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Dated: 30.11.2024

ENTERPRISE VALUATION REPORT

OF

KKSPUN INDIA LIMITED

SITUATED AT

**DSIIDC SHED NO. 103, SCHEME-I, OKHLA INDUSTRIAL AREA, PHASE-II, SOUTH
DELHI, NEW DELHI, DELHI, INDIA-110020**

REPORT PREPARED FOR

**STATE BANK OF INDIA, STRESSED ASSETS RESOLUTION GROUP, 2ND FLOOR, THE
ARCADE, WORLD TRADE CENTER, CUFFE PARADE, MUMBAI - 400005**

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PART A

INTRODUCTION

1. ABOUT THE REPORT:

Enterprise Valuation Report of M/s. KKSpun India Limited, an unlisted public limited company engaged in the manufacturing of RCC pipes and the construction of sewerage projects, primarily awarded by the government.

2. BACKGROUND OF THE PROJECT:

KKSpun India Limited (KKSP), an unlisted public company is incorporated on January 09, 2006 under Companies Act, 1956 having its registered office at DSIIDC Shed No. 103, Scheme - I, Okhla Industrial Area, Phase-II, South Delhi, New Delhi - 110020 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).

KKSP was founded by Mr. Pramod Gupta in 1977, with a single manufacturing unit in Ballabgarh. Since then, KKSP has expanded with a matchless pace as it is equipped with state-of-art machinery, laboratories and moulds, to develop top grade products. KKSP's precast concrete business extends to include products such as RCC pipes, jacking pipes, shaft and tunnel segments, irrigation pipes etc. Its construction projects include trench excavation for pipe laying, backfilling of trenches, and road restoration.

As per data/information provided by the client, below table shows the historical financial performance of the company from FY 2019-20 to FY2023-24:

(Figures in INR Lakhs)

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
	Audited	Audited	Audited	Audited	Audited
Revenue	59,956.18	33,851.56	26,766.39	11,752.22	16,454.46
Other Income	350.34	284.66	195.54	95.78	60.29
Total Income	60,306.52	34,136.22	26,961.93	11,848.00	16,514.75
Cost of Goods Sold	42,011.26	13,128.82	9,904.47	2,828.95	5,247.32
Employee Benefit Expenses	2,389.40	2,154.13	1,271.35	766.26	706.31
Other Expenses	6,494.74	12,616.80	10,222.09	6,318.30	9046.06
Total Expenses	50,895.40	27,899.76	21,397.91	9,913.51	14,999.69
EBITDA	9,411.12	6,236.46	5,564.02	1,934.49	1,515.06
Depreciation and Amortization	1,702.66	1,815.74	1,146.90	939.50	759.73
EBIT	7,708.46	4,420.72	4,417.12	994.99	755.33
Finance Cost	4,405.92	4,300.21	4,364.63	941.17	691.60

PBT	3,302.54	120.51	52.49	53.83	63.73
Exceptional Items- Stamp duty paid	-	-	-	-	-
OCI	-	-	-	-	-
Tax	1,150.00	40.00	21.00	25.00	32.00
Deferred Tax	63.33	-43.45	-3.23	-8.51	-0.62
PAT	2,089.20	123.96	34.72	37.33	32.35
EBITDA Margin %	15.70%	18.42%	20.79%	16.46%	9.21%
EBIT Margin %	12.86%	13.06%	16.50%	8.47%	4.59%
Net Profit Margin %	3.48%	0.37%	0.13%	0.32%	0.20%
Revenue Growth (Y.O.Y.)	-	-43.54%	-20.93%	-56.09%	40.01%

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 15.17% in FY 2019-20 to 20.79% in FY 2021-22 and a decline occurred in the later periods, dropping sharply to 16.46% and further to 9.21% in FY 2023-24. Although, EBIT Margin is also showing an upward trend from FY 2019-20 to FY 2021-22 but they also decline in FY 2022-23 and FY 2023-24 to 4.59%. Further revenue has been declined on year-to-year basis.

Since January 2020, 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) and the 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.

Hence, State Bank of India (SBI), SARG, Mumbai has appointed us to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this account.

3. TYPE OF REPORT:

This report is performed to assess the Enterprise Value of the project.

4. PURPOSE OF THE REPORT:

To assess & determine Enterprise Value of the Project as required by the lenders.

5. SCOPE OF THE REPORT:

To estimate & determine current Enterprise Value of the Company based on Income Based Approach (Discounted Cash Flow) method.

- *This is just the enterprise valuation of the project based on the Income generating capacity of the 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 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.*
- *Apart from the cash flows generated from the operations of the company, the Net Present Value of the Company also includes the recoverability of the arbitration claims and required rate of return to be considered to discount the recoverable amount.*
- *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:

Income-based Approach (Discounted Cash Flow Model) for the calculation of Enterprise Value of the Company.

7. DOCUMENTS / DATA REFERRED:

- Audited Financial Statements of last 5 years and Notes provided by the Company.

- Current Order Book and List of claims filed by the company.
- Provisional Financial Statements as on 30.09.2024
- Profile of Directors and Shareholding Pattern
- Company's Profile and Business Model.
- Data/Information available on the Company's website.
- Data/information available in the public domain.
- Reason for Financial Stress.



PART B

PROJECT COMPANY

1. BRIEF DESCRIPTION ABOUT THE COMPANY:

M/s KKSPUN India Limited an unlisted public company, 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.

