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**Dated: 10.05.2024**

# ENTERPRISE VALUATION REPORT

OF

## SUB-CRITICAL COAL-FIRED THERMAL POWER PLANT 3600 MW (6x600 MW) (3 UNITS UNDER CWIP)

SITUATED AT

DISTRICT JANJGIR- CHAMPA, CHHATTISGARH, INDIA

### OWNER/ PROMOTER

M/S KSK MAHANADI POWER COMPANY LIMITED (KMPCL)

### REPORT PREPARED FOR

BANK OF INDIA, MUMBAI LARGE CORPORATE BRANCH, BANK OF INDIA  
BUILDING, 4<sup>TH</sup> FLOOR, 70-80, M.G. ROAD, FORT, MUMBAI - 400001

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**TABLE OF CONTENTS**

SECTIONS	PARTICULARS	PAGE NO.
<b>Part A</b>	<b>INTRODUCTION</b>	<b>4</b>
	1. About the Report	4
	2. Background of the Project	4
	3. Type of Report	7
	4. Purpose of the Report	7
	5. Scope of the Report	8
	6. Methodology/ Model Adopted	8
	7. Documents/ Data Referred	8
<b>Part B</b>	<b>Project Company</b>	<b>10</b>
	1. Brief Description About the Company/ Promoters	10
	2. Capital Structure	11
	3. Shareholding Pattern	11
	4. Snapshot of the Outstanding Debt of the Company	12
	5. Current Status of the Project	12
<b>Part C</b>	<b>The Project</b>	<b>14</b>
	1. Brief Description of the Project	14
	2. Project Location	14
	3. Land Requirement	15
	4. Implementation Agreement or EPC Contract	16
	5. Water Requirement	17
	6. Railway Siding	17
	7. Coal Linkage or Fuel Supply Agreement	17
	8. Power Purchase Agreement	19
	9. Power Evacuation Arrangement	20
	10. Operations and Maintenance Agreements	20
<b>Part D</b>	<b>Market Overview on Power Sector</b>	<b>22</b>
	1. Introduction	22
	2. Market Size	22
	3. Government Initiatives	23
	4. Recent Investments	24
	5. Way Forward	25
<b>Part E</b>	<b>Financial Performance</b>	<b>26</b>



**TABLE OF CONTENTS**

SECTIONS	PARTICULARS	PAGE NO.
	1. Historical Profit & Loss Statement	26
	2. Key Financial Ratios	27
	3. Graphical Representation of the Key Financials of the Company	27
	<b>Valuation of the Company</b>	<b>29</b>
	1. Methodology/ Model Adopted	29
	2. Calculation of Free Cash Flow to Firm	30
	3. Key Inputs used to discount Cash Flows during the Projection Period	33
	4. Calculation of Enterprise Value	34
	5. Sensitivity Analysis	35
	6. Enterprise Value Including Cash & Cash Equivalents	36
	7. Key Assumptions and Workings	36
<b>Part G</b>	<b>Important Definition</b>	<b>42</b>
<b>Part H</b>	<b>Disclaimer   Remarks</b>	<b>44</b>



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**PART A**

**INTRODUCTION**

**1. ABOUT THE REPORT:**

Enterprise Valuation Report of 3600 (6 x 600) MW Pulverized Coal Fired Sub-Critical Thermal Power Plant set by M/s. KSK Mahanadi Power Company Limited (KMPCL) at Villages Nariyara, Rogada, Amora & Tarod of Tehsil Akaltara, District Janjgir-Champa, Chhattisgarh, 495553. Currently, the company has **3 operational units** (1800 MW) and the rest of the units are under various stages of construction.

**2. BACKGROUND OF THE PROJECT:**

M/s KSK Mahanadi Power Company Limited was incorporated on 19th June 2009 as a Special Purpose Vehicle (SPV) to establish a 6x600 MW coal fired thermal power plant at village Nariyara, district Janjgir-Champa in the state of Chhattisgarh, 495553 promoted by KSK Energy Ventures Limited (KSK) (a power plant development company) based at Hyderabad.

The EPC Contract for the Power project was awarded on turn-key basis to SEPCO Electric Power Construction Corporation (SEPCO), China with major parts such as Offshore Supply, Offshore Services, Onshore Supply, Onshore Services and Construction Contract. Project works not covered in the EPC contract were awarded via Non- EPC contracts by SPVs of KSK.

Each 600 MW units consists of coal fired Steam Generators with single reheat arrangement, connected to tandem compounded, condensing Steam Turbine and Generator with water cooled condenser and all other required auxiliaries to generate 600 MW at TMCR output based on sub-critical technology.

As per the data/information provided by the client, Out of Six units, construction of the Unit 1, 5 & 6 is on hold from more than 5 years and Unit 2, 3 & 4 are into the commercial operation at present as shown in the below table:

Unit No.	Date of Contractual Schedule	COD Achieved	Current Status
Unit-2	25-Mar-13	28-Feb-18	Currently Operational
Unit-3	25-Jul-12	14-Aug-13	
Unit-4	25-Nov-12	26-Aug-14	



<b>Unit-1</b>	25-Nov-13	-	Stalled condition. No construction activity ongoing since April 2018
<b>Unit-5</b>	25-Jul-13	-	
<b>Unit-6</b>	25-Mar-14	-	

KMPCL has entered into Bulk Power Transmission Agreement (BPTA) with Power Grid Corporation of India Ltd. (PGCIL) on 24th February 2010. KMPCL has entered into Agreement for Long Term Access with Power Grid Corporation of India Ltd. (PGCIL) for transfer of 1000 MW to UP DISCOMs and 500 MW to Tamil Nadu. Also KMPCL entered into Agreement for Medium Term Open Access for transfer of 14.5 MW, 347 MW and 38.5 MW to APSOCL & APEPDCL, AP; which were valid till 2019. KMPCL has entered into five (5) Power Supply Arrangements for selling power as shown in the below table:

Power Supply Arrangements				
S. No.	Counter Party	Contracted Capacity	Original PPA Date	PPA Term / Expiry Date
1	GUVNL (under sub - judice with GSERC).	1010 MW	3rd June, 2010	25 years
2	APCPDCL	400 MW	31st July, 2012	March 31, 2021
3	CSPTadeco	~90 MW (5% aggregate capacity of the Unit or the Power Station; 90 MW considering 3 units in operation)	18th October, 2013	Perpetual existence without termination or determination by efflux of time or otherwise by any notice by either party till the operation of the Power Station.
4	TANGEDCO	500 MW	27th November, 2013	15 years
5	UP DISCOM	1000 MW	26th February, 2014	25 years

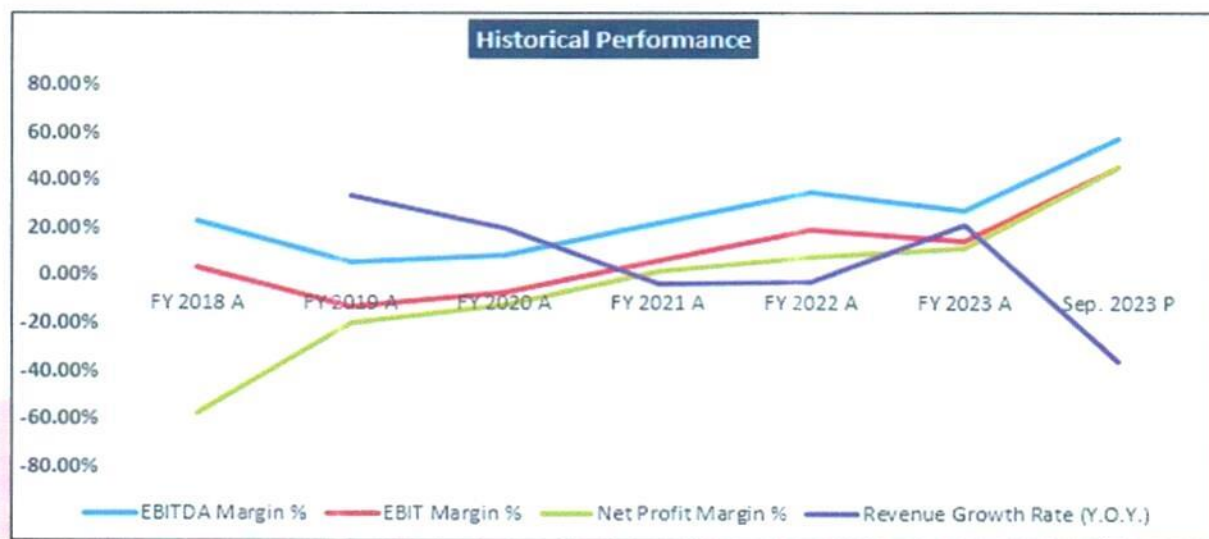
As per data shared by the client, KMPCL has floated a bid for FGD installation of 3 operational units during Jan 2020 and DESEIN Private Limited has been appointed as Owner's Engineering for this project. Two major support infrastructures for the power plant, namely, the Railway Siding and the Water Intake System have been constructed by separate SPVs of KSK Group. Following entities own the above infrastructure:

- Raigarh-Champa Rail Infrastructure Private Ltd. (RCRIPL):** Owns and operates the Railway siding outside the Plant boundary.
- KSK Water Infrastructure Private Ltd. (KWIPL):** Owns and operates the Raw Water Intake System.



As per data/information provided by the client, historical financial performance of the company is presented in the below table from FY 2017-18 to FY 2022-23:

Particulars	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 A	FY 2023 A
<b>EBITDA Margin %</b>	22.95%	5.96%	8.77%	22.65%	35.55%	28.15%
<b>EBIT Margin %</b>	4.06%	-13.03%	-6.94%	6.76%	19.51%	15.14%
<b>Net Profit Margin %</b>	-56.84%	-19.31%	-11.84%	2.01%	7.90%	12.08%
<b>Revenue Growth Rate (Y.O.Y.)</b>	-	33.78%	20.48%	-3.42%	-1.94%	22.03%



As per the historical analysis, it is observed that EBITDA Margin of the company is showing an upward trend as it has gone up from 22.95% in FY 2017-18 to 28.15% in FY 2022-23. EBIT Margin is also showing an upward trend as it has gone up from 4.06% in FY 2017-18 to 15.14% in FY 2022-23. Although, Revenues Growth of the company is constantly declining till FY 2021-22 but increasing during FY 2022-23. Net Profit Margin of the company is rising continuously from -56.84% in FY 2017-18 to 12.08% in FY 2022-23.

