

**Strictly Private and Confidential**

To,

**The Audit Committee & Board of Directors  
GE Power India Limited  
T-5 & T-6 Plot I-14, Axis House, Jaypee Wishtown  
Sector 128, Noida, Uttar Pradesh 201304**

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**Date 10 July 2024**

**Sub: Valuation of the Hydro Division of the GE Power India Limited**

Dear Sir / Madam,

We refer to our Engagement Letter dated 23 January 2024 & Addendum Engagement Letter dated 21 June 2024 (Collectively referred to as "the Engagement Letter"), whereby Management of GE Power India Limited ("GEPIL" or the "Client" or the "Company" or the "Seller") (referred to as "Management"), on behalf of its Board, has requested GT Valuation Advisors Private Limited ("GTVAPL" or the "Firm") to provide the estimates of the Enterprise Value and the Equity Value of the Hydro division (the "Hydro Business") of GEPIL as of 31 March 2024 (the "Valuation Date").

Management requires the estimates of the Enterprise Value and the Equity Value for a potential transfer of the Hydro Business (the "Proposed Transaction") to a related party entity (the "Potential Buyer").

Per Management the Proposed Transaction will be in compliance with Section 177, read with Section 188 of the Companies Act, 2013 and will be consummated through a Slump Sale.

GTVAPL has been hereafter referred to as 'Valuer' or 'We' in this report ('Report') and in the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitations on our scope of work.

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## 1. OVERVIEW

### 1.1 Overview of the Company and the Hydro Business

- 1.1.1 GEPIL is a publicly owned Company, and the equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.1.2 The Company has strong capabilities in engineering, manufacturing, project management and supply of products and solutions for infrastructure. Its operations include a composite range of activities through steam, hydro and gas divisions to provide services related to. engineering, procurement, manufacturing and construction. of power plants and power equipment.
- 1.1.3 The Hydro Business earns its revenues from execution of electro-mechanical scope of hydro power projects which includes designing, engineering, procurement, project management, erection & commissioning and providing services by way of refurbishments. It also earns revenue from providing resource support to GE Vernova, the global parent company and its affiliates through a Centre of Excellence (the "COE") model.

### 1.2 Current Operating Environment and the Future Strategy of the Hydro Business

- 1.2.1 The operating model for the Hydro Business is transitioning from providing extensive project centric solutions to providing solutions to margin and cash accretive projects from the private Independent Power Producers (IPPs) and focusing on the COE model in the medium term with an ultimate objective of providing only the COE support to GE Vernova post 2029.
- 1.2.2 Per Management, the existing project contracts are predominantly onerous contracts and in certain cases the Hydro Business has project backlogs beyond a decade.
- 1.2.3 The Hydro Business has started to exhaust the legacy and focusing on executing the new orders that will generate revenues until FY 2029 and expect not to onboard any new project due to limited opportunities for margin and cash accretive projects couple long project sourcing, onboarding and execution periods.
- 1.2.4 The Business is also growing focus on the COE model, which will absorb any release of utilization of the human capital from the projects. The Hydro Business has sufficient demand for the same from the parent GE Vernova.

### 1.3 Overview of Financial Performance of the Hydro Business

- 1.3.1 Historical carve-out Profit and Loss statement of the Hydro Business (INR Million)

Particulars	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Revenue from operations	2,943.8	1,869.4	4,210.5	5,066.2
<b>Net Operating Revenues</b>	<b>2,943.8</b>	<b>1,869.4</b>	<b>4,210.5</b>	<b>5,066.2</b>
Cost of material consumed & erection	2,181.1	1,931.2	2,717.1	4,315.4
Employee Benefits Expense	730.1	905.2	1,113.9	1,098.3
Other Expenses	(169.1)	2.6	584.2	284.7
<b>Total Operating Expenses</b>	<b>2,742.1</b>	<b>2,839.0</b>	<b>4,415.1</b>	<b>5,698.5</b>
<b>EBITDA (Excl. Non-Operating Income)</b>	<b>201.7</b>	<b>(969.6)</b>	<b>(204.6)</b>	<b>(632.3)</b>
Depreciation on Tangible Assets	40.6	45.1	45.0	48.1
Depreciation on Intangible Assets	-	0.7	1.0	0.4
<b>EBIT (Excl. Non-Operating Income)</b>	<b>161.0</b>	<b>(1,015.4)</b>	<b>(250.6)</b>	<b>(680.8)</b>
Finance Cost	115.4	102.5	95.7	80.7
<b>PBT (Excl. Non-Operating Income)</b>	<b>45.6</b>	<b>(1,118.0)</b>	<b>(346.2)</b>	<b>(761.5)</b>
Other Income	5.8	282.4	220.3	355.4
<b>PBT (Incl. Non-Operating Income)</b>	<b>51.3</b>	<b>(835.6)</b>	<b>(125.9)</b>	<b>(406.1)</b>
Tax Expense	-	-	-	-
<b>PAT (Excl. Non-Operating Income)</b>	<b>45.6</b>	<b>(1,118.0)</b>	<b>(346.2)</b>	<b>(761.5)</b>
<b>PAT (Incl. Non-Operating Income)</b>	<b>51.3</b>	<b>(835.6)</b>	<b>(125.9)</b>	<b>(406.1)</b>

## 1.3.2 Historical carve-out Balance Sheet of the Hydro Business (INR Million)

Particulars	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Share Capital				
Reserves & Surplus*	-1,016.6	-1,989.2	-1,424.5	-2,140.9
<b>Total Shareholder's Equity</b>	<b>-1,016.6</b>	<b>-1,989.2</b>	<b>-1,424.5</b>	<b>-2,140.9</b>
Lease Liabilities	195.7	186.8	183.0	170.2
Provision for compensated absences	56.4	100.9	0.9	
Provision for decommission costs	0.4	0.4	0.4	0.5
Provision for Warranty	134.2	124.3	131.5	121.2
<b>Total Non-Current Liabilities</b>	<b>386.6</b>	<b>412.4</b>	<b>315.7</b>	<b>291.8</b>
Short term Borrowings				536.6
Trade Payables	1,487.2	1,328.1	1,562.2	1,809.0
Short Term Provision				
Provision for Employee Benefits	196.0	193.4	336.5	257.1
Provision for Warranty - Current	79.6	62.9	65.5	71.7
Provision for Loss Orders	455.6	370.2	270.2	172.0
Provision for Contingencies	404.3	410.7	303.0	27.4
Lease Liabilities - Current	16.1	23.7	28.5	34.8
Other Current Liabilities				
Payments received in advance from	1,983.9	1,513.5	2,927.0	3,709.2
Billing in excess of contract revenue*	829.4	1,427.3	637.9	2,051.7
Statutory dues	74.7	52.4	51.3	0.7
Derivative Liabilities			63.4	47.1
<b>Current Liabilities</b>	<b>5,526.9</b>	<b>5,382.2</b>	<b>6,245.5</b>	<b>8,717.1</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>4,897.0</b>	<b>3,805.3</b>	<b>5,136.7</b>	<b>6,868.0</b>
<b>ASSETS</b>				
Tangible Assets	215.9	204.9	202.8	198.4
Intangible Assets	1.4	2.4	1.4	1.0
Capital WIP	-	5.3		30.3
<b>Net Fixed Assets</b>	<b>217.3</b>	<b>212.6</b>	<b>204.2</b>	<b>229.8</b>
Security Deposits			0.3	-4.1
Derivative Assets	198.0	86.3		
Recoverable from related parties and others	-	-0.3	8.6	0.0
Earnest money deposits	1.2	1.2	4.3	3.4
Right to use assets	206.0	192.5	186.5	172.2
Amount recoverable from customer	-	578.1	577.7	577.7
Deposits paid under protest	545.9	-	56.0	0.0
<b>Total Non-Current Assets</b>	<b>1,168.4</b>	<b>1,070.4</b>	<b>1,037.6</b>	<b>979.1</b>
Trade Receivables	1,710.1	1,290.2	2,478.1	3,843.1
Cash and Cash Equivalents				88.9
Inventories	59.9	31.9	80.2	106.1
Related Party Receivables	102.0	171.5		
Security Deposits - Current	1.3	10.9	9.1	12.1
Advances to suppliers	169.8	184.7	371.9	406.5
Prepaid expenses	39.3	41.8	41.3	33.8
Balances with government authorities	299.5	292.8	376.9	397.7
Contract revenue in excess of billing	1,343.8	706.7	740.2	1,001.1
Advances to employees	-7.4	4.1	1.5	-0.0
Assets Held for Sale	0.3	0.3	-	
<b>Total Current Assets</b>	<b>3,728.6</b>	<b>2,734.9</b>	<b>4,099.2</b>	<b>5,889.3</b>
<b>TOTAL ASSETS</b>	<b>4,897.0</b>	<b>3,805.3</b>	<b>5,136.7</b>	<b>6,868.0</b>

\* Per Management, the balance of reserve and surplus is considered as balancing figure while extracting the carve-out balance sheet for Hydro Business.

## 1.3.3 Projected Profit and Loss statement extract of the Hydro Business (INR Million)

Particulars	31 March	31 March	31 March	31 March	31 March	31 March
	2025	2026	2027	2028	2029	2030
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue from operations	7,544.1	13,094.0	10,530.5	7,049.0	4,617.8	3,054.4
<b>NET OPERATING REVENUES</b>	<b>7,544.1</b>	<b>13,094.0</b>	<b>10,530.5</b>	<b>7,049.0</b>	<b>4,617.8</b>	<b>3,054.4</b>
Cost of material consumed	5,230.5	9,771.1	7,327.9	4,361.3	2,173.9	755.3
Employee Benefits Expense	1,554.0	1,592.0	1,633.4	1,678.5	1,735.0	1,645.2
Other Expenses	522.2	697.4	619.9	514.8	442.0	383.7
<b>TOTAL OPERATING EXPENSES</b>	<b>7,306.7</b>	<b>12,060.4</b>	<b>9,581.1</b>	<b>6,554.6</b>	<b>4,350.9</b>	<b>2,784.2</b>
<b>EBITDA (EXCL. NON-OPERATING INCOME)</b>	<b>237.4</b>	<b>1,033.6</b>	<b>949.4</b>	<b>494.4</b>	<b>266.9</b>	<b>270.2</b>

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## 2. CONTEXT AND PURPOSE OF THIS REPORT

### 2.1 Proposed Transaction

- 2.1.1 Management is contemplating the transfer of the Hydro Business of GEPIL to a resident related party (“Proposed Transaction”) through a Business Transfer Agreement (“BTA”) on an arm’s length basis.
- 2.1.2 Per the BTA, the Hydro Business will be transferred as a going concern by way of a ‘slump sale’ (as defined under Section 2(42C) read with Section 50B of the IT Act on an ‘as is where is’ basis, for a lump sum aggregate consideration being equivalent to the Final Purchase Consideration, without values being assigned to individual assets and liabilities between the Seller GEPIL and the Potential Buyer.
- 2.1.3 For the aforesaid purpose, Management of Company have appointed GTVAPL to submit a report recommending the Enterprise and the Equity valuation of the Hydro Business for the Proposed Transaction as required pursuant to the requirements under Section 177, read with Section 188 of the Companies Act, 2013, to the extent applicable.
- 2.1.4 Accordingly, we will present our report (the “Report”) to the Client / Board for the valuation of the Hydro Business as of the Valuation Date which will detail the information considered in establishing the valuation describing the methodology and the assumptions used in arriving at the valuation conclusions as of the Valuation Date.
- 2.1.5 We would like to emphasize that certain terms of the Proposed Transaction are stated in our Report, however, the detailed terms of the Proposed Transaction would be more fully described and explained in the transfer agreement. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the relevant Scheme documents.

