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# ENTERPRISE VALUATION REPORT

## OF

### M/S. BARASAT-KRISHNAGAR EXPRESSWAYS LIMITED

#### REGISTERED AT

PLOT NO. 1129/A, 3<sup>RD</sup> FLOOR, ROAD NO. 36, HITECH CITY ROAD, JUBILEE  
HILLS, HYDERABAD – 500033

#### OWNER/ PROMOTER

MADHUCON GROUP

#### REPORT PREPARED FOR

STATE BANK OF INDIA, STRESSED ASSETS MANAGEMENT BRANCH - II, D. NO. 3-4,  
1<sup>ST</sup> FLOOR, CAC, JRTC BUS STATION, KACHIGUDA, HYDERABAD - 500027

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**PART A**

**INTRODUCTION**

- 1. ABOUT THE REPORT:** Enterprise Valuation of M/s Barasat-Krishnagar Expressways Limited, a Special Purpose Vehicle (SPV) established to undertake the implementation of four lane of Barasat-Krishnagar Section of NH-34 (now NH-12) from KM 31.000 to KM 115.000 with a total length of 84.000 km under NHDP Phase-III on DBFOT Annuity Basis in the State of West Bengal, on a concession period of 17 years.
- 2. EXECUTIVE SUMMARY:** The Government of India had entrusted to the National Highway Authority of India the development, maintenance and management of National Highway-34(now NH-12) including the section from km 31.000 to km 115.000. The Authority had resolved to augment the existing road from km 31.000 to km 115.000 section of NH-34 (now NH-12) in the state of West Bengal by Four- Laning on design, build, finance, operate and transfer (DBFOT-Annuity) basis in accordance with the terms and conditions of Concession Agreement.

The Authority invited proposals and Madhucon Projects Ltd (MPL) emerged as L1 (lowest bid/tender/quotation) for the Project based on the lowest annuity sought from NHAI in consideration of the grant of Concession. Letter of Award (LoA) was issued to MPL on 21<sup>st</sup> February 2011. As per the LoA, the project will receive an annuity of INR 73.98 crores in semi-annual instalments from the COD for an operating period of 14.50 Years.

Accordingly, the Madhucon Group incorporated a Special Purpose Vehicle ("SPV") by the name of Barasat-Krishnagar Expressways Limited for implementing the project. As per concession agreement, the company is required to initiate and complete the construction of the Project Highway within a 910 day period (Construction Period) starting from the Financial Closure, (Financial closure is required to be achieved within 180 days from the date of signing of the CA, also referred to as the "Appointed Date"), operate and maintain the Project during concession period (the Concession Period is 17 years including 910 days of construction period) or lesser in case of termination as per the CA terms), and, hand over the Project Highway to NHAI on expiry of the Concession Period.

As per information provided by the client/company, BKEL entered into EPC Agreement with MPL as per the terms of NHAI on back-to-back basis on 18<sup>th</sup> August 2011 and submitted a copy to NHAI and lenders. BKEL entered into Common Loan Agreement with consortium of lenders lead by Punjab National Bank (Ex. Oriental Bank of Commerce) on 26<sup>th</sup> September 2011. Further, an Escrow Agreement and Substitution Agreements were entered into between BKEL, Consortium of lenders lead by Punjab National Bank and NHAI on 30<sup>th</sup> March 2012.





The construction of the Project will be undertaken by MPL, under a fixed price, fixed time EPC Contract. The Financial Closure was targeted for 12<sup>th</sup> November 2011 (i.e., 180 days from the date of signing of CA). The Project was expected to achieve Commercial Operation Date (COD) by 10<sup>th</sup> May 2014.

Operations & Maintenance (O&M) responsibility is proposed to be either entrusted to MIL under an Operations and Maintenance contract or undertaken by BKEL. The total cost of the Project, estimated at INR 980.00 crores, is proposed to be funded through a mix of Debt & Equity in the ratio of 2.57:1. The equity requirement of INR 274.40 crores will be contributed by the Promoters of BKEL (MPL and MIL). The Rupee Term Loan requirement of INR 705.60 crores is proposed to be raised from Banks and Financial Institutions (FIs).

Brief Description of the Project		
S. No.	Particular	Details
1.	Name of the Company	M/s Barasat-Krishnagar Expressways Limited
2.	Project	4-laning of Barasat - Krishnagar section of NH-34 (now NH-12) from km 31.00 to km 115.00 in the state of West Bengal under NHDP Phase III on Design, Build, Finance, Operate, Transfer (DBFOT) Annuity basis.
3.	Basis	DBFOT (Annuity)
4.	EPC Contractor	Madhucon Projects Limited (MPL)
5.	Concession Agreement Date	20 <sup>th</sup> June 2011
6.	Financial Closure Date	12 <sup>th</sup> November 2011
7.	Appointed Date	17 <sup>th</sup> October 2011
8.	Expected COD	10 <sup>th</sup> May 2014
9.	Final COD Achieved	No
10.	Length of the stretch in Kms	84 kms
11.	Project Cost	INR 980.00 Crores
12.	Annuity Payment	INR 73.98 Crores (29 instalments)
13.	Construction Period	910 days from Appointment Date
14.	Concession Period	17 years commencing from Appointment date

**Source:** Project Information Memorandum shared by the client/company

EPC Contractor had submitted Performance Security Bank Guarantee for an amount of INR 43.50 Crores to NHAI on behalf of BKEL. As per the terms of EPC Agreement, EPC Contractor had mobilized Plant & Machinery of valuing approximately INR 170.00 Crores. EPC Contractor had mobilized full fleet of equipment and necessary manpower for execution of project.



highway within the Scheduled Completion Date on the assumption that full land required for the Project will be made available to the Concessionaire in time. However due to default of NHAI, the machinery and the manpower could not be fully utilized and the EPC Contractor had to suffer heavy losses.

NHAI is not in a position to handover the required land to BKEL. Due to reasons attributable to NHAI because of inordinate delay in handing over of ROW and encumbrances & obstructions remaining to be cleared, BKEL had terminated the project on 31<sup>st</sup> December 2015 in order to safeguard the lender's interest. Subsequently, NHAI also terminated the project on 4<sup>th</sup> May 2016.

With the knowledge of lenders, the matter was referred for Arbitration to SAROD Committee. Arbitral proceedings were commenced on 21<sup>st</sup> July 2016 and are still going on.