As per the data/information provided by the client, the BOP systems such as DM Plant, Chlorination plant, Dosing plant, ETP, Sewage treatment plant, CAS, H2 generation, HVAC, firefighting system etc. are majorly ready and in operation. These systems are common for all 6 units. However, the required ducting, piping cabling, hooks-up etc. with the BTG packages for Unit 1, 5 & 6 are under construction and yet to be completed.

Major works of CHP is completed and the capacity commissioned is sufficient to handle operation of more than three units. The AHP system is common for all the six units and major portion are in operation (which are catering to the operating units no. 2, 3 and 4) except bottom ash and fly ash system of Unit 1, 5 and 6.



Both bottom ash pond and fly ash dyke is ready. The Fuel Oil Handling System is common for all six units and it is in operation, however, the fuel oil line for under construction units is yet to be laid and commissioned. Out of five numbers of clarifiers, two are in operation.

As per the data/information provided by the client, the construction of the balance 3 units is on hold for more than 5 years. The manpower is demobilized from the site and the balance work is standstill. The commissioned units (2, 3 & 4) are in good condition and operational. CWIP main equipment & machines are also packed and preserved properly under shed except structural material which is lying in open yards.

A Corporate Insolvency Resolution Process (CIRP) has been initiated in respect of KMPCL, by an order of Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated October 3, 2019 under the provisions of Insolvency and Bankruptcy Code, 2016. Mr. Sumit Binani (IBBI Regd. No: IBB/IPA-001/P-NOO005/2016-17/10025) has been appointed as Resolution Professional (RP) under the provisions of IBC.

As per the data/information shared by the client and information available on the company's website, Financial, Operational and other creditors have claimed an amount of INR 39,102 Crore to the company on 28<sup>th</sup> December 2023, out of which claims of INR 32,239 Crore have been submitted by RP and INR 572.53 Crore are considered as contingent claims. Ref: ([http://www.ksk.co.in/kmpcl/docs/loc/List\\_of\\_Creditors\\_28122023\\_updated.pdf](http://www.ksk.co.in/kmpcl/docs/loc/List_of_Creditors_28122023_updated.pdf)). However List of creditors is subject to further revision on the basis of additional documents, details as per footnote of the document.

Being one of the consortium lenders Bank of India (BOI) has appointed R.K Associates to assess the Enterprise Value of the power plant without considering the SPVs for decision making purpose on this stressed account. Since, the company is now under CIRP and RP is appointed, therefore, we have data & information limitation in the current valuation exercise.

### 3. TYPE OF REPORT:

Enterprise Valuation Report of 6 X 600 MW coal fired thermal power plant of M/s. KSK Mahanadi Power Company Limited. Currently, the company has **3 operational units** (1800 MW) and the rest of the units are under various stages of construction.

### 4. PURPOSE OF THE REPORT:

To assess & determine the Enterprise Value of the of 6 X 600 MW coal fired thermal power plant of M/s. KSK Mahanadi Power Company Limited as required by the Consortium lenders.



## 5. SCOPE OF THE REPORT:

To only determine the Enterprise Value of the Company based on Income based approach by using Discounted Cash Flow method.

### Note:

- This is just the enterprise valuation of the project based on the Income generating capacity of the thermal power project in future years. This Valuation shall not be construed as the physical asset or should not be related directly to cost approach or Project cost.
- This Enterprise Valuation report doesn't cover vetting of the documents/ financial data/ projections or any other information provided to us by the Bank.
- This Valuation only covers the cash flow from operation of the company. It does not cover any transaction with the subject company's subsidiary/ associate/ Joint Venture Companies, as per the requirement by the lender.
- This Valuation is prepared based on the current financial status and projections of the company, financial data/ model, future projections, other facts & information provided by the company/ lender/ Client in writing & verbal discussions held during the course of the assignment and based on independent assessment of certain assumptions which are specifically mentioned in the Valuation section of the Report.
- It doesn't contain the principles of physical asset valuation and is not based on the site inspection of the project.
- We have assumed that the information provided to us is correct and is not manipulated or distorted.
- The Market and Industrial assessment of the given company's industry/ sector has not been done at our end. So, this valuation doesn't cover the market & industrial scenario in terms of the product demand & market potential.

## 6. METHODOLOGY/ MODEL ADOPTED:

Based on the projected free cash flow generating capacity of the project, Discounted Cash Flow (DCF) Method is being used to calculate the Enterprise Value of the Company

## 7. DOCUMENTS / DATA REFERRED:

- a. Audited Financial Statements and Notes provided by the Company.
- b. Provisional Financial Statement dated 30th September 2023.
- c. Information Memorandum.



- d. Monthly flash report of Feb 2024
- e. Monthly Generation Data.
- f. Valuation Report prepared by R K Associates dated 05-06-2018, 05-01-2023 & 27-03-2023.
- g. Technical Study Report prepared by L&T- Sargent and Lundy Ltd. dated 04-01-2021.
- h. Data/Information available on the Company's website.
- i. Data/information available in the public domain.



**PART B**

**PROJECT COMPANY**

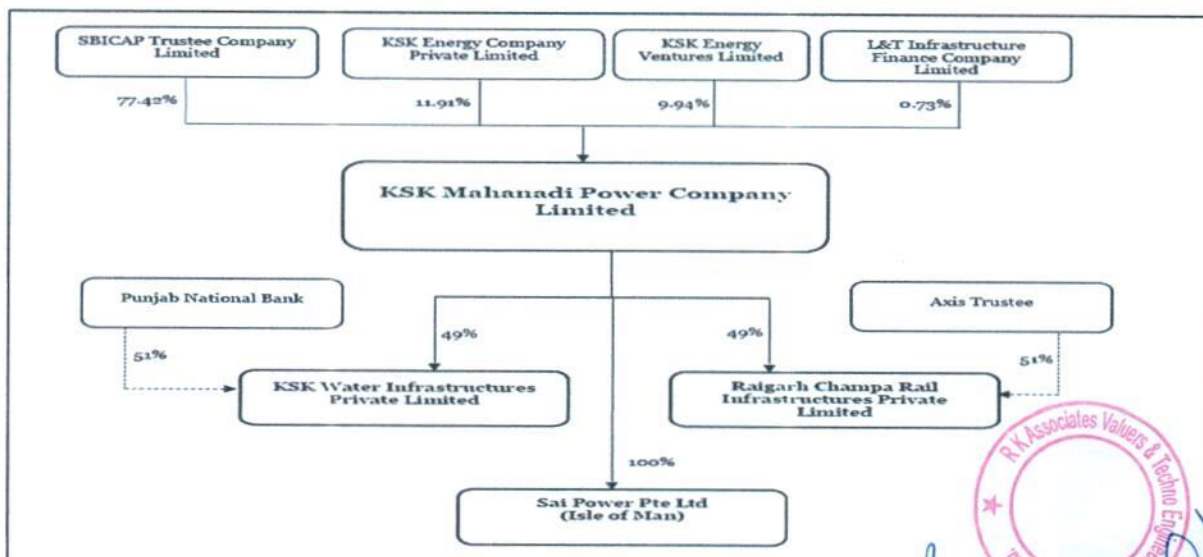
**1. BRIEF DESCRIPTION ABOUT THE COMPANY:**

M/s KSK Mahanadi Power Company Limited as a SPV, promoted by KSK Energy Ventures Limited (KSK) (a power plant development company) operates a 3600 MW (6 X 600) Coal Based Thermal Power Plant in the state of Chhattisgarh. The incorporation details of the Project Company are provided in the table below:

Incorporation Details Of The Company	
Name of the Company	M/s KSK Mahanadi Power Company Limited
CIN	U40300TG2009PLC064062
Address	<b>Registered Office:</b> 8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad, Telangana – 500033, India. <b>Plant Address:</b> Nariyara Village, Champa District, Chhattisgarh.
Constitution	Public Limited Company / Limited by Shares
Date of Incorporation	19 <sup>th</sup> June 2009
ROC Name	ROC Hyderabad
Registration Number	064062
Company Status	Under CIRP
Authorised Capital	INR 10,000 Crore
Paid up Capital (Equity)	INR 3,609.50 Crore

**Source:** Information provided by the client and Data extracted from MCA

The group structure of the M/s KSK Mahanadi Power Company Limited is presented below:





The entire 3600 MW project is being implemented through a turnkey EPC contract, which was executed on 1st April 2009 with Shandong Electric Power Construction Corporation, China (SEPCO) with amendments executed thereto as required from time to time. Currently the company has 3 operational units and the rest of the units are under various stages of construction.