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

The incorporation details of the Project Company are provided in the table below:

INCORPORATION DETAILS OF THE COMPANY	
Name of the Company	M/s KKSPUN India Limited
CIN	U29199DL2006PLC144590
Address	DSIIDC Shed No. 103, Scheme - I, Okhla Industrial Area, Phase-II, South Delhi, New Delhi - 110020
Constitution	Company Limited by shares
Date of Incorporation	09 th January 2006
ROC Name	ROC Delhi
Authorised Capital	INR 50,00,00,000
Paid up Capital (Equity)	INR 12,89,81,230
Date of Last AGM	30 th September 2024
Date of Balance Sheet	30 th March 2024

Source: As per data/information available on MCA website

2. KEY PERSONNEL OF THE COMPANY:

As per the data/information shared by the client/company, below table shows the details of directors/promoters/key personnel of the company along with their DIN/PAN, Date of Appointment and Designation:

S. NO.	NAME	DIN/PAN	DESIGNATION	DATE OF APPOINTMENT
1	Himanshu Gupta	00822757	Whole Time Director	09/01/2006
2	Kavish Gupta	02953533	Whole Time Director	01/01/2010
3	Rakhi Singh	07145312	Director	28/10/2020

4	Surjeet Srivastwa	*****8323B	Company Secretary	29/10/2013
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Source: Data/Information shared by client

3. CAPITAL STRUCTURE:

As per the audited financial statements for the FY 2023-24, the authorized share capital of the company is INR 50.00 Crores divided into 5.00 crores equity shares of INR 10/- each.

As per the audited financial statements for the FY 2023-24, the paid-up share capital of the company is INR 12.89 Crores divided into 1.29 crores equity shares of INR 10/- each fully paid up.

4. SHAREHOLDING PATTERN:

As per information shared by company/client, below are the details of shareholders as on 30th September, 2024:

S. No.	Name	Number of Shares	%
1	Himanshu Gupta	65,87,465	51.07%
2	Kavish Gupta	60,06,009	46.56%
3	Others	3,04,649	2.37%
	Total	1,28,98,123	100.00%

5. SNAPSHOT OF THE OUTSTANDING DEBT OF THE COMPANY:

As per the information shared by the client/company as on 30.09.2024, the outstanding debt of the company is as follows:

(In INR Crores)				
S. No.	Name of Bank	Fund Based	%	Non-Fund Based
1.	SBI	146.11	32.41	12.66
2.	Axis Bank	52.58	11.66	-
3.	Indusind Bank	50.27	11.15	-
4.	Bank of India	44.63	9.90	5.20
5.	Yes Bank	42.83	9.50	0.88
6.	IDFC First Bank	37.71	8.36	-
7.	HDFC Bank	35.58	7.89	3.51
8.	CBI	16.81	3.73	1.94
9.	Bank of Baroda	12.67	2.81	-
10.	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
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Source: Data/Information shared by client

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

(In INR Crores)

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

Source: Data/Information shared by client

6. CURRENT STATUS OF THE PROJECT:

M/s KK Spun India Limited is an Unlisted Public Company domiciled in India and incorporated under the provisions of Companies Act applicable in India. The Company was incorporated to engage in the business of 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.

As per the information shared by company/client, it 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), but found out that 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 filed 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.

Hence, State Bank of India (SBI), SARG, Mumbai has appointed us to determine the Fair Market Value/Enterprise Value of the Business/Company to take appropriate course of action on this account.



PART C

THE PROJECT

1. BRIEF DESCRIPTION OF THE PROJECT COMPANY:

KKSPUN India Limited an unlisted public company was incorporated in 2006 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.

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).

2. DETAILS OF THE CURRENT PROJECTS:

As per the information provided by the company, currently it has the following projects-

Order Book as on September, 2024					
S. No.	Business Unit	Customer Name	% Share in Projects	Date of Allotment	Estimated Revised PO Value (Rs. In Lakhs)
1	Manufacturing	Tata Projects Limited	100%	03.07.2024	102.58
2	EPC	Delhi Jal Board (Contract 1)	74%	22.05.2018	6,187.50
3	EPC	Delhi Jal Board (Contract 2)	74%	19.07.2018	5,785.71
4	EPC	Gomti Pollution Control Unit, Lucknow UP	78%	01.01.2019	20,889.00
5	EPC	UP Jal Nigam, Moradabad	89%	07.01.2020	9,200.00
6	EPC	UP Jal Nigam, Raibareli	89%	26.10.2020	14,280.00
7	EPC	HSVP Sector 58, 59 Faridabad	100%	11.09.2019	2,686.00
8	EPC	HSVP Division 1 Sector 24 Faridabad	100%	28.09.2021	4,231.00
Total					63,361.79

Source: Data/Information shared by client

3. LIST OF CLAIMS FILED:

As per the information provided by the company, KKSL has filed following claims listed below:

S. No.	Project	Description	Date of claim filed	Present Status
1.	Recoverable Claims DJB Contract-5	DJB Contract - 5 Rehabilitation of peripheral sewer of dia 400 to 1400 mm by CIPP structural lining method in Rohini, Pitampura, Shalimar Bagh area, Shakti Nagar Area, Azadpur and adjoining areas in North – North West Delhi.		Company has requested for constitution of dispute resolution committee. Claim is pending before Engineer
2.	Recoverable Claims DJB Contract-7	DJB Contract - 7 Rehabilitation of peripheral sewer of dia 400 to 1400 mm by CIPP structural lining method in Janak Puri, Tilak Nagar, Patel Nagar, Karol Bagh and adjoining areas in West Delhi.		Company has requested for constitution of dispute resolution committee. Claim is pending before Engineer
3.	Recoverable Claims Sangam Vihar DJB	DJB Sangam Vihar Providing and laying 250 mm to 700 mm dia internal and peripheral sewer line in Sangam Vihar Group of Colonies (PH-1) under Okhla drainage Zone / Catchment area in Delhi.		Company approached District Court at Saket, Delhi for injunction against illegal actions of employer and for appointment of independent mediator. Court has order to appoint the same. In the last hearing dated 04-06-2024, the court had granted 60 days extension for mediation proceedings
4.	Recoverable Claims Ambala	Construction of sewer system in deficit area including all ancillary works, Pumping Station and STP on SBR technology along with O&M for 5 years in Ambala Town, under AMRUT Program	28-08-2023	It has filed a case in Hon'ble High Court, Haryana & Punjab at Chandigarh for appointment of Arbitrator for settlement of claims, court has appointed an arbitrator.
5.	Recoverable Claims Karnal	Storm Water Drain Project Construction of Storm Water Drain along with Intermediate Pumping Station and Rain Water Harvesting Structure in Karnal Town, under AMRUT Scheme.	25-07-2023	It has filed a case in Hon'ble High Court, Haryana & Punjab at Chandigarh for appointment of Arbitrator for settlement of claims, court has appointed an arbitrator.
6.	Recoverable Claims Katni	Sewerage Project Survey, Design, Construction and commissioning of Sewerage Network in Katni Municipal Area, under AMRUT Scheme.	10-01-2024	Company filed claims in Madhya Pradesh Madhyastam Tribunal at Bhopal

