

**REPORT ON VALUATION OF
OF
POWER TRANSMISSION AND DISTRIBUTION
BUSINESS
OF
BAJAJ ELECTRICALS LIMITED**

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Private and Confidential

Report Ref No: RVA2223BOMREP248

29/11/2022

The Board of Directors

Bajaj Electricals Limited

45/47, Veer Nariman Road,
Fort, Mumbai – 400023

Sub: Valuation of Power Transmission and Distribution Business of Bajaj Electricals Limited

Dear Sirs,

In accordance with our appointment letter dated November 10, 2022, we enclose our report ("Report") on the valuation of Power Transmission and Distribution ("PTPD") Business of Bajaj Electricals Limited ("BEL" / the "Company") as of March 31, 2022 ("Valuation Date") on a 'going concern value' premise.

1. Preamble

- 1.1. Bajaj Electricals Limited is a public limited company incorporated in July 1938 under the provisions of the Indian Companies Act, 1913. BEL primarily operates in Consumer Product Segment (which includes appliances, fan, and consumer lighting products) and Engineering Procurement and Construction ("EPC") segment (which includes Power Transmission, Power Distribution and Illumination Projects). The equity shares of BEL are listed on the BSE Limited and the National Stock Exchange of India Limited.
- 1.2. Power Transmission and Distribution Business is primarily engaged in providing solutions that include design, engineering, procurement, construction and project management and managing all aspects of project execution from conceptualizing to commissioning. It also comprises of providing end-to-end EPC solutions or any combination of individual services, depending on customer's needs and market opportunity.
- 1.3. Bajel Projects Limited ("BPL"), incorporated on January 19, 2022, is a public limited company under the provisions of the Companies Act, 2013. BPL is a wholly owned subsidiary of BEL. The main object of BPL is to *inter-alia* carry out the PTPD Business. Equity shares of BPL are not listed on any stock exchange.



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1.4. Scheme of Arrangement:

- On February 8, 2022, the Board of Directors of BEL approved a scheme to demerge the PTPD Business ("Demerged Undertaking") of BEL into BPL with effect from April 1, 2022, pursuant to a scheme of arrangement under section 230-232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013, read with Section 2(19AA) and other applicable provisions of the Income Tax Act, 1961 ("Proposed Transaction"). The Scheme is awaiting regulatory approvals.
- The Proposed Transaction contemplates:
 - i. Demerger of the Demerged Undertaking of BEL to BPL;
 - ii. As a consideration for the transfer of Demerged Undertaking, BPL shall issue its equity shares to the equity shareholders of BEL;
 - iii. Equity shares held by BEL in BPL shall be cancelled, extinguished, annulled;
 - iv. The shareholders of BEL are and will, upon demerger, be ultimate economic beneficial owners of BPL in the same proportion as they hold in BEL.
- Considering inter-alia, the capital structure, serviceability and other factors, the Management proposed a Share Entitlement Ratio of 1 (One) fully paid-up equity share of face value INR 2 each of BPL for every 1 (One) fully paid-up equity share of face value INR 2 each in BEL, as a consideration for the demerger of Demerged Undertaking on a 'going concern value' premise, pursuant to the Scheme.
- The Proposed Transaction did not require valuation report under SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("SEBI Circular"), since there was no change in the shareholding pattern of the Demerged Company ("BEL") and therefore no independent valuation of the PTPD Business was carried out.

1.5. We understand from the Management, that SEBI has sought from BEL, the fair valuation of the PTPD Business. In this context, the Management has approached RBSA Valuation Advisors LLP ("RBSA") to carry out the fair valuation of PTPD Business as of March 31, 2022 ("Valuation Date") on a 'going concern value' premise.

1.6. We have carried out the valuation of the PTPD Business as at the Valuation Date and our approach, along with the valuation conclusions, are detailed in this Report.