**Hence, State Bank of India 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.**

3. **TYPE OF THE REPORT:** Enterprise Valuation report to ascertain the Fair Market value of the Company based on the existing terminated project undertaken and the risk associated with it.
4. **PURPOSE OF THE REPORT:** To estimate & determine computation of Enterprise Value of the SPV Company based on the terminated project to enable the lenders to evaluate the further course of action on this account.
5. **SCOPE OF THE REPORT:** As per the client requirement and based on the purpose of the report, RK subject matter expert team has identified following points for arriving at Fair Valuation of the Project and describe in-depth detailed assessment of the clear basis of the Valuation assessment. To assess and determine Fair Market Valuation of M/s Barasat-Krishnagar Expressways Limited, the Enterprise Valuation is being calculated by using Arbitration method as per best fit method in present scenario.
  - (i) *This is just Net Present Value of the SPV Company based on the recoverability of the arbitration claims and required rate of return to be considered to discount the recovery year on year basis.*
  - (ii) *This report only contains general assessment & opinion on the recoverability of the arbitration claims shared by bank/company, for which the Bank/customer has asked us to conduct the Valuation. No legal aspects in terms of ownership or any other legal aspect is taken into*

consideration. It doesn't contain any due-diligence other than the valuation assessment of the property shown to us on site. Information/ data/ documents given to us by Bank/ client has been relied upon in good faith. This report doesn't contain any other recommendations of any sort.

**NOTES:**

- ***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.***

**6. METHODOLOGY/ MODEL ADOPTED:** Arbitration method has been used to calculate the Enterprise Value/Fair Market Value of the Company.

**7. DOCUMENTS/ DATA REFERRED:**

- Audited Financial Statements of Barasat-Krishnagar Expressways Limited from FY 2017-18 to FY 2021-22.
- Concession agreement between NHAI and Barasat-Krishnagar Expressways Limited.
- Details of Directors and Shareholding Pattern.
- Project Information Memorandum.
- Escrow Agreement, Substitution Agreement, Common Loan Agreement and Letter of Award.
- Arbitration Claims made by the company, Claims made by EPC against the company and Counter claims made by NHAI against the company.



**PART B**

**ABOUT THE COMPANY**

1. **BRIEF DESCRIPTION ABOUT THE COMPANY:** The incorporation details of the Project Company are provided in the table below:

INCORPORATION DETAILS OF THE COMPANY	
<b>Name</b>	M/s. Barasat-Krishnagar Expressways Limited
<b>CIN</b>	U45203TG2011PLC073469
<b>Sector</b>	Infrastructure - Roads & Highways
<b>Company Category</b>	Company limited by Share
<b>Company Subcategory</b>	Non-govt company
<b>Class of Company</b>	Private Limited Company
<b>Address</b>	<b>Registered Office:</b> Madhucon House, Plot No.1129/A, Road No.36, Hi-tech City Road, Jubilee Hills, Hyderabad - 500033
<b>Date of Incorporation</b>	24 <sup>th</sup> March 2011
<b>Authorized Capital</b>	INR 85,00,00,000/-
<b>Issued, Subscribed and Paid-up Capital</b>	INR 43,40,00,000/-

Source: "<https://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>" and Data provided by the Company

2. **COMPANY'S DIRECTORS:** The details of directors of the Project Company are provided in the table below:

S. No.	DIN	Director Name	Begin Date
1	02985836	Mr. Ravi Kamma	02/04/2015
2	07350292	Mr. Sudhakara Rao Bathula	27/05/2016
3	07388694	Mr. Krishnarjun Rao Vemulapalli	18/05/2016

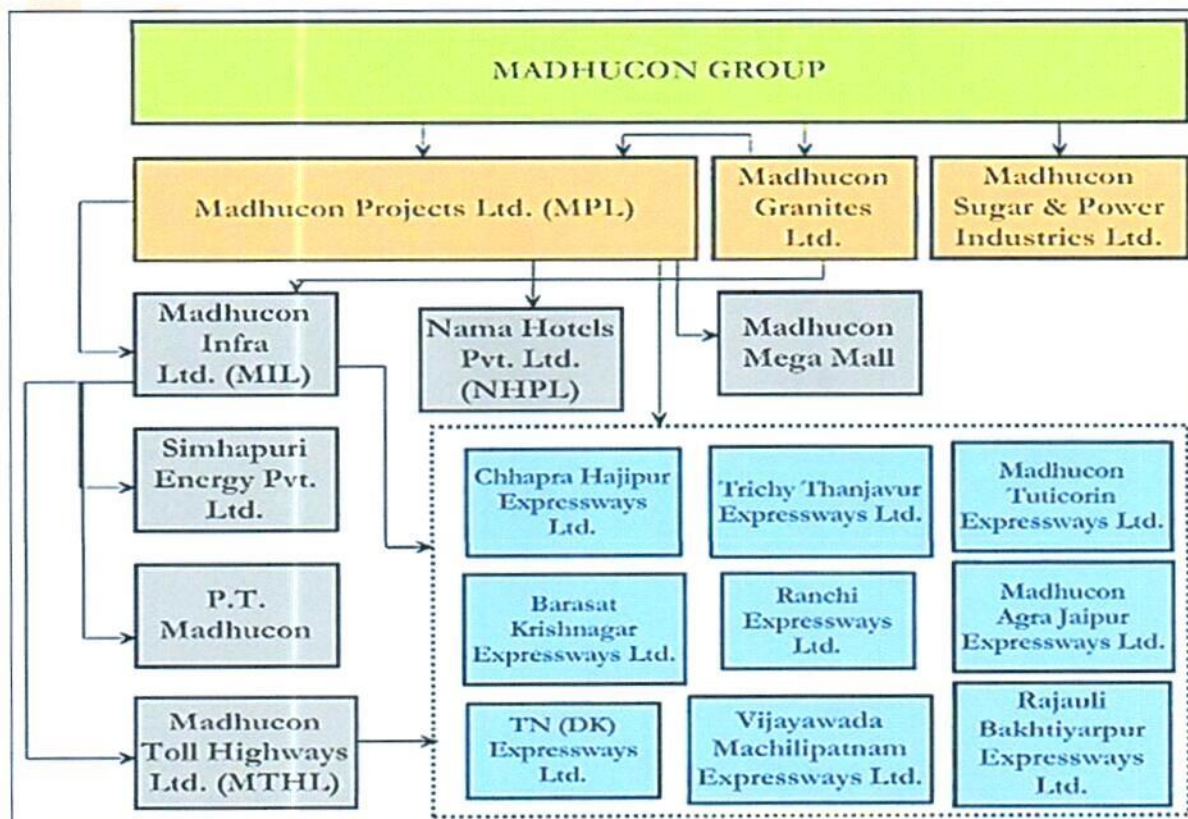
3. **PROMOTERS OF THE PROJECT COMPANY:** Madhucon group, based out of Hyderabad, Andhra Pradesh, founded and promoted by Mr. N. Nageswara Rao, is one of the major players in Indian infrastructure space having interests in diverse verticals like construction of roads, thermal power projects, mining, real estate, dams, tunnels, aqua ducts, bridges, coal handling plants and other civil projects.

