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SAMPLE VALUATION REPORT FOR PROPERTIES OF CORPORATE DEBTOR

Inka Foods Pvt. Ltd.



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Ref. No-TKA/GEN/

1 Executive Summary

1.1 In the matter of Corporate Debtor M/s Inka Foods Pvt. Ltd the Resolution Professional Mr. has appointed "Tanuj Kumar Bhatnagar" Valuer for Resolution proceedings under IBC-2016 through an email dated 13th June, 2019. The valuation as on CIRP commencement date of 5th April 2019 is required pertaining to properties of Corporate Debtor's industrial unit located atDistrict, Solan, Himanchal Pradesh . The properties belong to M/s Inka Foods Pvt. Ltd who is Corporate Debtor in the Resolution proceedings with NCLT, Chandigarh. The Resolution Professional here in after called "RP" appointed 'Tanuj Kumar Bhatnagar" to carry out the valuation of Assets pertaining to asset class " Land & Building".

1.2 To undertake the valuation of the assets for Land & Buildings, we visited the property located at Valuers inspected the present status of the property along with RP Mr. on ...th 2019. The details of the visit made and methodology adopted for valuation are provided in this report.

1.3 Based on the visit made at CD's Unit, Valuer has classified the assets as built-up industrial property suitable to be used as industrial unit establishment.

1.4 The RP has provided the scanned copies of following ownership documents for the purpose of valuation.

1.4.1	Property Address	Photocopy of Documents
1.4.1.1	Khewat No- , Khatoni No- & ... Khasra No's- , Kita No- , Village- ,,,,, Tehsil, District,, Himanchal Pradesh	(1) Nakal Jamabandi dated:- 13/6/2019 (2) Shijra dated : 13-6-2019(3) Sale deed

1.5 The Fair Value of Land & Building assets located at above said site is estimated as ₹ Crore and Liquidation Value as ₹ Crores, the details of which are given below :

Owner Name	Particulars	Fair Value (₹)	Liquidation Value (₹)
M/s Inka Foods Pvt. Ltd.	Khewat No- , Khatoni No- & ... Khasra No's- , Kita No- , Village- ,,,,, Tehsil, District,, Himanchal Pradesh	-	-
TOTAL		-	-

2 Introduction

2.1 In the matter of Insolvency proceedings of M/s Inka Foods Pvt. Ltd, we have been advised to ascertain the Fair Value and Liquidation Value of property as per IBC-2016. The Resolution Professional has retained the services of Tanuj Kumar Bhatnagar, Registered Valuer for valuation of assets pertaining to asset class 'Land & Building' located at :-

2.1.1 Khewat No- , Khatoni No- & ... Khasra No's- , Kita No- , Village- ,,,,, Tehsil, District,, Himanchal Pradesh

2.2 To undertake the valuation of the properties for Land & Buildings , we visited the properties located at and inspected the present status of the property belonging to Corporate Debtor M/s Inka Foods Pvt. Ltd in the presence of RP The Resolution Professional here in after called "RP" requested the Valuers to submit the valuation report in sealed cover to its office and on its email.

2.3 Background Information Of Asset

The asset comprise of industrial building. The building structures were developed on the land parcels as per the need of the company at the time of development. The structures were developed for industrial production and storage of the company's products.

2.4 Important Dates

2.4.1 Date of Valuation is :

2.4.2 Date of Appointment of Valuer :

2.4.3 Date of Site Visit is :

2.4.4 Date of Report is :

2.5 Scope of work

To determine the Fair Value as well as Liquidation Value of assets of the Company on a standalone basis in accordance with the Insolvency and Bankruptcy -2016 and Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2018 ("the Regulations"). This report pertains to asset class land & building.

2.6 **Basis of Value**

Basis of value is Fair Value & Liquidation Value.

Premises of Value is Liquidation Value in an orderly transaction with a typical marketing period

2.7 **Nature & Sources Of Information**

We have relied on the information given to us by the RP for the valuation. Our team went to the site to carry out a detailed survey of the relevant assets, once intimation was received that the documents and details are ready and available for the study.

