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CAPITAL COST INVESTMENT REPORT

OF

HOUSEHOLD ELECTRONIC MANUFACTURING PLANT

(UTTAR PRADESH NOIDA UNIT)

SITUATED AT

PLOT NO. 51, SURAJPUR-KASNA ROAD, UDYOG VIHAR, GREATER NOIDA, DISTRICT-
GAUTAM BUDDHA NAGAR, UTTAR PRADESH

COMPANY/PROMOTER



REPORT PREPARED FOR

THE PRADESHIYA INDUSTRIAL & INVESTMENT CORPORATION OF U.P. LIMITED

- Corporate Valuers
- Business/ Enterprise/ Equity Valuations
- Lender's Independent Engineers (LIE)
- Techno Economic Viability Consultants (TEV)
- Agency for Specialized Account Monitoring (ASM)
- Project Techno-Financial Advisors
- Chartered Engineers
- Industry/ Trade Representation Consultants
- NPA Management
- Panel Valuer & Techno Economic Consultants for PSU Banks

(PICUP), PICUP BHAWAN, GOMTI NAGAR, LUCKNOW-226010 (INDIA)

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INDEPENDENT ENGINEERING REPORT

Electronic Home Durable Manufacturing Plant, Noida, U.P.

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PART A

REPORT SUMMARY

1. **Name of the Project** : Expansion / diversification of Refrigerator, Air Conditioner, Washing Machine, Compressor, Motors, Microwave Oven & Water Purifier manufacturing unit at existing Noida plant.
2. **Project Location** : Plot No.51, Udyog Vihar, Surajpur-Kasna Road, District - Gautam Buddha Nagar, Uttar Pradesh
3. **Name of the Company / Promoter** : M/s. LG Electronics India Private Limited
A -Wing, 3rd Floor, District Centre, Saket, New Delhi-110017.
4. **Prepared for Organization** : The Pradeshia Industrial & Investment Corporation of U.P. Ltd. (PICUP), PICUP Bhawan, Gomti Nagar, Lucknow.
5. **Chartered Engineer Firm** : M/s. R. K. Associates Valuers & Techno Engineering Consultants (P) Ltd.
6. **Date of Survey** : 9th, 10th, 15th & 17th June, 2021
7. **Date of Report** : 23rd July, 2021
8. **Report Type** : Examination & Certification Report of Capital Cost Investment
9. **Purpose of the Report** : To verify and examine capital expenditure status of the Project in regard to the special facilities & incentives given to Mega Projects under Infrastructure and Industrial investment Policy-2012.



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10. **Scope of the Report** : To verify and examine capital expenditure status of the Project.
11. **Documents produced for Perusal** :
- a) Detailed Project Report
 - b) Copies of Project Contracts
 - c) Break-up of the cost heads
List of Invoices with Description of the Items
 - d) Copy of Invoices of Items
 - e) Copy of CA Certificate
 - f) Copies of various NOCs & Approvals
 - g) Information received on e-mail
 - h) Copy of Bank statements
 - i) FAR as on 01.08.21
 - j) Netting Certificates/ Remittance Advice
 - k) Copy of Building Map
 - l) COD Certificates
12. **Annexure with the Report** :
- a) Project Contract Copies
 - b) Photographs
 - c) Other annexures (e.g., Invoices, NOCs & Approvals, CA Certificate etc.)
 - d) COD Certificates



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PART B

INTRODUCTION

- 1. NAME OF THE PROJECT:** Expansion/ diversification of existing Unit by creating additional capacity of Refrigerator (from 22 Lakh units per Annum to 23.76 Lakh units per Annum), Air Conditioner (from 4.25 Lakh units per Annum to 7.24 Lakh Units per Annum), Washing Machine (from 16 Lakh units per Annum to 18.14 Lakh units per Annum), Compressor (from 70 Lakh units per Annum to 1.17 Cr units per Annum), Motor (from 2.9 Lakh units per Annum to 31.54 Lakh units per Annum), a new production line setup to build Microwave Oven (5.4 Lakh units per Annum) & Water Purifier (2.20 Lakh units per annum) by LG Electronics India Private Limited at Noida, Gautam Buddha Nagar District of Uttar Pradesh.