7.	Recoverable Claims Rewa	Sewerage Project Survey, Design, Construction and commissioning of Sewerage Network in Rewa Municipal Area, under AMRUT Scheme.	31-10-2023	Company filed claims in Madhya Pradesh Madhyastam Tribunal at Bhopal
8.	Recoverable Claims Satna	Sewerage Project Survey, Design, Construction and commissioning of Sewerage Network in Satna Municipal Area, under AMRUT Scheme	20-04-2023	Company filed claims in Madhya Pradesh Madhyastam Tribunal at Bhopal
9.	Recoverable Claims Singrauli	Sewerage Project Survey, Design, Construction and commissioning of Sewerage Network in Singrauli Municipal Area, under AMRUT Scheme		Petition for Claims was filed before the CE, UADD, but it was dismissed. Further review petition has not been accepted. Now the Company has filed arbitration claim before Madhya Pradesh Madhyastam Tribunal, Bhopal
10.	Recoverable Claims Lucknow	Construction of Intercepting Trunk Drain on both Banks (From Hardoi-Sitapur Bypass to Gomti Weir) for Channelization of Gomti River Lucknow.		Claim filed
11.	Recoverable Claims OFB	Supplying of Pre-Casted Pipes, MH Cover and Frame, Manhole, IC Chambers, RCC Pipes etc.		Notice Issue

Source: Data/Information shared by client

4. MAJOR CLIENTS:

As per the data/information shared by the client/company, some of the major clients of KKSL are listed below:

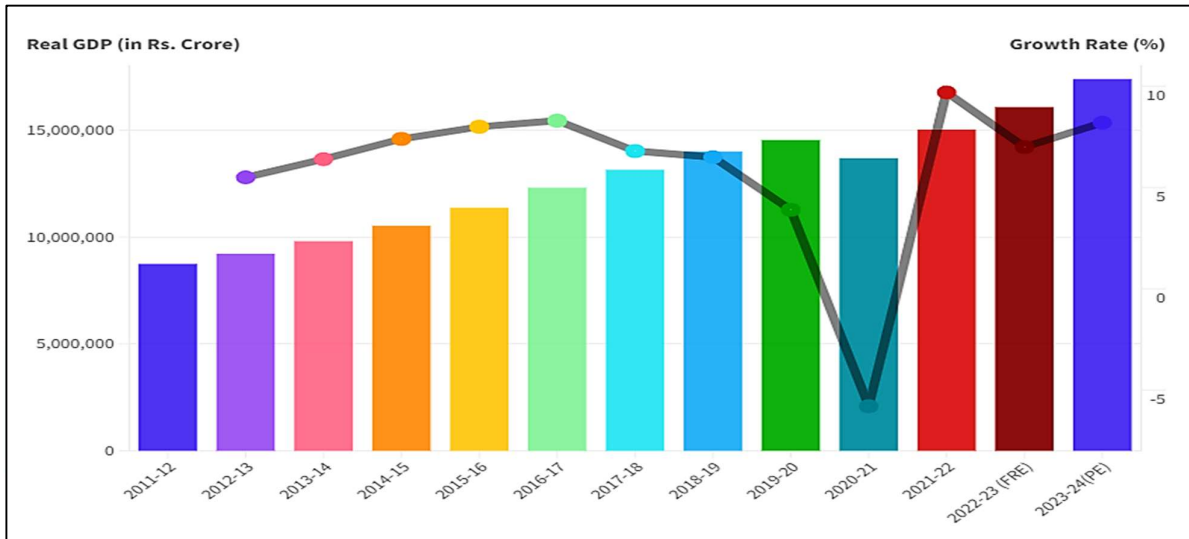
- Gomti Pollution Control Unit, Lucknow UP
- UP Jal Nigam, Moradabad
- UP Jal Nigam, Raebareli
- Delhi Jal Board
- HSVP Sector 58, 59 Faridabad
- HSVP Division 1 Sector 24 Faridabad
- Tata Projects Limited

PART D

MARKET OVERVIEW ON CONCRETE PIPES SECTOR

1. INTRODUCTION:

The International Monetary Fund (IMF) in July revised India's GDP growth forecast for FY 25, increasing it by 20 basis points to 7% projected by the financial institution earlier this year as a result of stronger domestic investment, which is reflecting momentum from stronger-than-expected growth in the fourth quarter of 2023 which is a result of stronger domestic investment. The Reserve Bank of India (RBI) has also projected the Indian economy to grow at 7.2 per cent for FY25.



Source: MoSPI, India

The concrete pipes sector is an essential component of the nation's infrastructure development, supporting a wide range of critical applications including water supply systems, sewage and wastewater management, stormwater drainage, and irrigation networks. Concrete pipes are a preferred choice due to their durability, strength, and resistance to environmental factors like corrosion, which is particularly important in water and sewage systems where longevity and reliability are paramount. As one of the largest and fastest-growing economies in the world, India's rapid urbanization, industrialization, and population growth have increased the demand for robust infrastructure solutions. Concrete pipes, known for their cost-effectiveness and long-life cycle, are integral to addressing the country's infrastructure challenges, especially in densely populated urban areas and rural regions where water management systems, drainage, and irrigation are underdeveloped.

The demand for concrete pipes is strongly linked to the government's emphasis on modernizing India's infrastructure to support its growing urban and rural populations. As of recent estimates, India has over 1.4 billion people, with more than 34% living in urban areas, and the country is expected to continue urbanizing at an accelerated rate. This creates a significant demand for

infrastructure, especially in the form of sewage systems, clean drinking water pipelines, stormwater management, and irrigation systems. Moreover, India's commitment to improving sanitation and water management is driving the construction of large-scale projects that require concrete pipes. Urban areas, including smart cities and growing metropolitan regions, are particularly reliant on these products for their water distribution, sewage treatment plants, and drainage systems. In rural regions, projects under national schemes like Swachh Bharat Mission (Clean India Mission) and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) aim to expand sanitation and water supply, further boosting the demand for concrete piping solutions.