### 2.2 Scope of Work and Purpose of Valuation

- 2.2.1 The scope of our services is to estimate the Enterprise Value and the Equity Value of Hydro Business as on the Valuation Date for the Proposed Transaction.
- 2.2.2 For the aforesaid purpose, Company has requested GTVAPL to submit an independent report recommending the estimates of Enterprise Value and the Equity Value of Hydro Business for the consideration of the Board of Directors of the Company.
- 2.2.3 This report will be placed before the Board of Directors of Company, and to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Transaction.
- 2.2.4 The scope of our services is to conduct valuation of the Hydro Business and report on the same for the Proposed Transaction in accordance with generally accepted professional standards.
- 2.2.5 For the aforesaid purpose, the valuation analysis is carried out by giving cognizance to the International Valuation Standards (“IVS”) and as part of valuation process by assigning appropriate weights to the applicable internationally accepted methodologies to the extent possible.
- 2.2.6 This Report is our deliverable for the above engagement.
- 2.2.7 This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

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### 3. Source of Information

3.1. In connection with this exercise, we have used the following information received from Management and/or gathered from public domain for our analysis:

3.1.1. Management provided information on the Hydro Business

- a) Provisional financial statements of the Hydro Business (including profit & loss statement and balance sheet) for the 12-month period ending 31 March 2024;
- b) Normalized Net Working Capital of the Hydro Business and the projections as of the Valuation Date;
- c) Carve-out financials of the Hydro Business based on audited consolidated financial statements of GEPIL for the period FY 2021 through FY 2024;
- d) Financial projections (including the free cash flows) of the Hydro Business from FY2025 to FY 2030 ("Projected Period");
- e) Correspondence with Management including the Management Representation Letter ("MRL") on various inputs, assumptions and explanations we have considered for the valuation analysis.
- f) Management view on materiality of contingent liabilities;
- g) Fair Value of Investments outstanding as on the Valuation Date.

3.1.2. Other Sources of Information

- a) International Databases such as Capital IQ, World Wide Web;
  - b) Annual Reports and Investor presentations of GE Vernova with respect to the prospects of the Hydro Business and factors that may impact the performance of the Hydro Business;
  - c) Industry and Macroeconomic reports to form opinions on the business and to assess the inputs like terminal growth.
- 3.2. Discussions with Management, senior leadership of GE Vernova and other key members of GEPIL to obtain information and the explanations, which were reasonably necessary and relevant for our exercise.
- 3.3. The Management of Company has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.
- 3.4. Management has informed us over telephonic calls, representation letter or otherwise that:
- a) There are no unusual / abnormal events in the Hydro Business other than those represented to us till the Report Date materially impacting their operating / financial performance. Further, Management has informed us that all material information impacting the Hydro business has been disclosed to us.
  - b) Management has confirmed that any surplus or non-operating assets identifiable to the carve-out Business will not be transferred as part of the Proposed Transaction.
- 3.5. We have taken into consideration market parameters as on the Valuation Date, in our analysis and made adjustments for information made known to us by the Management till the date of this Report ("Report Date") which will have a bearing on the valuation analysis.

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#### 4. About the Valuer

- 4.1. GT Valuation Advisors Private Limited is a Registered Valuer entity under Insolvency and Bankruptcy Board of India (“IBBI”) having Registration No IBBI/RV-E/05/2020/134. GTVAPL holds certificate of practice with RVO ICMAI to value Securities and Financial Assets and Plant and Machinery.
- 4.2. Darshana Kadakia is a Director in GTVAPL and is a registered valuer with IBBI Registration Number: IBBI/RV/05/2022/14711 and authorized to undertake valuation under asset class Securities and Financial Assets and holds certificate of practice as a valuer.
- 4.3. Brief profile of the Director – Qualification, Experience.

Darshana Kadakia is a Chartered Accountant. She has over 30 years of experience in the area of Valuation Services to Indian and global entities as well as Transaction Support Services including Accounting & Financial Due Diligence, Financial Model Validation and Feasibility Studies.

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**5. Disclosure of the Registered Valuer's Interest or Conflict, if any and other affirmative statements**

- 5.1. We do not have any financial interest in the Client or the Company, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Client / Company / their promoters, if any or their director or their relatives.

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## 6. Valuation Procedures Adopted

- 6.1. The procedures used and considered in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not limited to, are the following:
- 6.1.1. Discussion with Management to:
- a) Understand the operations of the Hydro Business and that of the Company;
  - b) Enquire about the historical financial performance, current state of the Hydro Business and key Management views on the past and the present performances;
  - c) Enquire about business plans and future performance estimates and how do they tie back to the past and present performances and in areas of material differences, we enquired about the specific changes with Management's explanations and supporting information.
- 6.1.2. Undertook Industry Analysis to:
- a) Research on publicly available market data on the relevant sector in which the Hydro Business operates that may impact the valuation analysis and our estimates;
  - b) Analysis of key trends and valuation multiples of comparable companies using:
    - i. Valuer internal transactions database;
    - ii. Proprietary databases subscribed by the Valuer.
  - c) Other publicly available information that are relevant for our analysis.
- 6.1.3. Analysis of information noted above to derive key perspectives for our Valuation assessment.
- 6.1.4. Selection of appropriate internationally accepted valuation methodology / (ies) after deliberations on the above sources of information and analysis of the same.
- 6.1.5. Arriving at the estimates of the Enterprise and Equity valuations of the Hydro Business as of the Valuations Date for the Proposed Transaction.

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## 7. Valuation Analysis

### 7.1. Valuation Procedures

In line with our scope of work, we have considered various Valuation Approaches and Methodologies for our analysis. We have adopted the definition of Fair Value as defined in the International Valuation Standard, which is as follows:

*“...the estimated amount” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. Fair Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the Fair Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. “*

As part of our analysis, we have performed the following procedures to carry out our analysis:

#### 7.1.1. Data Collection and Planning:

- a) Collected operational data for the historical period.
- b) Held discussions with the Management pertaining to the business and the expected performance indicators during the Projected Period.
- c) Any details needed for industry data, market share, surplus assets, assets and liabilities classified as held for sale, contingent liabilities and other data required based on further understanding.

#### 7.1.2. Data Analysis and Management Discussions:

- a) Sought discussions with the Management to understand the business and fundamental factors that affect the earning-generating capability including its strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- b) Where needed, analyzed publicly available information whether or not provided by Management.

#### 7.1.3. Undertook Industry Analysis:

- a) Research publicly available market data including economic factors and industry trends that may impact the valuation.
- b) Analysis of the market to identify comparable companies and comparable transactions.
- c) Other publicly available information.

#### 7.1.4. Performing Valuation Analysis:

- a) Selected appropriate Internationally acceptable valuation methodology/ies to be used and considered based on the information received, understanding gathered through interviews with the Management, publicly available information, and prior experience.
- b) Identified and assessed the key drivers of the operating model of the business, supporting assumptions and the relative impacts on the past and projected performances.
- c) Performed limited analysis of the inputs, assumptions and explanations provided by Management along with the publicly available information to assess the prospective financial information provided by Management.
- d) Performed the valuation analysis to arrive at the estimates of the Enterprise Value and the Equity Value as of the Valuation Date.

### 7.2. Valuation Parameters

- 7.2.1. **Valuation Base:** Valuation base 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 of value used in our analysis is “Fair Value” which is often understood 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 business were exposed for sale in 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.

- 7.2.2. **Premise of Value:** A premise of value or assumed use describes the circumstances of how an asset or liability is used. We have considered the “going concern value” as Premise of Value.
- 7.2.3. **Intended Users:** This Report is intended for consumption of the Client, its advisors supporting the Proposed Transaction as well as relevant regulatory and statutory authorities.
- 7.2.4. **Valuation Date:** The Valuation Date considered for this engagement is 31 March 2024.
- 7.3. **Valuation Standards:** The report is being prepared in accordance with the relevant International Valuation Standards, 2022 such as General Standards (IVS 101 – 105) and Asset Standard – Businesses and Business Interests (IVS 200).

#### 7.4. Valuation Approach & Methodology

- 7.4.1. Valuation of a business 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 a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:
  - a) Specific nature of the Hydro Business;
  - b) Whether the entity or its parent is listed on a stock exchange;
  - c) Industry to which the Hydro Business and the parent company belong to;
  - d) Past track record of the Hydro Business and the ease with which the growth rate in cash flows to perpetuity can be estimated;
  - e) Extent to which industry and comparable company information is available.
- 7.4.2. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the Valuer. Certain valuation techniques have evolved over time and are commonly used as generally accepted valuation approaches and methodologies.
- 7.4.3. The valuation of any business/ company or its assets/ equity shares is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. Valuation results could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions, financial and otherwise, and other factors which generally influence the valuation of companies.
- 7.4.4. The application of any method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. The choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guidelines, and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of similar nature.
- 7.4.5. In compliance with the Companies Act 2013, we have evaluated the following valuation methodologies as per any internationally accepted pricing methodology on arm's length basis. The key valuation techniques can be broadly categorized as follows:
  - a) Market Approach
    - i. Guideline Publicly Traded Comparable Methodology.
    - ii. Guideline Comparable Transactions Methodology.
    - iii. Market Price Methodology.
  - b) Income Approach – Discounted Cash Flow Methodology
  - c) Cost Approach – Net Asset Value Methodology

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## 7.5. Valuation Methodologies

### 7.5.1. Market Approach

#### i. Guideline Publicly Traded Comparable Methodology

Per this methodology, appropriate valuation multiples of comparable listed companies are computed and applied (adjusted/ unadjusted) to the financial metric/s of the subject company to arrive at an estimate of value. This is based on the premise that the market multiples of comparable listed companies are good benchmarks to estimate values.

In the present valuation analysis, there are no closely comparable companies for the Hydro Business that are listed on stock exchange and have similar operations. Apart from that, the operating nature of the Hydro Business is evolving from project-based revenue model to Centre of Excellence oriented revenue model as per the strategic vision of the Hydro Business.

Based on the above, we have not considered the Guideline Publicly Traded Comparable Method to value the Hydro Business.

#### ii. Guideline Comparable Transactions Methodology

This method is similar to the Guideline Publicly Traded Comparable method, with the exception that the appropriate valuation multiples used as guidelines are those identified from the recently concluded transactions. There is no rule of thumb for the appropriate age of a reasonable transaction; however, it is important to be aware of the competitive market at the time of the transaction and factor any changes in the marketplace environment into the analysis. All other things being equal, the more recent the transaction, the more reliable the value arrived at using this technique.

We were unable to use this method for our valuation analysis due to lack of credible and sufficient information available in the public domain relating to comparable transactions of companies at similar stage, size and scale of operations in the recent past.

#### iii. Market Price Methodology

While the Hydro Business is part of a listed company, we did not consider this methodology as the Hydro Business is only a segment of the listed company, which has diverse operations.

### 7.5.2. Income Approach

#### i. Discounted Cash Flow ("DCF") Methodology

Per the DCF methodology, the projected free cash flows to the firm/ equity holders are discounted at the weighted average cost of capital/ cost of equity. In general, the DCF method is a strong and widely accepted valuation methodology, as it concentrates on cash generation potential of a business over a projected period by Management and beyond through the analysis of publicly available information. 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.

Considering the above, we have used this method to estimate the Fair Value of the Hydro Business, since it captures its growth and cash generating potential.

We have used the free cash flows to firm (the "FCFF") technique under the DCF methodology to estimate the Enterprise Value of the Hydro Business based on the known and knowable prospective financial information as of the Valuation Date as provided to us by Management.

We note that we have relied on inputs, assumptions, explanations related to the financial projections and information provided by Management. Projections along with the inputs and assumptions are only the best

estimates of Management for the Hydro Business's prospective operating status, growth/ decline and sustainability/ changes of key business drivers and indicators. Although, we have reviewed the data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

### 7.5.3. Cost Approach

#### i. Net Asset Value ("NAV") Methodology

The value arrived at per this approach is based on the latest available audited/ unaudited/ provisional financial statements of the business and may be defined as the Shareholder's Funds or Net Asset Value of the company.

Per this methodology, the net assets as per the financial statements are adjusted for Fair Value of surplus/ non-operating assets, potential and contingent liabilities, if any. The NAV is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.