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- 2. PROJECT OVERVIEW:** M/s. LG Electronics India Private Limited, is a 100% subsidiary of LG Electronics Inc. South Korea, incorporated on January 20th, 1997 under the Indian Companies Act, 1956 (As further amended by Companies Act 2013).

LG Electronics India Private Limited is engaged in the business of manufacturing of various consumer durable items like refrigerators, air conditioners, washing machine, microwave oven, compressors, motors & water purifiers since 1997 in India.

It is having a full-scale manufacturing facility operating at Plot No.51, Udyog Vihar, Surajpur-Kasna Road, Greater Noida, District-Gautam Buddha Nagar, Uttar Pradesh since 1997 which mainly manufactures electronic items like refrigerators, air conditioners, washing machine, microwave oven, compressors, motors & water purifiers.

Under the Infrastructure and Industrial investment Policy-2012, the company has proposed to expand the production capacity of the Plant by increasing the overall production capacity by 71% till year 2020. LG India has proposed to plan for the expansion of the project with total investment of Rs.674 Cr. as per the Detailed Project Report dated June 22nd, 2017.

In this regard, initially LG India has been issued Letter of comfort (LoC) under Infrastructure and Industrial investment Policy-2012 through its nodal agency PICUP for expansion/ diversification of existing unit by increasing additional capacity of Mobile Phones, LED TV, refrigerators, air conditioners, washing machine, microwave oven, compressors, motors & water purifiers with total investment of Rs.1,328 Cr. at Noida.

But due to sluggish projected sales and on the basis of internal evaluation & management decision, the company has deferred the investment plant for Mobile Phones & LED TV and reduced its investment plan to Rs.674 Cr. (in 5 years investment period from year 2015 to year 2019).

The Company informed to the Govt. of U.P that it has made an investment amounting to Rs.597.01 Cr. (from 01.01.2015 to 31.12.2019) in the Project in the various heads like Buildings, Plant & Machinery & other miscellaneous items etc. In support of investment made, company has submitted a certificate from their Statutory Auditors.



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For the verification of the capital expenditure incurred by the company in the Project, Govt. of UP through PICUP has engaged R.K Associates Valuers & Techno Engineering Consultants (P) Ltd. (R.K Associates).

As per Detailed Project Report-2017, the company's total extent Land area is 1,90,232 sq. mtr. which is purchased by Greater Noida Industrial Development Authority was enough for the expansion of this project. So, LG India has not done any new investment for the land.

Following is the proposed expansion plan submitted by the company in its Detailed Project Report-2017:

Table: 1

PROPOSED EXPANSION PLAN			
S.No.	Product	Existing Qty Nos	Proposed Qty Nos
1.	Air Conditioners	4,25,000	7,24,000
2.	Washing Machine	16,00,000	18,14,000
3.	Refrigerator	22,00,000	23,76,000
4.	Compressor (Refrigerator)	70,00,000	1,17,07,000
5.	Motor for Compressor	2,90,000	31,54,000
Total		1,15,15,000	1,97,75,000

Source: Detailed Project Report-2017

Table: 2

PROPOSED DIVERSIFICATION PLAN		
S.No.	Product	Proposed Qty Nos
1.	Microwave Oven	5,40,000
2.	Water Purifier	2,20,000
Total		7,60,000

Source: Detailed Project Report-2017

As per current status, LG India has achieved the production capacity of all the proposed items as per table below and plans to increase its capacity more in future as per the verbal information provided during the site inspection. The capacities mentioned below is as per information provided by LG and the same as informed by the company to Government of India, Ministry of

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Commerce & Industry, Department for Promotion of Industry and Internal Trade (Industrial Entrepreneurs Memorandum Section) and further acknowledged by them.