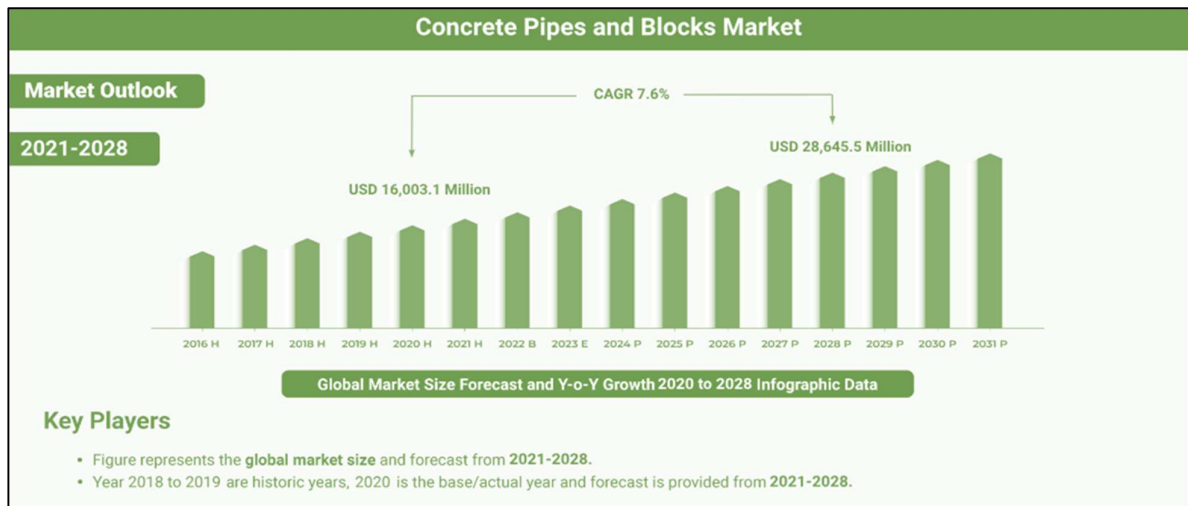
The concrete pipes sector is not only integral to addressing India's immediate infrastructure needs but also plays a crucial role in long-term sustainable development. The government's focus on building climate-resilient infrastructure, managing stormwater effectively, and improving wastewater treatment systems to reduce environmental pollution is expected to lead to a continued rise in demand for concrete pipes. These pipes, often made using locally sourced materials, also contribute to job creation and the growth of small and medium-sized enterprises in India's construction and manufacturing sectors. Consequently, concrete pipes are expected to remain a critical component of India's infrastructure development strategy in the coming decades.

2. MARKET SIZE:

The global Concrete Pipe market size was valued at USD 21,655.31 million in 2024 and is expected to expand at a CAGR of 3.18% during the forecast period, reaching USD 26,136.03 million by 2027.

Concrete pipe, a porous pipe made of concrete and used principally for subsoil drainage; diameters over 15 inches (38 centimetres) are usually reinforced. The market drivers for the Concrete Pipes and Blocks Market can be influenced by various factors. These may include:

- Urbanization and Infrastructure Development
- Environmental Regulations
- Technological Advancements
- Economic Growth
- Rising Construction Activities
- Growing Demand for Water and Wastewater Management Solutions



Source: Growthmarketreports.com

3. GOVERNMENT INITIATIVES:

The Indian government has launched several initiatives to boost infrastructure development, which in turn supports the concrete pipe industry. Key initiatives include:

- **National Infrastructure Pipeline (NIP):** With an investment target of ₹111 lakh crore (approximately USD 1.5 trillion) from FY 2020 to FY 2025, this program emphasizes projects in urban infrastructure, water supply, sanitation, and irrigation. These sectors directly demand concrete pipes for drainage, sewage, and water transport systems.
- **Pradhan Mantri Gram Sadak Yojana (PMGSY):** This rural road program, allocated its highest-ever budget of ₹796 billion for FY 2023-24, indirectly supports the concrete pipe industry by improving road drainage systems.
- **Gati Shakti Initiative:** The program emphasizes coordinated development of highways, railways, ports, and urban infrastructure. With concrete being a major material in such projects, concrete pipe applications are expected to grow substantially.
- **Jal Jeevan Mission:** Aiming to provide piped drinking water to every rural household by 2024, this mission has increased demand for concrete pipes in water distribution networks.
- **Smart Cities and Urban Rejuvenation:** As part of urban development initiatives, projects like Amrut 2.0 aim to enhance drainage and sewage systems in cities, further increasing the use of concrete pipes.

4. RECENT INVESTMENTS:

Recent investments in the concrete pipe industry indicate a robust focus on infrastructure and sustainability across both public and private sectors. Globally, significant growth is driven by

urbanization and the replacement of aging pipeline systems, particularly in sectors such as sewage, drainage, irrigation, and potable water.

- **Global Trends:** The global concrete pipe market is projected to reach approximately \$28.8 billion by 2027, growing at a CAGR of 4% from 2022 to 2027. This growth is fueled by increased demand for reinforced and pre-stressed concrete pipes, which are valued for their durability and cost-effectiveness.
- **Key Private Investments:** Companies like **CEMEX**, **Forterra**, **Old Castle Precast**, and **Indian Hume Pipe** have been enhancing their production capabilities to meet growing demand. These firms are investing in advanced manufacturing technologies, such as vibration casting, to improve efficiency and product quality
- **India's Market Insights:** In India, urban infrastructure development projects, including water supply and drainage systems, have spurred demand for concrete pipes. Firms like Indian Hume Pipe are capitalizing on government-backed initiatives such as Smart Cities and the Jal Jeevan Mission. These projects emphasize modernizing water distribution networks and expanding rural sanitation infrastructure

The concrete pipe sector remains a cornerstone of global infrastructure investment, supported by a mix of public funding and private capital for modernization and innovation.