Per Management, the historical and provisional financials as of the Valuation Date of the Hydro Business only reflects the historical costs and accumulated profits of the Hydro Business.

Since, the current NAV is not reflective of the Hydro Business future cash generation and performance, keeping in mind the context and purpose of the Report, we have not used this methodology for our analysis.

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## 8. Scope Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

- 8.1. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. These services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 8.2. The recommendation contained herein is not intended to represent value at any time other than the date of the Report and the noted Valuation Date. Also, it may not be valid if done on behalf of any other entity.
- 8.3. 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 Valuation Date and (iii) are based on the data detailed in the section – Sources of Information. An analysis of this nature is necessarily based on the information made available to us, the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular, as of the Valuation Date. Events occurring after the date hereof 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.
- 8.4. The recommendation rendered in this Report only represents our recommendation based upon information till date, furnished by Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 8.5. The valuation of any entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have relied on explanations provided by the Management and have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Hydro Business. This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, foreign exchange rates, industry performance and general business and economic conditions, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.
- 8.6. During our analysis and assessment of the estimate of value, we were provided with both written and verbal information, including information as detailed in the section - Sources of Information. In accordance with the terms of our engagement, we have assumed and relied upon, (i) the accuracy of the information that was publicly available and formed a basis for this Report and (ii) the accuracy of information made available to us by Management. As per our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited or otherwise investigated the historical/projected financial information provided to us. Although, we have made the necessary enquiries regarding key assumptions considered in the business model in the context of the Hydro Business, their industry or their economy and reviewed such data for consistency and reasonableness, we have not independently investigated the data provided by Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by Management that they have not omitted any relevant and material factors. Our conclusions are based on the assumptions and information given by/on behalf of the Hydro Business. Management has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Also, we assume no responsibility for financial/technical information furnished by Management.
- 8.7. The valuation of a company is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed value for the carve-out business. While we have provided our recommendation of the value based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the value at which the Proposed Transaction shall take place will be with the Board of Directors of the Client who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 8.8. Accordingly, we assume no responsibility for any errors in the information furnished by Management or obtained from public domain and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.
- 8.9. We have relied on data from external sources. These sources, although considered to be reliable, are external and hence, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/ internal occurrences.

- 8.10. Management has represented that the business activities have been carried out in the normal and ordinary course between the Valuation Date and the Report Date for the Hydro Business and that no material adverse change has occurred in their respective operations and financial position between the respective aforementioned dates.
- 8.11. The Report assumes GEPIL along with Hydro Business comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that all the companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of regulatory nature, tax nature (including domestic and international tax etc.) and legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Hydro Business. Our conclusion of value assumes that the assets and liabilities of the Hydro Business, reflected in their respective latest balance sheet remain intact as of the Report Date.
- 8.12. This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or other alternatives or whether such alternatives could be achieved or are available. In addition, we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.
- 8.13. No investigation / inspection of the Hydro Business claim to title of assets has been made for the purpose of this Report and the Hydro Business claim to such rights has 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.
- 8.14. We have no present or planned future interest in GEPIL and the fee for this report is not contingent upon the values or results reported herein.
- 8.15. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Hydro Business. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Hydro Business, their directors, employees or agents.
- 8.16. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the valuation of the Hydro Business. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. Our report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law including companies, taxation or as regards any legal implications or issues arising thereon.
- 8.17. This Report is subject to the laws of India.
- 8.18. Our appointment was formalized via engagement letter dated 23 January 2024. Further, the information provided by Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information were provided to us to carry out the valuation.
- 8.19. Neither this Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent except for disclosures to be made to relevant regulatory authorities including National Company Law Tribunal, recognized stock exchanges or as required under applicable law.
- 8.20. This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the Board of GEPIL and only in connection with the Proposed Transaction. Without limiting the foregoing, we understand that GEPIL may be required to share this Report with regulatory or judicial authorities in connection with the Proposed Transaction. We hereby give consent to such disclosure of this Report, on the basis that the Valuer owes responsibility only to GEPIL that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, the Valuer accepts no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with any recipient, 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 GEPIL.
- 8.21. The scope of work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the Proposed Transaction and which a wider scope might uncover. Our assistance/

this report should not be considered any advice for financial reporting purposes. The Report is for regulatory compliance only and may not be used for any other purpose other than that stated herein and in our Engagement Letter, in particular for accounting or financial reporting purposes. Management is solely responsible for determining any amounts it records in its books and records and financial statements and footnotes thereto.

- 8.22. Our report can be used by GEPIL only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by GEPIL for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / business of the Specified Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than GEPIL) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 8.23. Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

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## 9. Conclusion

Based on the forgoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following estimates of the Enterprise Value and the Equity Value for the Hydro Business as of the Valuation Date:

Particulars	Value Estimate
Gross Enterprise Value (INR Mn) (A)	52.6
Total Debt (INR Mn) (B)	(1,143.4)
Cash and Cash Equivalents (INR Mn) (C)	88.9
<b>Equity Value (INR Mn) (A+B+C)</b>	<b>(1,001.9)</b>

We note that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted,

### For GT Valuation Advisors Private Limited

Registered Valuer Entity – Securities and Financial Assets

IBBI Registration Number: IBBI/RV-E/05/2020/134

eSigned using Aadhaar  
(Leegality.com - 6jNJZ8Z)  
Darshana Kadakia

Date: Wed Jul 10 19:17:10 IST  
2024

### Director

**Darshana Kadakia**

Register Valuer – Securities and Financial Assets

IBBI Registration Number: IBBI/RV/05/2022/14711

Date: 10 July 2024

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**Grant Thornton**

Annexure I – Discounted Cash Flow Methodology

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Particulars	INR Millions									
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Terminal Year			
Net Revenue	7,544.1	13,094.0	10,530.5	7,049.0	4,617.8	3,054.4	3,207.2			
Y-o-Y Growth Rate	-	73.6%	-19.6%	-33.1%	-34.5%	-33.9%	5.0%			
<b>EBITDA</b>	<b>237.4</b>	<b>1,033.6</b>	<b>949.4</b>	<b>494.4</b>	<b>266.9</b>	<b>270.2</b>	<b>283.7</b>			
Less: Depreciation	3.0	10.8	12.5	13.5	14.1	14.5	14.5			
<b>EBIT</b>	<b>234.4</b>	<b>1,022.8</b>	<b>936.9</b>	<b>480.9</b>	<b>252.7</b>	<b>255.7</b>	<b>269.2</b>			
Less: Finance Cost	-	-	-	-	-	-	-			
<b>PBT</b>	<b>234.4</b>	<b>1,022.8</b>	<b>936.9</b>	<b>480.9</b>	<b>252.7</b>	<b>255.7</b>	<b>269.2</b>			
Less: Tax	59.0	257.4	235.8	121.0	63.6	64.4	67.8			
<b>Gross Cash Flows</b>	<b>175.4</b>	<b>765.4</b>	<b>701.1</b>	<b>359.8</b>	<b>189.1</b>	<b>191.4</b>	<b>201.5</b>			
<i>Adjustments</i>										
Add: Depreciation	3.0	10.8	12.5	13.5	14.1	14.5	14.5			
Less: Capital Expenditure	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(14.5)			
Less: (Increase)/Decrease in Working Capital	(1,622.6)	(4,159.7)	184.6	689.3	1,676.4	(431.9)	(21.6)			
Add: Release in Working Capital from project Business	-	-	-	-	-	1,954.9	-			
<b>Net Free Cash Flows to the Firm</b>	<b>(1,499.2)</b>	<b>(3,398.5)</b>	<b>883.2</b>	<b>1,047.6</b>	<b>1,864.6</b>	<b>1,713.8</b>	<b>179.9</b>			
Discount Factor @ 13.5%	0.94	0.83	0.73	0.64	0.56	0.50	-			
<b>Present Value of Net Free Cash Flows to the Firm</b>	<b>(1,407.0)</b>	<b>(2,809.3)</b>	<b>643.0</b>	<b>671.8</b>	<b>1,053.2</b>	<b>852.6</b>	<b>-</b>			
<b>Terminal Value</b>							<b>2,107.4</b>			

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Valuation Analysis	Value Estimate
Sum of Present Value of Free Cash Flows to Firm	(995.8)
Present Value of Terminal Value	1,048.4
<b>Gross Enterprise Value (INR Mn) (A)</b>	<b>52.6</b>
<b>Derivation of Total Debt</b>	
Inter Corporate Deposits	(536.6)
Debt like items	(606.9)
<b>Total Debt (B)</b>	<b>(1,143.4)</b>
Cash and Cash Equivalents (C)	88.9
<b>Equity Value* (INR Mn) (D = A+B+C)</b>	<b>(1,001.9)</b>

\* Given that the estimate of Enterprise Value is lower than outstanding balance of debt and debt like items as of the Valuation Date, Equity Value will be a function of the transaction structure which may include restructuring or recalibration of debt.

**Notes:**

The present value of the sum of the Free Cash Flows to the Firm is Based on the projected financial information of the Hydro Business for the period 1 April 2024 to 31 March 2030 (the "Projected Period") as provided to us by Management.

The present value of the Terminal Value is based on the following assumptions:

- i. Terminal period revenue is primarily from the Centre of Excellence business and partially from the Transaction Services. Both the streams are expected to grow at 5.0%.
- ii. As represented by Management, the expected EBITDA Margins for the Terminal Period is same as 8.8%.
- iii. Depreciation in the Terminal Period is assumed to be same as the Depreciation projected for the end of the projected period.
- iv. Maintenance Capital expenditure for the Terminal Period is assumed to be same as Depreciation for the Terminal Period.
- v. Management projected the working capital in the Terminal Period to be three months of the revenue projected for the Terminal Period.
- vi. A marginal corporation tax rate of 25.17% has been considered for the projected period and Terminal Period.
- vii. Total debt and debt like items are calculated by Management based on the inputs from the carve-out balance sheet of the Hydro Business as of 31 March 2024.

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**Appendix II – Calculation of the Discount Rate**

<b>Cost of Equity Derivation</b>		<b>CSRP of 1.0%</b>
Re-levered Beta (a)	0.82	
Risk-Free Rate (b)	7.0%	
Equity Risk Premium (c)	6.8%	
<b>Base Cost of Equity</b>	<b>12.5%</b>	
Company Specific Risk Premium (d)	1.0%	
<b>Adjusted Cost of Equity</b>	<b>13.5%</b>	

**Notes:**

- Median of 3-year weekly beta of GEPL, NHPC and businesses focused on resource support as the business is transitioning to a Centre of Excellence model. The unlevered beta has then been re-levered based on the debt-to-equity ratio of nil and marginal tax rate of the Company to estimate cost of equity using CAPM. (Source: Capital IQ)
- Based on the 10-Year Zero Coupon Yield for India as of 31 March 2024. (Source: Clearing Corporation of Indian Limited).
- Equity Risk Premium of 6.8% has been considered based on Grant Thornton's internal research on ERP for Indian market.
- Company Specific Risk Premium is based on the qualitative analysis of the risk factors inherent in the subject company's cash flow projections and industry. Accordingly, we have applied a CSRP of 1.0% to factor in the risks associated with the revenues and margins as projected by Management and risks specific to the industry.

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CIN: U74999DL2021PTC381143  
Offices in Bengaluru, Mumbai, New Delhi

# RBSA Capital Advisors LLP

VALUATION | INVESTMENT BANKING | RESTRUCTURING | TRANSACTION SERVICES | TRANSACTION TAX | ADVISORY SERVICES



## Private and Confidential

Report Ref No: RCA2425AMDREP07002

Date: 10/07/2024

The Board of Directors,  
**GE Power India Limited**  
T5 & T6, Plot I-14, Axis House,  
Jaypee Wishtown, Sector - 128,  
Noida - 201304, Uttar Pradesh

## Subject: Fairness Opinion on valuation of Hydro Business of GE Power India Limited

Dear Sirs,

We refer to our engagement letter dated January 16, 2024, read with addendum letter June 26, 2024, appointing RBSA Capital Advisors LLP ("RBSA" or "We") to provide fairness opinion on the valuation of Hydro Business ("Hydro Business") of GE Power India Limited ("GEPIL"/ the "Company"), as at March 31, 2024 ("Valuation Date"), carried out by GT Valuation Advisors Private Limited, Registered Valuer Entity – Securities and Financial Assets, registered with Insolvency and Bankruptcy Board of India ("IBBI") (IBBI Reg No: IBBI/RV-E/05/2020/134) ("Valuer"), in connection with the Proposed Transaction (as defined below).