## 2. CAPITAL STRUCTURE:

As per the provisional financial statement for H1 FY 2023-24, capital structure of the company on 30<sup>th</sup> September 2023 is shown in the below table:

Particulars	Amount (INR Crores)
<b>Authorized Share Capital</b>	
8,500,000,000 (31 March 2023: 8,500,000,000) equity shares of ₹ 10 each	8500
1,500,000,000 (31 March 2023: 1,500,000,000) preference shares of ₹ 10 each	1500
<b>Total Authorized Share Capital</b>	<b>10,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
3,609,502,944 (31 March 2023: 3,609,502,944) equity shares of ₹ 10 each fully paid-up	3609.50
<b>Total Paid-up Capital</b>	<b>3,609.50</b>

## 3. SHAREHOLDING PATTERN:

As per the information shared by the client/company, the shareholding pattern of M/s KSK Mahanadi Power Company Limited is shown in the table below:

S. No.	Name of the shareholder	No. of shares held	% Of shares held
1	SBICAP trustee company limited	2,794,502,701	77.42%
2	KSK Energy Ventures Limited	358,615,128	9.94%
3	KSK Energy Company Private Limited	250,000,000	6.93%
4	Medha Servo Drives Private Limited	180,000,000	4.99%
5	L&T Infrastructure Finance Company Limited	26,385,108	0.73%
6	KSK Electricity Financing India Private Limited	2	0.00%
7	Sai Wardha Power Generation Limited	1	0.00%
8	Mr. K.A. Sastry	1	0.00%



9	Mr. S. Kishore	1	0.00%
10	Mr. M.S. Phani Sekhar	1	0.00%
11	Mr. B. Kalyan	1	0.00%
	<b>Total</b>	<b>3,609,502,944</b>	<b>100.00%</b>

#### 4. SNAPSHOT OF THE OUTSTANDING DEBT OF THE COMPANY:

As per the information shared by the client/company and information available on the company's website, the amount of the claims of creditors as on 28th December 2023 is as below:

List of Creditors				
S. No.	Creditors	Amount Claimed (INR)	Claims admitted	Contingent Claim
1	Financial Creditors	3,06,39,54,79,925.90	2,93,30,30,27,422.88	1,28,38,03,022.00
2	Financial Creditors (Related Party)	15,95,03,40,270.72	1,35,38,97,315.00	-
3	Operational Creditors excluding Workmen, Employees)	68,53,56,97,545.45	27,60,47,55,240.83	4,44,15,06,079.75
4	Operational Creditors (only Workmen, Employees)	13,09,21,968.48	11,62,83,804.00	-
5	Other Creditors /Stakeholders	1,72,30,145.11	1,71,00,555.11	-
	<b>Total</b>	<b>3,91,02,96,69,855.66</b>	<b>3,22,39,50,64,337</b>	<b>5,725,309,101.75</b>

#### 5. CURRENT STATUS OF THE PROJECT:

M/s KSK Mahanadi Power Company Limited is engaged in the business of generation and sale of power through its power plant of 6 x 600 MW situated at Janjgir - Champa District, Chhattisgarh. As per the data/information provided by the client, the construction of the balance 3 units is on hold for more than 5 years. The manpower is demobilized from the site and the balance work is standstill.

The commissioned units (2, 3 & 4) are in good condition and operational at present. CWIP main equipment & machines are also packed and preserved properly under shed except structural material which is lying in open yards.

A Corporate Insolvency Resolution Process (CIRP) has been initiated in respect of KMPCL, by an order of Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated October 3, 2019 under the provisions of Insolvency and Bankruptcy Code, 2016.

Pursuant to the initiation of CIRP, vide aforesaid order, the NCLT had appointed Mr. Mahendar Kumar Khandelwal as Interim Resolution Professional (IRP) and later on Committee of Creditors (CoC) approved the appointment of Mr. Sumit Binani (IBBI Regd. No: IBB/IPA-001/P-NOO005/2016-17/10025) has been appointed as Resolution Professional (RP) under the provisions of IBC, which was approved by Hon'ble NCLT, Hyderabad vide its order dated 16<sup>th</sup> June 2020. The Powers of Board of Directors was suspended by virtue of NCLT order in accordance with Section 17(1) (b) of IBC and the same is being exercised by the RP.




**PART C**

**THE PROJECT**

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

A 3,600 MW (6x600, 3 units of 600 MW each are under CWIP) pulverized coal fired Sub-Critical Thermal Power Plant was set up by M/s. KSK Mahanadi Power Company Limited, a subsidiary of KSK Energy Ventures at villages Nariyara, Rogada, Amora & Tarod of Akaltara Tehsil in Janjgir- Champa district of Chhattisgarh State in India.



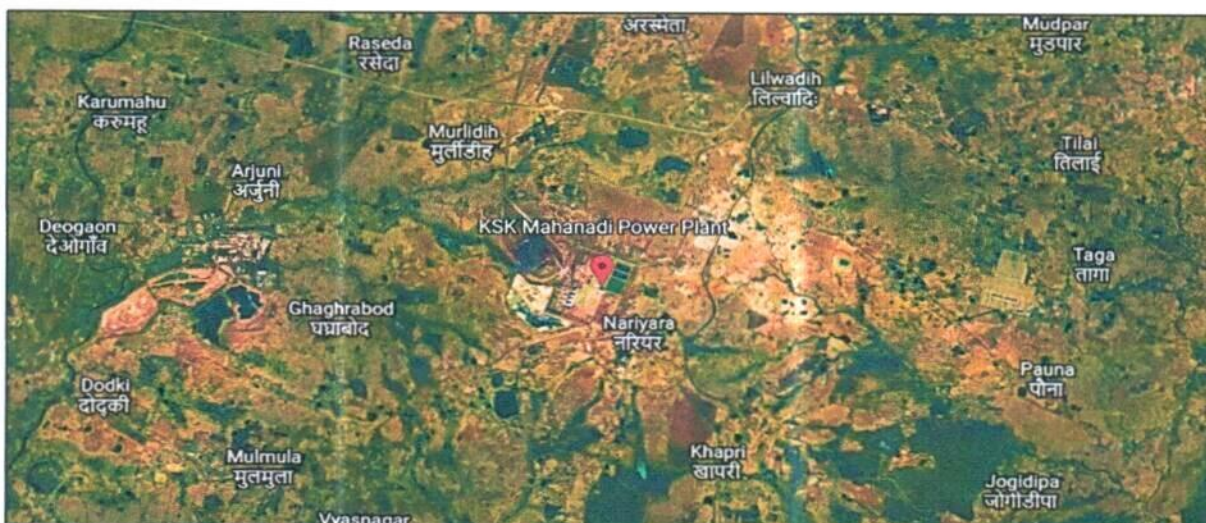
**2. PROJECT LOCATION:**

The Project is located at Akaltara Tehsil in Janjgir - Champa District of Chhattisgarh and the Project site is well connected by air, rail & road. The nearest town to the project site is Akaltara which is 10 km north east by road from the site. The National Highway NH-200 runs 0.5 km from the site. The location of the project is in the coal belt of Chhattisgarh-Orissa region which ensures ample availability of high grade of coal nearby.

The Bilaspur-Janjgir-Champa-Jharsugudha broad gauge railway line passes within a distance of 5 km from the site. Water is available in adequate quantity from the major perennial river Mahanadi. Thus, the two major ingredients that are required for the functioning of a thermal power plant are easily available at the location.

Due to which a number of other new independent power producers have set up or are in the process of setting up coal fired thermal power plants of a total capacity of more than 4000 MW within a radius of 100-150 Km of this plant.





### 3. LAND REQUIREMENT:

As per the data/information provided by the client, the coal based thermal power plant is spread over an area of 2132.74 acres as presented in the table below:

Land Area of Thermal Power Plant								
Village	Private Land Acquisition		Private Purchase		Govt. Land		Total	
	Acres	Hect.	Acres	Hect.	Acres	Hect.	Acres	Hect.
Nariyana	111.46	45.13	554.45	224.47	284.71	115.27	950.62	384.87
Tarod	58.29	23.60	390.55	158.11	66.83	27.06	515.67	208.77
Amora	138.86	56.22	123.96	50.19	72.33	29.28	335.15	135.69
Rogda	125.43	50.78	117.04	47.39	88.83	35.96	331.30	134.13
<b>Total</b>	<b>434.04</b>	<b>175.72</b>	<b>1186.00</b>	<b>480.16</b>	<b>512.70</b>	<b>207.57</b>	<b>2132.74</b>	<b>863.46</b>

Source: KSKMPCL Management



#### 4. IMPLEMENTATION AGREEMENT OR EPC CONTRACT:

The Project is being implemented through a turnkey contract. The Engineering, Procurement and Construction (EPC) contract was executed with M/s. Shangdong Electric Power Construction Corporation (SEPCO), a China based EPC Contractor on 1st April 2009. The brief scope of EPC Contract is as under:

- a) **Offshore supply:** Design, engineering, manufacture, procurement, assembling, shop testing, seaworthy packing, forwarding and delivery of the plant and equipment including commissioning spares, consumables on CFR basis.
- b) **Offshore services:** Basic engineering, design & engineering services, technical services including interfacing integration and demonstration of Performance Guarantee Values of Units as well as training of KMPCL personnel.
- c) **Onshore supply:** Design, engineering, approval of drawings, manufacture, procurement, assembling, shop testing, packing, forwarding, transportation and delivery of the plant and equipment at the site including commissioning spares and consumables.
- d) **Onshore services:** Detailed services including project management, inspection, expediting, supervision of erection, testing and commissioning and such services as may be required from time to time for timely commissioning of the plant.
- e) **Construction contract:** Undertake earthworks, dewatering during construction, grading and leveling, excavation, foundations, buildings, all other civil works, architectural works, structural works, procurement services, project management, expediting, site mobilization, supervising, co-ordination, inspection, contractor's permits and clearances etc.

#### Non- EPC Contracts:

Project Company has also executed Non-EPC Contracts for River water Intake System up to the raw water reservoir within plant boundary -Separate SPV, Rail infrastructure covering tracks for Coal, fuel oil system etc. - Separate SPV, Wagon Tippler, Training Simulator, CCTV for plant Surveillance, Development of Green belt area, Transmission lines, External Boundary Wall, Peripheral Storm Drain.

According to the philosophy of construction in Phase-I, Phase-II and Phase-III, all Engineering, procurement, supply, construction, commissioning etc. including BOP, CHP, AHP, Switchyard, Rail infrastructure, Water infrastructure, Transmission lines etc. were



planned and executed. Therefore, the first commissioned unit was Unit-3, then Unit-4 and finally Unit-2.

Major machinery of the plant includes Boiler, Turbine, Generator, Coal Handling Plant, Ash Handling Plant, Water Treatment Plant, Switchyard, Transmission line, Water pipeline system to bring raw water to the plant, and other auxiliary machinery for running the plant. Plant is distributed into different blocks comprising of different buildings as per their utility.

#### 5. WATER REQUIREMENT & RAW WATER INTAKE SYSTEM:

As per the data/information provided by the client, the total water requirement for the is estimated to be 8655 m<sup>3</sup>/hr. The water will be sourced from River Mahanadi which is about 45 km from the Project Site. To meet the lean flow period of 2 months in the river, it was decided by the Project Company to store 16 MCM of water at an intermediate reservoir.