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2. PTPD Business Overview

- 2.1 PTPD Business is primarily engaged in providing solutions that include design, engineering, procurement, construction and project management and managing all aspects of project execution from conceptualizing to commissioning. It also comprises of providing end-to-end EPC solutions or any combination of individual services, depending on customer's needs and market opportunity.
- 2.2 BEL has over 15 years of experience in the PTPD Business. The Company has executed and commissioned power transmission and power distribution projects in over 15 states in India and has extensive experience and proven track record of execution of projects of various size, complexity and nature.
- 2.3 The Power Transmission sub-segment is primarily engaged in providing standardised and customised turnkey projects, which include planning, project management, financial considerations, and environmental solutions. This sub-segment manufactures transmission line towers and monopoles. As of March 2022, this sub-segment has completed more than 6,950 circuit kilo meters ("ckms") of transmission lines on turnkey basis and supply of over 2,40,000 MT transmission line towers up to 765 kV line voltage.
- 2.4 The Power Distribution sub-segment is primarily engaged in providing engineering, procurement and construction solutions for power distribution, feeder separation, rural electrification, and underground cabling. As of March 2022, this sub-segment has installed over 75,000 distribution transformer and associated substations.
- 2.5 The PTPD Business has undertaken projects under various flagship GoI initiatives such as DDUGJY (Deendayal Upadhyaya Gram Jyoti Yojana), IPDS (Integrated Power Distribution Scheme), Rajiv Gandhi Grameen Vidyutikaran Yojana & SAUBHAGYA (Sahaj Bijli Har Ghar Yojana).
- 2.6 Extracts of the carved-out income statement of PTPD Business for FY20, FY21 and FY22 and carved out statement of assets and liabilities as of March 31, 2022 are provided in Annexure 1.



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3. INDUSTRY OVERVIEW

3.1. Indian Economy:

Indian economy has delivered a healthy GDP growth of ~8.7% in FY22. The overall economic activity and output has recovered and surpassed the pre-pandemic levels. Further, according to S&P Global Ratings the economy is expected to deliver a GDP growth of 7.3% in FY23 and 6.5% in FY24. These estimates project India amongst the fastest growing economy in the world. According to renewables-focused consultancy BRIDGE TO INDIA, India added ~13.5 GW of renewable energy capacity in 2021-22, an increase of ~128% from 2020-21. In FY 2021-22, India added ~10.2 GW of utility-scale solar capacity, ~1.1 GW of wind power, and ~2.2 GW of rooftop solar capacity.

As of 2020, India ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement.

3.2. Power Transmission and Distribution Industry in India:

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is essential for sustained growth of the Indian economy. The Ministry of Power has made significant efforts over the past few years to turn the country from one with a power shortage to one with a surplus by establishing a single national grid, fortifying the distribution network, and achieving universal household electrification.

India continues to be the third-largest producer of electricity worldwide. The Central Electricity Authority's Optimum Energy Mix report has projected India's power demand to touch 817 GW in 2029-30. Of this, 522 GW is estimated to come from renewable sources, including 140 GW of wind energy and 280 GW of solar energy, which presently stands at 404 GW in July 2022. The government plans to establish renewable energy capacity of 500 GW by 2030. In order to meet India's 500 GW renewable energy target and tackle the annual issue of coal demand supply mismatch, the Ministry of Power has identified 81 thermal units which will replace coal with renewable energy generation by 2026. Development of high voltage transmission lines and substation infrastructure will thus need to keep pace with the generation capacity. The sector expects that the dynamics will be primarily driven by the growth of renewable energy.

The ambitious target of 500 GW from non-fossil fuels by 2030 committed at the COP26 conference last November, requires significant development in the transmission sector to enable the flow of renewable energy into the National Grid Network. The Government of India's focus to increase capacity of Green Energy Corridor (GEC) projects, setting up of ultra-mega



solar power parks and solar & wind energy zones in renewable energy-rich states will stimulate demand for transmission and distribution network.

The sector is also seeing a shift towards laying of underground power cables, instead of overhead transmission lines, to improve reliability of power supplies and also to save endangered bird species. Additionally, there is a growing need for strengthening the inter-regional grid capacity to ensure seamless flow of power from one region to another and cross-border interconnections with SAARC countries.