### 1.0 Preamble

- 1.1 GEPIL operates in power generation equipment market in India and is primarily engaged in various activities in relation to thermal and hydro energy-based power projects. GEPIL has capabilities in engineering, manufacturing, project management and supply of products and solutions for infrastructure. Its operations include a composite range of activities viz. engineering, procurement, manufacturing, construction, and servicing etc. of power plants and power equipment. The Company carries on its business through three business divisions, viz, Steam Power division, Hydro Business and Gas Power Business. GE Vernova Inc. is the ultimate holding company of GEPIL. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
- 1.2 We understand that the management of GEPIL (the "Management") is evaluating potential transfer of Hydro Business to an Indian GE Group company (the "Proposed Transaction"). Per Management, the Proposed Transaction will be in compliance with Section 177 read with Section 188 of the Companies Act, 2013. We further understand that GEPIL has appointed the Valuer to carry out the valuation of Hydro Business as at the Valuation Date, in connection with the Proposed Transaction.
- 1.3 In connection with the Proposed Transaction, the Management has approached RBSA Capital Advisors LLP ("RBSA"), a Category I Merchant Banker registered with the Securities and Exchange Board of India, to provide an opinion on fairness of the valuation of the Hydro Business, as recommended by the Valuer, as of March 31, 2024 ("Valuation Date").



## 2.0 Background of the Hydro Business

- 2.1 GEPIIL, earlier known as, ALSTOM India Limited, was acquired by General Electric Company in the year 2015 pursuant to a global acquisition of ALSTOM's power and grid business. The Hydro Business of GEPIIL provides a comprehensive portfolio of solutions and services for hydropower generation, catering to both large and small hydropower plants.
- 2.2 Hydro Business primarily earns its revenue from execution of electro-mechanical scope of hydro power projects which includes design, engineering, procurement, project management, erection & commissioning and providing services in respect of installed base of hydro power projects and from supply of manpower services to GE Vernova Group's global hydro projects through a center of excellence ("CoE") model. We understand from the Management that the Hydro Business relies on GE Vernova for critical design and technologies *inter-alia* for turbine, generators and pumped storage plant equipment.
- 2.3 Based on the carved-out balance sheet and income statement of the Hydro Business prepared by the Management, we understand that Hydro Business incurred losses at EBIT level for past three years and has a net worth of INR (2,140.9) Mn as of March 31, 2024. We understand from the Management that considering *inter-alia* historical performance, GEPIIL's margin expectation for new projects, market outlook, competitive scenario, etc., it expects that the Hydro Business would primarily operate through CoE model post FY 2029.
- 2.4 Summary of the unaudited carved-out Historical Balance sheet and Income Statement of the Hydro Business, prepared by the Management are as below,

Summarized Balance Sheet	In INR Mn
Particulars as at	March 31, 2024
Fixed Assets (including Intangible assets) <sup>1</sup>	229.8
Net Working Capital	(1,283.4)
Cash	88.9
<b>Total Assets</b>	<b>(964.7)</b>
Borrowings	536.6
Debt like items	606.9
Lease Liability (Net of ROU Assets)	32.8
Net worth	(2,140.9)
<b>Total Liabilities and Equity</b>	<b>(964.7)</b>

Summarized Income Statement	In INR Mn			
Particulars for the year ending	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Revenue	2,943.8	1,869.4	4,210.5	5,066.2
Operating Income	459.6	234.1	2.0	67.9
<b>Total Income</b>	<b>3,403.4</b>	<b>2,103.5</b>	<b>4,212.6</b>	<b>5,134.1</b>
Operating Expenses	(3,201.8)	(3,073.1)	(4,417.2)	(5,766.4)
<b>EBITDA</b>	<b>201.7</b>	<b>(969.6)</b>	<b>(204.6)</b>	<b>(632.3)</b>
Depreciation	(40.6)	(45.8)	(46.0)	(48.5)
<b>EBIT</b>	<b>161.0</b>	<b>(1,015.4)</b>	<b>(250.6)</b>	<b>(680.8)</b>
Finance Cost	(115.4)	(102.5)	(95.7)	(80.7)
<b>PBT (excl. Non-operating Income)</b>	<b>45.6</b>	<b>(1,118.0)</b>	<b>(346.2)</b>	<b>(761.5)</b>
Non-operating Income	5.8	282.4	220.4	355.4
<b>PBT (incl. Non-operating Income)</b>	<b>51.3</b>	<b>(835.6)</b>	<b>(125.9)</b>	<b>(406.1)</b>

Source: Management Information

Due to rounding, numbers presented may not add up precisely to the totals provided



We understand from the Management that Land & Building having book value of INR 156.0 Mn as of March 31, 2024, shall not be transferred by GEPIIL.

### 3.0 Sources of Information

For arriving at the fairness opinion, we have relied on the following sources of information provided by the Management and/ or available in public domain:

- Unaudited carved out income statement and balance sheet of the Hydro Business prepared by the Management, for the years ending March 31, 2021, to March 31, 2024;
- Projected Income Statement, Statement of Working Capital and Cash Flow Statement of the Hydro Business for the period April 1, 2024, to March 31, 2030, which the Management believes to be their best estimate of the expected operating performance going forward (“Management Projections”);
- Discussions with the Management to *inter-alia* understand historical performance of the Hydro Business, key value drivers, prospects and outlook for the business of the Hydro Business, competitive scenario, etc.;
- Discussions with the Valuer;
- Report dated July 10, 2024, of the Valuer recommending the value of the Hydro Business as of the Valuation Date (“Valuer’s Report”);
- Information obtained from public domain and subscribed databases in respect of comparable companies;
- Such other information and explanations that we considered necessary for the purpose of valuation which was provided by the Management.

### 4.0 Procedures Adopted

Procedures adopted for our analysis included such substantive steps as we considered necessary under the circumstance, including, but not limited to the following:

- Discussion with the Management to *inter-alia*:
  - Understand the business and fundamental factors that affect the business of Hydro Business;
  - Enquire about the historical financial performance, current state of the Hydro Business and Management’s perspective on the past and the present performances and expected future financial performance of the Hydro Business;
- Analysis of information shared by the Management including the following:
  - Unaudited carved-out Income Statement and Balance Sheet of the Hydro Business prepared by the Management;
  - Management Projections
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Considered Valuer’s Report;
- Selection of valuation approach and valuation methodology/(ies), in accordance with ICAI VS, as considered appropriate and relevant by us;
- Analysis of other publicly available information, as considered relevant by us.





## 5.0 Scope, Limitations, Disclaimers, Assumptions, Qualifications and Exclusions

- 5.1 Valuation of the Hydro Business has been carried out in accordance with the valuation standards issued by the Institute of Chartered Accountants of India (“ICAI VS”). The basis of value for the analyses is fair value, which is defined as “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”. Valuation is carried out on a ‘going concern value’ premise.
- 5.2 This Fairness Opinion report (“Report”), its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement letter; (ii) the Valuation Date; (iii) the Valuer’s Report, (iv) Carved out historical income statement and balance sheet of the Hydro Business (v) Management Projections and (vi) are based on the data detailed in the section - Sources of Information. We have been informed that the business activities of the Hydro Business have been carried out in the normal and ordinary course between April 1, 2024, till date and no material changes have occurred in the operations and financial position.
- 5.3 While our work has involved an analysis of financial and other information provided by / on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the Hydro Business’s existing business records. Accordingly, we express no audit opinion or any other form of assurance on the information provided to us.
- 5.4 This Report assumes that Hydro Business complies fully with relevant laws and regulations applicable in all areas of operations unless otherwise stated, and that the Hydro Business will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of regulatory nature, legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the carved-out balance sheet of the Hydro Business. Our opinion of value assumes that the assets and liabilities of the Hydro Business, reflected in their carved-out balance sheet, as at the Valuation Date, remain intact as of the date.
- 5.5 RBSA has relied upon the representations that the information provided by the Management is accurate and complete in all material respects. With respect to explanations and information sought from the Management, we have been given to understand that they have not omitted any relevant and material factors about the Hydro Business and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by the Management. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our opinion.
- 5.6 This Fairness Opinion is based on business, economic, market and other conditions as they existed as of the Valuation Date. Subsequent events or circumstances that could affect the conclusions set forth in our Fairness Opinion include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition, and results of operations of the Hydro Business. The user to which this fairness opinion report is addressed should read the basis upon which the Report has been done and be aware of the potential for later variations in value due to factors that are unforeseen as of the Valuation Date. Due to possible changes in market forces and circumstances, this opinion can only be regarded as relevant as at the Valuation Date. RBSA is under no obligation to update, revise or reaffirm the Report.



# RBSA Capital Advisors LLP

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- 5.7 We have relied on data from external sources to conclude the fairness opinion. 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.
- 5.8 We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other person to GEPIL. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of GEPIL, their directors, employees, or agents. In no circumstances, shall the liability of RBSA, its partners, directors or employees relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to RBSA in respect of the fees charged by it for these services.
- 5.9 Providing fairness opinion is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our opinion will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There is, therefore, no indisputable single value. The final responsibility for the determination of the terms of the Proposed Transaction shall be with the Board of Directors of the Company who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 5.10 It is understood that this Report is for the benefit and use of the Board of Directors of GEPIL in connection with and for purposes of its evaluation of the Proposed Transaction and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of GEPIL. RBSA accepts no responsibility or liability to any third party, in connection with this Report. This opinion should not be disclosed, referred to, or communicated (in whole or in parts) to any third party, nor shall any public reference be made, for any purpose whatsoever except as mandatorily required to be disclosed to relevant Indian judicial, regulatory or government authorities, as required under applicable laws. It is clarified that reference to this Report in any document and/ or filing pursuant to the Regulations, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by RBSA of any responsibility or liability to any person / party other than GEPIL.
- 5.11 This Report is subject to laws of India and is governed by concept of materiality. This Report is intended for the consumption of the Board of Directors of the Company in connection with the Proposed Transaction. We do not have any financial interest in the Company, nor do we have any conflict of interest in providing this Fairness Opinion.
- 5.12 The Report should not be construed to be investment advice in any manner whatsoever. The opinion contained herein is not intended to represent value at any time other than the date of the Report and the Valuation Date.
- 5.13 The fee for our services is not contingent upon the results of the Proposed Transaction.
- 5.14 Our Fairness Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with Proposed Transaction or any matter related thereto.
- 5.15 The Management of the Company has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.



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## 6.0 Valuer's Recommendation

In arriving at the valuation of the Hydro Business, the Valuer has considered and applied the Income Approach - Discounted Cashflow Method.

As per the Valuer's Report, the Valuer has arrived at an Equity Value of INR (1,001.9) Mn for the Hydro Business as at the Valuation Date for the Proposed Transaction.

## 7.0 Our Comment on the value of the Hydro Business

In the circumstance, having regard to the relevant factors, carved-out statement of assets and liabilities of the Hydro Business as at the Valuation Date, information and explanations provided to us and considering *inter-alia* that the Hydro Business has incurred losses at EBIT level for the past three years and has a net worth of INR (2,140.9) Mn as of March 31, 2024, in our opinion, the value of the Hydro Business of GEPIL as at the Valuation Date, as recommended by the Valuer, which forms the basis for the Proposed Transaction, is fair to the shareholders of GEPIL from a financial point of view.

