Dear Sir,

With reference to your email, please find herewith the following documents/information as required by you to perform the Enterprise Valuation of KKSpun India Limited:

1. Brief description about the company along with currently holding projects (location wise, if any) by the company along with the current status respectively for all the projects.
2. Shareholding pattern of the company and brief description about the shareholders.
3. Detailed description about the directors of the company.

Replies to Point No. 1, 6 and 7 are herein below:

|  |  |
| --- | --- |
| Company Name | **KKSpun India Limited** |
| DOI | 09/01/2006 |
| Regd. Off. Add. | DSIIDC Shed No. 103, Scheme-I, Okhla Industrial Area, Phase-II, South Delhi, New Delhi, Delhi, India-110020 |
| Constitution | Unlisted public limited company |
| Brief about the Company including order book, Shareholders and Directors | KKSPUN India Limited is an unlisted public limited company with its registered office in New Delhi and head office in Faridabad. The company operates three RCC pipe manufacturing plants located in Bhiwadi (Rajasthan), Kanpur (Uttar Pradesh), and Maihar, Satna (Madhya Pradesh). KKSPUN India Limited is engaged in the manufacturing of RCC pipes and the construction of sewerage projects, primarily awarded by the government. Its construction projects include trench excavation for pipe laying, backfilling of trenches, and road restoration.  **Directors**  There are three Directors in the Company, namely:  Mr. Himanshu Gupta  Mr. Kavish Gupta  Ms. Rakhi Singh (Independent Director)  **Brief Profile of Directors are herein below:**  **Mr. Himanshu Gupta, Managing Director**  Mr. Himanshu Gupta is a BE (Mechanical) from a reputed Institute in India and he has more than 21 years of experience in the pipes industry. He is looking after Overall Management of the Company including Business Development, Marketing, Liaoning with the higher authority and Government Officials etc.  **Mr. Kavish Gupta, Executive Director**  Mr. Kavish Gupta is a Qualified Mechanical Engineer from a reputed Institute in India and UK. He has around 14 years of industry experience. He is having the deep understanding of the Products manufactured by the Company. He is looking after the operation of the Company.  **Mrs. Rakhi Singh, Independent Director**  In compliance with Section 149 (4) of the Companies Act, 2013 KKSpun India Limited has appointed Mrs. Rakhi Singh as Independent Director of the Company. She is Commerce Graduate and she is qualified Company Secretary from Institute of Company Secretaries (ICSI). She has good exposure of corporate law compliance, finance and listing compliance.  **Shareholding Pattern**  The shareholding structure of the company is as follows:   | **Shareholder Name** | **Number of Shares Held** | **Relationship** | **% Holding** | | --- | --- | --- | --- | | **Himanshu Gupta** | 65,87,465 | Promoter | 51.07% | | **Kavish Gupta** | 60,06,009 | Promoter | 46.56% | | **Others** | 3,04,649 | Family Members | 2.37% | | **Total** | 1,28,98,123 |  | 100.00% |   **Background**  KKSPUN India Limited was promoted by Late Shri Pramod Kumar Gupta, the father of Mr. Himanshu Gupta and Mr. Kavish Gupta. Shri Pramod Kumar Gupta was instrumental in the company’s growth until his sudden demise in January 2020. Following his demise, the company faced significant challenges, including the termination of several government contracts, invocation of bank guarantees, and bank accounts being classified as non-performing assets (NPA). Details of current holding of Projects will be shared shortly. |

1. Financial Model of the Company in the excel sheet along with future projection and assumption, if any.

Reply: We are working on it and it will be shared shortly.

1. Details of the brands/trademarks/copyrights owned by the company.

Reply: There is no brand/trademark/copyright etc. registered in the name of the Company.

1. Organisational Structure of the company.

Reply: The Company is a closely held Company and managed by 2 brothers namely Mr. Himashu Gupta and Kavish Gupta who are looking after all functions of the Company with the help of staff and workers.

5. Current status of the company and reason for Financial Stress, if any.

Reply:

Current status of the company

Currently the account with lenders has turned NPA and company is looking for the settlement of accounts.

Due to paucity of funds, the company is not executing any reasonable amount of work in manufacturing segment. Presently it is focusing on the EPC business and executing the current orders in hand. Further, considering the present financial situation, it is not looking for any expansion plan in near future.