The advent of new and advanced technologies is significantly enabling the development of the power sector. The industry expects significant growth in the deployment of technologically advanced Gas Insulated Substations (GIS) and Hybrid substations, with the segment envisaged to garner 40-45 percent of the total investments in the power sector in India. Automation and digitalisation are the other drivers in substation technology. With focus on improving the power quality, technology driven solutions like Static Synchronous Compensator (STATCOM) for substations are gaining traction. Advanced technologies such as HVDC and HVDC Lite are being deployed for bulk power transmission from remote locations, in addition to development of High-Capacity Power Transmission Corridors. Monopoles, narrow base towers, and innovative conductor technologies such as HTLS Conductors, Covered Conductors, etc., are playing a crucial role in resolving issues related to Right of Way.

India ranked sixth in the list of countries to make significant investments in clean energy by allotting US\$ 90 billion between 2010 and the second half of 2019. FDI inflow in the power sector stood at US\$ 15.89 billion between April 2000-March 2022, accounting for 2.8% of the total FDI inflow in India. India's power sector is forecast to attract investment worth INR 9-9.5 trillion (US\$ 128.24 - 135.37 billion) between FY19-23. As per the National Infrastructure Pipeline 2019-25, energy sector projects accounted for the highest share (24%) out of the total expected capital expenditure of INR 111 lakh crore (US\$ 1.4 trillion). Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS).

In the current decade (2020-2029), the Indian electricity sector is likely to witness a major transformation with respect to demand growth, energy mix and market operations. India would like to ensure that it has reliable access to sufficient electricity at all times, while also accelerating the clean energy transition by lowering its reliance on fossil fuels and moving toward more environmentally friendly, renewable sources of energy. Future investments will benefit from strong demand fundamentals, policy support and increasing government focus on infrastructure, which would require substantial investment in power transmission and distribution network.

Source: IBEF and secondary research reports



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4. SOURCES OF INFORMATION

We have obtained the following information for valuation of PTPD Business:

- Carved out historical income statements of PTPD Business for FY20, FY21 and FY22 and carved out statement of assets and liabilities as of March 31, 2022, provided by the Management;
- Projected income statements, working capital and capital expenditure of the PTPD Business for the period April 01, 2022, till March 31, 2027 (including key underlying assumptions), which the Management believes to be their best estimate of the expected operating performance of PTPD Business going forward ("Management Projections");
- Discussions with the Management to *inter-alia* understand historical performance of the PTPD Business, key value drivers, competitive scenario, business outlook, Management Projections, etc.;
- Information obtained from public domain and subscribed databases in respect of comparable companies;
- Such other information and explanation that we considered necessary for the purpose of valuation which was provided by the Management.

Our scope did not include valuation of fixed assets of PTPD Business.



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5. PROCEDURES ADOPTED:

The procedures used in our valuation included such substantive steps as we considered necessary under the circumstances, including, the following:

- Considered carved out historical income statements of PTPD Business for FY20, FY21 and FY22 and carved out statement of assets and liabilities as at March 31, 2022, provided by the Management;
- Analysis of Management Projections;
- Discussions with the Management to inter-alia understand historical performance of the PTPD Business, key value drivers, competitive scenario, business outlook, Management Projections, etc.;
- Considered Information obtained from public domain and subscribed databases in respect of comparable companies;
- Such other information and explanation that we believed necessary for the purpose of valuation which was provided by the Management.

6. VALUATION APPROACH AND METHODOLOGIES

6.1. Basis and Premise of valuation

6.1.1. Valuation of the PTPD Business as on the Valuation Date is carried out in accordance with ICAI Valuation Standards ("ICAI VS") issued by the Institute of Chartered Accountants of India.

6.1.2. Basis of Valuation

It means the indication of the type of value being used in an engagement. Fair Value as per ICAI VS is defined as under:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

6.1.3. Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. Valuation of the PTPD Business is carried out on a Going Concern Value premise which is defined under ICAI VS as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place, etc."