Yours Truly,

### RBSA Capital Advisors LLP

SEBI Registered Category I Merchant Banker

Registration Code: INM000011724

Ravishu Vinod Shah

Partner

Date: 10/07/2024



**Strictly Private and Confidential**

To,

**The Audit Committee & Board of Directors  
GE Power India Limited  
T-5 & T-6 Plot I-14, Axis House, Jaypee Wishtown  
Sector 128, Noida, Uttar Pradesh 201304**

---

**GT Valuation Advisors Private  
Limited**

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Mumbai - 400013

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**Date 10 July 2024**

**Sub: Valuation of the Gas Division of the GE Power India Limited**

Dear Sir / Madam,

We refer to our Engagement Letter dated 23 January 2024 & Addendum Engagement Letter dated 21 June 2024 (Collectively referred to as "the Engagement Letter"), whereby Management of GE Power India Limited ("GEPIL" or the "Client" or the "Company" or the "Seller") (referred to as "Management"), on behalf of its Board, has requested GT Valuation Advisors Private Limited ("GTVAPL" or the "Firm") to provide the estimates of the Enterprise Value and the Equity Value of the Gas Business Unit (the "Gas Business") of the GEPIL as of 31 March 2024 (the "Valuation Date").

Management requires the estimates of the Enterprise Value and the Equity Value for a potential transfer of the Gas Business (the "Proposed Transaction") to a related party (the "Potential Buyer").

Per Management the Proposed Transaction will be in compliance with Section 177, read with Section 188 of the Companies Act, 2013 and will be consummated through a Slump Sale.

GTVAPL has been hereafter referred to as 'Valuer' or 'We' in this report ('Report') and in the following paragraphs, we have summarized our valuation analysis together with the description of the methodologies used and limitations on our scope of work.

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## 1. OVERVIEW

### Overview of the Company and the Gas Business

- 1.1.1 GEPIL is a publicly owned company, and the equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.1.2 GEPIL has strong capabilities in engineering, manufacturing, project management and supply of products and solutions for infrastructure. Its operations include a composite range of activities viz. engineering, procurement, manufacturing, construction, and servicing etc. of power plants and power equipment.
- 1.1.3 The Gas Business is actively involved in supporting managing projects in South Asia region, and gas projects globally for Engineering, Procurement, Project Management and Construction services. The current projects supporting for Project Management, Engineering, Procurement, Construction and commissioning for GE Vernova in some of key gas power projects in the South Asia region (Bangladesh and Taiwan).

### 1.2 Current Operating Environment and Future Strategy

- 1.2.1 The Gas Business primarily provides cost-effective resourcing solutions to support the global gas power projects of the group companies ("COE Business").
- 1.2.2 The Utran project of the Gas Business is expected to be completed in FY 2029 and no external project is expected by the Company in the future. As per Management of the Company, the Company is likely to bid for projects which have reasonable margins and certainty of completion. Considering the Indian scenario, the Company does not foresee any projects and therefore, have not factored any additional external projects in the projections. Further, all the resources of the Gas Business will eventually be utilized for the COE Business. Consequently, from FY 2030, revenue is forecasted only from the COE Business.

### 1.3 Overview of Financial Performance of the Gas Business

#### 1.3.1 Historical carve-out Profit and Loss statement of the Gas Business (INR Million)

Particulars	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Revenue from Related Parties	1,103.9	680.1	751.4	732.3
Revenue from External Projects	77.3	280.1	95.5	62.4
<b>NET OPERATING REVENUES</b>	<b>1,181.2</b>	<b>960.2</b>	<b>846.9</b>	<b>794.7</b>
Cost of material consumed & erection services	(57.0)	(151.3)	(48.2)	-
Employee Benefits Expense	(656.4)	(663.4)	(659.7)	(582.5)
Other Expenses	(201.7)	18.8	(123.6)	(63.7)
<b>TOTAL OPERATING EXPENSES</b>	<b>(915.1)</b>	<b>(795.8)</b>	<b>(831.5)</b>	<b>(646.2)</b>
<b>EBITDA (EXCL. NON-OPERATING INCOME)</b>	<b>266.1</b>	<b>164.3</b>	<b>15.4</b>	<b>148.4</b>
Depreciation on Tangible Assets	(81.8)	(75.3)	(61.7)	(56.2)
<b>EBIT (EXCL. NON-OPERATING INCOME)</b>	<b>184.3</b>	<b>89.1</b>	<b>(46.4)</b>	<b>92.3</b>
Finance Cost	(49.3)	(55.5)	(27.3)	(37.3)
<b>PBT (EXCL. NON-OPERATING INCOME)</b>	<b>134.9</b>	<b>33.6</b>	<b>(73.7)</b>	<b>55.0</b>
Other Income	75.5	66.0	129.2	51.9
<b>PBT (INCL. NON-OPERATING INCOME)</b>	<b>210.4</b>	<b>99.5</b>	<b>55.5</b>	<b>106.9</b>
Tax Expense	-	-	-	-
<b>PAT (EXCL. NON-OPERATING INCOME)</b>	<b>134.9</b>	<b>33.6</b>	<b>(73.7)</b>	<b>55.0</b>
<b>PAT (INCL. NON-OPERATING INCOME)</b>	<b>210.4</b>	<b>99.5</b>	<b>55.5</b>	<b>106.9</b>

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## 1.3.2 Historical carve-out Balance Sheet of the Gas Business (INR Million)

Particulars	31 March 2021	31 March 2022	31 March 2023	31 March 2024
Share Capital				-
Reserves & Surplus*	(694.7)	(558.5)	(712.6)	(380.0)
<b>Total Shareholder's Equity</b>	<b>(694.7)</b>	<b>(558.5)</b>	<b>(712.6)</b>	<b>(380.0)</b>
Lease Liabilities	386.3	210.3	154.8	115.5
Provision for compensated absences	50.8	50.1	81.9	
Provision for warranty	28.0	19.9	18.2	14.1
<b>Total Non-Current Liabilities</b>	<b>465.1</b>	<b>280.3</b>	<b>254.9</b>	<b>129.6</b>
Trade Payables	907.2	1,567.0	1,067.7	864.7
Current Lease Liabilities	69.5	53.5	50.5	46.4
Short Term Provision				
Provision for employee benefits	171.7	150.8	137.8	203.9
Provisions for warranty - Current	(0.4)	7.9	4.1	8.3
Provision for loss orders	-	-	0.5	0.5
Provision for contingencies/others	228.8	169.7	187.1	-2.1
Provision for Tax	1.2	1.2	-	-
Other Current Liabilities				
Payments received in advance from customers	56.0	22.0	31.1	0.0
Billing in excess of contract revenue	146.9	138.2	7.6	13.4
Statutory dues			42.1	142.1
Other creditors	51.2	22.3		
<b>Current Liabilities</b>	<b>1,632.0</b>	<b>2,132.4</b>	<b>1,528.6</b>	<b>1,277.2</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,402.4</b>	<b>1,854.2</b>	<b>1,070.8</b>	<b>1,026.8</b>
Tangible Assets	2.8	0.9	1.1	0.6
ROU Assets	439.8	260.1	212.7	163.5
Capital WIP	(0.2)	-		
<b>Net Fixed Assets</b>	<b>442.4</b>	<b>261.0</b>	<b>213.8</b>	<b>164.1</b>
Balances with Govt Authorities	0.0	-	-	-
Security deposits	29.2	11.9	11.9	17.4
Reimbursement Expenses	-	-	47.9	-
Recoverable from related parties	-	-	-	3.4
Deposits paid under Protest	3.5	-	-	-
<b>Total Non-Current Assets</b>	<b>475.1</b>	<b>272.9</b>	<b>273.5</b>	<b>184.9</b>
Trade Receivables	854.6	1,428.4	631.4	692.4
Inventories	2.3	27.4	17.6	17.7
Security Deposits Current	2.4	0.4	7.5	0.4
Advance to suppliers	0.1	0.2	0.1	0.0
Advance to employees	(2.5)	(3.3)	(1.9)	-0.0
Prepaid expenses	8.7	-	-	1.5
Contract Revenue in excess of billing	93.5	76.3	85.4	97.0
Recoverable from related Parties	9.6			
Balance with Govt Authorities	(41.4)	51.9	57.1	32.9
<b>Total Current Assets</b>	<b>927.4</b>	<b>1,581.3</b>	<b>797.2</b>	<b>841.8</b>
<b>TOTAL ASSETS</b>	<b>1,402.4</b>	<b>1,854.2</b>	<b>1,070.8</b>	<b>1,026.8</b>

\*Per Management, the balance of reserve and surplus is considered as balancing figure while extracting the carve-out balance sheet for Gas Business.

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## 1.3.3 Projected Profit and Loss extract of the Gas Business (INR Million)

Particulars	31 March 2025	31 March 2026	31 March 2027	31 March 2028	31 March 2029	31 March 2030
	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Revenue From Related Parties	687.8	717.1	755.5	810.9	870.3	937.7
Revenue From External Projects	223.8	25.2	25.2	25.2	25.2	-
<b>Net Operating Revenues</b>	<b>911.6</b>	<b>742.3</b>	<b>780.7</b>	<b>836.1</b>	<b>895.6</b>	<b>937.7</b>
Cost Of Material Consumed	34.8	36.3	38.2	41.0	44.0	47.4
Utran Project Costs	144.8	15.7	15.7	15.7	15.7	-
Employee Benefits Expense	472.4	495.1	524.5	566.0	610.9	659.4
Other Expenses	94.8	97.1	100.5	104.6	108.9	113.2
<b>Total Operating Expenses</b>	<b>746.7</b>	<b>644.2</b>	<b>678.9</b>	<b>727.3</b>	<b>779.5</b>	<b>820.0</b>
<b>EBITDA (From Operations)</b>	<b>164.9</b>	<b>98.1</b>	<b>101.8</b>	<b>108.8</b>	<b>116.1</b>	<b>117.7</b>

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## 2 CONTEXT AND PURPOSE OF THE REPORT

### 2.1 Proposed Transaction

- 2.1.1 Management is contemplating the transfer of the Gas Business of GEPIL to a resident related party (“Proposed Transaction”) through a Business Transfer Agreement (“BTA”) on an arm’s length basis.
- 2.1.2 Per the BTA, the Gas Business will be transferred as a going concern by way of a ‘slump sale’ (as defined under Section 2(42C) read with Section 50B of the IT Act on an ‘as is where is’ basis, for a lump sum aggregate consideration being equivalent to the Final Purchase Consideration, without values being assigned to individual assets and liabilities between the Seller GEPIL and the potential Buyer.
- 2.1.3 For the aforesaid purpose, Management of Company have appointed GTVAPL to submit a report recommending the Enterprise and the Equity valuation of the Gas Business for the Proposed Transaction as required pursuant to the requirements under Section 177, read with Section 188 of the Companies Act, 2013, to the extent applicable.
- 2.1.4 Accordingly, we will present our report (the “Report”) to the Client / Board for the valuation of the Gas Business as of the Valuation Date which will detail the information considered in establishing the valuation describing the methodology and the assumptions used in arriving at the valuation conclusions as of the Valuation Date.
- 2.1.5 We would like to emphasize that certain terms of the Proposed Transaction are stated in our Report, however, the detailed terms of the Proposed Transaction would be more fully described and explained in the transfer agreement. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the relevant Scheme documents.