2.8 **Extent Of Inspections & Investigations**

Our report is based upon the data and information provided to us by the Resolution Professional, information gathered from the site during our site visit, market survey, office of the Sub Registrar and our data base. We have carried out the extensive site survey with the authorized personnel. Measurements of property have been tested on sample basis. Price information about the asset is based upon the data collected from Office of Sub Registrar. Market survey was also carried out to assess the prevailing property rates in the neighborhood based upon the verbal information given by local residents and property brokers. Online searches were made to see the available real estate for sale. Demographic factors regarding the population profile, industrial & business developments, potential for growth in real estate has been assessed.

2.9 **Restrictions On Use Of Report**

The report has been prepared for limited purpose as mentioned in scope of work by client. The report has been prepared at the instance of Insolvency Professional. Report should not be used or referred or quoted for any purpose other than the one mentioned on scope of work. The report in any circumstances should be read in its entirety.

3 VALUATION APPROACH & METHOD

3.1 Glossary

3.1.1 Fair Value

“Fair Value” means the estimated realizable value of the assets of the corporate debtor, if they were to be exchanged on the insolvency commencement date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion;”

3.1.2 Liquidation Value

Liquidation Value is the amount that would be realised when an asset or group of assets are sold on piecemeal basis. Liquidation Value should take into account the costs of getting the assets into saleable condition as well as those of disposal activity. The Liquidation Value can be determined under two different premises of value. An Orderly Liquidation with a typical marketing period. Or a forced transaction with shortened marketing period.

3.2 Market Approach

Market based approach is adopted for the assesment of the properties with a bouyant underlying market. It involves analysing the prices of comparable properties with similar features in the near by locations. Properties with similar features, attributes, facilities, condions, specifications, utility are referred and used as bench marks. The comprabale attributes are weighted and averaged to arrive at a value which the property is likely to fetch under ordinary circumstances.

3.3 Income Approach

The income approach is frequently applied in the valuation of assets

Income and cash flow related to an asset can be measured in a variety of ways and may be on a pre-tax or post-tax basis. The capitalisation or discount rate applied must be consistent with the type of income or cash flow used.

The type of income or cash flow used should be consistent with the type of interest being valued.

The income approach requires the estimation of a capitalisation rate when capitalising income or cash flow and a discount rate when discounting cash flow. In estimating the appropriate rate, factors such as the level of interest rates, rates of return expected by participants for similar investments and the risk inherent in the anticipated benefit stream are considered.

In methods that employ discounting, expected growth may be explicitly considered in the forecasted income or cash flow. In capitalisation methods, expected growth is normally reflected in the capitalisation rate. If a forecasted cash flow is expressed in nominal terms, a discount rate that takes into account the expectation of future price changes due to inflation or deflation should be used. If a forecasted cash flow is expressed in real terms, a discount rate that takes no account of expected price changes due to inflation or deflation should be used.

When using an income approach it may also be necessary to make adjustments to the valuation to reflect matters that are not captured in either the cash flow forecasts or the discount rate adopted. It may include adjustments for the marketability of the interest being valued or whether the interest being valued is a controlling or non-controlling interest in the asset.

3.4 Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

3.2 Market Approach

Market based approach has been adopted for the assesment of the properties involved. It involves analysing the prices of comparable properties in the near by locations. Properties with similar features, attributes, facilities, condtions, specifications, utility are referred and used as bench marks. The comprabale sttributes are weighted and averaged to arrive at a value which the property is likely to fetch under ordinary circumstances.

3.3 Land

3.3.1 There are various factors, which affect the real property market. Following are some of the important factors affecting the property market.

Climatic Conditions The latitude of the area and the local climatic conditions has bearing on certain type of industries.

Transportation The existence of excellent transport facilities has always remained an important factor influencing the property market. Besides having close road network, it is advantageous to be close to the Railway Network. This particular factor is of vital importance especially with industrial units.

Local Economy If the area is developing and there are better prospects in future for the appreciation of the properties, investors may be tempted to purchase the properties in that area.

Government Policies The policies framed by the Central Government, as well as the State Government, have direct bearing on the property market

Individual aspects of the property This is especially true in case of commercial or factory buildings. Every town or city contains certain well-known areas, which give pride and prestige to their owners. A factory commercial building in central Business District may command a higher value as compared to similar building in areas lacking basic facilities.