5. WAY FORWARD:

The concrete pipe industry is well-positioned for growth, driven by ongoing urbanization, infrastructure modernization, and sustainability efforts. As cities expand, the demand for advanced drainage, sewage systems, and smart water management solutions will increase, presenting significant opportunities. The industry is focusing on sustainable materials and advanced manufacturing techniques, such as eco-friendly raw materials, vibration casting, and automation, to reduce carbon footprints and enhance product quality.

Partnerships with governments on infrastructure projects and advocating for sustainability incentives can provide steady demand. Expanding into emerging markets, particularly in Asia-Pacific, Africa, and Latin America, will help meet infrastructure needs in rapidly urbanizing regions. Additionally, integrating digital technologies like IoT for pipeline monitoring can improve efficiency and reduce long-term costs. Diversification into related products, such as precast concrete structures, can mitigate risks from industry fluctuations. However, challenges such as raw material cost volatility and strict environmental regulations require proactive strategies, including using alternative materials and adopting green practices. Overall, the industry's future looks promising, with innovation and strategic partnerships key to staying competitive and addressing future demands.

PART E

FINANCIAL PERFORMANCE

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

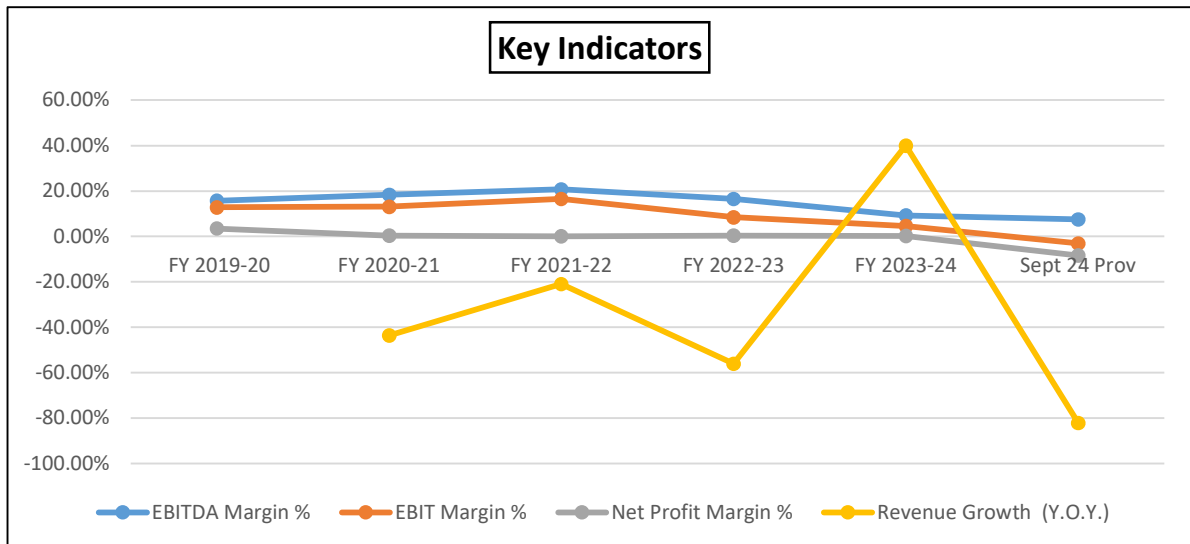
1. HISTORICAL PROFIT & LOSS STATEMENT: (FY 2019-20 to SEPT. 24)

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
	Audited	Audited	Audited	Audited	Audited	Prov.
Revenue	59,956.18	33,851.56	26,766.39	11,752.22	16,454.46	2940.27
Other Income	350.34	284.66	195.54	95.78	60.29	0.29
Total Income	60,306.52	34,136.22	26,961.93	11,848.00	16,514.75	2,940.56
Cost of Goods Sold	42,011.26	13,128.82	9,904.47	2,828.95	5,247.32	1204.21
Employee Benefit Expenses	2,389.40	2,154.13	1,271.35	766.26	706.31	289.02
Other Expenses	6,494.74	12,616.80	10,222.09	6,318.30	9046.06	1224.76
Total Expenses	50,895.40	27,899.76	21,397.91	9,913.51	14,999.69	2,717.99
EBITDA	9,411.12	6,236.46	5,564.02	1,934.49	1,515.06	222.57
Depreciation and Amortization	1,702.66	1,815.74	1,146.90	939.50	759.73	314.25
EBIT	7,708.46	4,420.72	4,417.12	994.99	755.33	-91.68
Finance Cost	4,405.92	4,300.21	4,364.63	941.17	691.60	154.38
PBT	3,302.54	120.51	52.49	53.83	63.73	-246.06
Exceptional Items - Stamp duty paid	-	-	-	-	-	-
OCI	-	-	-	-	-	-
Tax	1,150.00	40.00	21.00	25.00	32.00	0.00
Deferred Tax	63.33	-43.45	-3.23	-8.51	-0.62	0.00
PAT	2,089.20	123.96	34.72	37.33	32.35	-246.06
EBITDA Margin %	15.70%	18.42%	20.79%	16.46%	9.21%	7.57%
EBIT Margin %	12.86%	13.06%	16.50%	8.47%	4.59%	-3.12%
Net Profit Margin %	3.48%	0.37%	0.13%	0.32%	0.20%	-8.37%
Revenue Growth (Y.O.Y.)	-	-43.54%	-20.93%	-56.09%	40.01%	-82.13%

2. KEY FINANCIAL RATIOS:

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
	Audited	Audited	Audited	Audited	Audited	Prov.
EBITDA Margin %	15.70%	18.42%	20.79%	16.46%	9.21%	7.57%
EBIT Margin %	12.86%	13.06%	16.50%	8.47%	4.59%	-3.12%
Net Profit Margin %	3.48%	0.37%	0.13%	0.32%	0.20%	-8.37%
Revenue Growth (Y.O.Y.)	-	-43.54%	-20.93%	-56.09%	40.01%	-82.13%

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 15.17% in FY 2019-20 to 20.79% in FY 2021-22 and a decline occurred in the later periods, dropping sharply to 16.46% and further to 7.57% in Sept. 2024 (Prov.).