### 2.2 Scope of Work and Purpose of Valuation

- 2.2.1 The scope of our services is to estimate the Enterprise Value and the Equity Value of Gas Business as on the Valuation Date for the Proposed Transaction.
- 2.2.2 For the aforesaid purpose, Company has requested GTVAPL to submit an independent report recommending the estimates of the Enterprise Value and the Equity Value of Gas Business for the consideration of the Board of Directors of the Company.
- 2.2.3 This report will be placed before the Board of Directors of Company, and to the extent mandatorily required under applicable laws of India, maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Transaction.
- 2.2.4 The scope of our services is to conduct valuation of the Gas Business and report on the same for the Proposed Transaction in accordance with generally accepted professional standards.
- 2.2.5 For the aforesaid purpose, the valuation analysis is carried out by giving cognizance to the International Valuation Standards (“IVS”) and as part of valuation process by assigning appropriate weights to the applicable internationally accepted methodologies to the extent possible.
- 2.2.6 This Report is our deliverable for the above engagement.
- 2.2.7 This Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

### 2. Source of Information

- 2.1. In connection with this exercise, we have used the following information received from Management and/or gathered from public domain for our analysis:
- 2.1.1. Management provided information on the Gas Business
- Provisional financial statements of the Gas Business (including profit & loss statement and balance sheet) for the 12-month period ending 31 March 2024;
  - Normalized Net Working Capital of the Gas Business and the projections as of the Valuation Date;



- c) Carve-out financials of the Gas Business based on audited consolidated financial statements of GEPIL for the period FY 2021 through FY 2024;
  - d) Financial projections (including the free cash flows) of the Gas Business from FY2025 to FY 2030 (“Projected Period”);
  - e) Correspondence with Management including the Management Representation Letter (“MRL”) on various inputs, assumptions, and explanations we have considered for the valuation analysis.
  - f) Management view on materiality of contingent liabilities;
  - g) Fair Value of Investments outstanding as on the Valuation Date.
- 2.1.2. Other Sources of Information
- a) International Databases such as Capital IQ, World Wide Web;
  - b) Annual Reports and Investor presentations of GE Vernova with respect to the prospects of the Gas Business and factors that may impact the performance of the Gas Business;
  - c) Industry and Macroeconomic reports to form opinions on the business and to assess the inputs like terminal growth.
- 2.2. Discussions with Management, senior leadership of GE Vernova and other key members of GEPIL to obtain information and the explanations, which were reasonably necessary and relevant for our exercise.
- 2.3. Management of Company has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.
- 2.4. Management has informed us over telephonic calls, representation letter or otherwise that:
- a) There are no unusual / abnormal events in the Gas Business other than those represented to us till the Report Date materially impacting their operating / financial performance. Further, Management has informed us that all material information impacting the Gas business has been disclosed to us.
  - b) Management has confirmed that any surplus or non-operating assets identifiable to the carve-out Business will not be transferred as part of the Proposed Transaction.
- 2.5. We have taken into consideration market parameters as on the Valuation Date, in our analysis and made adjustments for information made known to us by Management till the date of this Report (“Report Date”) which will have a bearing on the valuation analysis.

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### 3. About the Valuer

- 3.1. GT Valuation Advisors Private Limited is a Registered Valuer entity under Insolvency and Bankruptcy Board of India ("IBBI") having Registration No IBBI/RV-E/05/2020/134. GTVAPL holds certificate of practice with RVO ICAI to value Securities and Financial Assets and Plant and Machinery.
- 3.2. Darshana Kadakia is a Director in GTVAPL and is a registered valuer with IBBI Registration Number: IBBI/RV/05/2022/14711 and authorized to undertake valuation under asset class Securities and Financial Assets and holds certificate of practice as a valuer.
- 3.3. Brief profile of the Director – Qualification, Experience.

Darshana Kadakia is a Chartered Accountant. She has over 30 years of experience in the area of Valuation Services to Indian and global entities as well as Transaction Support Services including Accounting & Financial Due Diligence, Financial Model Validation and Feasibility Studies.

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**4. Disclosure of the Registered Valuer's Interest or Conflict, if any and other affirmative statements**

- 4.1. We do not have any financial interest in the Client or the Company, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Client / Company / their promoters, if any or their director or their relatives.

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## 5. Valuation Procedures Adopted

5.1. The procedures used and considered in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not limited to, are the following:

### 5.1.1. Discussion with Management to:

- a) Understand the operations of the Gas Business and that of the Company;
- b) Enquire about the historical financial performance, current state of the Gas Business and key Management views on the past and the present performances;
- c) Enquire about business plans and future performance estimates and how do they tie back to the past and present performances and in areas of material differences, we enquired about the specific changes with Management's explanations and supporting information.

### 5.1.2. Undertook Industry Analysis to:

- a) Research on publicly available market data on the relevant sector in which the Gas Business operates that may impact the valuation analysis and our estimates;
- b) Analysis of key trends and valuation multiples of comparable companies using:
  - i. Valuer internal transactions database;
  - ii. Proprietary databases subscribed by the Valuer.
- c) Other publicly available information that are relevant for our analysis.

5.1.3. Analysis of information noted above to derive key perspectives for our Valuation assessment.

5.1.4. Selection of appropriate internationally accepted valuation methodology / (ies) after deliberations on the above sources of information and analysis of the same.

5.1.5. Arriving at the estimates of the Enterprise and Equity valuation of the Gas Business as of the Valuation Date for the Proposed Transaction.

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## 6. Valuation Analysis

### 6.1. Valuation Procedures

In line with our scope of work, we have considered various Valuation Approaches and Methodologies for our analysis. We have adopted the definition of Fair Value as defined in the International Valuation Standard, which is as follows:

*"...the estimated amount" refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Fair Value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the Fair Value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser. "*

As part of our analysis, we have performed the following procedures to carry out our analysis:

#### 6.1.1. Data Collection and Planning:

- a) Collected operational data for the historical period.
- b) Held discussions with Management pertaining to the business and the expected performance indicators during the Projected Period.
- c) Any details needed for industry data, market share, surplus assets, assets and liabilities classified as held for sale, contingent liabilities and other data required based on further understanding.

#### 6.1.2. Data Analysis and Management Discussions:

- a) Sought discussions with Management to understand the business and fundamental factors that affect the earning-generating capability including its strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- b) Where needed, analyzed publicly available information whether or not provided by Management.

#### 6.1.3. Undertook Industry Analysis:

- a) Research publicly available market data including economic factors and industry trends that may impact the valuation.
- b) Analysis of the market to identify comparable companies and comparable transactions.
- c) Other publicly available information.

#### 6.1.4. Performing Valuation Analysis:

- a) Selected appropriate Internationally acceptable valuation methodology/ies to be used and considered based on the information received, understanding gathered through interviews with Management, publicly available information, and prior experience.
- b) Identified and assessed the key drivers of the operating model of the business, supporting assumptions and the relative impacts on the past and projected performances.
- c) Performed limited analysis of the inputs, assumptions and explanations provided by Management along with the publicly available information to assess the prospective financial information provided by Management.
- d) Performed the valuation analysis to arrive at the estimates of the Enterprise Value and the Equity Value as of the Valuation Date.

### 6.2. Valuation Parameters

- 6.2.1. **Valuation Base:** Valuation base 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 of value used in our analysis is "Fair Value" which is often understood 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 business were exposed for sale in 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.

- 6.2.2. **Premise of Value:** A premise of value or assumed use describes the circumstances of how an asset or liability is used. We have considered the “going concern value” as Premise of Value.
- 6.2.3. **Intended Users:** This Report is intended for consumption of the Client, its advisors supporting the Proposed Transaction as well as relevant regulatory and statutory authorities.
- 6.2.4. **Valuation Date:** The Valuation Date considered for this engagement is 31 March 2024.
- 6.2.5. **Valuation Standards:** The report is being prepared in accordance with the relevant International Valuation Standards, 2022 such as General Standards (IVS 101 – 105) and Asset Standard – Businesses and Business Interests (IVS 200).

### 6.3. Valuation Approach & Methodology

- 6.3.1. Valuation of a business 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 a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:
  - a) Specific nature of the Gas Business;
  - b) Whether the entity or its parent is listed on a stock exchange;
  - c) Industry to which the Gas Business and the parent company belong to;
  - d) Past track record of the Gas Business and the ease with which the growth rate in cash flows to perpetuity can be estimated;
  - e) Extent to which industry and comparable company information is available.
- 6.3.2. The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the Valuer. Certain valuation techniques have evolved over time and are commonly used as generally accepted valuation approaches and methodologies.
- 6.3.3. The valuation of any business/ company or its assets/ equity shares is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. Valuation results could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions, financial and otherwise, and other factors which generally influence the valuation of companies.
- 6.3.4. The application of any method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. The choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature, regulatory guidelines, and our reasonable judgement, in an independent and bona fide manner based on our previous experience of assignments of similar nature.
- 6.3.5. In compliance with the Companies Act 2013, we have evaluated the following valuation methodologies as per any internationally accepted pricing methodology on arm's length basis. The key valuation techniques can be broadly categorized as follows:
  - a) Market Approach
    - i. Guideline Publicly Traded Comparable Methodology.
    - ii. Guideline Comparable Transactions Methodology.
    - iii. Market Price Methodology.
  - b) Income Approach – Discounted Cash Flow Methodology
  - c) Cost Approach – Net Asset Value Methodology

## 6.4. Valuation Methodologies

### 6.4.1. Market Approach

#### i. Guideline Publicly Traded Comparable Methodology

Per this methodology, appropriate valuation multiples of comparable listed companies are computed and applied (adjusted/ unadjusted) to the financial metric/s of the subject company to arrive at an estimate of value. This is based on the premise that the market multiples of comparable listed companies are good benchmarks to estimate values.

In the present valuation analysis, there are no closely comparable companies for the Gas Business that are listed on stock exchange and have similar operations. Apart from that, the operating nature of the Gas Business is evolving from project-based revenue model to Centre of Excellence oriented revenue model as per the strategic vision of the Gas Business.

Based on the above, we have not considered the Guideline Publicly Traded Comparable Method to value the Gas Business.

#### ii. Guideline Comparable Transactions Methodology

This method is similar to the Guideline Publicly Traded Comparable method, with the exception that the appropriate valuation multiples used as guidelines are those identified from the recently concluded transactions. There is no rule of thumb for the appropriate age of a reasonable transaction; however, it is important to be aware of the competitive market at the time of the transaction and factor any changes in the marketplace environment into the analysis. All other things being equal, the more recent the transaction, the more reliable the value arrived at using this technique.

We were unable to use this method for our valuation analysis due to lack of credible and sufficient information available in the public domain relating to comparable transactions of companies at similar stage, size and scale of operations in the recent past.

#### iii. Market Price Methodology

While the Gas Business is part of a listed company, we did not consider this methodology as the Gas Business is only a segment of the listed company, which has diverse operations.

### 6.4.2. Income Approach

#### i. Discounted Cash Flow ("DCF") Methodology

Per the DCF methodology, the projected free cash flows to the firm/ equity holders are discounted at the weighted average cost of capital/ cost of equity. In general, the DCF method is a strong and widely accepted valuation methodology, as it concentrates on cash generation potential of a business over a projected period by Management and beyond through the analysis of publicly available information. 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.

Considering the above, we have used this method to estimate the Fair Value of the Gas Business, since it captures its growth and cash generating potential.

We have used the free cash flows to firm (the "FCFF") technique under the DCF methodology to estimate the Enterprise Value of the Gas Business based on the known and knowable prospective financial information as of the Valuation Date as provided to us by Management.

We note that we have relied on inputs, assumptions, explanations related to the financial projections and information provided by Management. Projections along with the inputs and assumptions are only the best estimates of Management for the Gas Business prospective operating status, growth/ decline and sustainability/ changes of key business drivers and indicators. Although, we have reviewed the data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

#### 6.4.3. Cost Approach

##### i. Net Asset Value ("NAV") Methodology

The value arrived at per this approach is based on the latest available audited/ unaudited/ provisional financial statements of the business and may be defined as the Shareholder's Funds or Net Asset Value of the company.

Per this methodology, the net assets as per the financial statements are adjusted for Fair Value of surplus/ non-operating assets, potential and contingent liabilities, if any. The NAV is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.

Per Management, the historical and provisional financials as of the Valuation Date of the Gas Business only reflects the historical costs and accumulated profits of the Gas Business.

Since, the current NAV is not reflective of the Gas Business future cash generation and performance, keeping in mind the context and purpose of the Report, we have not used this methodology for our analysis.