Table: 3

PROJECT SUMMARY OF PROPOSED V/S ACHIEVED CAPACITY					
S. No.	Main Production Units	Existing Capacity (as on 31.12.2014)	Proposed Expansion / Diversification Capacity	Achieved Capacity	% Achieved
1.	Air Conditioners	4,25,000	7,24,000	6,25,000	86%
2.	Washing Machine	16,00,000	18,14,000	25,00,000	138%
3.	Refrigerator	22,00,000	23,76,000	29,00,000	122%
4.	Compressor (Refrigerator)	70,00,000	1,17,07,000	1,08,00,000	92%
5.	Motor for Compressor	2,90,000	31,54,000	40,00,000	127%
6.	Microwave Oven	-	5,40,000	4,40,000	81%
7.	Water Purifier	-	2,20,000	3,50,000	159%

Source: DPR & Information from LG India

Table: 4

PROPOSED INVESTMENT SCHEDULE						
Sections	2015	2016	2017	2018	2019	TOTAL
Refrigerator	43	37	28	55	48	211
Washing Machine	19	22	26	36	43	146
Compressor	7	40	15	46	28	136
Common Assets	13	4	7	11	18	53
Motor	0	5	30	1	15	51
Air Conditioner	9	3	3	9	11	35
Microwave	17	1	0	7	6	31
Water Purifier	3	2	1	0	5	11
Total	111	114	110	165	174	674

Source: Detailed Project Report-2017

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The scope of this report only includes the assessment & verification of installation, commissioning and capital expenditure of Rs.597.01 crores incurred in between 01.01.2015 & 31.12.2019 in the Project.

In the current capital expenditure of Rs.597.01 crores company has shown to have carried out the work in the existing running unit as per the chart below:

Table: 5

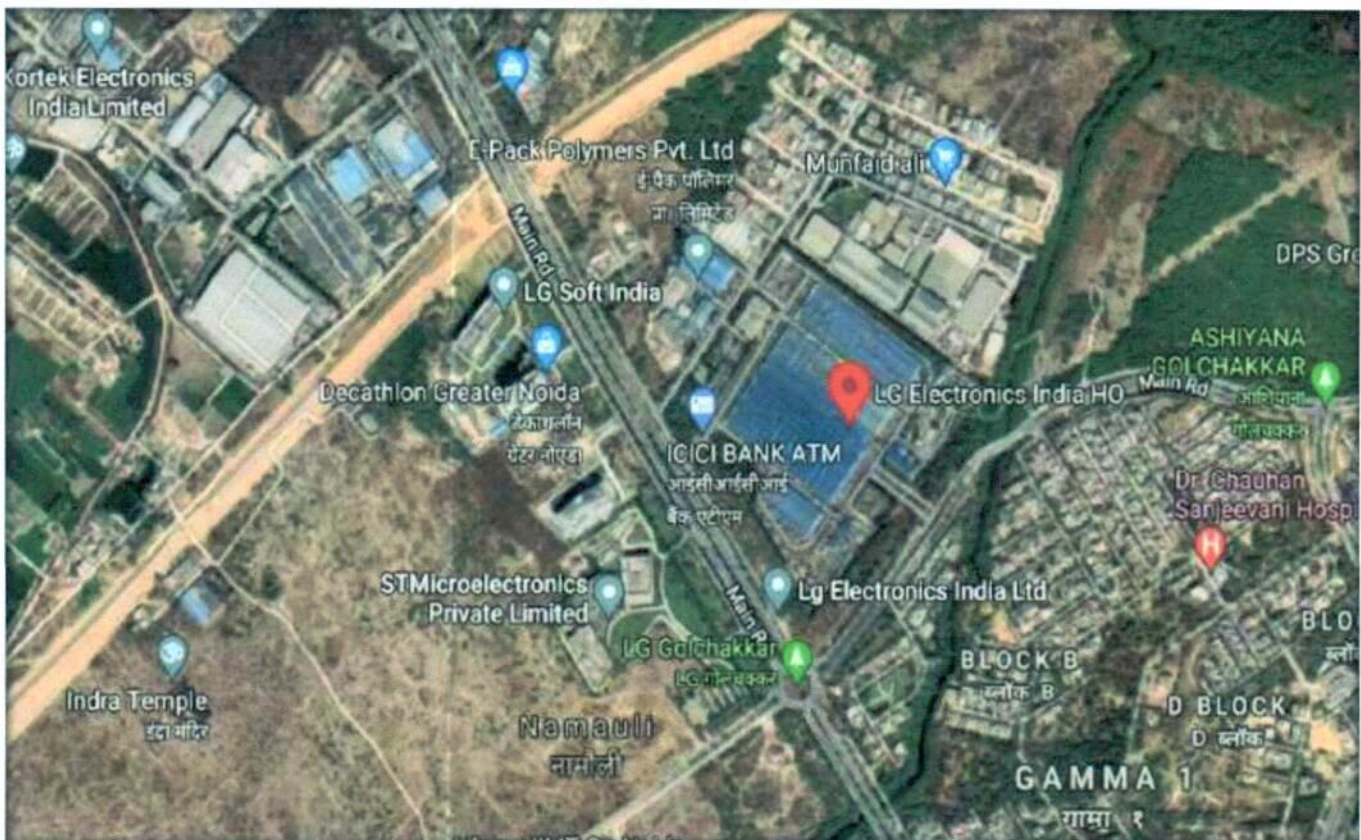
S. No.	Sections	Amount (In Cr.)
1.	Building & Civil Work	61.89
2.	Plant & Machinery	522.67
3.	Miss. Fixed Assets	12.45
Total		597.01