Potentiality If the property can be improved or if the potentiality can be exploited, it serves a great factor for its value in the market.

Services The potential purchaser is easily influenced by the presence or absence of services such as water mains, sewer line, power supply and telephone lines. These factors are considered essential for development of any industrial site because industrial activities cannot be carried out without the existence of such basic services.

3.4 Classification of Land

3.4.1 Free-hold

A free hold property implies that the owner of such property is in absolute and perpetual possession of such property. It is thus, the highest form of owner-ship and the owner of a freehold property can do whatever he likes with the property i.e. sell or develops without the consent of other persons. However, the powers of the free-holder are restricted by law of the land i.e. Town Planning Act, if any.

3.4.2 Lease-hold

The leaseholder has got restricted power to use the property. The period of lease plays an important role in determining the value of leasehold properties.

In the modern day set up of metropolitan towns and developing cities, practically the entire land falls under one or the other authorized agencies of the Government. The absolute ownership of land vests with these Government agencies who, in turn, allot land or auction them out to the intending purchasers on long term leases. In such cases, Absolute ownership is not passed on and land is given on lease for say 90/100 years as per policy of the agency concerned. They charge annual lease rent in respect of these lands, which are liable to be increased in future.

3.5 Building

3.5.1 Net assessed value of the buildings can be worked out by ascertaining the reproduction Value of similar building on date of valuation and deducting depreciation, due to age and other factors, from it. The reproduction value at present day Value is worked out by estimating Value of all materials and labour consumed in the building. Even though this method is time consuming and involves detailed calculations and extensive knowledge of quantity surveying, it gives the best accurate results.

3.5.2 Where the buildings are of standard type designs, having similar specifications to that of CPWD. RCC. Framed structures for offices, institutional and residential buildings, advantage is taken by adopting updated version of plinth area latest rates published by CPWD.

3.5.3 Depreciation

Straight-line method is the most acceptable method to work out the depreciation of a property. In this method, it is assumed that a property loses its value by the same amount every year

Let,

n - Life of property in years.

c - Reproduction Values

s - Salvage or scrap value

d - Annual depreciation

Then

$$d = (c-s)/n$$

3.5.4 Both the life and the salvage value of the property have direct bearing on the quality of materials, workmanship and specification adopted for construction of buildings. Keeping in view, the different standard of quality of materials used and specifications adopted in respect of each of buildings under consideration, assumptions are made in respect of life and the salvage value for different categories of buildings.

4 GENERAL

- 4.1 Ownership has been indicated based upon the information given by the RP.
- 4.2 The Fair Value of property has been assessed as if, the property is free from litigations and encumbrances .Legal ownership aspects and other legal matters have not been considered while working out valuation.
- 4.3 For purpose of sale under Resolution Process, the Liquidation Value of property can be considered as realisable value.
- 4.4 Major industries in District are Acme Formulation Pvt Ltd, Daya Industries, Guru Nanak Tyre Retreading Plant, Borkar Packaging Pvt. Ltd have units in
- 4.5 Some Photographs of the assets are presented in the report.

5 Valuation of Industrial Land & Building at Khata No-, Khautani No- , Khasra No's- & , Kita No- , Mauja , Tehsil, District,, Himanchal Pradesh

5.1 About Property

5.1.1 Land area is Kanal & ..Marla i.e about ... Sq. Mtrs.

5.1.2 The plots are leveled ground and irregular in shape.

5.1.3 The property is useful for industrial purposes. It is a bounded as given below: -

North	Road
South	Nala
East	Other's Land
West	Other's Land

5.1.4 Land use character of neighborhood is mixed industrial & agricultural. Village abadi is about 600 m away from the property.

5.1.5 Nearest Railway station (Solan) is about 91 km.

5.1.6 Geographic Location of property is Latitude: 31.040973, Longitude : 76.695363.

5.2 Land Rates

5.2.1 The Circle Rate as adopted by Office of Sub Registrar for stamp duty purpose for freehold lands at Village, Category-I (0-25 mtr) :- Other Road :- Cultivated Land including Banjar Jadeed :- ₹ 30,36,000/-, Uncultivated Land :- ₹ 25,30,000/- PerBigha.