- a) **MADHUCON PROJECTS LIMITED (MPL):** MPL is the flagship company of Madhucon



Group. MPL originally incorporated on March 15, 1990, as Madhu Continental Constructions Private Limited was converted into a Public Limited Company in the year 1995 and was renamed as Madhucon Projects Limited. MPL has led the groups foray into infrastructure space like road, energy and mining. MPL has its presence in developing hotels, malls and office complexes through its subsidiaries viz., Nama Hotels Private Limited and Madhucon Mega Mall Private Limited.

- b) **MADHUCON INFRA LIMITED (MIL):** In order to unlock the group valuation and ensure focus on growth in the infrastructure sector, investment in BOT road projects, energy and mining under MPL have been transferred to its subsidiary, Madhucon Infra Limited (MIL). MIL will focus its investments in infrastructure space across transportation, energy and mining in India and other countries.
- c) **MADHUCON TOLL HIGHWAYS LIMITED (MTHL):** Madhucon Group is in the process of reorganizing its structure and has set up a road holding company viz., Madhucon Toll Highways Limited (MTHL). All the road projects under various SPVs are proposed to be vested under MTHL. The group structure of Madhucon is depicted below:



4. **SNAPSHOT OF OUTSTANDING DEBT OF THE COMPANY:** As per information shared by the client/company, below table shows the current term loan status of the company:



(In INR Crores)

Bank	Term Loan Sanctioned	Term Loan %	Term Loan released to the Project	Amount Adjusted by Lenders towards Interest
Punjab National Bank (Ex. OBC)	190.60	27.01	96.30	54.54
UBI (Ex. Andhra Bank)	125.00	17.72	70.55	39.95
BOB (Ex. Dena Bank)	58.00	8.22	26.65	15.10
IIFCL	152.00	21.54	77.81	44.07
SBBJ	45.00	6.38	20.47	11.59
State Bank of Hyderabad	45.00	6.38	21.85	12.37
State Bank of Patiala	45.00	6.38	21.43	12.14
Tamilnad Mercantile Bank	45.00	6.38	22.79	12.90
<b>Total</b>	<b>705.60</b>	<b>100.00</b>	<b>357.85</b>	<b>202.66</b>

5. **CAPITAL STRUCTURE:** Below table shows the capital structure of the company as on 31<sup>st</sup> March 2022:

Particulars	Amount (In INR)
Authorized Share Capital	85,00,00,000
Issued, Subscribed and Paid-up Capital	43,40,00,000

6. **SHAREHOLDING PATTERN OF THE COMPANY:** As per provisional financials for FY 2022 provided by the client/company, below table shows the details of shareholding pattern of the company as on 31<sup>st</sup> March 2022:

Name of the Company	Holding/ Subsidiary/ Associate	% Of shares held
Madhucon Projects Limited	Ultimate Holding	0.03
Madhucon Infra Limited	Holding Company of Holding Company	0.04
Madhucon Toll Highways Limited	Holding Company	99.88

As per the data shared by the client/company, details of number of shareholders as on 31<sup>st</sup> March 2022, shown in the below table:

S. No.	Name of the shareholder	Number of shares held
1.	NAMA SEETHAIAH	8,888
2.	NAMA KRISHNAIAH	8,888



S. No.	Name of the shareholder	Number of shares held
3.	KAMMA SRINIVASA RAO	888
4.	NAMA PRITHVI TEJA	888
5.	M. MADHU	448
6.	MADHUCON INFRA LIMITED	16,000
7.	MADHUCON TOLL HIGHWAYS LIMITED	4,33,50,000
8.	MADHUCON PROJECTS LIMITED	14,000
<b>Total</b>		<b>4,34,00,000</b>

- 7. CURRENT STATUS OF THE PROJECT:** As per the information shared by the client/company, Barasat-Krishnagar Expressways Limited (BKEL) was incorporated under the Companies Act, 1956, on 24<sup>th</sup> March 2011 as a SPV for undertaking the work of four laning of Barasat-Krishnagar Section of NH-34 (now NH-12) from KM 31.000 to KM 115.000 on Design, Build, Finance, Operation & Maintenance and Transfer (DBFOT-Annuity) basis, in the state of West Bengal under NHDP Phase III for pre-agreed concession period of 17 years (including construction period 910 days). At the end of concession period, the company was to hand over the project highway to NHAI.

As per the concession agreement, the authority, i.e., NHAI has to handover 80% of the total ROW to the concessionaire on or prior to the Appointed date, i.e., 7<sup>th</sup> August 2012 and 20% of ROW within 90 days from the date of appointed date, i.e., 7<sup>th</sup> November 2012. Due to the inordinate delay in handing over of ROW by NHAI, the project execution was delayed and due to that, the Cost of execution increased disproportionately. As per the information provided by the client/company, the project had achieved physical progress to the extent of 43.45%. But before completion of construction of the project, the project got terminated and arbitration proceedings are going on. Currently, there are two arbitrations are going on i.e., one arbitration between EPC Contractor and BKEL and another arbitration between BKEL and NHAI.

- 1. EPC Contractor vs BKEL:** As per information shared by the client/company, as EPC Contactor had mobilized manpower, plant & machinery for execution of the project time to time and the project got terminated before completion of the project, EPC Contractor had raised claims for an amount of INR 689.32 Crores on BKEL. At the time of termination of the project, NHAI had ceased the material, plant and machinery worth of INR 113 Crores of the EPC Contractor.
- 2. BKEL Vs. NHAI:** BKEL has put up claims amounting to INR 2014.94 Crores and the NHAI has submitted Counter Claims amounting to INR 1055.73 Crores.





