

**Valuation Report
of
S Cleantech Power Private Limited**

**Prepared by: -
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Registered valuer of Securities and
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To
The Board
S Cleantech Power Private Limited

**For the Kind attention of: Mr. Nilesh Garg- Director
Mr. Mansi Garg-Director**

Dear Sir,

Sub: - The valuation of S Cleantech Power Private Limited's equity shares

With reference to our recent discussions to value the company "**S Cleantech Power Private Limited**". We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

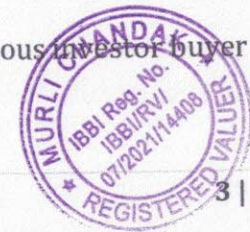
1. Introduction

Based on discussions with the Management, we understand that the Company is a wholly owned subsidiary company of Saathvik Green Energy Private Limited incorporated in December 2022 for EPC projects in renewable sector.

2. Scope of work

Based on discussions with the Management, we understand that the promoters of the Company are evaluating the value of the company for their internal consumption. In this context, you require our assistance to carry out the Valuation of the Company.

Valuation of a Company is not an exact science and ultimately depends upon what it is worth to a serious investor/buyer who for his or her reasons may be prepared to pay substantial goodwill.



This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- i. Industry to which the Company belongs.
- ii. Ease with which the growth rate in cash flows to perpetuity can be estimated.
- iii. Extent to which industry and comparable company's information is available.

Having arrived at an assessment of fair value, some adjustments that are typically considered in such an exercise are:

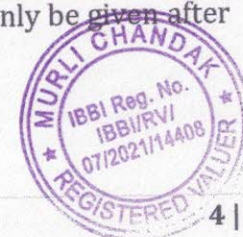
- i. Whether there is a change of control and therefore a control premium is justified for a particular purchaser, if any.
- ii. Whether the shares are marketable and frequently traded or there is a case for discounting on account of liquidity, if applicable.

3. Duration of the assignment

Based on our initial estimate of the time required to complete our engagement fieldwork relating to the scope of work detailed in this letter, we expect to deliver our draft report within 15 working days of the commencement of fieldwork. Fieldwork will be commenced after receiving your confirmation to start the work and after receiving the basic information relating to the Company. The final report shall be issued after clearance of your comments on the draft report.

4. Confidentiality

Our report will be addressed to the Board of Directors of the company. We stress that our reports and letters are confidential and prepared for the addressees only. They should not be used, reproduced, or circulated for any other purpose, whether in whole or in part without our prior written consent, which consent will only be given after full consideration of the circumstances at the time.



5. Termination

After commencement of engagement and before the final report is issued, if at any stage the assignment is called off by the company, then the company will be liable to pay 50% of the remaining fee or 75% of the total fees, **whichever is higher.**

6. Limitation of Liability

Our liability in respect of this assignment will be limited to that part of any loss suffered which is proportional to our responsibility or due to negligence at our part and at no time shall exceed the fee that we have received from this assignment.

7. Additional terms and conditions of engagement

The additional terms and conditions included in ANNEXURE 1 to the engagement letter apply to this engagement as if they were set out in this letter. They should be read and understood in conjunction with this letter as they form an important and integral part of the overall terms of engagement.

8. Acceptance of terms

We would be grateful if you would confirm our understanding of your instructions and your agreement to the terms of this letter, including those contained in Annexure 1, by signing and returning the enclosed copy of this letter. We are keen to work with you and look forward to your confirmation. Meanwhile, please feel free to contact us for any clarification.



VALUATION REPORT

1. BACKGROUND OF THE COMPANY

S Cleantech power private Limited is a wholly owned subsidiary company of Saatvik Green Energy Private limited incorporated in December 2022 for EPC projects in renewable sector. The Company install and commission benchmark projects. It also offer EPC services including procurements, strategic planning, engineering studies (FEA/CFA), procurement of civil works & electrical installation works.

Its Corporate Identification Number is (CIN) U29309HR2022PTC108501. Its authorized share capital is Rs. 10,00,000/- and its paid-up capital is Rs. 1,00,000/-.