Presently, the raw water is being pumped from Basantpur pump house to the reservoir in the plant which can cater to the three units of the plant. It was informed by management that during the summer months KMPCL can pump 22.51 MCM (12.51 MCM from Basantpur + 10 MCM from Seorinarayan).

#### 6. RAILWAY SIDING:

As per the information gathered from the past valuation report (Ref: VIS(2022-23)-PL656-555-928), the railway siding work from Akaltara railway station till up to the plant boundary and return rail over rail bridges outside the plant boundary was being carried out by the SPV M/s RCRIPL. The siding work inside the plant boundary is being done by KMPCL only and contracts have been awarded to M/s Jhajharia Nirman Pvt. Ltd. for inside power plant boundary and Track and Towers Pvt. Ltd. for outside the power plant boundary.

However, the railway siding work outside the boundary wall of the subject plant is owned, operated and carried out by RCRIPL which is not under scope of the present valuation, hence, the same is not included in this valuation.

#### 7. COAL LINKAGE OR FUEL SUPPLY AGREEMENT AND TRANSPORTATION:

For KMPCL, the main source of the fuel is Indigenous Coal which will be supplied from various subsidiaries of Coal India Limited. However, we do not have any latest information about the coal linkage or FSA status in the present exercise on our request.



However, here we have described the details available from the previous report in this regard only for reference purpose.

The total requirement of coal for operation of 3,600 MW at 85% PLF works out to ~16 MTPA based on gross station heat rate of 2,240 kcal/kWh and average gross calorific value of about 4,000 kcal/kg. Initially, coal for the Project was to be supplied from the Gare Pelma-III and Morga-II mines through GIDC/GMDC. To offset any delay in start of production from the new Morga-II mine, KMPCL was allocated tapering linkage of 7.49 MTPA for supply of coal to first three units.

Subsequently, KMPCL had also entered into Fuel Supply Agreement (FSA) with South Eastern Coalfields Ltd. (SECL) for tapering linkage of 4.994 MTPA and with Eastern Coalfields Ltd. (ECL) for 1.76 MTPA. However, the coal blocks were de-allocated after the Supreme Court judgment of 24th September 2014.

Further, pursuant to directives from Ministry of Coal (MoC), the tapering FSA with SECL has ceased and a Memorandum of Understanding (MoU) has been executed on 13th July 2015 for supplying 67% of LOA quantity on "best effort basis".

As per previous report, KMPCL has been sourcing fuel from the open market including under the special forward e-auction for power sector by Coal India Limited (CIL) and coal imports, post the de-allocation of the Morga II and Gare Pelma III coal blocks tied up by the company as per the Supreme Court order dated September 24, 2014. However, the company was able to secure fuel linkage for supply of 6 MTPA (metric tons per annum) through the first reverse auction held by CIL for allocation of coal linkages under the SHAKTI policy.

Govt. of India in the month of May 2017 announced a policy for allocation of coal linkage auction for power sector, under 'Shakti' Scheme, Coal linkage under the policy for IPP's with PPA's would be based on bid for discount to existing tariffs. KMPCL had participated in the 'Shakti' Scheme for allocation of coal linkage for the existing units wherein the PPA tie up was in place.

The fuel supply agreement (FSA) under this linkage was expected to be signed shortly with CIL, however we do not have the present status with us. This linkage was estimated to be sufficient for meeting about 38% of the fuel requirement of the project at 80% PLF. However, the fuel supply risk persisted for the remaining capacity. KMPCL has been declared successful bidder pursuant to the Auction Process under 'Shakti Scheme', and was allocated the following:



Successful Bidder			
S. No.	CIL Subsidiary	Quantity Allotted (Tons)	Indicative Grade of Coal
1	Mahanadi Coalfields Limited	11,00,000	G12-G14
2	South Eastern Coalfields Limited	12,00,000	G5-G6
3	South Eastern Coalfields Limited	45,00,000	G10-G15
4	Mahanadi Coalfields Limited	20,700	G13
Total		68,20,700	

For imported coal KMPCL had signed a sale agreement with M/s Ask RE Ltd. on 15th October, 2015 for a quantity of 1,50,000 MT+/- 4% having a typical GCV of 5900 kcal/kg and a rejection limit of less than 5700 kcal/kg.

The coal shall be sourced from Gangavaram port. Akaltara railway station is the nearest station to the power plant (10 km). As per previous report, Coal that will be transported to the Project by rail will use the Indian Railway network up to Akaltara railway station and thereafter use the railway siding up to the power plant for the transportation of coal.

#### 8. POWER PURCHASE AGREEMENT:

As per the Technical Study Report prepared by L&T – Sargent & Lundy Ltd. dated 16th December, 2020; the subject company has executed various Power Purchase Agreements (PPA) with Power DISCOMs as shown in the table below:

Power Supply Arrangements				
S. No.	Counter Party	Contracted Capacity	Original PPA Date	PPA Term / Expiry Date
1	GUVNL (under sub - judice with GSERC).	1010 MW	3rd June, 2010	25 years
2	APCPDCL	400 MW	31st July, 2012	March 31, 2021
3	CSPTadeco	~90 MW (5% aggregate capacity of the Unit or the Power Station; 90 MW considering 3 units in operation)	18th October, 2013	Perpetual existence without termination or determination by efflux of time or otherwise by any notice by either party till the operation of the Power Station.
4	TANGEDCO	500 MW	27th November, 2013	15 years
5	UP DISCOM	1000 MW	26th February, 2014	25 years
Total		2600 MW		



PPA executed with GUVNL of 1010 MW is under sub-judice before Hon'ble GERC.  
Therefore, total capacity for which PPAs have been executed is 1,590 MW only.

## 9. POWER EVACUATION ARRANGEMENT:

Refer to the Fixed Asset Valuation Report (VIS (2022-23)-PL463-Q102-454-776), the initial plan for power evacuation was through 2 double circuit 400 kV lines to PGCIL's 800 kV HVDC/765 kV/400 kV Champa pooling station, but due to the delay in commissioning of the Champa substation, the Generated power was being evacuated through a 400 kV double circuit LILO connection with PGCIL's existing Raipur-Raigarh transmission line i.e., Line 1.

## 10. OPERATIONS AND MAINTENANCE (O&M) AGREEMENTS:

As per the Technical Study Report prepared by L&T – Sargent & Lundy Ltd. dated 16th December, 2020; the subject company has engaged various O&M (Operations & Maintenance) contractors for various O&M activities of different activities of the plant as tabulated below:

O & M Agreement Details			
S. No.	Package Description	Agency Name	Contract Completion Date
1	Ash Handling Plant (AHP)	Globus Engineers	31-10-2021
2	Coal Handling Plant (CHP)	McNally Bharat	31-10-2021
3	BTG & BOP (Non-Water Block)-O&M Services	Power Mech Projects Limited	31-07-2021
4	BOP-Chemistry O&M Services-Contract	Ion Exchange India Limited	31-07-2021
5	Analysis of Coal & Ash Samples (outside Plant)	Therapeutics Chemical Research Corporation	30-04-2021
6	Electrical and C&I Except CHP & AHP	Voltech O and M Services Pvt. Ltd	30-06-2021
7	Coal and Ash Sampling (Inside Plant)	Quality Services and Solutions	31-07-2021
8	Occupational Health Centre (OHC)	Renuka Diagnosis	31-07-2021
9	Coal Yard Management, Coal Quality & Quality Management and Crushing of coal	Refex Industries Limited	30-04-2021
10	O&M Special Services of BTG & it's Auxiliaries of 3 Units	Operational Energy Group India Ltd	30-04-2021

11	O&M Special Services of BOP (Excluding CHP & AHP) of 3 Units	Operational Group India Ltd	Energy	30-04-2021
12	O&M Special Services of C&I systems of BTG & BOP (Excluding CHP & AHP) of 3 Units	Operational Group India Ltd	Energy	30-04-2021
13	O&M Special Services of Electrical systems of BTG & BOP (Excluding CHP & AHP) of 3 Units	Operational Group India Ltd	Energy	30-04-2021
14	Facility Management Services	Operational Group India Ltd	Energy	30-09-2021
15	O&M Services of PS-1, Plant end switchyard, pipeline and Transmission Line Electrical systems of BTG & BOP (Excluding CHP & AHP) of 3 Units	ACB(INDIA) Limited	Power	31-05-2021
16	Private Railway Siding	ACB(INDIA) Limited	Power	31-05-2021
17	O&M of 400kV Double Circuit Line (Water)	ACB(INDIA) Limited	Power	31-05-2021
18	Disposal of Fly Ash	Ramky Limited	Infrastructure	31-05-2021
19	Disposal of Pond Ash	Ramky Limited	Infrastructure	31-05-2021
20	Post Project Environmental Monitoring Studies	Vimta Labs Limited		31-03-2021
21	Round the clock Security Services for Open Material Store Yard Area Inside Plant	Megha Security Services		30-06-2021

**Note:** All these contracts have been expired already and there is no latest information on whether these are renewed or not has been provided to us by the company.

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*[Circular stamp: R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd.]*



**PART D**

**INDUSTRY OVERVIEW**

**1. INTRODUCTION:**

Power is one of the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustainable growth of the Indian economy.

Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. From past 3 years since 2021-22, power generation through Thermal, has witnessed more than 7% of growth, viz, 7.96%, 8.21%, 10.92% (provisional) in 2021-22, 2022-23, 2023-24 respectively.

On the similar lines power consumption also grew around 8% in H1 of 2023-24. Peak power demand also touched a record high of 241 GW during April-September 2023. Electricity demand has witnessed sharp growth this year registering 16.3%, 10.3%, 21% in August, September and October 2023 on year-on-year basis.

The country's significant share of energy comes from coal-fired power plants. Factors such as rapidly increasing industrialization and urbanization are expected to drive the Indian thermal power plant market. Different government schemes, such as "Power for All", are expected to increase the country's power surge and again drive the thermal power plant market.

**2. MARKET SIZE:**

India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 416.59 GW as of April 30, 2023. As of Jan 2024, India has a total thermal installed capacity of 240.43 GW of which 208.18 GW is the installed capacity of Coal and the rest from Lignite, Diesel, and Gas.