Although, EBIT Margin is also showing an upward trend from FY 2019-20 to FY 2021-22 but they also decline in FY 2022-23, FY 2023-24 & Sept. 2024 to -3.12%. Further revenue has been declined on year-to-year basis.

As per the historical analysis, it is observed that Net Profit Margin of the company is decreasing continuously from 3.48% in FY 2019-20 to 0.13% in FY 2021-22 and increased to 0.32% in FY 2022-23 and ultimately decreased to -8.37% in Sept. 2024 (Prov.).

Revenues Growth of the company is decreasing during the past 3 years, as per the data/information shared by the company/client.

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 approach to calculate the Enterprise Value of the Company, which is, Income based approach (Discounted Cash Flow Model).

- a) The free cash flow method is similar to the method used for public companies.
- b) FCFF is more practical when substantial capital changes are expected because weighted average cost of capital (WACC) is less sensitive to the cost of equity.
- c) In this method, we calculate the free cash flow to firm (FCFF) for the projected period.
- d) Finally, we calculate the present value of future cash flows by using a required rate of return based on the riskiness of the project, which we determine by using the Weighted Average Cost of Capital (WACC).

RATIONALE FOR USING DCF METHOD FOR ENTERPRISE VALUATION:

- 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 stakeholders. 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 KKSpun India Limited will be FCFF as it represents the benefits attributable to all the stakeholders in the Business enterprise.

FCFF Model Formula and Key Inputs:

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

- **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.

$$\text{FCFF} = \text{Net Income} + \text{Non-Cash Charges} + \text{Interest} (1 - \text{tax rate}) - \text{Working Capital Investment} - \text{Fixed Capital Investment}.$$

- **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:

(Value in INR Crores)

Particulars	Mar-25 (Oct-24 to Mar-25)	Mar-26	Mar-27
	Projected	Projected	Projected
Revenue	50.40	84.14	45.81
Other Income	-	-	-
Total Income	50.40	84.14	45.81
Cost of Goods Sold	20.66	34.50	18.78
Other Manufacturing Expenses	19.15	31.98	17.41
Employee Benefit Expenses	3.53	5.89	3.21
Other Expenses	4.54	7.57	4.12

Total Expenses	47.88	79.94	43.52
EBITDA	2.52	4.21	2.29
Depreciation and Amortization	3.14	5.17	4.69
EBIT	-0.62	-0.97	-2.40
Less: Taxes (@26%)	0.00	0.00	0.00
NOPAT	-0.62	-0.97	-2.40
ADD: Depreciation	3.14	5.17	4.69
Less: Capex	0.00	0.00	0.00
Less: Change in WC	7.64	6.30	-19.18
Unlevered Free Cash Flow (UFCF)/ FCFF	-5.12	-2.09	21.47
Discount Rate (WACC)	15.70%		
Period	0.50	1.50	2.50
Discount Factor	0.93	0.81	0.70
Terminal Value	-	-	29.78
TV + FCFF	-5.12	-2.09	51.25
PV of FCFF + PV of TV	-4.76	-1.68	35.59
Present Value of FCFF & Terminal Salvage Value	INR 29.16 Crores		

Note: As informed by the client/company, KKSpun turned NPA in the year 2022 on account of various reasons as mentioned in the report above. Considering the paucity of working capital post NPA, the company can only execute orders in hand. Hence, the Projections are prepared based on present order book only, due to inability of the company to continue the operations without the infusion of funds in the business.

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

Inputs	
Valuation Date	30 th September, 2024
Discount Rate	15.70%
Discount Rate Change	1%
Tax Rate	26.00 %

Calculation of WACC for 'KKSPUN'

Weighted Average Cost of Capital			
Particular	Amount	Weightage	Discount Rate
INR Crores, Unless Otherwise Specified			
Equity	186.85	0.71	19.96%
Additional Risk Premium			5.00%
Cost of Equity			24.96%
Debt	450.79	0.29	11.89%
Total	637.63		15.68%
Appropriate Discount Rate (Round Off)			15.70%

Note: Discount Rate Change of 1% is used to calculate the Sensitivity of the Enterprise Valuation with +/- changes in discount rate.

4. SUMMARY OF CLAIMS FILED BY THE COMPANY:

S. No.	Project	Share in project	Total of Claim Filed	Share in Claim Filed
1	Recoverable Claims DJB Contract-5	74%	57.38	42.46
2	Recoverable Claims DJB Contract-7	74%	74.98	55.48
3	Recoverable Claims Sangam Vihar DJB	100%	75.54	75.54
4	Recoverable Claims Ambala	75%	93.71	70.28
5	Recoverable Claims Karnal	75%	86.57	64.93
6	Recoverable Claims Katni	100%	165.92	165.92
7	Recoverable Claims Rewa	100%	188.67	188.67
8	Recoverable Claims Satna	100%	299.49	299.49
9	Recoverable Claims Singrauli	100%	110.56	110.56
10	Recoverable Claims Lucknow	100%	40.47	40.47
11	Recoverable Claims OFB	100%	51.99	51.99
			1,245.28	1,165.80

EXPECTED RECOVERY OF CLAIMS

Particulars	Amount (In Crores)	Remarks
Total Claim filed by the Company (A)	1,165.80	
Less: Award received so far out of (A) above (B)	0.00	
Total Claimed Amount (C) =(A-B)	1,165.80	
Expected Realization out of C (D)	174.87	15% of C
Less: Expected Expenses to be incurred to realize the claim amount (E)	34.97	20% of D
Claim Realization available for lenders (D-E)	139.90	It is assumed that this will take around 10 years to get realized.
Discount Rate	15.70%	
PVF	0.233	
Present Value of Expected Recovery of Claims	32.54	

Note:

- As informed by client/company, there are various disputed claims with authorities. The same are under litigation at various stages. The claims are considered based on expected realization/timeline of recovery past trend of settlement done by various boards.
- There will be expenses which will be incurred to realize these claims, which are assumed to be 20% of the expected realization of the claims.