Reason for Financial Stress:

The Company was awarded sewerage contracts of ~Rs.600 Crore in the cities of Satna, Rewa, Katni and Singrauli in Madhya Pradesh under the Central Government funded AMRUT Scheme. These contracts were executed under Municipal Corporations. Post allotment, the Company started survey on the basis of detailed project reports (DPRs). Unfortunately, the DPRs were faulty and were not based on real ground conditions. The fact that the length of sewer line to be laid was not correct and the actual length was 50% higher than the length given in the DPRs was established after carrying out survey with the representatives of the Municipal Corporations and their consultants. A large portion of land on which the sewer line was to be constructed was owned by the Forest Department/ National Highways Authority of India (NHAI)/ or was industrial land, private property, or had encroachments on it. In some cases, there were also legal disputes pending in the courts of law regarding the ownership of this land. There was a huge delay in providing land for construction of the sewer line. The Municipal Corporations were not able to resolve the issues faced in execution of the projects and the same were being referred to their higher authorities and were totally dependent on their headquarters’ instructions. Subsequently, Municipal Corporation of Satna terminated the Company’s contract and encashed the BGs. **After termination of the Satna Contract and encashment of the BGs KKSIL’s promoters induced funds of ~ Rs.13 Crore approximately from own personal resources and the Company also utilized funds from internal accruals to meet shortfall of funds caused due to the encashment of BGs.**

**KKSIL’s contracts in Rewa, Katni and Singrauli were also wrongfully cancelled and BGs amounting to Rs.58.07 Crore during the period 30.04.2022 to 01.06.2022 were encashed by the Municipal Corporations.** Against the wrongful terminations of the Company’s contracts in Madhya Pradesh, it has already given notices to the concerned Municipal Corporations, and preferred claims amounting to ~Rs. 869 crores. Due to the liquidity issues arisen on account of above, the company had been unable to service its debt to banks and the account turned NPAs with Banks.

8. Last 5 years audited financial statements are enclosed

Reply: Last 5 years Audited Financial Statements are enclosed.

1. Latest Audited/Provisional financial statement of the company.

Reply: Latest Provisional Financial Statement as on 30.09.2024 enclosed.

1. List of the major clients.

Reply:

|  |
| --- |
| Major Client Names |
| Gomti Pollution Control Unit, Lucknow UP |
| UP Jal Nigam, Moradabad |
| UP Jal Nigam, Raibareli |
| Delhi Jal Board (Contract 1) |
| Delhi Jal Board (Contract 2) |
| HSVP Sector 58, 59 Faridabad |
| HSVP Division 1 Sector 24 Faridabad |
| Tata Projects Limited |

1. Any future expansion plan or upcoming projects to be launched.

Reply: As Company Banks Accounts are overdrawn and NPA, Banks had stopped all facilities and transactions. Hence there is no future plans and expansion.

1. Any Research report/ TEV Report/ Credit Rating report, if any.

Reply: No such type of report is available.

13. Total outstanding of the company as on date (lender wise description).

Reply: Total outstanding of the company as on date

Principal outstanding position of consortium lenders (As on 30/09/2024)

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Bank** | **Fund Based** | **%** | **Non-Fund Based** |
| SBI | 146.11 | 32.41 | 12.66 |
| Axis Bank | 52.58 | 11.66 | - |
| Indusind Bank | 50.27 | 11.15 | - |
| Bank of India | 44.63 | 9.90 | 5.20 |
| Yes Bank | 42.83 | 9.50 | 0.88 |
| IDFC First Bank | 37.71 | 8.36 | - |
| HDFC Bank | 35.58 | 7.89 | 3.51 |
| CBI | 16.81 | 3.73 | 1.94 |
| Bank of Baroda | 12.67 | 2.81 | - |
| UCO Bank | 11.60 | 2.57 | - |
| **Total** | **450.79** | **100.00** | **24.19** |
| Less: NFB limit expired |  |  | 2.15 |
| **Net Live NFB limit** |  |  | **22.04** |

Principal outstanding position of lenders other than consortium (As on 30/09/2024)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of Bank** | **Equipment / Vehicle Loans** | **Vehicle Loans** | **ECLGS-Equipment** | **Term Loan** | **Other** | **Total** |
| Yes Bank | - | 0.09 | - | - | - | 0.09 |
| IndusInd Bank Ltd | - | - | 10.48 | 40.07 | - | 50.55 |
| Axis Bank Ltd | 6.12 | - | 1.96 | - | - | 8.08 |
| ICICI Bank Ltd | 6.83 | - | 1.33 | - | - | 8.16 |
| Oxyzo Financial Services P Ltd (Unsecured Loan) | - | - | - | 4.35 | - | 4.35 |
| Axis Bank Ltd – Corporate Credit Card ((Unsecured Loan) | - | - | - | - | 3.35 | 3.35 |
| **Total** | **12.95** | **0.09** | **13.77** | **44.42** | **3.35** | **74.58** |