India's power generation witnessed its highest growth rate in over 30 years in FY23. Power generation in India increased by 8.87% to 1,624.15 billion kilowatt-hours (kWh) in FY23. According to data from the Ministry of Power, India's power consumption stood at 130.57 BU in April, 2023. The peak power demand in the country stood at 226.87 GW in April, 2023.

The coal plants registered a PLF of 73.7% for the first nine-month period in FY23 compared to 68.5% in FY22 for the same period. Thermal power plant load is estimated to improve by



65% in FY24, fuelled by strong demand growth along with subdued capacity addition in the sector.

In 2021, India's total coal energy consumption was 20.09 exajoules, which was higher than the country's consumption in 2015, i.e., 16.55 exajoules. The increased consumption of coal exhibits the growing usage of coal in the country. The power-generating companies use coal widely, as it is abundant and economical for the country.

A surge in demand for coal-fired energy has led the central government to order that power utilities not retire coal-fired power plants until 2030. In January 2023, the Union Power Ministry published a notice, just two years after committing to reduce fuel usage. Hence, owing to such factors, the coal segment will likely dominate the Indian thermal power plant market in near future.

### 3. GOVERNMENT INITIATIVES:

The Government of India has identified power sector as a key sector of focus to promote sustained industrial growth. These initiatives aim to address various challenges faced by the sector, promote efficiency, and ensure sustainable growth. Some key policy initiatives include:

- **Ultra Mega Power Projects (UMPPs):** The government launched the UMPP program to facilitate the development of large-scale, efficient, and environmentally sustainable thermal power projects. These projects are awarded through competitive bidding and are designed to achieve economies of scale and reduce tariffs.
- **National Solar Mission:** While not directly related to thermal power, the National Solar Mission aims to promote the development of solar energy in India. This initiative is part of the government's efforts to diversify the energy mix and reduce reliance on fossil fuels.
- **Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY):** This scheme aims to provide electricity access to rural households and promote the electrification of rural areas. It includes provisions for strengthening the distribution network and promoting off-grid solutions, which can complement thermal power generation.
- **Integrated Power Development Scheme (IPDS):** The IPDS aims to strengthen the power distribution infrastructure in urban areas. It includes provisions for upgrading sub-transmission and distribution networks, as well as metering and IT enablement.



- **Ujwal DISCOM Assurance Yojana (UDAY):** UDAY is a financial restructuring scheme for state-owned power distribution companies (discoms). It aims to improve the financial health of discoms through measures such as reducing the cost of power, improving operational efficiency, and reducing losses.
- **National Electricity Plan (NEP):** The NEP outlines the government's vision for the development of the power sector in India. It includes targets for capacity addition, fuel mix, and efficiency improvement, which are relevant for the thermal power sector.
- **Environmental Regulations:** The government has introduced various regulations to reduce the environmental impact of thermal power plants. This includes norms for emission control, water usage, and fly ash management, which aim to promote cleaner and more sustainable thermal power generation.
- 100% FDI allowed in the power sector has boosted FDI inflow in this sector.
- As of November 2022, over 51.62 lakh smart metres have been deployed under the National Smart Grid Mission (NSGM), with a further 61.13 lakh to be deployed.
- Under the Union Budget 2022-23, the government announced the issuance of sovereign green bonds, as well as conferring infrastructure status to energy storage systems.
- As of November 2022, over 51.62 lakh smart metres have been deployed under the National Smart Grid Mission (NSGM), with a further 61.13 lakh to be deployed.

#### 4. RECENT INVESTMENTS:

Total FDI inflow in the power sector reached US\$ 16.57 billion between April-December 2022. Some major investments and developments in the Indian power sector are as follows:

- The country plans to commission the Uppur Thermal Power Project, located in Ramanathapuram, Tamil Nadu, with a capacity of 1,600 MW by 2024. The project is owned by Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) and has an investment cost of USD 1.7 billion.
- The Union power ministry has planned a whopping 91 GW of coal-based thermal power generation capacity entailing an investment of Rs 7.28 lakh crore over the next few years. This planned investment includes 27 GW under construction and around 31 GW of coal-based thermal capacity, which is at an advanced stage of implementation.



- NTPC Group capacity crosses 71 GW with successful completion of the trial operation of first unit of 660 MW North Karanpura Super Thermal Power Project, Jharkhand (3x660 MW).
- In February 2023, Tata Power inaugurated 'Divyang' a managed customer relations centre in Mumbai, which is a first among Indian power utilities.
- REC Limited and Power Finance Corporation Limited (PFC) ink MoA with SJVN Thermal Private Ltd. (STPL) for financing Buxar Thermal Power Plant with project cost of INR 12,172.74 Cr.

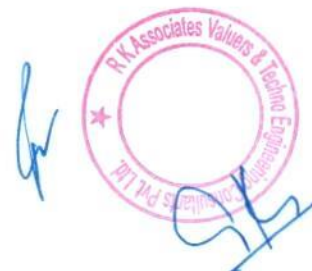
## 5. WAY FORWARD:

In the current decade, the Indian electricity sector is likely to witness a major transformation with respect to demand growth, energy mix and market operations. Future investments will benefit from strong demand fundamentals, policy support and increasing government focus on infrastructure.

India is firmly on a growth path and government's focus on infrastructure, housing, manufacturing bodes well for the electricity demand in the country in the long run. To reinvigorate the ailing DISCOMS, government has introduced UDAY scheme and most of the states have already joined it. The DISCOMS should be able to gradually improve their performance if they continue to pursue the prescribed operational reforms.

India thermal PLF level will swell to 65.1% in FY2024, a rise from 64.2% in FY2023, and a drop in the dues of state power distribution companies (Discoms), following the roll-out of the Late Payment Surcharge (LPS) scheme. Despite this, the power distribution sector remains bearish, given the nominal tariff increases approved for Discoms in FY2024.

Demand growth forecast for FY2024 sits modestly at 5.0-5.5%, trailing the GDP growth projection for the same period (6.0%). Unseasonal rains have curbed demand in recent months, but a bounce back is expected to commence from late May 2024. Also, the potential for an El Nino event in FY 2024 could give electricity demand a fillip.





**PART E**

**FINANCIAL PERFORMANCE**

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

**1. HISTORICAL PROFIT & LOSS STATEMENT: (FY 2018-19 to FY 2022-23)**

(INR Crores)

Particulars	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 A	FY 2023 A	SEP. 2023 P
Revenue from operations	2,746.73	3,674.45	4,427.06	4,275.69	4,192.55	5,116.19	2,694.21
Other income	58.33	226.46	343.65	236.16	79.78	650.97	206.82
<b>Total revenue</b>	<b>2,805.06</b>	<b>3,900.91</b>	<b>4,770.71</b>	<b>4,511.85</b>	<b>4,272.33</b>	<b>5,767.16</b>	<b>2,901.03</b>
Cost of fuel consumed	1,755.07	1,726.08	2,800.58	2,108.53	2,012.61	3,181.98	977.90
Employee benefits expenses	55.92	77.82	65.42	76.28	79.65	81.21	40.52
Other expenses	363.69	1,877.84	1,516.57	1,358.41	689.66	1,064.01	320.80
<b>Total expenses</b>	<b>2,174.68</b>	<b>3,681.74</b>	<b>4,382.57</b>	<b>3,543.22</b>	<b>2,781.92</b>	<b>4,327.20</b>	<b>1,339.22</b>
<b>EBITDA</b>	<b>630.38</b>	<b>219.17</b>	<b>388.14</b>	<b>968.63</b>	<b>1,490.41</b>	<b>1,439.96</b>	<b>1,561.81</b>
Dep. & amortization	518.82	697.91	695.21	679.41	672.38	665.53	322.77
<b>EBIT</b>	<b>111.56</b>	<b>-478.74</b>	<b>-307.07</b>	<b>289.22</b>	<b>818.03</b>	<b>774.43</b>	<b>1,239.04</b>
Finance costs	1,851.45	76.78	54.97	36.31	38.94	156.46	9.90
<b>Profit / (loss) before tax</b>	<b>-1,739.89</b>	<b>-555.52</b>	<b>-362.04</b>	<b>252.91</b>	<b>779.09</b>	<b>617.97</b>	<b>1,229.14</b>
Deferred tax	-178.74	153.97	162.09	166.96	447.67	-	-
<b>Total tax expenses / (income)</b>	<b>-178.74</b>	<b>153.97</b>	<b>162.09</b>	<b>166.96</b>	<b>447.67</b>	<b>-</b>	<b>-</b>
<b>Profit / (loss) after tax</b>	<b>-1,561.15</b>	<b>-709.49</b>	<b>-524.13</b>	<b>85.95</b>	<b>331.42</b>	<b>617.97</b>	<b>1,229.14</b>
Items that will not be reclassified to profit & loss	-0.18	-1.88	-2.66	-1.83	3.08	1.49	-
Income tax relating to items that will not be	0.06	0.66	0.93	0.64	-0.77	-	-

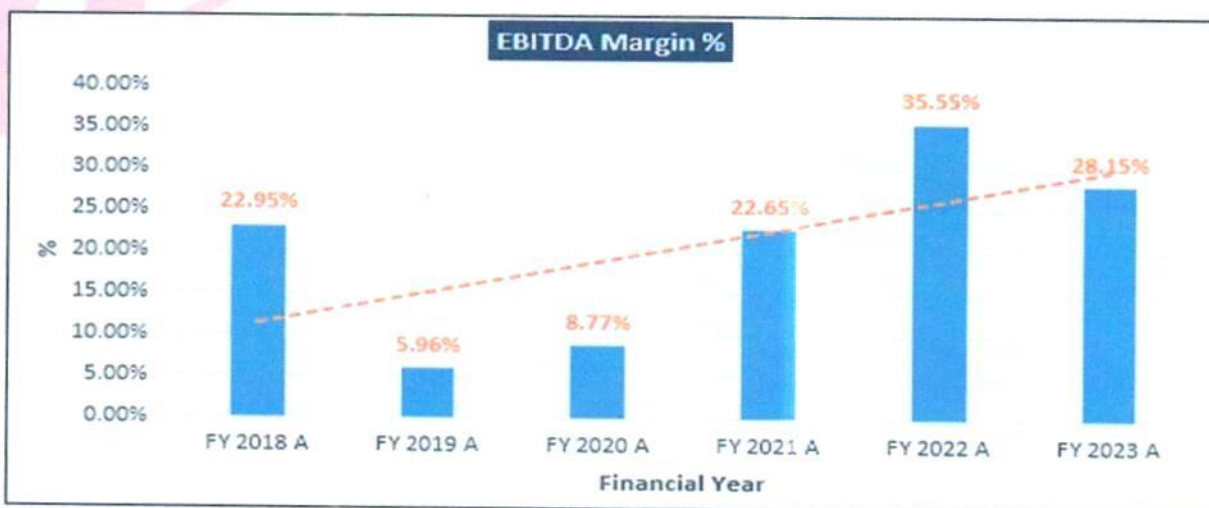


reclassified to profit & loss							
<b>Total Comprehensive Income</b>	<b>-1,561.27</b>	<b>-710.71</b>	<b>-525.86</b>	<b>84.76</b>	<b>333.73</b>	<b>619.46</b>	<b>1,229.14</b>