2. VALUATION METHODOLOGY AND APPROACH

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the company were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a Company is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

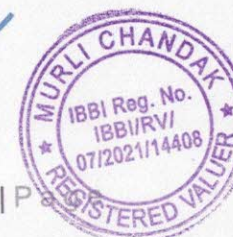
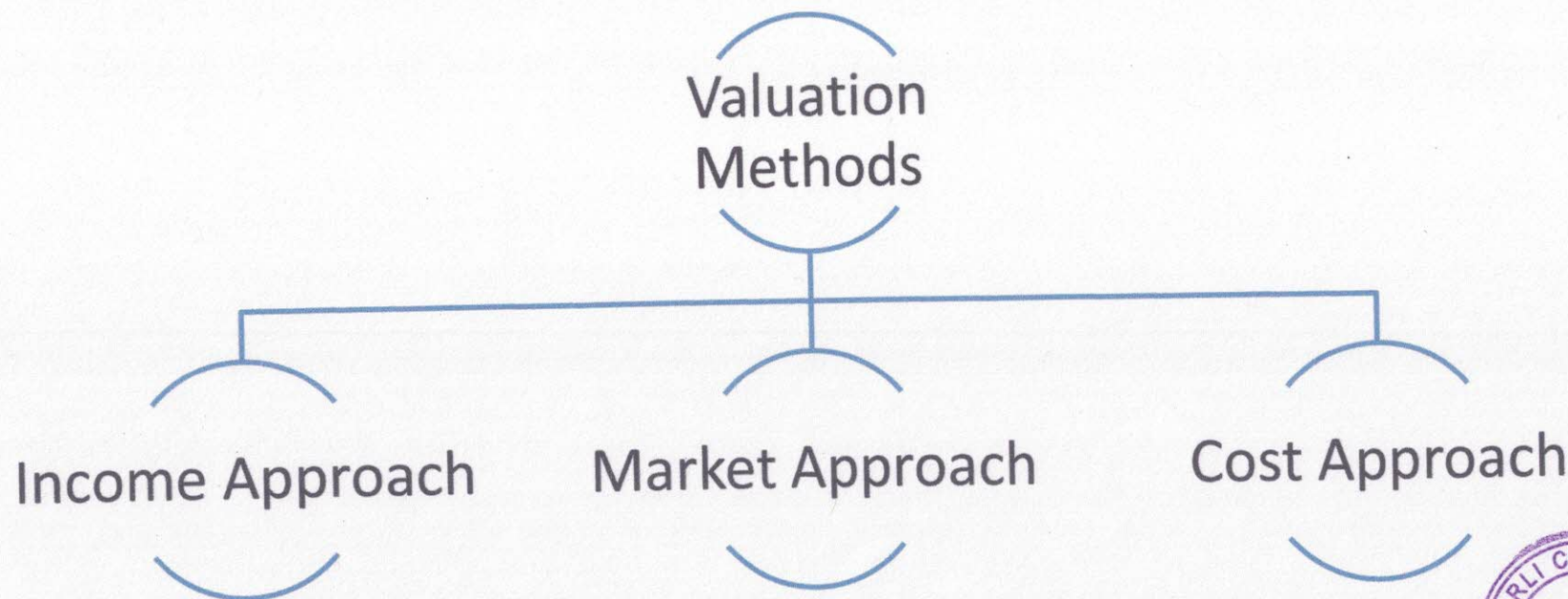
- Whether the entity is listed on a stock exchange.
- Industry to which the Company belongs



- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information are available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and the professional judgement of the valuer.

Our assessment of the valuation of the Company will be on the basic assumption of a going concern entity and would be based on some or all of this popular method.



Income Approach

- The Income Approach indicates the value of a company based on the value of the cash flows that a business is expected to generate in future with help of the company name. This approach is appropriate in most going concern situations as the worth of a company is generally a function of its ability to earn income/cash flow and to provide an appropriate return on investment.
- Income approach is dependent upon (i) Inflows in the business in the form of Net Profit / Gross inflow and (ii) Funds used to earn that income in the form of equity funds and /or debt funds, etc. This approach is primarily dependent upon the expected normalized free cash flow to the company and/or equity (FCFF/FCFE). Under Various methods, the projected cash flows are used with statistical techniques. Discount factors are a reflection of time value of money, risk involved, etc.

Cost of Debt

$$K_d = R_oI * (1 - \text{Tax Rate})$$

Where,
K_d = Cost of Debt
R_{oI} = Rate of Interest (Avg)

Cost of Equity

$$K_e = r_f + B * ERM$$

Where,
K_e = Cost of Equity
r_f = Risk Free Return
ERM = Equity Risk Premium

WACC

$$\begin{aligned} \text{Weighted Cost of Capital} = \\ [D/(D + E)] * K_d + \\ [E/(D + E)] * K_e \end{aligned}$$



DCF Method under Income Approach

- DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.
- Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.
- The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:
 - Projection of financial statements (key value driving factors)
 - The cost of capital to discount the projected cash flows
- Keeping in mind the context and purpose of the Report, we have used the DCF method as it captures the growth potential of the business going forward. We have used this method to calculate the fair value of equity of the Company based on the financial projections prepared by the Management of the Company

Market Approach

- Compared to the Income Approach that incorporates industry-specific estimates to arrive at the company intrinsic value, the Market Approach relies on relative valuation to arrive at the value of a company, based upon how similar company are priced in the market.
- Market-based approach to business valuation attempt to establish the value of the business by comparing the business to similar businesses that have been recently sold or by using market comparison of publicly traded



companies. Obviously, this method is only going to work well if there are sufficient number of similar businesses to compare. The company is start up entity with app based social media and e-commerce.