As per information provided by the client/company, the arbitration proceedings are going on for 6 years and even if the Arbitration Tribunal gives the award, the aggrieved party may contest the award and may file the case before the Hon'ble High Court. To come to a logical conclusion, it may go up to the Hon'ble Supreme Court, this entire procedure may take several years' together and it is very difficult to assess any probable amount as there will be different stages of proceedings and time consuming.

- 8. REASON FOR FINANCIAL STRESS:** As per the information provided by the client/company, against 100% of ROW even till the completion of scheduled completion date i.e., 5<sup>th</sup> February 2015, NHAI had handed over the only 36.50 Kms encumbrance free land over which the work could actually be executed which works out to only 43.45% of the total Project length of 84.317 Km, which is also in bits and pieces only. The land which was handed over by NHAI was infested with a number of obstructions and encumbrances totalling 12,423 nos. Besides, it also included 11.1 Km, where PHED underground pipe line was to be shifted by PHE Department of State Govt.

Due to the inordinate delay in handing over of ROW by NHAI, the project execution was delayed and due to that, the cost of execution increased disproportionately. Against the total loan sanction of INR 705.60 Crores, the original estimated IDC was INR 86.27 Crores whereas the bankers have released only INR 357.85 Crores to the project and INR 202.66 Crores was adjusted towards IDC against the proportionate IDC of INR 68.52 Crores (i.e., 2.30 times more). Thus, major portion of the debt provided by the lenders was utilized for Service of Interest.

The Project became unviable, due to reasons attributable to NHAI because of inordinate delay in handing over of ROW and encumbrances & obstructions remaining to be cleared, which was brought to the notice of lenders in all consortium meetings. In order to safeguard lenders interest, the Concessionaire had issued the Intention to Terminate Notice on 07<sup>th</sup> December 2015 and Termination Notice on 31<sup>st</sup> December 2015 to NHAI. Subsequently, NHAI also terminated the project on 3<sup>rd</sup> May 2016 and also seized all the project assets of BKEL on 12<sup>th</sup> may 2016.

With the knowledge of lenders, the matter was referred for Arbitration to SAROD Committee. Arbitral proceedings were commenced on 21<sup>st</sup> July 2016 and are still going on.

**Hence, State Bank of India 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.**

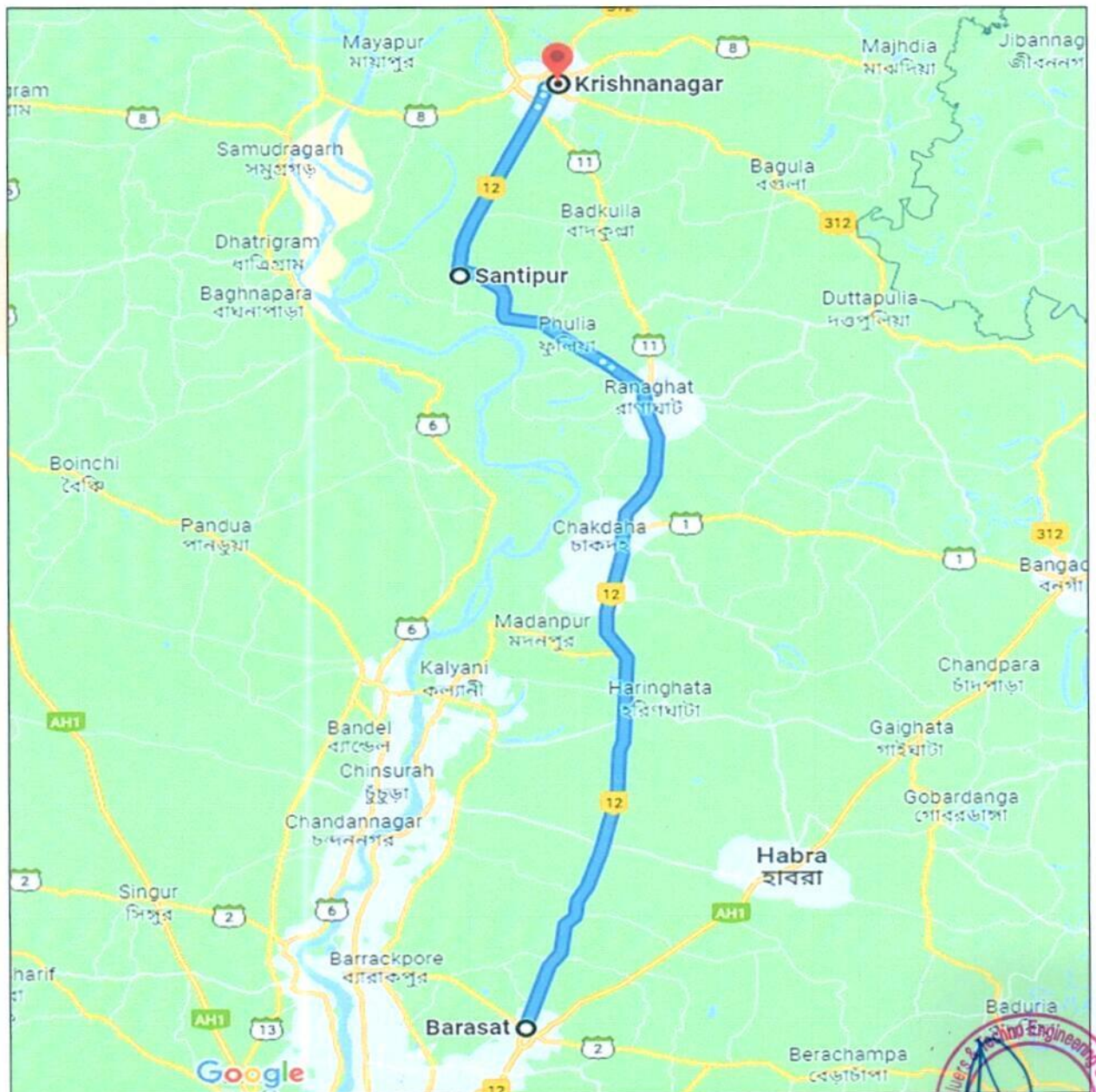




**PART C**

**ABOUT THE PROJECT**

1. **BACKGROUND:** M/s. Barasat – Krishnagar Expressways Limited (BKEL), a special purpose vehicle (SPV) promoted by Madhucon Group was established in 24<sup>th</sup> March 2011 to undertake implementation of four laning of Barasat – Krishnagar section of NH-34 from km 31.00 to km 115.00 of approximate length of 84.00 kms in the state of West Bengal on DBFOT (Annuity) basis and to carry on the business of O&M (Operation & maintenance) contracts relating to the said road works. Concession Agreement was signed in the year 2011.
2. **LOCATION:** The project is located at Barasat – Krishnagar section (from Km 31.00 to Km 115.00) on NH-34 (now NH-12) in the state of West Bengal as per shown in the location map below:





- 3. SALIENT FEATURE OF THE PROJECT:** As per concession agreement, below table shows the salient features of the project:

S. No.	Description	Length in Km/No's
1.	Total Length of the project (Km. 31.00 to Km. 115.00)	84.00 Kms.
2.	Major Bridges	02 No's
3.	Minor Bridges	05 No's
4.	Slab Culverts/Box Culverts	62 No's
5.	Pipe Culverts	17 No's
6.	ROB+RUB	02 No's
7.	Toll Plaza (at KM 54.300)	01 No's

- 4. PROJECT FACILITIES:** As per concession agreement, below table shows the project facilities of the project:

S. No.	Particulars	S. No.	Particulars
1.	Roadside Furniture	10.	Castle Crossings
2.	ATMS (Advanced Traffic Management System)	11.	Development of site for wayside amenities
3.	Street Lighting/ Highway Lighting	12.	Traffic Aid Posts
4.	Pedestrian Facilities	13.	Medical Aid Posts
5.	Landscaping and Tree Plantation	14.	Vehicle Rescue Posts
6.	Rest Areas	15.	Telecom System
7.	Truck Lay-Bys	16.	Highway Traffic Management System
8.	Bus-Bays and Bus Shelters	17.	Cranes
9.	Highway Patrol	18.	Ambulances





**PART D**

**ASSESSMENT OF INFRASTRUCTURE SECTOR**

- 1. INTRODUCTION:** Road infrastructure is the backbone of the Indian economy. Roads and highways form one of the core areas under the infrastructure sector. The Government has been taking measured efforts in providing more efficient transportation, for which they have significantly stepped up the highway development and road building program.

The Government's thrust on the infrastructure sector has remained strong in the Union Budget 2022-23, as the Ministry of Road Transport and Highways has been allocated nearly INR 68,000 crore more than the revised expenditure in 2021-22. In absolute terms, this is the highest increase (from revised estimates of 2021-22) among all ministries in 2022-23. Nearly all of this additional allocation has been earmarked for investment in NHAI. After many years, NHAI will not have any borrowings, and rely entirely on budgetary resources.

In the Union Budget 2022-23, the government allocated INR 64,573 crores towards Roads & Bridges and INR 1, 34,015 crores towards NHAI. The Government has also announced the Bharatmala Pariyojana Scheme Phase I with an investment of INR 5.35 lakh crores for development National Highways totaling to 34,800 kms. Over a period of 5 years ending in 2021-22. As of December 2021, road projects with an aggregate length of 19,926 km, and costing INR 5.98 lakh crore have been approved under Bharatmala Pariyojana Phase-I. Of this, road length of 6,976 km has already been completed. This corresponds to 35% of the approved project length. In August 2021, the central government unveiled the National Asset Monetization Pipeline (NMP). The NMP aims to monetize core brownfield infrastructure assets (such as roads, rail, ports, power transmission lines) to mobilize INR 5.97 lakh crore from 2021-25.

The central government targets monetizing 26,700 km of roads, with a potential revenue of INR 1.60 lakh crore (27% of the total potential monetization value). Only NHs with four lanes and above have been considered for asset monetization. As of February 2022, 20 stretches (1,407 km) have already been monetized through TOT mode in four Bundles. A sum of INR 15,703 crore has already been realized and remitted to the Consolidated Fund of India.

OVERVIEW OF INDIAN INFRASTRUCTURE SECTOR: KEY HIGHLIGHTS	
<b>Roads (Road &amp; Bridges)</b>	<ul style="list-style-type: none"> <li>With 64 Lakhs Km roads India has second largest road network in the world comprising of National Highway, Expressways, State Highways, District Roads, PWD Roads and Project Roads.</li> <li>National Highways accounts for about 2% of total road network but carries 40% of traffic.</li> </ul>
<b>Power</b>	<ul style="list-style-type: none"> <li>Third largest electricity generation country in the world.</li> <li>Public sector companies and State electricity boards dominate both generation and T&amp;D sectors.</li> </ul>



OVERVIEW OF INDIAN INFRASTRUCTURE SECTOR: KEY HIGHLIGHTS	
<b>Railways</b>	<ul style="list-style-type: none"> <li>Fourth largest rail network in the world</li> <li>Rail network in the country spans 117,996 Kms of tracks over a route of 66,030 Km making it one of the largest rail networks in Asia.</li> <li>It is also one of the busiest networks in the world with 22,300 trains running daily.</li> </ul>
<b>Ports</b>	<ul style="list-style-type: none"> <li>12 major ports and over 205 notified minor ports along a coastline spanning over 7,517 kms.</li> <li>Over 90% of total trade in volume terms and 70% of total trade in value terms in the country is handled by ports.</li> </ul>
<b>Airports</b>	<ul style="list-style-type: none"> <li>Indian aviation sector comprises of over 449 airports and airstrips out of which 125 are owned and operated by Airport Authority of India.</li> <li>Key Challenges include inadequate capacity in Runways &amp; Aircraft handling and Congestion in Parking Space and Terminal Buildings</li> </ul>
<b>Telecom</b>	<ul style="list-style-type: none"> <li>Second largest telecom market in the world after China in terms of subscriber base.</li> <li>Around 1058. 86 million subscribers, with a tele density of 83.36%.</li> <li>Private operators dominate the sector with ~89.78% market share.</li> </ul>

2. **EPC INDUSTRY OVERVIEW:** With the rapid increase in quantum of projects being announced and complexities in the scope of work, the responsibility of successful project execution has shifted from project owner/developer to EPC contractors. Engineering, Procurement and Construction (EPC) is a contract under which the project is executed under a single point responsibility of a contractor. It is also known as a Lump sum Turnkey (LSTK) contract.

Under EPC contract, a contractor undertakes activities like conceptualizing, designing, procuring equipment and engineering services from various sources for construction, installation and commissioning of the project or plant. EPC is majorly applicable in the industries like infrastructure, transport, chemicals, power, aviation, and oil & gas etc.