Accordingly, based on the information, data provided by the company as sought from them as per standard checklist of the documents as per the nature of the Project and based on the site verification and industry standard verified the cost expenditure shown by the company. Section/asset item wise cost verification analysis is described in the report below.

3. **PROJECT LOCATION:** The electronic household equipment manufacturing unit setup by LG Electronics India Private Limited is located at Plot No.51, Udyog Vihar, Surajpur-Kasna Road, Greater Noida, District - Gautam Budhha Nagar, Uttar Pradesh State in India and the Project site is well connected by rail, road and airport. The nearest airport from the site is IGI Airport, Delhi located at the distance of 45 km. The Project site is also well connected through Road network and Noida - Greater Noida expressway is about at a distance of 6-7 km. from the Project Site. New Delhi Railway Station is the nearest railway station around 28 km from the project.

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4. **SCOPE OF THE REPORT:** To verify and examine the commissioning, installation and capital expenditure status of the expansion & diversification of the Project popularly named as LG Electronics India Private Limited in regard to special facilities & incentives given to Mega Projects under Infrastructure and Industrial investment Policy-2012 of Govt. of U.P.

All the assessment carried out for the Project is done based on the documents & information provided to us by LG company officials and its correlation by the Engineering team through site inspection and various other discussions with the Project proponents and its able resources and thus forming an opinion out of it.

5. **PURPOSE OF THE REPORT:** To provide a comprehensive overview of the current status of the project in terms of its Physical progress and Capital Expenditure incurred to enable PICUP to take informed business decision on the Project in relation to special facilities & incentives given to Mega Projects under Infrastructure and Industrial investment Policy-2012 of Govt. of U.P.
6. **SURVEY DETAILS:** This Plant is surveyed by our Engineering team comprising of Mr. Inderjeet Rathee and Mr. Nikhl Rajan on 9th, 10th, 15th & 17th June, 2021. Site inspection was done in the presence of plant representatives CA Sahil Arora. All the details pertaining to physical setup and progress of the Plant have been cross checked as per the documents provided to us.

Team visited different sections of the Plant and verified the main sections like Ref plant, Warehouse, Air Conditioner Manufacturing Plant, Washing Machine Line, Compressor Line, Motor Line, Microwave Line, Boiler House, Extruder Plant, Chiller Plant, Boiler House, ETP-STP Plant & Other auxiliary buildings and found the sections to be operational and in production. Plant and all its installed machinery equipment are found in good working condition. Moulds which are installed at various manufacturing units of vendors of LG were also cross-verified by us details of those are mentioned below:



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Table: 6

S.No	Location of Asset	Capitalisation Number	Item Description	Capitalisation Description	Net Amount Capitalised
1	Eail_Ping Telematics Pvt Ltd-Noida_IN002166	ILIF03171244	Plastic Injection Mould With Standard Spare Parts,Top Cover SI22Ey0004,Cabinet Base Mam62625901	Cover,Top	1,01,83,480
2	Eail_Starion India Pvt. Ltd.-Noida_IN001947	ILIF03171243	Plastic Injection Mould With Standard Spare Parts,Top Cover SI22Ey0004,Cabinet Base Mam62625901	Base,Tub	1,61,23,843
3	IN001089 Diptylal Judge Mal (P) Ltd.-Noida Plot No. D-55, Phase II Extn. Noida (U.P.) 201305	ILIF02307027	I N.Lection Mould- 1. Jet Spray Top Cover	Cover,Top	1,16,26,294
4	IN001089 Diptylal Judge Mal (P) Ltd.-Noida Plot No. D-55, Phase II Extn. Noida (U.P.) 201305	ILIF02262295	Spalence Top Cover Mould, Spalence Bear Panel Mould, Spalence Bear Deco Mould	Cover,Top	97,38,436
5	IN001089 Diptylal Judge Mal (P) Ltd.-Noida Plot No. D-55, Phase II Extn. Noida (U.P.) 201305	ILIF02704364	Plastic Injection Moulds With Standard Spare Parts (Mcr 66006311) For Washing Machine	Cover,Top	92,42,790
6	IN001089 Diptylal Judge Mal (P) Ltd.-Noida Plot No. D-55, Phase II Extn. Noida (U.P.) 201305	ILIF02316790	Cap Door Refrigerator 2-Cap Door Refrigerator 3-Leg Adjust 4-Handle Décor 5-Cap Décor Refrigerator 6-Handel Refrigerator 7-Lokar Sipndel	Handle,Refrigerator	57,55,524
7	IN001089 Diptylal Judge Mal (P) Ltd.-Noida Plot No. D-55, Phase II Extn. Noida (U.P.) 201305	ILIF03171201	Plastic Injection Mould With Standard Spare Parts,Swaoee Cabinet Mould,Armstrong Top Cover Mould	Cabinet	2,28,47,625
8	IN001122 Paradise Plastic Enterprises Ltd. D-1,Site-5,Surajpur Indl Area,Kasna Road,Greater Noida	ILIF02954898	Plastic Injection Moulds With Standard Spare Parts	Chassis	64,94,303
9	IN001122 Paradise Plastic Enterprises Ltd. D-1,Site-5,Surajpur Indl Area,Kasna Road,Greater Noida	ILIF02954938	Plastic Injection Moulds With Standard Spare Parts	Grille,Front	56,22,968
10	IN001895 Neumann Components P Ltd. Plot No. 35, Sector -31Greater Noidaupgreater Noida(U.P.)	ILHF03145044	Mck6921 0701 Cover,Mdx63971 901 Grime.Discharge,Mbn64425001 Case .Contro~ Outdoor),Mfz65098101 Packing,Base,Plastic In Ecuon Mould With St.Ndard Spare P.Rts,Press Ole With Standard Spare Parts	Bracket,Motor	57,54,358
11	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02420391	Plastic Injection Mould With Standard Spare-Swadee Base Mould 1 St	Base,Tub	1,28,26,992
12	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02484129	TI540 Top Cover Mould 1Ea P/No:Mac69187501 Plastic Injection Mould With Standard Spare Parts	Cover,Top	1,04,13,934
13	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02711865	Plastic Injection Moulds & Press Die For Manufacturing Or Lg Residential Air Conditioner With Standard Spare Parts	Grille,Front	91,08,028
14	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02497121	Plastic Injection Mould With Standard Spare Parts _ High Base Mould P/No.3040Eu0002	Base,Cabinet	71,17,895
15	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02500903	Inection Mould :Washing Machine Parts -Case Plunger Valve (Part No:Mbn378581) Base Mid (Part No: Mam619281) Cover Tub (Part No: 3550Eu 1004)	Base,Cabinet	56,49,974
16	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF02353041	Plastic Injection Mould-Swadee Sack Cover Mould 1 St (P/No.: Mck69048701)	Cover,Rear	52,28,865
17	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF03165933	Outer Tub (Part No:3D4<4Euooo2A)	Tub,Outer	1,82,88,952
18	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF03160505	Tools For Pressing Press Die With Standard Spare Parts,Balance Weight(Cma)	Decor	58,07,349
19	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF03142384	Injection Mould Nozle Lower Part No. :5248Ey1019A,Model-Swadee 75 Kg Burgundy	Nozzle,Lower	54,90,000
20	IN001930 PG Electroplast Ltd. P-4/2,4/3&4/4, Site B Upsidcsurajpur Greater Noida	ILIF03165259	Grille Discharge(Mdx63432010,Chassis(Mbs63085404), Grille Front(Mox6461 2203)	Grille,Front	51,96,631
21	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.),Greater Noida,Gautam Bud	ILIF02506448	Swadee Cabinet Mould P/No:3090Ey004A TI540 Balancer Upper Mould P/No: Mck42733501 TI540 Balancer Lower Mould P/No: Mck42733601-Plastic Injection Mould With Standard Spare Parts	Cabinet	2,07,06,629
22	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.),Greater Noida,Gautam Bud	ILIF02348809	Plastic Injection Mould-Omega Cabinet Mould P/No.: Mbh622268	Cabinet	2,06,49,977