5. SECURITY DEPOSIT IN PROJECTS:

S. No.	Project	Security Amount
1	The Office of General Manager, Gomti Pollution Control Unit, UP Jal Nigam, River Bank Colony, Surajkund Park, Lucknow - 226018, UP	14,12,87,919.84
2	The office of Superintending Engineer, 4th Circle, UP Jal Nigal, Near Manohar Bhushan Inter College, Jal Nigam Colony, Ghandi Nagar, Bareilly, UP	55,79,922.60
3	The office of Superintending Engineer, 8th Circle, UP Jal Nigam, Ashiyana Phase - 1, Near Overhead Water Tank, Kanth Road, Moradabad - 244001, UP	7,29,93,298.00
4	The office of Executive Engineer, Construction Division - I, UP Jal Nigam, Raebareli, UP	13,64,25,700.60
5	The Office of the Executive Engineer, HSVP Division No. 1, HSVP Office Complex, Sec - 12, Faridabad, Haryana (2 Contracts of HSVP Sec-24 and 58-59, Faridabad)	2,65,26,625.20
6	The office of the Executive Engineer (P) SR - II, Delhi Jal Board, Varunalaya, Phase - 1, Karol Bagh, New Delhi (2 Contracts of DJB Contract 1 & 2)	2,36,48,189.65
7	Misc others	42,62,510.00
Total		41,07,24,165.89

EXPECTED RECOVERY OF SECURITY DEPOSITS

Particulars	Amount (In Crores)	Remarks
Total Security Deposit of the Company (A)	41.07	
Expected Realization out of A (B)	20.54	50% of A
Claim Realization available for lenders (D-E)	139.90	
Discount Rate	15.70%	It is assumed that this will take around 5 years to get realized.
PVF	0.482	
Present Value of Expected Recovery of Claims	9.90	

Note: As informed by client/company, KKSPUN has security deposit amounting to INR 41.07 Cr. with various dept. as listed above. This amount will be receivable post the completion of defect liability period of the said project. However, the realisable amount of the deposit is assumed to be around 50% based on expected realization/timeline of recovery past trend of settlement done by various boards alongwith the expenses associated with such realization.

6. CONTINGENT LIABILITY:

Particulars	Amount as on 31.03.2024 (In Cr.)	Probability	Net Amount of Contingent Liability (In Cr.)
Bank Guarantee	22.93	50%	11.46
Corporate Guarantee	40.00	50%	20.00
Bank Interest unpaid	37.68	0%	0.00
TOTAL	100.61		31.46

Note:

- As per information shared by client/company, KKSpun has contingent liabilities of INR 100.61 crores as mentioned above. Out of this, INR 62.93 crores is given as Corporate Guarantee & Bank Guarantee. We have considered a discount of 50% to the book value. Hence, the Present Value of this liability is considered as INR 31.46 Crores.
- As per discussion with the company official, Interest amount to Rs.37.68 Cr. reflected in financial books is on the basis of management's undertaking regarding following up with various banks of waiver off due to financial constraints. Hence, we have considered the value to be Nil.

7. CALCULATION OF ENTERPRISE VALUE:

(Value in INR Crores)			
Discount Rate	14.70%	15.70%	16.70%
PV of Free Cash Flow Over Projection Period	8.76	8.47	8.20
PV of Terminal Value	21.14	20.68	20.24
Net Present Values of Claims	35.50	32.54	29.86
Present Value of Security Deposit in Projects	10.34	9.90	9.49
Cash & Cash Equivalent	2.09	2.09	2.09
Less: Contingent Liability	(31.46)	(31.46)	(31.46)
Enterprise Value	46.36	42.23	38.41

Thus, M/s KKSPUN India Limited is having an Enterprise value of INR 42.23 Crores while all the assumptions according to company's audited financials have been considered.

ENTERPRISE VALUE OF M/S KKSPUN INDIA LIMITED
INR FORTY-TWO CRORES TWENTY-THREE LAKHS (INR 42.23 Crores)

Notes:

- This is just the enterprise valuation of the project based on its income generating capacity in future years alongwith the expected recovery of claims shared by the client/company. This valuation shall not be construed as the physical asset or should be directly related to cost approach or Project cost.*
- KKSpun turned NPA in the year 2022 on account of various reasons as mentioned in the report above. Considering the paucity of working capital post NPA, the company can only execute*

orders in hand. Hence, the Projections are prepared based on present order book only due to inability of the company to continue the operations without the infusion of funds in the business.

- KKSpun has made investments in two associate companies, namely M/s Giga Pipes Systems India Private Limited and M/s Reline UV Asean Private Limited. According to the information provided by the company, both of these associates are currently facing significant financial distress, and there is no possibility of recovery from these investments at this time.*
- The valuation of expected realization of claims and security deposits has been done based on the most likely/probabilistic realizable value which might differ from the actual realization in the future.*
- Overall valuation exercise is subject to the current scenario, assumptions and observed activity of the company.*
- No employee or member of R.K Associates has any direct/ indirect interest in the Project.*
- This is just an opinion report on Valuation based on the copy of the documents/ information provided to us by the client which has been relied upon in good faith and the assessment and assumptions done by us.*
- This is only a general assessment of the Enterprise/Business Value of the firm based on the data/ input Company officials could provide to us against our questions/ queries and information available in the public domain. In no manner this should be regarded as an audit activity/ report and NO micro analysis or detailed or forensic audit/ scrutiny of the financial transactions or accounts of any kind has been carried out at our end.*

Thus, in the base case, 'KKSpun' is having the Enterprise Value of **INR 42.23 Crores** and it may vary up to **INR 46.36 Crores** as optimistic case and **INR 38.41 Crores** 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.

Hence, considering as a base case the Enterprise Value of "M/s KKSpun India Limited" is being calculated as **INR 42.23 Crores**, subject to the current assumptions and inputs used during the forecasted period and WACC used to calculate the EV.