6.2. Valuation of PTPD Business as of March 31, 2022, has been carried out adopting "Fair value" basis and 'going concern value' premise.



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6.3. Commonly accepted methods for determining the value of the business, include:

- Income Approach
- Market Approach
- Asset Approach

6.4. There are several commonly used and accepted methods, within the income approach, market approach and asset approach, for determining the fair value of the business, which can be considered in the present case, to the extent relevant and applicable, and subject to the availability of detailed information.

6.5. Income Approach – Discounted Cash Flow (“DCF”)

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the terminal value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent, and added to the present value of the available cash flow to estimate the value of the business.

Such DCF analysis involves determining the following:

- *Estimating future free cash flows:* Free cash flows are the cash flows expected to be generated by a company/ asset that are available to the providers of the company's capital – both debt and equity.
- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:* This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely, shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

6.6. Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.



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6.7. Market Price Method:

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such company as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

6.8. Comparable Companies Multiple ("CCM") Method:

Under this method, the value of the shares/ business of a company is estimated by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and / or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

6.9. Comparable Transaction Multiple ("CTM") Method

Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

6.10. Asset Approach

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.



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6.11. Valuation Approach/ methodology adopted for valuation of PTPD Business.

- 6.11.1. Valuation of the PTPD Business as of March 31, 2022 has been carried out adopting 'Fair value' basis and 'going concern value' premise.
- 6.11.2. PTPD Business is a division of BEL and does not have any independent market price. Accordingly, Market price method is not adopted.
- 6.11.3. The operations of the PTPD Business were significantly impacted in the recent past *inter-alia* due to Covid 19 pandemic, extended working capital cycle, etc. and it incurred losses for the period FY2020 to FY2022.
- 6.11.4. The Management represented that:
- As at the Valuation Date, the PTPD Business had an order backlog of ~INR 8,000 Mn and the working capital cycle of the PTPD Business has since improved due to realisation of the old receivables;
 - It expects to capitalize on its experience in the PTPD Business and identify new profitable projects in the PTPD Business considering the eligibility criteria for bids in terms of number of project execution and years of operation;
 - PTPD Business intend to expand its international business by leveraging its domestic experience and expertise;
 - Considering the aforementioned and the improvement in the Indian economy and external factors, it expects a further improvement in the order position of PTPD Business going forward.

Considering the aforementioned, the Management expects that the PTPD Business would achieve profitable operations in the near to medium term.

- 6.12. Considering the aforementioned, the historical performance of the PTPD Business is not considered to be representative of its expected future performance. Accordingly, we have not adopted Comparable Companies Multiple method for the valuation of PTPD Business. We have not adopted Comparable transactions multiple method ('CTM') for the purpose of valuation considering inter alia the size/ historical performance of the PTPD Business and lack of adequate details of comparable transactions.
- 6.13. Valuation of PTPD Business is carried out on a 'going concern value' premise. The historical net asset value of PTPD Business may not be representative of its earning potential. Accordingly, Asset Approach has not been adopted for the valuation of PTPD Business.
- 6.14. The Management has provided us projected income statements, working capital and capital expenditure of the PTPD Business for the period April 01, 2022, till March 31, 2027 (including key underlying assumptions), which the Management believes to be their best estimate of the expected operating performance of PTPD Business going forward. Considering this, DCF method has been adopted for the valuation of PTPD Business.