3. **REGULATORY SCENARIO:** The government has identified infrastructure as a priority sector to bolster GDP growth. Hence, various reforms have been introduced from time to time to attract investment in the infrastructure industry. The government intends to increase share of infrastructure investment to GDP to 9% by end of 12th five- year plan.

Infrastructure sector was opened to private participation post-liberalization in 1991 and currently up to 100% FDI under automatic route is allowed in most sectors/activities. Under this route, no permission from the Central Government is required for FDI inflow, but the same is subject to applicable laws/regulations, security and other conditions. However, participation was low due to high upfront capital investment, long gestation period, and uncertain returns in investment. Public Private Partnership (PPP) project mode was introduced to circumvent this hurdle.





#### 4. MAJOR POLICY MEASURES:

Program	Focus Area
National High Development Program (NHDP)	Highway Development
Pradhan Mantri Grameen Sadak Yojana (PMGSY)	Road Infrastructure
Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	Power
Integrated Power Development Scheme (IPDS)	Power
JNNURM	Urban Infrastructure
National Maritime Development Program	Ports

#### 5. GOVERNMENT'S INITIATIVES:

- PM GatiShakti National Master Plan to encompass the engines for economic transformation, seamless multimodal connectivity, and logistics efficiency. As a part of 'Atmanirbhar Bharat', 2,000 KM of rail network will be brought under 'Kavach' i.e., the indigenous world-class technology for safety and capacity augmentation in 2022-23.
- Contracts to be awarded in 2022-23 for implementation of Multimodal Logistics Parks at 4 locations through PPP mode. INR 20,000 crore will be mobilized through innovative ways of financing to complement public resources.
- Expressways to be augmented in 2022-23 to facilitate faster movement of people and goods. The National Highways network to be expanded by 25,000 KM in 2022-23.
- Railways to develop new products and efficient logistics services for small farmers and SMEs to provide seamless solutions for movement of parcels. 'One Station-One Product' concept for rail stations to be endorsed to help local businesses and supply chain.

#### 6. KEY DEVELOPMENTS TO BE ACHIEVED OVER THE NEXT 3 YEARS:

- In the Budget Speech 2022-23, the finance minister announced that by March 2023, the NH network will be expanded by 25,000 km.
- 400 new-generation 'Vande Bharat Trains' with better energy efficiency and passenger riding experience; and 100 PM GatiShakti Cargo Terminals for multimodal logistics facilities.
- Multimodal connectivity between mass urban transport and railway stations to be facilitated on priority basis. Design of metro systems, including civil structures to be re-oriented and standardized for Indian conditions.
- Contracts for 8 ropeway projects totaling to length of 60 KM to be awarded in 2022-23 under PPP mode as preferred ecologically sustainable alternative to conventional roads in difficult hilly areas.



- In order to achieve target of 280 GW of installed solar capacity by 2030, additional allocation of INR 19,500 crore for PLI scheme for domestic manufacture of high efficiency modules (with priority to fully integrated manufacturing units from polysilicon to solar PV modules).
- Battery Swapping Policy to inter-operability standards to be formulated to overcome space constraints in urban areas to setup charging stations.
- Sovereign Green Bonds to be issued for mobilizing resources for green infrastructure - proceeds to be deployed in public sector projects to reduce carbon intensity. Infrastructure status for Data Centers and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems.

**7. KEY CHALLENGES FACED BY THE INDUSTRY:** Delay in Project Execution due to lack of delay in clearance and Land Acquisition: Major impediments can be attributed to procedural formalities in land acquisition, obtaining environment, foreign and wildlife clearances, clearance from Railways (for over bridge and under bridge construction) and delays in financial closure. The time taken by various ministries to grant clearance for infra projects to proceed for execution range from about 12 months to up to 36 months.

Due to delay in execution, the industry player has to bear both time and cost overrun that is sometime substantially higher than the original estimated cost. To address clearance delays, Ministry of Environment & Forests and the Ministry of Tribal Affairs have taken certain measures to speed up project execution. Majority of construction projects in India are facing approval as well as execution delays leading to cost and time over runs. These delays have pushed breakeven period even further and with high leverage, debt servicing cost has gone up for industry players amidst high interest rate regime in past three fiscal. The unfavorable market condition in past two years has impacted the cash flows of industry players.

**8. WAY FORWARD:** Infrastructure development is key to India's economic growth. The Infrastructure in India is estimated to grow at a CAGR of approximately 7% during the forecast period. India has a requirement of investment worth 50 trillion in infrastructure by 2022 to have sustainable development in the country.

India is witnessing significant interest from international investors in the infrastructure space. Sectors like power transmission, roads & highways and renewable energy will drive the investments in the coming years. Only 24% of the National Highway network in India is four-lane, therefore there is immense scope for improvement.





**PART E**

**VALUATION METHODOLOGY**

**1. METHODOLOGY/ MODEL ADOPTED:** Out of the various models & theories available we have adopted Methodology namely Arbitration approach for the calculation of Enterprise Value of M/s Barasat-Krishnagar Expressways Limited:

- a) Due to terminated account, Arbitration method is being used here to determine the EV as per scope of work.
- b) Details of Arbitration claims has been provided by the client/bank, which has been considered to determine the recoverability of the claims based on the probability of the realizability of the claims.
- c) Claims by EPC Contractor and counter claims filed by NHAI has been adjusted to calculate the net recovery.
- d) Net Present value of the arbitration claims is estimated based duration assumed of the net recoverable amount and discounted it by required rate of return.
- e) Thus, NPV of claims has been considered as the proxy of EV of the company, since whatever the claims company will be recovered is the only value of the firm because the project is terminated and no any kind of income or assets to evaluate.

**Rationale for using Arbitration approach for the Enterprise Valuation:**

- a) The 4 Broad Model of Company Valuation are – Income based approach (Discounted Cash Flow Models), Asset Based, Market Multiple & Arbitration method.
- b) The free cash flow method is not used here because the account has been terminated by NHAI as per the concession agreement and due to going on hearings & pending litigations future cash flow cannot be projected easily while the account is already categorized NPA.
- c) 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.
- d) Also, due to uncertain future operations as the same is communicated by the banker/client, estimating accurate future projections becomes difficult.
- e) Asset Based Model is a not applicable since the terminated account will not be having any kind of assets.
- f) 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.
- g) Therefore, the most appropriate Model left to Value M/s Barasat-Krishnagar Expressways Limited is arbitration method, since there is no any income/assets available for the company and whatever claims company can recover from the authority is the only value of the business/firm.