8. 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 Company, 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. OPERATING REVENUE:

As informed by the client/company, KKSpun India Limited turned NPA in the year 2022 on account of various reasons as mentioned in the report above. Considering the paucity of working capital post NPA, the company can only execute orders in hand. Hence, the revenue projections are prepared based on present order book only due to inability of the company to continue the operations without the infusion of funds in the business.

Below are the details of the projected revenue to be recognized based on the existing orders:

S. No.	Customer Name	Estimate d Revised PO Value	PO Executed	Balance to be executed	Estimated Revenue		
					FY 2025	FY 2026	FY 2027
		INR in Lakhs					
1	Tata Projects Limited	102.58	35.64	66.94	66.94	-	-
2	Delhi Jal Board (Contract 1)	6,187.50	2,280.55	3,906.95	781.39	1,562.78	1,562.78
3	Delhi Jal Board (Contract 2)	5,785.71	2,337.17	3,448.54	862.14	1,896.70	689.71
4	Gomti Pollution Control Unit, Lucknow UP	20,889.00	19,932.84	956.16	956.16	-	-
5	UP Jal Nigam, Moradabad	9,200.00	8,522.88	677.12	677.12	-	-
6	UP Jal Nigam, Raibareli	14,280.00	7,400.00	6,880.00	688.00	4,128.00	2,064.00
7	HSVP Sector 58, 59 Faridabad	2,686.00	2,185.52	500.48	500.48	-	-
8	HSVP Division 1 Sector 24 Faridabad	4,231.00	1,956.40	2,274.60	682.38	1,137.30	454.92
Total		63,361.79	44,651.00	18,710.79	5,214.61	8,724.78	4,771.41

C. OPERATING EXPENSES:

We have the estimated the Operating Expenses during the projection period by using the average of the historical 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 A	FY 2024 A	FY 2025 Provisional (Apr-Sept)
COGS (% of Operating Revenue)	70.07%	38.78%	37.00%	24.07%	31.89%	40.95%
Other Manufacturing Expenses	-	29.86%	31.86%	44.95%	47.58%	32.93%
Employee Benefit Expense	-	6.36%	4.75%	6.52%	4.29%	9.83%
Other Expenses W/O Prov.	-	7.41%	6.33%	8.82%	7.39%	13.95%

Note: For other expenses percentage with respect to operating revenue, we have excluded extraordinary expenses incurred during a particular year to find a more accurate estimation of the forecasted numbers.

- **Cost of Goods Sold:** As per the information provided by the client/company, these expenses are estimated based on the average of previous years' expenses with an annual % of operating revenue of 41.00%.
- **Other Manufacturing Expenses:** Other Manufacturing Expenses are based on the average of previous year's expense with an annual % of operating revenue of 38.00%
- **Employee Benefit Expenses:** Employee benefit expenses are estimated based on the average of previous years' expenses with an annual % of operating revenue of 7.00%
- **Other Expenses:** Other expenses are estimated based on the average of previous years' expenses with an annual % of Operating Revenue of 9.00%.

D. TAXATION:

As per the information shared by company/client, corporate tax rate is considered as 26%.

E. WEIGHTS OF DEBT & EQUITY:

Wd and We are assumed at 70.70% and 29.30%, respectively, as the information provided by the company. For the consideration of weight of debt, we have considered INR 450.79 Crores (i.e., loan from various banks) and for weight of equity, we considered INR 186.85 Crores (i.e., share capital).

F. COST OF EQUITY:

As per the information provided by the company, the cost of equity is calculated as shown below:

Particulars	Value
10-year G-Sec Par Yield	6.80%
Expected Market Return	15.95%

Steady State Beta (β)	1.44
Additional Risk Premium	5%
Cost of Equity (CAPM)	24.96%

G. COST OF DEBT:

As per the information provided by the company, the weighted interest rate for loans/borrowings from various lenders (Bank) is 16.07%, we have considered sustainable debt cost of 16.07% as the cost of debt. Likewise, post-tax cost of debt is calculated at 11.89%.

H. TERMINAL VALUE:

We have projected the cash flow till FY 2027 and afterwards Salvage Value of Fixed Assets and Net Current Assets has been assumed to be realized and the present value of this Terminal Value has been considered for valuation.

Salvage Discount of 50% is considered for the calculation of the Terminal Value.

(In INR Cr)

Particulars	FY 27	Salvage %	Terminal Value
Fixed assets	45.84	50%	22.92
Inventories			
Raw Material	2.21	50%	1.11
Work In Progress	15.27	50%	3.05
Finished Goods	3.82	50%	1.91
Debtors	7.64	50%	3.82
Creditors	-6.05	50%	-3.02
Total	68.72		29.78

Terminal Value (TV) is calculated by using the following formulae:

$$TV = [Book\ Value\ of\ Fixed\ Asset\ as\ on\ FY\ 2027 + Inventory\ (2027) + Trade\ Receivable\ (2027) - Trade\ Payables\ (2027)] * (1 - Salvage\ Discount)$$

Hence, the calculated Fair Market Value/Enterprise Value of M/s KKSpun India Limited is INR 42.23 Crores, subject to the current micro & macro-economic assumptions, market, industry trends and inputs used during the forecasted period, as well as the salvage discount % and WACC used to calculate the EV.

Declaration	<p>i. Since this is Enterprise Valuation hence no site inspection was carried out by us.</p> <p>ii. The undersigned does not have any direct/indirect interest in the above property.</p> <p>iii. The information furnished herein is true and correct to the best of our knowledge.</p> <p>iv. This valuation work is carried out by our Financial Analyst team on the request from State Bank of India, Stressed Asset Management Branch –II, 11th Floor, Jawahar Vyapar Bhawan 1, Tolystoy Marg, New Delhi-110001.</p> <p>v. We have submitted Valuation report to the Client.</p>
Number of Pages in the Report	38
Enclosed Documents	Disclaimer & Remarks 34-38
Place	Noida
Date	30 th November 2024

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

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 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.