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7 KEY CONSIDERATIONS

7.1 PTPD Business

- 7.1.1 BEL has over 15 years of experience in the PTPD Business. The Company has executed and commissioned power transmission and power distribution projects in over 15 states in India and has extensive experience and proven track record of execution of projects of various size, complexity, and nature.
- 7.1.2 The operations of the PTPD Business were significantly impacted in the recent past inter-alia due to Covid 19 pandemic, extended working capital cycle, etc. and it incurred losses for the period FY2020 to FY2022.
- 7.1.3 The Management represented that:
- As at the Valuation Date, the PTPD Business had an order backlog of ~INR 8,000 Mn and the working capital cycle of the PTPD Business has since improved due to realisation of the old receivables.
 - It expects to capitalize on its experience in the PTPD Business and identify new profitable projects in the PTPD Business considering the eligibility criteria for bids in terms of number of project execution and years of operation;
 - PTPD Business intend to expand its international business by leveraging its domestic experience and expertise
 - Considering the aforementioned and the improvement in the Indian economy and external factors, it expects a further improvement in the order position of PTPD Business going forward;

Considering the aforementioned, the Management expects that the PTPD Business would achieve profitable operations in the near to medium term.

7.2 Management Projections

- 7.2.1 The Management has represented that the projections of PTPD Business has been prepared considering inter-alia the following:
- Business Outlook;
 - Existing order backlog;
 - Eligibility criteria for bidding and new bids under evaluation;
 - Extensive experience and proven track record of execution of projects of various size, complexity, and nature;
 - Competitive scenario;
 - Renewed focus on conventional energy business and expanded support in renewable energy
- 7.2.2 We understand from the Management that the PTPD business has an order backlog of ~ INR 13,000 Mn as of September 30, 2022, which is expected to be executed over next 2-3 years.



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8 SCOPE ASSUMPTIONS & LIMITING CONDITIONS

- 8.1 Valuation is carried out in accordance with the Valuation Standards issued by the Institute of Chartered Accountants of India ("ICAI Valuation Standards"). Valuation of the PTPD Business as of March 31, 2022 has been carried out adopting 'Fair value' basis and 'going concern value' premise.
- 8.2 This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report; (iii) carved out financial statements of PTPD Business for the year ended March 31, 2022; and (iv) Management Projections of PTPD Business and other information provided by the Management and information obtained from public domain.
- 8.3 RBSA has carried out an analysis of the financial information and other information provided by the Management for carrying out valuation of PTPD Business. This information has been relied upon by RBSA for the Valuation. While our work has involved an analysis of financial and other information provided by the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the Company's existing business records. We have not carried out any independent technical evaluation or appraisal or due diligence of the assets or liabilities of the PTPD Business. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the Management. Our Report is subject to the scope, assumptions and limitations detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 8.4 The valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and we normally express our opinion on the value as falling within a likely range. While we have provided our opinion on fair value of the PTPD Business based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion.
- 8.5 A valuation of this nature is necessarily based on stock market, financial, economic, and other conditions in general and industry trends in particular prevailing as on the Valuation date and the information made available to us as of the date hereof. Events occurring after the Valuation date may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.



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- 8.6 The ultimate analysis will have to be tempered by the exercise of judicious discretion and judgment by the valuer taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the financial statements but could strongly influence the value.
- 8.7 Valuation may be based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time. However, we do not provide assurance on the achievability of the results projected by the Management as events and circumstances do not occur as expected and differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected as the achievement of the projected results is inter-alia dependent on actions, plans and assumptions of the Management and macro-economic and other external factors which are beyond the control of the Management.
- 8.8 We have relied on the data from external sources to conclude the valuation. 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.
- 8.9 The actual price achieved in case of a transaction may be higher or lower than our estimate of value depending upon the circumstances and timing of the transaction, the nature of the business and other relevant factors. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our valuation conclusion 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 considering inter-alia their own assessment of the Proposed Transaction and inputs from other advisors.
- 8.10 In the course of valuation, we were provided with both written and verbal information. We have analyzed the information provided to us by the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information provided by the Management.
- 8.11 The Report assumes that the PTPD Business complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues



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- of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.
- 8.12 No investigation of the PTPD Business' claim to title of assets has been made for the purpose of this Report and the PTPD Business' claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 8.13 The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- 8.14 RBSA is not aware of any contingent, commitment or material issue, besides the information as provided by the Management which has been presented in this Report, which could materially affect the company's economic environment and future performance and therefore, the fair value of the PTPD Business.
- 8.15 The Management has been provided with the opportunity to review the draft report for this engagement to make sure the factual inaccuracies / omissions are avoided in the final report. We reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this Report comes to light that has a material impact on the conclusions herein.
- 8.16 This Report forms an integral whole and cannot be split in parts. The outcome of the valuation can lead to proper conclusions only if the Report as a whole is taken into account.