- h) Hence, Arbitration method is used in the valuation process of the company as an appropriate method in this scenario as per best practice in the industry and scope of work.

**NOTES:**

- a) *There is no a fixed criterion, formula or norm for the Valuation of arbitration claims. 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 Net Present Value, **appropriate discounting factor against net recovery of claims is applied based on probability 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.*
- e) *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.*

**2. SUMMARY OF CLAIMS FILED BEFORE ARBITRATION BENCH**

- a) **CLAIMS FILED BY COMPANY:** As per information provided by client/company, below table shows the details of claims filed by M/s Barasat-Krishnagar Expressways Limited against the authority (NHAI):

S. No.	Description	Amount (In INR)
1	Losses Due to Expenses incurred on Cutting and Removal of trees	36,42,476.00
2	Loss due to Interest on Debt	1,97,62,74,739.00
3	Loss due to Interest on Equity infused into the project	1,74,47,00,000.00
4	Loss due to extra expenditure on maintenance	1,46,20,750.00
5	Losses due to idling/underutilization of Machinery & Equipment	16,90,68,515.00



S. No.	Description	Amount (In INR)
6	Losses due to idling/underutilization of Manpower	13,15,40,639.00
7	Losses due to extension of Bank Guarantee	22,11,43,403.00
8	Losses due to miscellaneous expenditure incurred at site	3,39,84,428.00
9	Compensation due to delay in handing over of site	57,46,07,968.00
10	Losses due to expenses incurred on payment of fee of Independent Engineer	4,79,60,883.00
11	Losses due to Price Escalation on the works already executed	1,07,48,72,658.00
12	Losses due to expenses incurred on the works executed	3,48,16,00,000.00
13	Loss of overheads and profit	56,93,61,758.00
14	Termination Payment	8,26,71,00,000.00
15	Presuit pendent lite & future interest on 18% PA on all claims	1,83,89,45,568.00
<b>Total Claim Amount</b>		<b>20,14,94,23,785.00</b>

**b) CLAIMS FILED BY EPC CONTRACTOR:** As per information provided by client/company, below table shows the details of claims filed by EPC Contractor against M/s Barasat-Krishnagar Expressways Limited:

S. No.	Description	Amount (In INR)
1	Losses Due to Expenditure on Maintenance	1,46,20,750.00
2	Compensation due to Idling and Under Utilization of Plant & Machinery to full extent	1,30,84,31,314.00
3	Losses due to idling/underutilisation of Manpower	8,61,72,024.00
4	Compensation due to delay in handing over of site	59,74,42,507.00
5	Losses due to Price Escalation on the works already executed	1,36,99,46,472.00
6	Loss of overheads and profit	1,13,36,00,000.00
7	Losses of Expenses incurred due to Miscellaneous works	5,06,56,748.00
8	Losses incurred for Bank Guarantee	
	a) BG submitted as per agreement	43,35,00,000.00
	b) BG Commission Charges	3,12,00,000.00
9	Termination Payments at the rate of 10% of works which were not commenced/started	46,62,00,000.00
10	Loss of Business Opportunity and Profit due to delay in Release of Bank Guarantee	23,23,50,000.00





S. No.	Description	Amount (In INR)
11	Loss of Goodwill @ 25% of Balance works	1,16,75,00,000.00
12	Cost of Arbitration	15,00,000.00
<b>Total Claim Amount</b>		<b>6,89,31,19,815.00</b>

c) **COUNTER CLAIMS FILED BY NHAI:** As per information provided by client/company, below table shows the details of counter claims filed by NHAI against M/s Barasat-Krishnagar Expressways Limited:

S. No.	Description	Amount (In INR)
1	Claim for recovery of repair and maintenance cost incurred by the authority on risk and cost of Concessionaire	53,70,51,925
2	Non-Reimbursement of 50% of fee and expenses of Independent Engineer as per Clause 23.3 of Concession Agreement	1,17,53,520
3	Claim of Authority for Loss of Toll due to Concessionaire's Defaults	3,05,40,06,802
4	Claim of Authority due to additional cost being the difference between the likely completion cost of the project and the cost of balance work as per terminated Concession Agreement - EPC cost of the Concessionaire	6,31,37,00,437
5	Claim of Authority for recovering additional cost of new 4 Lane Multi-Cell box RUB at KM 112+215 entrusted to M/s ITD Cementation Ltd as Sub Contractor	25,13,95,769
6	Claim of Authority for reconstruction of newly constructed defective stretch from KM 51.092 to KM 52.310 and a structure (Jalangi Structure)	8,72,12,774
7	Delay damages for failure to achieve Milestone-II	30,21,49,500
8	Watch and ward of Concessionaire's camps	89,396
<b>Total Claim Amount</b>		<b>10,55,73,60,123</b>

#### **EXPECTED RECOVERY OF CLAIMS**

Particulars	Amount (In Crores)	Remarks
Total Claim filed by the Company (A)	2,014.94	
Less: Award received so far out of (A) above (B)	0	
<b>Total Award Claimed (C) =(A-B)</b>	<b>2,014.94</b>	
Less: Claims filed by EPC against the company (D)	689.31	



Particulars	Amount (In Crores)	Remarks
Less: Counter claims by NHAI against the company (E)	1,055.74	
<b>Total Award Claimed (F) =(C-D-E)</b>	<b>269.89</b>	
Expected Realization out of F (G)	134.95	45% of F
Less: Expected Expenses to be incurred to realize the claim amount (H)	20.24	15% of G
<b>Claim Realization available for lenders (G-H)</b>	<b>114.71</b>	It is assumed that this will take around 5 years to get realized.

**Notes:**

- Expected realization of the claims is assumed to be less than 50% (i.e., 45%) as there are 2 parties making claims against the company (BKEL).
- Since, the arbitration is on-going for the past six years, there will be expected expenses which will be incurred to realise these claims, which are assumed to be 15% of the expected realization of the claims.

