers/Days
Number of Passengers on Week Days (Normal Days)	1500
Number of Passengers on Week end Days (Normal Days)	2000
Number of Passengers on Week Days (Seasonal Days)	6000
Number of Passengers on Week end Days (Seasonal Days)	7200
<b>Normal Days</b>	<b>335</b>
Week Days	242
Weekend Days	93



# ENTERPRISE VALUATION REPORT

M/S SUPREME SUYOG FUNICULAR ROPEWAYS PRIVATE LIMITED

<b>Seasonal Days</b>	<b>30</b>
Week Days	22
Weekend Days	8
<b>Average Count</b>	<b>2023.56</b>
<b>Average Number of Passengers per day</b>	<b>2024.00</b>

As per concession agreement, daily footfall was assumed at approximately 6000 during 2022-23 which was projected in the year 2008. But according to the current scenario, as per our independent research, information available on the public domain and the data of devotees' footfall authorized by the Gram Panchayat of Haji Malang Wadi provided by the client/company, it has been observed that the average footfall of the devotees at Haji Malang Gad Dargah is approx. 2,024 per day, which is considered to forecast the revenue. As per the information provided by the company/client, average passengers belonging to each category are as follows:

Particulars	%
Passengers Category A	80%
Passengers Category B	18%
Passengers Quarterly Pass Holders	2%
Freight Carrying Passengers	75%

Toll rates are used as per the Concession Agreement which are as follows:

Toll Rate (INR)				
Year	Class A Passengers	Class B Passengers	Quarterly Pass Holder	Freight (Per Kg)
01.01.08 to 31.12.09	60	30	600	1
01.01.10 to 31.12.11	70	35	650	1
01.01.12 to 31.12.13	80	40	700	2
01.01.14 to 31.12.15	90	45	750	2
01.01.16 to 31.12.17	100	50	800	3
01.01.18 to 31.12.19	110	55	850	3
01.01.20 to 31.12.21	120	60	900	4
01.01.22 to 31.12.23	130	65	950	4
01.01.24 to 31.12.25	140	70	1000	5
01.01.26 to 31.12.27	150	75	1050	5
01.01.28 to 31.12.29	160	80	1100	6

01.01.30 to 31.12.31	170	85	1150	6
01.01.32 to 31.12.33	180	90	1200	7
01.01.34 to 31.12.35	190	95	1250	7
01.01.36 to 31.12.37	200	100	1300	8

According to Concession Agreement, Annual Toll Income is calculated by using the following formula: Annual Toll Income = Avg. passenger count of each category x Corresponding Toll Rate for each category each year x 365 x 0.85 (Discount Factor for coupons/passes).

- ii. **Other Revenues:** As per the information provided by the client/company, the other revenues include the parking income and rent income earned by the company, the number of vehicles, shop areas and rate per day are assumed to be as follows:

Other Income	No./ Area	Rate Per Day
Number of 4 wheelers	161.92	100
Number of 2 wheelers	101.2	50
Shop area (in Sq. Ft)	15000	0.5

As per the information provided by the client/company, it has been assumed that devotees using four-wheeler and two-wheeler will be 32% and 10% respectively, whereas rest of devotees will use public transport. While calculating no. of four-wheelers and two-wheelers, it is also assumed that on an average 4 people will be travelling in each four-wheeler and 2 people will be travelling in each two-wheeler.

So, No. of 4-wheelers are assumed to be 8% (32%/4) of average passenger count, whereas 2-wheelers are assumed to be 5% (10%/2) of average passenger count. Rates per day are assumed to be growing at the rate of 5% per annum.

### C. EXPENSES:

- i. **O&M Expenses:** As per the information provided by the client/company, O&M expenses include the staff salary, electricity charges, water charges, supervision charges, etc. An escalation rate of 5% has been considered in annual O&M expenses during the forecasted period considering the expected inflation.
- ii. **Major Maintenance Expenses:** As per the information provided by the company/client, it is estimated that the company will start the Major Maintenance work in FY23-24. The repair work for wire rope, HVAC, cabling and lighting are to be done



in every 4<sup>th</sup> year, whereas repair work for boggies and 100 Pillars are to be done in every 10<sup>th</sup> year. As per the CA, the MMW expenses are assumed to be increasing at the rate of 5% p.a. The MMW expenses schedule is as follows:

Particulars	4th Year	10th Year	Amount (In INR Cr)
Wire Rope	Yes	No	1.5
Boggies	No	Yes	2
HVAC	Yes	No	0.7
100 Pillars	No	Yes	5
Cabling	Yes	No	1
Lighting	Yes	No	1
<b>Total</b>			<b>11.2</b>

**D. DISCOUNT RATE:** Due to unavailability of comparable and sensitivity of company with respect to the market we cannot determine the cost of equity and debt easily, hence in this scenario we have considered the Nifty Fifty 20-Year Return as a proxy for WACC (required rate of return for an unbiased investor), which is 15%.


**E. COMPANY RISK PREMIUM:** As the company has been declared NPA since June 2019 and its financial status haven't improved since then and also, the company has been terminated due to unable to achieve the COD as per CA while several extensions have been provided by the authority, requested by concessionaire, which makes this company a risky prospect for any investor. Due to these reasons, we have assumed a company-wide risk premium of 1.5%.

Hence, the calculated Fair Market Value/Enterprise Value of M/s Supreme Suyog Funicular Ropeways Private Limited is INR 28.30 Crores, subject to the current micro & macro-economic assumptions, market, industry trends and inputs used during the forecasted period, market multiple and peers company used to compare the company, as well as the WACC used to calculate the EV.



# ENTERPRISE VALUATION REPORT

M/S SUPREME SUYOG FUNICULAR ROPEWAYS PRIVATE 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 SBI, Stressed Assets Resolution Group, Corporate Centre, 21st Floor, Maker Towers "E" Cuffe Parade, Mumbai – 400005.</p> <p>v. We have submitted Valuation report to the Client.</p>	
<b>Name &amp; Address of Valuer company</b>	<b>Signature of the authorized person</b>	
M/s R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd.  D-39, Second Floor, Sector-2, Noida, UP-201301  India		
<b>Number of Pages in the Report</b>	<b>30</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  
Engineering Consultants (P) Ltd.

Place : Noida

Date : 20<sup>TH</sup> August 2022

(Authorized Signatory)

Valuations





**PART F**

**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 G****DISCLAIMER | REMARKS**

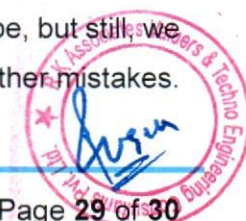
1. No employee or member of R.K. Associates has any direct/ indirect interest in the Project.
2. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions 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.





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