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9 Deliverables

- 9.1 This Report is intended only for the sole use and information of the Board of Directors of BEL in connection with the Proposed Transaction including for the purpose of obtaining regulatory approvals, as required under applicable laws of India. Without limiting the foregoing, we understand that BEL may be required to share this Report with shareholders, regulatory or judicial authorities in connection with the Proposed Transaction (together, "Permitted Recipients"). We hereby give consent to such disclosure of this Report, on the basis that the RBSA owes responsibility only to BEL who has engaged us, under the terms of the engagement, and to no other person; and that, to the fullest extent permitted by law, RBSA accepts no duty, obligation, liability, or responsibility to any other party, with respect to the services and/ or this Report. It is clarified that reference to this Report in any document and / or filing with Permitted Recipients, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than BEL.
- 9.2 In no event shall we be liable for any loss, damage, cost, or expense arising in any way from fraudulent acts, misrepresentations, or willful default on the part of BEL, their directors, employees, or agents. In no circumstances shall the liability of RBSA, its partners, directors, or employees, relating to services provided in connection with the engagement set out in this letter (or variation or addition thereto) exceed the amount paid to us in respect of the fees charged for those services.

10 Conclusion

Based on the analysis of the information provided by the Management, analysis of industry and other relevant factors, read with explanation provided in Para 6 above, the value of PTPD Business as of March 31, 2022, is INR 6,523.4 Mn.

We thank you for the cooperation provided by you and your team during the course of this engagement.

For RBSA Valuation Advisors LLP

RVE No.: IBBI/RV-E/05/2019/110

Samir D. Shah

Partner

Asset Class: Securities or Financial Assets

RV No.: IBBI/RV/06/2019/12263

Place: Mumbai

29/11/2022



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Annexure 1 – Extracts of Historical Carved-out Financial Statement of PTPD Business

1.1 Carved-out Income statement

	(In INR Mn)		
For the year No of Months	FY 2020 12	FY 2021 12	FY 2022 12
Income			
Revenue From Operations	13,075.3	7,303.6	4,170.5
Total Income	13,075.3	7,303.6	4,170.5
Expenses			
Cost of raw material consumed	9,871.0	4,897.4	2,484.2
Employee benefits expense	1,069.1	1,119.1	953.3
Other Expenses	2,185.6	1,695.8	1,336.8
Total Expenses	13,125.7	7,712.3	4,774.3
EBITDA	(50.4)	(408.8)	(603.9)
Depreciation	111.1	107.5	69.0
EBIT	(161.5)	(516.3)	(672.9)
Other Income - Non-Operating	39.5	81.6	275.8
EBIT (including Other income)	(122.0)	(434.8)	(397.1)

Source: Information provided by Management

1.2 Carved out Statement of Assets and Liabilities

	(In INR Mn)
Particulars as at March 31, 2022	Amount
Net Fixed Assets and other non-current assets	
Fixed Assets	453.0
Capital Work In progress	22.3
Right of use	1.9
Lease liabilities	(2.0)
Deferred tax assets (net)	94.4
Cash and Cash equivalents	3.3
Total Net Fixed Assets and other non-current assets	572.9
Net working Capital	
Inventories	871.6
Trade Receivables	7,307.5
Other current assets	1,118.5
Trade Payables	(3,335.0)
Other current liabilities	(682.0)
Total Net working capital	5,280.7
Net worth	5,853.6

Source: Information provided by Management



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Annexure 2 – Income Approach – Summary

Particulars	in INR Mn
Enterprise Value	6,520.1
Add: Cash & Bank Balance	3.3
Value of PTPD Business	6,523.4