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## 7. Scope Limitations, Assumptions, Qualifications, Exclusions and Disclaimers

- 7.1. Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. These services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- 7.2. The recommendation contained herein is not intended to represent value at any time other than the date of the Report and the noted Valuation Date. Also, it may not be valid if done on behalf of any other entity.
- 7.3. 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 Valuation Date and (iii) are based on the data detailed in the section – Sources of Information. An analysis of this nature is necessarily based on the information made available to us, the prevailing stock market, financial, economic, and other conditions in general and industry trends in particular, as of the Valuation Date. Events occurring after the date hereof 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.
- 7.4. The recommendation rendered in this Report only represents our recommendation based upon information till date, furnished by Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 7.5. The valuation of any entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have relied on explanations provided by Management and have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Gas Business. This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, foreign exchange rates, industry performance and general business and economic conditions, financial and otherwise, of the companies, and other factors which generally influence the valuation of companies and their assets.
- 7.6. During our analysis and assessment of the estimate of value, we were provided with both written and verbal information, including information as detailed in the section - Sources of Information. In accordance with the terms of our engagement, we have assumed and relied upon, (i) the accuracy of the information that was publicly available and formed a basis for this Report and (ii) the accuracy of information made available to us by Management. As per our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited or otherwise investigated the historical/projected financial information provided to us. Although, we have made the necessary enquiries regarding key assumptions considered in the business model in the context of the Gas Business, their industry or their economy and reviewed such data for consistency and reasonableness, we have not independently investigated the data provided by Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from Management, we have been given to understand by Management that they have not omitted any relevant and material factors. Our conclusions are based on the assumptions and information given by/on behalf of the Gas Business. Management has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results. Also, we assume no responsibility for financial/technical information furnished by Management.
- 7.7. The valuation of a company is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed value for the carve-out business. While we have provided our recommendation of the value based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the value at which the Proposed Transaction shall take place will be with the Board of Directors of the Client who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 7.8. Accordingly, we assume no responsibility for any errors in the information furnished by Management or obtained from public domain and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report.
- 7.9. We have relied on data from external sources. These sources, although considered to be reliable, are external and hence, we assume no liability for the accuracy of the data. We have assumed that the business continues normally without any disruptions due to statutory or other external/ internal occurrences.

- 7.10. Management has represented that the business activities have been carried out in the normal and ordinary course between the Valuation Date and the Report Date for the Gas Business and that no material adverse change has occurred in their respective operations and financial position between the respective aforementioned dates.
- 7.11. The Report assumes GEPIL along with Gas Business comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that all the companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of regulatory nature, tax nature (including domestic and international tax etc.) and legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Gas Business. Our conclusion of value assumes that the assets and liabilities of the Gas Business, reflected in their respective latest balance sheet remain intact as of the Report Date.
- 7.12. This Report does not look into the business/ commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or other alternatives or whether such alternatives could be achieved or are available. In addition, we express no opinion or recommendation as to how the shareholders of the Company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Transaction.
- 7.13. No investigation / inspection of the Gas Business claim to title of assets has been made for the purpose of this Report and the Gas Business claim to such rights has 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.
- 7.14. We have no present or planned future interest in GEPIL and the fee for this report is not contingent upon the values or results reported herein.
- 7.15. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Gas Business. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Gas Business, their directors, employees or agents.
- 7.16. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the valuation of the Gas Business. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. Our report is not, nor should it be construed as our opining or certifying the compliance of the Proposed Transaction with the provisions of any law including companies, taxation or as regards any legal implications or issues arising thereon.
- 7.17. This Report is subject to the laws of India.
- 7.18. Our appointment was formalized via engagement letter dated 23 January 2024. Further, the information provided by Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information were provided to us to carry out the valuation.
- 7.19. Neither this Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent except for disclosures to be made to relevant regulatory authorities including National Company Law Tribunal, recognized stock exchanges or as required under applicable law.
- 7.20. This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the Board of GEPIL and only in connection with the Proposed Transaction. Without limiting the foregoing, we understand that GEPIL may be required to share this Report with regulatory or judicial authorities in connection with the Proposed Transaction. We hereby give consent to such disclosure of this Report, on the basis that the Valuer owes responsibility only to GEPIL that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, the Valuer accepts no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with any recipient, 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 GEPIL.
- 7.21. The scope of work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this report, which might be relevant in the context of the Proposed Transaction and which a wider scope might uncover. Our assistance/ this report should not be considered any advice for financial reporting purposes. The Report is for regulatory compliance

only and may not be used for any other purpose other than that stated herein and in our Engagement Letter, in particular for accounting or financial reporting purposes. Management is solely responsible for determining any amounts it records in its books and records and financial statements and footnotes thereto.

- 7.22. Our report can be used by GEPIL only for the purpose, as indicated in this report, for which we have been appointed. The results of our valuation analysis and our report cannot be used or relied by GEPIL for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / business of the Specified Companies / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person / party (other than GEPIL) chooses to place reliance upon any matters included in the report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this report or any part thereof, except for the purpose as set out earlier in this report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 7.23. Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

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## 8. Conclusion

Based on the forgoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following estimates of the Enterprise Value and the Equity Value for the Gas Business as of the Valuation Date:

Particulars	Value Estimate
Gross Enterprise Value (INR Mn) (A)	824.3
Add: Balance with government authorities	32.9
Add: Recoverable from Related Party	3.4
<b>Adjusted Enterprise Value (A)</b>	<b>860.6</b>
Total Debt (INR Mn) (B)	(422.0)
<b>Equity Value (INR Mn) (A-B)</b>	<b>438.6</b>

We note that we have not examined any other matter including economic rationale for the Proposed Transaction per se or accounting, legal or tax matters involved in the Proposed Transaction.

Respectfully submitted,

### For GT Valuation Advisors Private Limited

Registered Valuer Entity – Securities and Financial Assets

IBBI Registration Number: IBBI/RV-E/05/2020/134

eSigned using Aadhaar  
(Leegality.com - 54mUDD8)  
Darshana Kadakia

Date: Wed Jul 10 19:43:13 IST  
2024

**Director**

**Darshana Kadakia**

Register Valuer – Securities and Financial Assets

IBBI Registration Number: IBBI/RV/05/2022/14711

Date: 10 July 2024

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**Grant Thornton**

Appendix I – Discounted Cash Flow Methodology



Particulars	INR Millions									
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Terminal Year			
Net Revenue (a)	911.6	742.3	780.7	836.1	895.6	937.7	984.6			
YoY Growth Rate	-	(18.6%)	5.2%	7.1%	7.1%	4.7%	5.0%			
<b>EBITDA</b>	<b>164.9</b>	<b>98.1</b>	<b>101.8</b>	<b>108.8</b>	<b>116.1</b>	<b>117.7</b>	<b>123.6</b>			
Less: Depreciation	-	-	-	-	-	-	-			
<b>EBIT</b>	<b>164.9</b>	<b>98.1</b>	<b>101.8</b>	<b>108.8</b>	<b>116.1</b>	<b>117.7</b>	<b>123.6</b>			
Less: Finance Cost	-	-	-	-	-	-	-			
<b>PBT</b>	<b>164.9</b>	<b>98.1</b>	<b>101.8</b>	<b>108.8</b>	<b>116.1</b>	<b>117.7</b>	<b>123.6</b>			
Less: Tax (c)	41.5	24.7	25.6	27.4	29.2	29.6	31.1			
<b>Gross Cash Flows</b>	<b>123.4</b>	<b>73.4</b>	<b>76.2</b>	<b>81.4</b>	<b>86.9</b>	<b>88.1</b>	<b>92.5</b>			
<i>Adjustments</i>										
Less: Capital Expenditure	-	-	-	-	-	-	-			
Less: (Increase)/Decrease in Working Capital	(33.6)	33.4	0.6	0.5	0.6	4.3	0.1			
<b>Net Free Cash Flows to the Firm</b>	<b>89.8</b>	<b>106.8</b>	<b>76.8</b>	<b>81.9</b>	<b>87.5</b>	<b>92.3</b>	<b>92.6</b>			
Discount Factor @ 14.6% (d)	0.93	0.82	0.71	0.62	0.54	0.47				
<b>Present Value of Free Cash Flows to the Firm</b>	<b>83.9</b>	<b>87.1</b>	<b>54.6</b>	<b>50.9</b>	<b>47.4</b>	<b>43.7</b>				
<b>Terminal Value</b>								<b>965.8</b>		

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Value Derivation Table	Value Estimate
Sum of Present Value of Free Cash Flows to Firm	367.5
Present Value of Terminal Value	456.8
<b>Gross Enterprise Value (INR Mn) (A)</b>	<b>824.3</b>
Add: Balance with government authorities (e)	32.9
Add: Recoverable from Related Party (e)	3.4
<b>Adjusted Enterprise Value</b>	<b>860.6</b>
Less: Debt (e)	(422.0)
<b>Equity Value (INR Mn)</b>	<b>438.6</b>

**Notes:**

- a. Based on the projected financial statements of GEPIL - Gas for the period 1 April 2024 to 31 March 2030 (the "Projected Period") as provided to us by Management.
- b. Following assumptions have been taken to compute the terminal period cash flows:
  1. Revenue from COE business is expected to grow at 5.0%.
  2. As represented by Management we note that expected EBITDA Margins for a period beyond FY 2030 is same as 12.5% which is projected for the FY 2030 33.
  3. Depreciation in the Terminal Period is assumed to be same as the Depreciation projected for FY 2030.
  4. Capital expenditure for the Terminal Period is assumed to be same as Depreciation projected for the Terminal Period basis maintenance capital expenditure.
  5. As represented by Management we note that working capital as a percentage of revenue in the Terminal Period is assumed to be same as projected for the FY 2030 i.e., negative 0.2% as a percentage of revenue.
- c. Based on rates and rules as prescribed by the income tax authorities of India. Marginal tax rate of 25.17% has been considered for the division as represented by Management.
- d. Present value factors are based on cost of equity of 14.6% mid-year discounting assumptions.
- e. Based on the provisional balance sheet of GEPIL- Gas as of the Valuation Date as provided to us by Management

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### Appendix II – Calculation of the Discount Rate

Cost of Equity Derivation		CSRP of 1.0%
Re-levered Beta (a)		0.98
Risk-Free Rate (b)		7.0%
Equity Risk Premium (c)		6.8%
<b>Base Cost of Equity</b>		<b>13.6%</b>
Company Specific Risk Premium (d)		1.0%
<b>Adjusted Cost of Equity</b>		<b>14.6%</b>

**Notes:**

- Average of 3-year weekly beta of GEPIL, and businesses focused on resource support as the business is transitioning to a Centre of Excellence model. The unlevered beta has then been re-levered based on the debt-to-equity ratio of nil and marginal tax rate of the Company to estimate cost of equity using CAPM. (Source: Capital IQ)
- Based on the 10-Year Zero Coupon Yield for India as of the Valuation Date. (Source: Clearing Corporation of Indian Limited).
- Equity Risk Premium of 6.8% has been considered based on Grant Thornton's internal research on ERP for Indian market.
- Company Specific Risk Premium is based on the qualitative analysis of the risk factors inherent in the subject division's cash flow projections and industry. Further, as represented by Management the COE business of the Gas Business has been restructured multiple times over the past 3 years and allocation of human resources to the global business is dependent on GEV which determines the selection of resources from GEPIL along with multiple other engineering centres. Accordingly, we have applied a range of CSRP of 1.0% to factor in the risks associated with the revenues and margins as projected by Management and risks specific to the industry.