Category-II(20% ≤ Base Rate)(25-50 mtr) :- Other Road :- Cultivated Land including Banjar Jadeed :- ₹ 24,28,800/-, Uncultivated Land :- ₹ 20,24,000/- PerBigha.

Category-III(40% ≤ Base Rate)(50-100 mtr) :- Other Road :- Cultivated Land including Banjar Jadeed :- ₹ 18,21,600/-, Uncultivated Land :- ₹ 15,18,000/- PerBigha.

Category-IV(50% ≤ Base Rate)(100-1000 mtr) :- Other Road :- Cultivated Land including Banjar Jadeed :- ₹ 15,18,000/-, Uncultivated Land :- ₹ 12,65,000/- PerBigha.

Category-V(60% ≤ Base Rate)(>1000 mtr) :- Other Road :- Cultivated Land including Banjar Jadeed :- ₹ 12,14,400/-, Uncultivated Land :- ₹ 10,12,000/- PerBigha.

5.2.2 As per market survey and refernce deeds available, enquiries with locals, real estate agents the freehold land with similar size & features in use for industrial purpose can be transacted at a market range of ₹ ... Lakh to ₹ ... Lakh per Bigha (i.e ₹ to ₹..... per Sq Mtrs.) depending upon its location, distance for the road, utility, potentiality etc. For lands having access from road with small frontage and depth of about 300 -500 mtrs from roads.

5.2.3 For freehold land located on an inner road, developed and used for industrial purpose, considering the market rates, size, location, neighborhood, approach from the main road, utility and frontage etc, we consider a rate of ₹ Per Sq.Mtrs as reasonable for the land valuation. The land has access form road but major portion of land is about 100-200 Meter inside from main road which is not a state highway.

5.3 Buildings

5.3.1 Property has industrial RCC building & Sheds structure.

5.3.2 The sheds are without roofing, brick masonry wall, CC flooring. As informed, the building structures is about 20 years old.

5.3.3 RCC roofing structutre on brick masonry wall, CC flooring

5.3.4 Other structures like utility , security room, labour rooms, etc are ordinarily built.

5.3.5 The maintenance of property is poor. Weeds & plants have grown al over the property.

5.3.6 Boundary wall is 9" thick brick wall laid in cement mortar, with an average height of 3.0 Mtrs.

5.3.9 Most of the structures are in dilapidated condition. Roof of almost all the GI sheds have been removed, electric wires and connections removed, doors, shutters winows have been removed. Only brick walls of sheds and RCC structures are standing on the ground.

5.4

SUMMARY OF VALUATION AT INKA FOODS PVT. LTD

S.No	Particulars	Fair Value ₹	Liquidation Value ₹	Reference
1	Land	-	-	Annexure L
2	Building	-	-	Annexure B
	TOTAL	-	-	

7 Undertaking

I hereby declare that

- 7.1 I have no direct or indirect interest in the Company/ Corporate Debtor.
- 7.2 I am not a relative of Insolvency Resolution Professional Mr.(IBBI/IPA-00/IP-N-
./2016-17/100).
- 7.3 I am not a related party of Corporate Debtor Inka Foods Pvt. Ltd.
- 7.4 I have not been an auditor of Corporate Debtor for last 5 Years preceding Insolvency Commencement date

8 Conclusion

- 8.1 The Fair Value of Land & Building assets located at above said site is estimated as ₹Crores and Liquidation Value as ₹ Crores, the details of which are given below :
- 8.2 The Fair Value and Liquidation Value of the given properties is as follows

S.No.	Particulars of Property	Address of Property	Fair Value (₹)	Liquidation Value (₹)
1	Land & Building belonging to Inka Foods Pvt. Ltd	Khewat No- , Khatoni No- & ... Khasra No's- , Kita No- , Village- ,,, , Tehsil , District,, Himanchal Pradesh	-	-
Total			-	-

Signature
Tanuj Kumar Bhatnagar
Registered Valuer for Land & Building
Registration No :- IBBI/RV/02/2018/10404