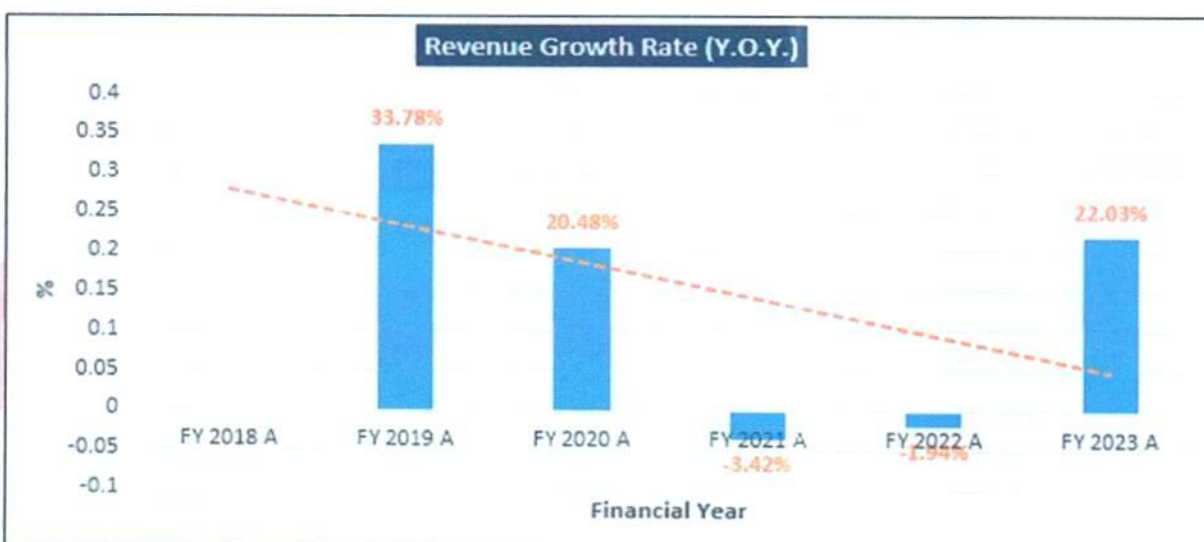
## 2. HISTORICAL KEY FINANCIAL RATIOS:

Particular	FY 2018 A	FY 2019 A	FY 2020 A	FY 2021 A	FY 2022 A	FY 2023 A
<b>EBITDA Margin %</b>	22.95%	5.96%	8.77%	22.65%	35.55%	28.15%
<b>EBIT Margin %</b>	4.06%	-13.03%	-6.94%	6.76%	19.51%	15.14%
<b>Net Profit Margin%</b>	-56.84%	-19.31%	-11.84%	2.01%	7.90%	12.08%
<b>Revenue Growth (Y.O.Y.)</b>	-	33.78%	20.48%	-3.42%	-1.94%	22.03%

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







**Notes:**

- As per the historical analysis, it is observed that EBITDA Margin of the company is showing an upward trend as it has gone up from 22.95% in FY 2017-18 to 35.55% in FY 2021-22 but dipped to 28.15% in FY2022-23 due to increase in cost of fuel.
- EBIT Margin of the company is showing an upward trend as it has gone up from 4.06% in FY 2017-18 to 19.51% in FY 2021-22 but dipped to 15.14% in FY2022-23 due to increase in cost of fuel.
- Net Profit Margin of the company is rising continuously from -56.84% in FY 2017-18 to 12.08% in FY 2022-23.
- Revenues Growth of the company is constantly declining during the past recent years historically but jumped in the FY 2022-23 as per the data shared by the company/client.

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**PART F**

**VALUATION OF THE COMPANY**

**1. METHODOLOGY/ MODEL ADOPTED:**

Out of the various models & theories available, we have adopted the most widely used & acceptable Discounted Cash Flow Method under Income based approach to calculate the Enterprise Value of the Company for the reason being:

- 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:**

- 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) Market Multiple Approach is also not suitable as the company is not listed and no proper similar recent comparable transactions are available.
- 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) 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.
- f) Dividends cannot be used as the Company has no history of paying dividends and we don't foresee any dividend payments to occur in the future due to the high leverage of the firm.



- g) The best method input option for the PV Model in the case of M/s KSK Mahanadi Power Company Limited will be FCFF as it represents the benefits accruable to all the stakeholders in the Business enterprise.

**FCFF Model Formula and Key Inputs:**

$$\text{Firm value} = \sum_{t=1}^{\infty} \frac{\text{FCFF}_t}{(1 + \text{WACC})^t}$$

• **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:**

(INR Crore)							
Particulars	FY 2024 E	FY 2025 E	FY 2026 E	FY 2027 E	FY 2028 E	FY 2029 E	FY 2030 E
No. of Months	1/2	12	12	12	12	12	12
Revenue from operations	5,388.42	5,469.25	5,551.28	5,634.55	5,733.16	5,833.49	5,935.58



Other Income	413.64	367.35	372.86	378.45	385.08	391.81	398.67
<b>Total revenue</b>	<b>5,802.06</b>	<b>5,836.60</b>	<b>5,924.15</b>	<b>6,013.01</b>	<b>6,118.24</b>	<b>6,225.30</b>	<b>6,334.25</b>
Cost of fuel consumed	1,955.80	2,844.01	2,886.67	2,929.97	2,981.24	3,033.41	3,086.50
Employee benefits expenses	81.04	82.04	83.27	84.52	86.00	87.50	89.03
Other expenses	641.60	820.39	832.69	845.18	859.97	875.02	890.34
<b>Total expenses</b>	<b>2,678.44</b>	<b>3,746.43</b>	<b>3,802.63</b>	<b>3,859.67</b>	<b>3,927.21</b>	<b>3,995.94</b>	<b>4,065.87</b>
<b>EBITDA</b>	<b>3,123.62</b>	<b>2,090.16</b>	<b>2,121.52</b>	<b>2,153.34</b>	<b>2,191.02</b>	<b>2,229.36</b>	<b>2,268.38</b>
Dep & Amortisation	585.53	555.22	526.48	499.23	499.23	499.23	499.23
<b>EBIT</b>	<b>2,538.09</b>	<b>1,534.94</b>	<b>1,595.03</b>	<b>1,654.11</b>	<b>1,691.79</b>	<b>1,730.13</b>	<b>1,769.15</b>
Tax Rate (T)	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%
(1-T)	65.06%	65.06%	65.06%	65.06%	65.06%	65.06%	65.06%
<b>NOPAT= EBIT*(1-T)</b>	<b>1,651.18</b>	<b>998.57</b>	<b>1,037.66</b>	<b>1,076.09</b>	<b>1,100.61</b>	<b>1,125.55</b>	<b>1,150.94</b>
Add: D & A	585.53	555.22	526.48	499.23	499.23	499.23	499.23
Less: Changes in Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: CAPEX	0.00	0.00	1,026.00	1,026.00	0.00	0.00	0.00
<b>Free Cash Flow to Firm (FCFF)</b>	<b>2,236.71</b>	<b>1,553.79</b>	<b>538.15</b>	<b>549.33</b>	<b>1,599.84</b>	<b>1,624.79</b>	<b>1,650.17</b>
<b>FCFF for Remaining Year</b>	<b>93.20</b>	<b>1,553.79</b>	<b>538.15</b>	<b>549.33</b>	<b>1,599.84</b>	<b>1,624.79</b>	<b>1,650.17</b>
<b>Discount Rate</b>	14.28%						
<b>Valuation Date</b>	15 <sup>th</sup> March 2024						
Period	0.04	1.04	2.04	3.04	4.04	5.04	6.04
Discount Factor	0.99	0.87	0.76	0.67	0.58	0.51	0.45
Terminal Value							
<b>PV of FCFF</b>	<b>92.68</b>	<b>1,352.10</b>	<b>409.77</b>	<b>366.02</b>	<b>932.78</b>	<b>828.95</b>	<b>736.70</b>
<b>PV of terminal Value</b>							
<b>PV of FCFF + PV of TV</b>	<b>92.68</b>	<b>1,352.10</b>	<b>409.77</b>	<b>366.02</b>	<b>932.78</b>	<b>828.95</b>	<b>736.70</b>

(Continue)

Particulars	FY 2031 E	FY 2032 E	FY 2033 E	FY 2034 E	FY 2035 E	FY 2036 E	FY 2037 E
<b>No. of Months</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
Revenue from operations	6,039.45	6,145.14	6,252.68	6,362.10	6,473.44	6,586.72	6,701.99
Other Income	405.65	412.75	419.97	427.32	434.80	442.41	450.15