- The Market Approach provides a reasonable basis for valuation and is relatively a quick approach in its application, but it suffers from a number of limitations.

Cost Approach

The Cost approach relies upon the principle of substitution and recognises that the prudent investor will pay no more for an asset than the cost to replace it new with an identical or similar unit of equal utility. Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred as current replacement cost).



4. Valuation standards Followed:

- ICAI Valuation Standard 102 (paragraph 14 - 36) deals in 'Valuation Bases Valuation Bases means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value.
- The Standard defines the following Valuation Bases:
 - a) Fair value: As defines in ICAI Standard 101, 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.
 - b) Participant Specific Value: As defined in ICAI Standard 101, Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants; and
 - c) Liquidation Value: As defined in ICAI Standard 101, Liquidation Value is the amount that will be realized on sale of an asset or a group of assets when an actual / hypothetical termination of the business is contemplated/ assumed.

Considering the terms and purpose of this engagement, I have considered 'FAIR VALUE' as the Valuation Base.

ICAI Valuation Standard 102 (Paragraph 37 - 51) deals in 'Premises of Value.' Premise of value refers to the conditions and circumstances how an asset is deployed. Some of the common premises of value are -

- a) Highest and Best Use
- b) Going Concern Value
- c) As-Is-Where-Is Value
- d) Orderly Liquidation
- e) Forced Transaction



Considering the management outlook about the future business of the Company, I have considered 'GOING CONCERN VALUE' as the Premises of Value.

- IVS 500 Financial Instruments
- IVS 200 Business and Business Interest
- IVS Investigations and Compliance
- IVS 105 Valuation Approaches and Methods



5. Major factors taken into account during the valuation: -**a. Valuation approaches and their relevance to the companies: -**

“DCF Method” under Income approaches have been used to arrive at valuation. Market approach was explored but could not be used in absence of market comparable company. Market approach was given a try by analyzing financial data of 10 publicly companies. However, due to unavailability of resourceful data we dropped that market approach. As the size of the company is not very big. Therefore, we cannot compare it with well- established public companies in the industry. Therefore, while arriving at the fair value per share, full importance has been given to DCF Method under Income approach.

b. Identity of Valuer and its independence.

The valuer Mr. Murli Chandak is registered with IBBI vide registration number IBBI/RV/07/2021/14408 for assets class securities & Financial assets & suitably qualified and authorized to practice for assets class “Securities & Financial Assets” & do not have any pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the such assets. He is providing this valuation report in the capacity of “Register Valuer” under the provisions of Companies Act, 2013.

c. Valuation Date

The report of Valuation issued for the valuation of equity shares of the company as on 29th December 2023.

d. Nature & Sources of Information

The estimation of future projection is based on the information about the company provided by its Management & information relating to the sector/ company available in public domain. Following sources has been used for the purpose of this assignment.

- Declaration & explanation provided by the management in written/ oral form.
- Information available on public domain & other fact data considered necessary to determine the value.
- Projections provided by the management.



6. Caveats, Limitations & Disclaimer

- This document has been prepared for the purposes stated herein & should not be relied upon for any other purpose. Our client is the only authorized user of this report & is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of this report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report.
- We owe responsibility only to the authority/Client that has appointed us under the terms of engagement letter. We will not be Liable for any losses, Claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person.
- We do not provide assurance on the achievability of the results forecast by the management/owners as events & circumstances do not occur; expected differences between actual & expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans & assumptions of management.
- The user to which is valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential variance in value due to factors that are enforcing at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date. Event occurring after the date may affect this report and assumption use in it.
- The fair value price achieved may be Higher or lower than our estimate of value depending upon the circumstances of the transaction or the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers and applicability of the discount or Premium for control will also affect actual fair value. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.



7. Conclusion: -

Based on the review & and analysis of the information provided by the appointing authority & and information gathered during discussions with them as well as considering various assumptions & and limiting conditions, analysis of the industry & and macro-economic trends as on "as is where is basis" the fair value of the equity shares is **Rs. 16/-** each of S Cleantech Power Private Limited.