**3. CALCULATION OF ENTERPRISE VALUE:**

Year	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year
<b>Net Recovery</b>	<b>114.71</b>				
Yearly Recovery	0.00	0.00	0.00	0.00	114.71
Discount period	1	2	3	4	5
Discount Factor	0.858	0.737	0.632	0.543	0.466
<b>Discount Rate</b>	<b>16.50%</b>				
Present Value	0.00	0.00	0.00	0.00	48.11
<b>Net Present Value (NPV)</b>	<b>INR 48.11 Crore</b>				

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

Particulars	Required Return
Nifty-50 5-year Return	14.00%
Company Risk Premium	2.50%
<b>Discount Rate</b>	<b>16.50%</b>




ENTERPRISE VALUE OF M/S BARASAT-KRISHNAGAR EXPRESSWAYS LIMITED
INR 48.11 CRORES
INR FORTY-EIGHT CRORES AND ELEVEN LAKHS

The claim realization available for lenders as on valuation date is INR 2,014.94 Crores, from which claims of EPC contractor and counter claims filed by NHAI of INR 689.31 Crores and INR 1,055.74 Crores respectively are adjusted. Thus, the net recovery of claims is INR 114.71 Crores, which is assumed to recoverable in five years. NPV of these claims at a discount rate of 16.50%, is being calculated as INR 48.11 Crores, which is being considered as the proxy of Enterprise Value of "M/s Barasat-Tollways Expressways Limited" considering the project is terminated.

- *This valuation has been done based on the arbitration claims shared by the client/company. However, any kind of vetting/audit/inspection was out of scope of work. Thus, the valuation has been done based on the most likely/probabilistic realizable value which might differ from the actual realization in the future.*
- *Overall valuation exercise is subject to the current scenario, assumptions and observed activity of the company.*
- *Arbitration 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 client/company, the future operation of the company is uncertain as financial institution is about to sell the distressed asset to recover its amount.*
- *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.*





<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 Management Branch - II, D. No. 3-4-1013/A, 1st Floor, CAC, TSRTC Bus Station, Kachiguda, Hyderabad – 500027.</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>33</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: 10<sup>th</sup> December 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 is just an opinion report on Valuation based on the copy of the documents/ information provided to us by the client which has been relied upon in good faith and the assessment and assumptions done by us.
3. This report is prepared based on the copies of the documents/ information which the Bank/ Company has provided to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. All such information provided to us has been relied upon in good faith and we have assumed that it is true and correct in all respect. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or 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.
4. This Valuation is prepared based on the current financial status of the company, financial data, other facts & information provided by the client in writing & during verbal discussion during the course of the assignment and based on certain assumptions which are specifically mentioned in the Valuation section of the Report.
5. Key assumptions in the report are taken based on data, information, inputs, financial statements etc. provided by the client to us during the course of the assessment and on the basis of the assessment done by us and we have assumed that all such information is true & factual to the best of the knowledge of the promoter company.
6. Sale transaction method of the asset is assumed as free market transaction while assessing Prospective Fair Market Value of the asset.
7. Legal aspects for 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.

8. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.
9. Bank/FII should ONLY take this report as an Advisory document from the Financial/ Chartered Engineering firm and its specifically advised to the creditor to cross verify the original documents for the facts mentioned in the report which can be availed from the borrowing company directly.
10. In case of any default in loans or the credit facility extended to the borrowing company, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
11. We have relied on data from third party, external sources & information available on public domain also to conclude this report. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context, however still we can't vouch its authenticity, correctness or accuracy.
12. This Report is prepared by our competent technical team which includes financial experts & analysts. 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.
13. Value varies with the Purpose/ Date/ Condition of the market. This report should not to be referred if any of these points are different from the one mentioned aforesaid in the Report.
14. Analysis and conclusions adopted in the report are limited to the reported assumptions, conditions and information came to our knowledge during the course of the work.
15. This report is having limited scope as per its fields to provide only the general indication of the Value of Equity of the companies prevailing in the market based on the documents/ data/ information/ financial statements provided by the client and the assessment and assumption taken



by us. The suggested value should be considered only if transaction is happened as free market transaction.

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





22. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned stakeholder which is using this report that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.
23. Though adequate care has been taken while preparing this report as per its scope, but still, we can't rule out typing, human errors, over sightedness of any information or any other mistakes. Therefore, the concerned organization is advised to satisfy themselves that the report is complete & satisfactory in all respect. Intimation regarding any discrepancy shall be brought into our notice immediately. If no intimation is received within 15 (Fifteen) days in writing from the date of issuance of the report, to rectify these timely, then it shall be considered that the report is complete in all respect and has been accepted by the client up to their satisfaction & use and further to which R.K Associates shall not be held responsible in any manner.
24. This Valuation report is prepared based on the facts of the companies provided to us during the course of the assignment. However, in future the assumptions taken may change or may go worse due to impact of Govt. policies or effect of World economy, Industry/ market scenario may change, etc. Hence before taking any business decision the user of this report should take into consideration all such future risk.
25. The documents, information, data provided to us during the course of this assessment by the client is reviewed only up to the extent required in relation to the scope of the work. No document has been reviewed beyond the scope of the work.
26. In case of any default in repayment of credit facility extended to the borrowing company, as estimated by us, R.K Associates shall not be held responsible for whatsoever reason may be and any request for seeking any explanation from the employee/s of R.K Associates will not be entertained at any instance or situation.
27. This report only contains general assessment & opinion as per the scope of work evaluated and based on technical & market information which came to knowledge during course of the assignment as per the information given in the copy of documents, information, data provided to us and/ and confirmed by the owner/ owner representative to us at site which has been relied upon in good faith. It doesn't contain any other recommendations of any sort including but not limited to express of any opinion on the suitability or otherwise of entering into any transaction with the borrower.
28. This Valuation is conducted based on the macro analysis of the asset/ property and operations of the companies and not based on the micro, component or item wise analysis. Analysis done is a general assessment and is not investigative in nature.



29. This report is prepared following our Standard Operating Procedures & Best Practices, Limitations, Conditions, Remarks, Important Notes, Valuation TOR.
30. Valuation is done based on the industry wide general accepted norms and based on the international standards & best practices for equity valuations.
31. Any kind of unpaid statutory, utilities, lease, interest or any other pecuniary dues on the asset has not been factored in the Valuation.
32. All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.
33. Defect Liability Period is **15 DAYS**. We request the concerned authorized reader of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes, incorrect data/ figures/ statement will be entertained within the defect liability period. Any new changes for any additional information in already approved report will be regarded as additional work for which additional fees may be charged. No request for any illegitimate change in regard to any facts & figures will be entertained.
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