<b>Total revenue</b>	<b>6,445.10</b>	<b>6,557.89</b>	<b>6,672.65</b>	<b>6,789.42</b>	<b>6,908.23</b>	<b>7,029.13</b>	<b>7,152.14</b>
Cost of fuel consumed	3,140.51	3,195.47	3,251.39	3,308.29	3,366.19	3,425.10	3,485.03
Employee benefits expenses	90.59	92.18	93.79	95.43	97.10	98.80	100.53
Other expenses	905.92	921.77	937.90	954.32	971.02	988.01	1,005.30
<b>Total expenses</b>	<b>4,137.02</b>	<b>4,209.42</b>	<b>4,283.08</b>	<b>4,358.04</b>	<b>4,434.30</b>	<b>4,511.90</b>	<b>4,590.86</b>
<b>EBITDA</b>	<b>2,308.07</b>	<b>2,348.47</b>	<b>2,389.56</b>	<b>2,431.38</b>	<b>2,473.93</b>	<b>2,517.22</b>	<b>2,561.28</b>
Dep & Amortisation	499.23	499.23	499.23	499.23	499.23	499.23	499.23
<b>EBIT</b>	<b>1,808.84</b>	<b>1,849.23</b>	<b>1,890.33</b>	<b>1,932.15</b>	<b>1,974.70</b>	<b>2,017.99</b>	<b>2,062.04</b>
Tax Rate (T)	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%
(1-T)	65.06%	65.06%	65.06%	65.06%	65.06%	65.06%	65.06%
<b>NOPAT= EBIT*(1-T)</b>	<b>1,176.76</b>	<b>1,203.04</b>	<b>1,229.77</b>	<b>1,256.98</b>	<b>1,284.66</b>	<b>1,312.82</b>	<b>1,341.48</b>
Add: D & A	499.23	499.23	499.23	499.23	499.23	499.23	499.23
Less: Changes in Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Free Cash Flow to Firm (FCFF)</b>	<b>1,675.99</b>	<b>1,702.27</b>	<b>1,729.01</b>	<b>1,756.21</b>	<b>1,783.89</b>	<b>1,812.06</b>	<b>1,840.72</b>
<b>FCFF for Remaining Year</b>	<b>1,675.99</b>	<b>1,702.27</b>	<b>1,729.01</b>	<b>1,756.21</b>	<b>1,783.89</b>	<b>1,812.06</b>	<b>1,840.72</b>
<b>Discount Rate</b>	14.28%						
<b>Valuation Date</b>	15 <sup>th</sup> March 2024						
Period	7.04	8.04	9.04	10.04	11.04	12.04	13.04
Discount Factor	0.39	0.34	0.30	0.26	0.23	0.20	0.18
Terminal Value							
<b>PV of FCFF</b>	<b>654.73</b>	<b>581.90</b>	<b>517.19</b>	<b>459.68</b>	<b>408.58</b>	<b>363.17</b>	<b>322.82</b>
<b>PV of TV</b>							
<b>PV of FCFF + PV of TV</b>	<b>654.73</b>	<b>581.90</b>	<b>517.19</b>	<b>459.68</b>	<b>408.58</b>	<b>363.17</b>	<b>322.82</b>

(Continue)

Particulars	FY 2038 E	FY 2039 E	FY 2040 E	FY 2041 E	FY 2042 E	FY 2043 E
<b>No. of Months</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>
Revenue from operations	6,819.27	5,493.07	3,333.91	2,394.53	2,436.43	2,272.48
Other Income	458.03	368.95	223.93	160.83	163.65	152.63
<b>Total revenue</b>	<b>7,277.30</b>	<b>5,862.02</b>	<b>3,557.83</b>	<b>2,555.36</b>	<b>2,600.08</b>	<b>2,425.12</b>
Cost of fuel consumed	3,546.02	2,856.40	1,733.63	1,245.16	1,266.95	1,181.69



Employee benefits expenses	102.29	82.40	50.01	35.92	36.55	34.09
Other expenses	1,022.89	823.96	500.09	359.18	365.47	340.87
<b>Total expenses</b>	<b>4,671.20</b>	<b>3,762.75</b>	<b>2,283.73</b>	<b>1,640.25</b>	<b>1,668.96</b>	<b>1,556.65</b>
<b>EBITDA</b>	<b>2,606.10</b>	<b>2,099.27</b>	<b>1,274.11</b>	<b>915.11</b>	<b>931.12</b>	<b>868.47</b>
Dep & Amortization	499.23	499.23	499.23	499.23	499.23	499.23
<b>EBIT</b>	<b>2,106.87</b>	<b>1,600.03</b>	<b>774.87</b>	<b>415.88</b>	<b>431.89</b>	<b>369.23</b>
Tax Rate (T)	34.94%	34.94%	34.94%	34.94%	34.94%	34.94%
(1-T)	65.06%	65.06%	65.06%	65.06%	65.06%	65.06%
<b>NOPAT= EBIT*(1-T)</b>	<b>1,370.64</b>	<b>1,040.92</b>	<b>504.10</b>	<b>270.55</b>	<b>280.97</b>	<b>240.21</b>
Add: D & A	499.23	499.23	499.23	499.23	499.23	499.23
Less: Changes in Working Capital	0.00	0.00	0.00	0.00	0.00	0.00
Less: CAPEX	0.00	0.00	0.00	0.00	0.00	0.00
<b>Free Cash Flow to Firm (FCFF)</b>	<b>1,869.87</b>	<b>1,540.15</b>	<b>1,003.34</b>	<b>769.79</b>	<b>780.20</b>	<b>739.44</b>
<b>FCFF for Remaining Year</b>	<b>1,869.87</b>	<b>1,540.15</b>	<b>1,003.34</b>	<b>769.79</b>	<b>780.20</b>	<b>739.44</b>
<b>Discount Rate</b>	14.27%					
<b>Valuation Date</b>	15 <sup>th</sup> March 2024					
Period	14.04	15.04	16.04	17.04	18.04	19.04
Discount Factor	0.15	0.13	0.12	0.10	0.09	0.08
Terminal Value						2,930.82
<b>PV of FCFF</b>	<b>286.96</b>	<b>206.82</b>	<b>117.90</b>	<b>79.15</b>	<b>70.20</b>	<b>58.22</b>
<b>PV of TV</b>						230.75
<b>PV of FCFF + PV of TV</b>	<b>286.96</b>	<b>206.82</b>	<b>117.90</b>	<b>79.15</b>	<b>70.20</b>	<b>288.97</b>
<b>Enterprise Value of the Firm</b>				<b>INR 9,077.08 Crore</b>		

Note: To calculate the FY 2023-24's data, we have extrapolated the financials on the basis of provisional data dated 30th September 2023 to deduce the annual financial numbers.

### 3. KEY INPUTS USED TO DISCOUNT CASH FLOWS:

Inputs	
<b>Valuation Date</b>	<b>15<sup>th</sup> March 2024</b>
<b>Discount Rate</b>	<b>14.28%</b>
<b>Discount Rate Change</b>	<b>1%</b>
<b>Tax Rate</b>	<b>34.94%</b>





### CALCULATION OF WACC

Weighted Average Cost of Capital	
Expected Market Return (Rm) Nifty Fifty 10-year return 2023	12.78%
Company Risk Premium	1.50%
<b>Appropriate Discount Rate</b>	<b>14.28%</b>

#### 4. CALCULATION OF ENTERPRISE VALUE:

(INR Crore)	
Discount Rate	Enterprise Value
13.28%	9,671.62
<b>14.28%</b>	<b>9,077.08</b>
15.28%	8,538.90

Thus, M/s KSK Mahanadi Power Company Limited is having an Enterprise value of INR 9,077.08 Crore while all the assumptions according to company's audited financials have been considered.

ENTERPRISE VALUE OF M/S KSK MAHANADI POWER COMPANY LIMITED
<b>INR NINE THOUSAND SEVENTY-SEVEN CRORE AND EIGHT LAKHS (INR 9,077.08 CRORES)</b>

#### NOTES:

- The valuation is done based on the historical financials, Industry trend and our experience within the sector.
- The enterprise valuation of the project is just the reflection of the present value of its cash flow generating capacity in future years.
- This Valuation shall not be construed as the physical asset or should be directly related to cost approach or Project cost.
- As per the information provided by the client, the company has signed PPAs of 1590 MW out of the installed capacity of 1800 MW and the prospective buyer/investor/company can benefit from signing additional PPAs to use its full installed capacity.
- In absence of the operational details of the plant, we have relied upon the historical data to forecast the financial projections as per the industry standards.
- For the prospective buyer/investor/company, there is an additional advantage in acquiring this plant as the company has already incurred about 20%-25% of CAPEX to



double its installed capacity to 3600 MW from the current level of 1800 MW. Hence, the investor can expand the capacity of the plant by incurring only partial CAPEX.

- We are of the viewpoint that the power industry growth and demand for the power consumption will be higher in the future years, which will increase the demand for the thermal power generation plants as a result of it.
- We have not considered any contingent Dues / Liability/ Payables / Receivables / Pendency on or of the company in future years, which should be assessed separately by the parties, wanting to enter in the transaction, unless otherwise mentioned.

## 5. SENSITIVITY ANALYSIS:

- a) **WACC** is the key input which has strong impact on the firm's value with respect to percentage change. We have considered a change of 1% to perform the sensitivity analysis.

Scenario	WACC
Optimistic Case	13.28%
Base Case	14.28%
Pessimistic Case	15.28%

- b) **REVENUE GROWTH RATE:** Revenue growth rate is the key input to calculate the Enterprise Value during assessing the firm's value. We have considered a change of +/- 1.50% to perform the sensitivity analysis.

Scenario	Growth Rate
Optimistic Case	3.00% - 3.25%
Base Case	1.50% - 1.75%
Pessimistic Case	0.00% - 0.25%

- c) **ENTERPRISE VALUE OF THE FIRM IN THE DIFFERENT SCENARIO:**

INR 9,077.08 Crore		Revenue Growth Rate (for first 5 years)		
		0.00% - 0.25%	1.50% - 1.75%	3.00% - 3.25%
Discount Rate	13.28%	8,828.18	9,671.62	10,636.37
	14.28%	8,299.02	<b>9,077.08</b>	9,964.07
	15.28%	7,819.60	8,538.90	9,356.21

Thus, in the base case Thermal Power Project of M/s KMPCL is having the Enterprise Value INR 9,077.08 Crore subject to the current assumptions and inputs used during the



forecasted period, as well as the revenue growth rate (for first five years) and WACC used to calculate the EV and it may vary up to INR 10,636.37 Crore as optimistic case and INR 7,819.60 Crore as the pessimistic case. However, as per sensitivity analysis, the final transaction price will be dependent on the bargaining power of market participants to reach out to a successful outcome for all the concerned parties.