Note: The above valuation is strictly for the Valuation purpose of the Equity Share of S Cleantech Power Private Limited. It should not be used for any other purpose.




Date: 01/02/2024
Place: Ahmedabad
UDIN: 24436508BKEXVO9118

CA Murli Chandak
Membership No - 436508
IBBI Registration No: IBBI/RV/07/2021/14408
205, Ashwamegh Avenue, Near Helmet House,
Mithakhali, Navrangpura, Ahmedabad 380009

List of Annexures: -

- **Annexure 1-** Projected Profit and Loss statement.
- **Annexure 2-** Yearly Cash Flow for explicit period.
- **Annexure 3-** Calculation of perpetuity value.
- **Annexure 4 -** Calculation of Cost of Equity.
- **Annexure 5-** Calculation of Value per Share.

ANNEXURE 1 – Projected Profit & Loss statement

(Amount in Lakhs)

Particulars	Year-1	Year-2	Year-3	Year-4	Year-5
Income					
Revenue from operation	350.00	630.00	945.00	1,323.00	1,719.90
Other Income	1.00	1.50	2.10	2.63	3.15
Total	351.00	631.50	947.10	1,325.63	1,723.05
Expenses					
Purchases & Other Direct expenses	315.00	560.70	818.37	1,111.32	1,376.09
Salary & Wages	2.19	4.73	7.56	11.25	15.48
Other Expenses	3.50	7.56	13.23	21.17	32.68
Administrative & Selling Expenses	7.00	13.86	22.68	34.40	51.60
Total Expenses	327.69	586.85	861.84	1,178.13	1,475.85
EBT	23.31	44.66	85.26	147.49	247.20
Set off	1.39	-	-	-	-
Tax	6.27	12.77	24.38	42.18	70.70
EAT	17.04	31.88	60.88	105.31	176.50



ANNEXURE 2- Yearly Cash Flow for Explicit period

(Amount in Lakhs)

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
PAT	17.04	31.88	60.88	105.31	176.50
Total Inflows	17.04	31.88	60.88	105.31	176.50
Less: Outflows					
Incremental Working Capital	51.71	24.15	42.93	69.47	175.94
Total Outflows	51.71	24.15	42.93	69.47	175.94
Free Cash Flows	(34.67)	7.73	17.95	35.84	0.56
Discount rate	25.84%	25.84%	25.84%	25.84%	25.84%
Discounting factor	0.75	0.60	0.47	0.38	0.30
Discounted Cash Flows	(26.01)	4.61	8.50	13.50	0.17

1. Perpetuity has been calculated by applying a long-term Growth rate of 5.00%
2. The Terminal value has been calculated as "FCFE for perpetuity / (COE- estimated long-term growth)"
3. Present Value factor = $1 / (1 + \text{COE})$
4. The valuation has been conducted with a cut-off date of 29th December 2023.



ANNEXURE 3 - Calculation of Perpetuity Value

(Amount in Lakhs)	
Particulars	Amount
Free Cash Flow of YEAR 5	0.56
Growth Rate	5.0%
Free Cash Flow for perpetuity	0.59
Net Cash Flow for Perpetuity	0.59
Capitalised Value for Perpetuity	2.84
Discounting Factor	0.30
Present Value of Perpetuity	0.85



Annexure 4 - Calculation of Cost of Equity

Cost of Equity:	Percentage
Risk Free Return	7.18%
Beta	1.00
Equity Risk Premium	8.66%
Liquidity Premium & DLOC	10%
Cost of Equity	25.84%

Calculation of Company specific Risk	Percentage
Over the projected period, the company is expecting significant revenue growth. There is risk related to the increased competition in the market.	5.00 %
As a Private Limited Company, there is an inherent risk associated with the liquidity of shares, given that they are not readily saleable in the open market.	5.00 %
Company Specific Risk Premium	10 %



Note:

1. We have considered 10-year Govt. Bond yield rate as the risk-free rate of return as on 29th December 2023.
2. We have considered the Beta as 1.
3. The Equity risk premium has been calculated by subtracting Risk free return from the Rate of Market return as on 29th December 2023.

Annexure 5 - Calculation of Value per Share**(Amount in Lakhs)**

Particulars	Amount
NPV of Explicit Period	0.77
Present Value of Perpetuity	0.85
Enterprise Value	1.62
Total Value attributable to the Current Equity Shareholders of the company	1.62
No. of Equity Shares (note)	10,000
Value per Equity Share (Round off) (In Rs.)	16



Note:

1. For the Calculation of Value of NPV of explicit period & present value of perpetuity refer **Annexure 2 & Annexure 3**