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Offices in Bengaluru, Mumbai, New Delhi



# RBSA Capital Advisors LLP

VALUATION | INVESTMENT BANKING | RESTRUCTURING | TRANSACTION SERVICES | TRANSACTION TAX | ADVISORY SERVICES



## Private and Confidential

Report Ref No: RCA2425AMDREP07003

Date: 10/07/2024

The Board of Directors,  
**GE Power India Limited**  
T5 & T6, Plot I-14, Axis House,  
Jaypee Wishtown, Sector - 128,  
Noida - 201304, Uttar Pradesh

## Subject: Fairness Opinion on valuation of Gas Power Business of GE Power India Limited

Dear Sirs,

We refer to our engagement letter dated January 16, 2024, read with addendum letter June 26, 2024, appointing RBSA Capital Advisors LLP ("RBSA" or "We") to provide fairness opinion on the valuation of Gas Power Business ("Gas Business") of GE Power India Limited ("GEPIL"/ the "Company"), as at March 31, 2024 ("Valuation Date"), carried out by GT Valuation Advisors Private Limited, Registered Valuer Entity – Securities and Financial Assets, registered with Insolvency and Bankruptcy Board of India ("IBBI") (IBBI Reg No: IBBI/RV-E/05/2020/134) ("Valuer"), in connection with the Proposed Transaction (as defined below).

### 1.0 Preamble

- 1.1 GEPIL operates in power generation equipment market in India and is primarily engaged in various activities in relation to thermal and hydro energy-based power projects. GEPIL has capabilities in engineering, manufacturing, project management and supply of products and solutions for infrastructure. Its operations include a composite range of activities viz. engineering, procurement, manufacturing, construction, and servicing etc. of power plants and power equipment. The Company carries on its business through three business divisions, viz, Steam Power business, Hydro business and Gas Business. GE Vernova Inc. is the ultimate holding company of GEPIL. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited.
- 1.2 We understand that the management of GEPIL (the "Management") is evaluating potential transfer of Gas Business to an Indian GE Group company (the "Proposed Transaction"). Per Management, the Proposed Transaction will be in compliance with Section 177 read with Section 188 of the Companies Act, 2013. We further understand that GEPIL has appointed the Valuer to carry out the valuation of the Gas Business as at the Valuation Date in connection with the Proposed Transaction.
- 1.3 In connection with the Proposed Transaction, the Management has approached RBSA Capital Advisors LLP ("RBSA"), a Category I Merchant Banker registered with the Securities and Exchange Board of India, to provide an opinion on fairness of the valuation of the Gas Business, as recommended by the Valuer, as of March 31, 2024 ("Valuation Date").



## 2.0 Background of the Gas Business

- 2.1 GEPIL, earlier known as, ALSTOM India Limited, was acquired by General Electric Company in the year 2015 pursuant to a global acquisition of ALSTOM's power and grid business. The Gas Business is primarily involved in supporting and managing projects in South Asia region and globally for Engineering, Procurement and Construction services and also supplies manpower to GE Group's global gas projects through a center of excellence ("CoE") model and is highly dependent on internal orders from GE Vernova group entities.
- 2.2 The Utran project of Gas Business is expected to be completed in FY 2029. We understand from the Management that considering inter-alia historical performance, GEPIL's margin expectation from new projects, market outlook, competitive scenario, etc., it expects that the Gas Business would primarily operate through CoE model post FY 2029.
- 2.3 Based on the carved-out balance sheet and income statement of the Gas Business prepared by the Management, we understand that the Gas Business has a net worth of INR (380.0) Mn as of March 31, 2024, and its operating performance has significantly fluctuated over past few years.
- 2.4 Summary of the unaudited carved-out Historical Balance sheet and Income Statement, prepared by the Management are as below,

Summarized Balance Sheet		In INR Mn
Particulars as at	March 31, 2024	
Fixed Assets (including CWIP)	0.6	
ROU Assets (net)	1.6	
Working Capital	39.9	
<b>Total Assets</b>	<b>42.0</b>	
Debt like items	422.0	
Net worth	(380.0)	
<b>Total Liabilities and Equity</b>	<b>42.0</b>	

Summarized Income Statement		In INR Mn			
Particulars for the year ending	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	
Revenue	1,181.2	960.2	846.9	794.7	
Other operating Income	171.6	163.2	72.0	87.6	
<b>Total Income</b>	<b>1,352.8</b>	<b>1,123.4</b>	<b>918.9</b>	<b>882.3</b>	
Operating Expenses	(1,086.6)	(959.0)	(903.6)	(733.8)	
<b>EBITDA</b>	<b>266.2</b>	<b>164.3</b>	<b>15.4</b>	<b>148.4</b>	
Depreciation	(81.8)	(75.3)	(61.7)	(56.2)	
<b>EBIT</b>	<b>184.3</b>	<b>89.1</b>	<b>(46.4)</b>	<b>92.3</b>	
Finance Cost	(49.3)	(55.5)	(27.3)	(37.3)	
<b>PBT (excl. Non-operating Income)</b>	<b>135.0</b>	<b>33.6</b>	<b>(73.7)</b>	<b>55.0</b>	
Non-operating Income	75.5	65.9	129.2	51.9	
<b>PBT (incl. Non-operating Income)</b>	<b>210.5</b>	<b>99.5</b>	<b>55.5</b>	<b>106.9</b>	

Source: Management Information

Due to rounding, numbers presented may not add up precisely to the totals provided



### 3.0 Sources of Information

For arriving at the fairness opinion, we have relied on the following sources of information provided by the Management and/ or available in public domain:

- Unaudited carved out income statement and balance sheet of the Gas Business prepared by the Management, for the year ending March 31, 2021, to March 31, 2024;
- Projected Income Statement and Statement of Working Capital of the Gas Business for the period April 1, 2024, to March 31, 2030, which the Management believes to be their best estimate of the expected operating performance going forward (“Management Projections”);
- Discussions with the Management to *inter-alia* understand historical performance of the Gas Business, key value drivers, prospects and outlook of the business of the Gas Business, competitive scenario, etc.;
- Discussions with the Valuer;
- Report dated July 10, 2024, of the Valuer recommending the value of the Gas Business as of the Valuation Date (“Valuer’s Report”);
- Information obtained from public domain and subscribed databases in respect of comparable companies;
- Such other information and explanations that we considered necessary for the purpose of valuation which was provided by the Management.

### 4.0 Procedures Adopted

Procedures adopted for our analysis included such substantive steps as we considered necessary under the circumstance, including, but not limited to the following:

- Discussion with the Management to *inter-alia*:
  - Understand the business and fundamental factors that affect the business of Gas Business;
  - Enquire about the historical financial performance, current state of the Gas Business and Management views on the past and the present performances and expected future financial performance of the Gas Business;
- Analysis of information shared by the Management including the following:
  - Carved-out income statement and balance sheet of the Gas Business prepared by the Management;
  - Management Projections
- Analysis of the information available in public domain/ subscribed databases in respect of the comparable companies/ comparable transactions, as considered relevant by us;
- Considered Valuer’s Report;
- Selection of valuation approach and valuation methodology/(ies), in accordance with ICAI VS, as considered appropriate and relevant by us;
- Analysis of other publicly available information, as considered relevant by us.



## 5.0 Scope, Limitations, Disclaimers, Assumptions, Qualifications and Exclusions

- 5.1 Valuation of the Gas Business has been carried out in accordance with the valuation standards issued by the Institute of Chartered Accountants of India (“ICAI VS”). The basis of value for the analyses is fair value, which is defined as “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”. Valuation is carried out on a ‘going concern value’ premise.
- 5.2 This Fairness Opinion report (“Report”), its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) the Valuation Date; (iii) the Valuer’s Report, (iv) Carved out historical income statement and balance sheet of the Gas Business; (v) Management Projections and (vi) are based on the data detailed in the section - Sources of Information. Management has confirmed that carved-out Statement of assets and liabilities of the Gas Business does not have any non-operating/ surplus assets. We have been informed that the business activities of the Gas Business have been carried out in the normal and ordinary course between April 1, 2024, till date and no material changes have occurred in the operations and financial position.
- 5.3 While our work has involved an analysis of financial and other information provided by / on behalf of the Management, our engagement does not include an audit in accordance with generally accepted auditing standards of the Gas Business’s existing business records. Accordingly, we express no audit opinion or any other form of assurance on the information provided to us.
- 5.4 This Report assumes that Gas Business complies fully with relevant laws and regulations applicable in all areas of operations unless otherwise stated, and that the Gas Business will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of regulatory nature, legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the carved-out balance sheet of the Gas Business. Our opinion of value assumes that the assets and liabilities of the Gas Business, reflected in their carved-out balance sheet, as at the Valuation Date, remain intact as of that date.
- 5.5 RBSA has relied upon the representations that the information provided by the Management is accurate and complete in all material respects. With respect to explanations and information sought from the Management, we have been given to understand that they have not omitted any relevant and material factors about the Gas Business and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by the Management. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our opinion.
- 5.6 This Fairness Opinion is based on business, economic, market and other conditions as they existed as of the Valuation Date. Subsequent events or circumstances that could affect the conclusions set forth in our Fairness Opinion include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition, and results of operations of the Gas Business. The user to which the Report is addressed should read the basis upon which the Report has been done and be aware of the potential for later variations in value due to factors that are unforeseen as of the Valuation Date. Due to possible changes in market forces and circumstances, this opinion can only be regarded as relevant as at the Valuation Date. RBSA is under no obligation to update, revise or reaffirm the Report.



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- 5.7 We have relied on data from external sources to conclude the fairness opinion. 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.
- 5.8 We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other person to GEPIL. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of GEPIL, their directors, employees, or agents. In no circumstances, shall the liability of RBSA, its partners, directors or employees relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to RBSA in respect of the fees charged by it for these services.
- 5.9 Providing fairness opinion is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, our opinion will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. There is, therefore, no indisputable single value. The final responsibility for the determination of the terms of the Proposed Transaction shall be with the Board of Directors of the Company who should take into account other factors such as their own assessment of the Proposed Transaction and input of other advisors.
- 5.10 It is understood that this Report is for the benefit and use of the Board of Directors of GEPIL in connection with and for purposes of its evaluation of the Proposed Transaction and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of GEPIL. RBSA accepts no responsibility or liability to any third party, in connection with this Report. This opinion should not be disclosed, referred to, or communicated (in whole or in parts) to any third party, nor shall any public reference be made, for any purpose whatsoever except as mandatorily required to be disclosed to relevant Indian judicial, regulatory or government authorities, as required under applicable laws. It is clarified that reference to this Report in any document and/ or filing pursuant to the Regulations, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by RBSA of any responsibility or liability to any person / party other than GEPIL.
- 5.11 This Report is subject to laws of India and is governed by concept of materiality. This Report is intended for the consumption of the Board of Directors of the Company in connection with the Proposed Transaction. We do not have any financial interest in the Company, nor do we have any conflict of interest in providing this Fairness Opinion.
- 5.12 The Report should not be construed to be investment advice in any manner whatsoever. The opinion contained herein is not intended to represent value at any time other than the date of the Report and the Valuation Date.
- 5.13 The fee for our services is not contingent upon the results of the Proposed Transaction.
- 5.14 Our Fairness Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with Proposed Transaction or any matter related thereto.
- 5.15 The Management of the Company has been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.



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## 6.0 Valuer's Recommendation

In arriving at the valuation of the Gas Business, the Valuer has considered and applied the Income Approach - Discounted Cashflow Method.

As per the Valuer's Report, the Valuer has arrived at an Equity Value of INR 438.6 Mn for the Gas Business as at the Valuation Date for the Proposed Transaction.

## 7.0 Our Comment on the value of the Gas Business

In the circumstance, having regard to the relevant factors, carved-out statement of assets and liabilities of the Gas Business as at the Valuation Date, information and explanations provided to us, and considering *inter-alia* that the Gas Business has a net worth of INR (380.0) Mn as of March 31, 2024, and its operating performance has significantly fluctuated over past few years, in our opinion, the value of the Gas Business of GEPIL as at the Valuation Date, as recommended by the Valuer, which forms the basis for the Proposed Transaction, is fair to the shareholders of GEPIL from a financial point of view.

Yours Truly,

### RBSA Capital Advisors LLP

SEBI Registered Category I Merchant Banker  
Registration Code: INM000011724

Ravishu Vinod Shah  
Partner  
Date: 10/07/2024