*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.*

## 6. ENTERPRISE VALUE INCLUDING CASH & CASH EQUIVALENTS:

As per the Monthly Flash Report of April 2024 shared by the client, the company had INR 8,231 Crores as the available balance under Cash & Cash Equivalents on 31<sup>st</sup> March 2024 as shown in the below table.

Particulars	Amount (In INR Crores)
Enterprise Value	9,077.08
Cash & Cash Equivalents balance as on 31 <sup>st</sup> March 2024	8,231.00
<b>Adjusted EV (including Cash &amp; Cash Equivalents)</b>	<b>17,308.08*</b>

### Note:

When acquiring a company, the investor will have to pay for the equity of the company and pay off the debt but at the time of acquisition the investor will receive the company's cash reserves. As a result of receiving that cash, the investor will pay that much less to acquire the company.

As requested by the bank, we are presenting Adjusted Enterprise Value of INR 17,308.08 crores including cash & cash equivalents. However, during the transaction, this cash may be utilized by the investor/buyer to pay off its debt.

## 7. KEY ASSUMPTIONS AND WORKINGS:

Assumptions in the Valuation assessment have been taken based on data/ information/ documents shared by the Company, Operating History of the Plant, Annual Reports of the



company, Market & Industry analysis. Assumptions have been considered after thoroughly reviewing their feasibility.

#### A. FREE CASH FLOW TO FIRM:

After the preparation of projections, we have calculated the Free Cash Flow to Firm for the particular year during the explicit period, which was calculated after adjusting the Non-Cash Expenses, Working Capital Changes and Capex with the Net Operating Profit after taxes (NOPAT).

#### B. KEY INPUTS CONSIDERED:

Details of key inputs/assumption during the building of projection are as follows shown in the below table:

Details of M/s KSK Mahanadi Power Company Limited				
Particular	Unit	Unit-2	Unit-3	Unit-4
Life of Plant	Years	25	25	25
Installed Capacity	MW	600	600	600
COD of the Project	Date	28-Feb-18	14-Aug-13	26-Aug-14
End of Projection Period	Date	28-Feb-43	14-Aug-38	26-Aug-39

#### C. PROJECTION PERIOD:

The enterprise value of the company is calculated based on a projection period of 20 years from FY 2023-24 to FY 2042-43. This period aligns with the 25-year economic life of the plant, as per the CERC guidelines.

#### D. REVENUE:

The projected revenue for the FY 2023-24 is extrapolated from the provisional HY Sep. 2023 financials shared with us by the client/company. In the absence of critical data/information needed to estimate the annual revenue during the forecasted years, we have applied Y-o-Y annual growth rate of 1.50%-1.75% to the previous years' projected revenue, which is in the line and on conservative side in comparison with the respective sector and industry.





#### E. OTHER INCOME & OPERATING EXPENSES:

In the absence of the relevant information available with us, we have estimated the Other Income and Operating Expenses during the projection period by using the averages of the historical trends of other income/operating expenses with respect to the operating revenues as per the best practices used in the industry.

Particulars	FY 2020 A	FY 2021 A	FY 2022 A	FY 2023 E	Assumption
Other income	7.76%	5.52%	1.90%	12.72%	6.50%
Cost of Fuel	63.26%	49.31%	48.00%	62.19%	52.00%
Employee benefits Exp.	1.48%	1.78%	1.90%	1.59%	1.50%
Other Expenses W/O Prov.	13.21%	13.10%	16.45%	20.80%	15.00%

**Note:** For other expenses percentage with respect to operating revenue, we have excluded extraordinary/No-recurring expenses incurred during a particular year to find a more accurate estimation of the forecasted numbers.

#### F. GROWTH RATE:

The annual growth rate for the projections of the FY2024-25 to FY2026-27 has been considered as 1.50% since as per our independent research and the information available on the public domain, the implementation of FGD would raise the electricity tariff, which has been considered in our valuation exercise.

Hence, post FGD installation which is from FY 2027-28 onwards, we have considered annual growth year of 1.75% (an annual increment of 0.25% to the projected years' annual growth rate of 1.50%), which is in the line and on conservative side in comparison with the respective sector and industry.

Due to above reasons, the operating income in the upcoming years might fluctuate in accordance to the tariff adjustments made by the respective authorities to incorporate the cost of installing FGD units for operational and brown-field projects.

#### G. DEPRECIATION:

As per historical trend, we have considered the escalation rate for depreciation as 5.18% with respect to total depreciable assets for those years, which seems to be reasonable to keep a mark-up for future market & economic risks in the Project.





## H. 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 10-Year Return as a proxy for WACC (required rate of return for an unbiased investor), which is 12.78%. (Ref: <https://kunaldesai.blog/nifty-returns/>).

## I. COMPANY RISK PREMIUM:

As the company is under CIRP since October 2019, the company has ceased to commission the remaining 3 units last five years. As a fully functioning entity, M/s KMPCL is dependent on its two SPVs integrally and any prospective investor will also have to purchase them to run a successful business which makes this company a risky prospect for any investor in comparison to the market return. Due to these reasons, we have assumed a company-wide risk premium of 1.50% which covers all the associated expected risks.

## J. TAXATION: Corporate tax rate is 34.94%.

## K. CAPEX:

The Company will be required to invest in FGD installation in the foreseeable future as mandated by the regulatory authorities. As per our independent research and latest information available on the public domain, it is found that the cost for wet limestone-based FGD technology has surged from INR ~39 Lakhs per MW initially to approximately INR 1.14 crore per MW, which is 2.9 times of the initial cost, which will be costing to implement FGD for M/s. KMPCL as INR 2,052 Crore expectedly. For valuation purposes, we have assumed that the cost will be incurred during the 3rd and 4th forecasted years.

Estimation of FGD Cost	
Cost per MW (A)	INR 1.14 Crores
Operational Capacity of the Plant (B)	1800 MW
Total Cost (A * B)	INR 2,052 Crores

*[Handwritten signature and circular stamp of R.K. Associates Valuers & Techno Engineering Consultants Pvt. Ltd.]*



**L. CHANGE IN WORKING CAPITAL:**

In the absence of relevant information to estimate the working capital, we have assumed that the working capital will remain constant during the forecasted period, hence the changes in working capital is considered as zero.

Hence, Enterprise Value of M/s KSK Mahanadi Power Company Limited is INR 9,077.08 Crore, subject to the current micro & macro-economic assumptions, market, industry trends and inputs used during the forecasted period, as well as the growth rate and WACC used to calculate the EV. We have used DCF to calculate the EV of Thermal Power Project, which is highly depended on the Management's capability to maintain the free cash flow as projected.




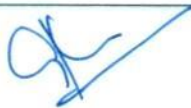
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<b>Declaration</b>	i. Since this is Enterprise Valuation hence no site inspection was carried out by us. ii. The undersigned does not have any direct/indirect interest in the above property. iii. The information furnished herein is true and correct to the best of our knowledge. iv. This valuation work is carried out by our Financial Analyst team on the request from Bank of India, Mumbai Large Corporate Branch, Bank of India Building, 4 <sup>th</sup> Floor, 70-80, M.G. Road, Fort, Mumbai – 400001. v. We have submitted Valuation report to the Client.
<b>Number of Pages in the Report</b>	49
<b>Enclosed Documents</b>	Disclaimer & Remarks 44-49
<b>Place</b>	Noida
<b>Date</b>	10 <sup>th</sup> May 2024

FOR ON BEHALF OF M/S. R.K. ASSOCIATES VALUER & TECHNO ENGINEERING CONSULTANTS PVT. LTD.	
PREPARED BY	REVIEWED BY
Mr. Rachit Gupta	Mr. Gaurav Kumar
	





**PART G**

**IMPORTANT DEFINITION**

**Definitions:**

- **Enterprise Value:** Enterprise value (EV) is the corporate valuation of a company, determined by using market capitalization and total debt. Market cap comprises preference stocks, common stocks, and minority interest; total debt comprises short-term and long-term liabilities of the company. Enterprise value (EV) refers to the overall valuation—equity, debt, cash, and cash equivalents. In other words, it is the cost of acquiring a firm. The EV/EBITDA is an enterprise multiple. It correlates EV with earnings before interest, taxes, depreciation, and amortization. The metric determines whether the firm is undervalued or overvalued.

EV is computed using the following formula:  $EV = (\text{Market Capitalization} + \text{Market Value of Debt} - \text{Cash and Equivalents})$ .

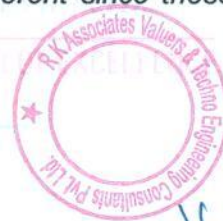
- **Fair Market Value** suggested by the competent Valuer is that prospective estimated amount in his expert & prudent opinion of the subject asset without any prejudice after he has carefully & exhaustively evaluated the facts & information came in front of him related to the subject asset at which the subject asset should be exchanged between a willing buyer and willing seller at an arm's length transaction in an open & unrestricted market, after proper marketing, wherein the parties, each acted knowledgeably, prudently and without any compulsion on the date of the Valuation.

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

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



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





**PART H**

**DISCLAIMER | REMARKS**

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
2. This 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.
34. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at [valuers@rkassociates.org](mailto:valuers@rkassociates.org) in writing within 15 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Financial Feasibility Study Services will be entertained due to possible change in situation and condition of the subject Project.
35. Our Data retention policy is of **ONE YEAR**. After this period, we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
36. This Enterprise Valuation report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) R.K Associates Quality Policy, (3) Valuation & Survey Best Practices Guidelines formulated by management of R.K Associates, (4) Information input given to us by the customer and (4) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this



report to immediately or at least within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.

37. R.K Associates never releases any report doing alterations or modifications from pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.
38. If this report is prepared for the matter under litigation in any Indian court, no official or employee of R.K Associates will be under any obligation to give in person appearance in the court as a testimony. For any explanation or clarification, only written reply can be submitted on the additional payment of charges.



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