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23	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02483291	Injection Mould -Raja Pjt Tub Outer	Tub,Outer	1,75,54,405
24	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02386724	Plastic Injection Mould Omega ,Base Mould 1 St	Base,Tub	1,20,64,433
25	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02929026	Plastic Injection Mould	Cabinet	76,15,123
26	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02494620	Plastic Injection Mould With Standard Spare Parts - Inner Tube Base Mould -P/No.:3040Eu1002	Base,Tub(inner)	72,24,381
27	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02497120	Swadee Spin Basket	Basket,Spin Dryer	64,55,610
28	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02500873	Plastic Injection Mold With Standard Spare Pae 1- Omega Spin Basket	Basket,Spin Dryer	64,34,430
29	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF02409863	1. Swadee Balancer Upp & Lwr	Cover,Balance(Upper)	56,49,451
30	IN001947 Starion India Pvt. Ltd.-Noida Plot No. 11, Udyog Kendra-Nnagar (U.P.), Greater Noida, Gautam Bud	ILIF03157186	Mould Of Base.Tub (Inner Model:Dc Drain Motor Global Common Main Pcb Applicati Seq.	Base,Tub(inner)	61,10,000
31	IN001988 Kunstocm (India) Limited C-47 & C-48 Aphase-iinoidaupphase-ii, Noida, U.P	ILIF03171275	Plastic Injection Mould With Standard Spare Parts,Swadee Cabinet Mould,Armstrong Top Cover Mould	Cover,Top	94,17,586
32	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02517318	Bsa Shell, Lower, Bsa Bracket, Mou	Shell, Lower	1,67,88,846
33	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02602228	Core Stator	Core, Stator	1,67,62,413
34	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02274000	Press Die For Compressor Along With Standrd Spares 1- Stator And Rotor Stamping Die Cma-(Mch623655) 2- Rotor Die Cma-(Mch624455)	Core, Stator	1,29,66,984
35	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02517287	Bsa Shell, Upper, Bsa Cover, Lower	Shell, Upper	1,10,39,336
36	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02820416	659160009251, Tool Core Assembly With Panel And Spare Sator (Acn73553808)(Seq-2)	Core Assembly, Stator	1,01,10,000
37	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02820397	659160009249, Tool Core Assembly With Panel And Spare Sator (Acn73553808)(Seq-2)	Core Assembly, Stator	95,10,000
38	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02438701	Shell Upper (1+3)	Shell, Upper	88,99,502
39	IN002133 Taehwa Enterprises India Pvt Ltd Plot No 6 B, Sector-40/41, Ecotech-1, Industrial Area, Kasna, Greater Noida	ILHF02438608	Shell Upper	Shell, Upper	88,86,255
40	IN002228 M/S Ezentech (India) Pvt.Ltd. Plot No. 16, Udyog Kendra, Greater Noida, Gautama Budh Nagar, U.P. India	ILHF02431133	Press Die-Base Single (1Set=3Ea)	Base, Single	73,93,735
41	IN002228 M/S Ezentech (India) Pvt.Ltd. Plot No. 16, Udyog Kendra, Greater Noida, Gautama Budh Nagar, U.P. India	ILHF03145043	Mck6921 0701 Cover, Mdx63971 901 Grime.Dlscharge, Mbn64425001 Case .Contro~ Outdoor], Mfz65098101 Packing, Base, Plastic In Ecuon Mould With St.Ndard Spare P.Rts, Press Ole With Standard Spare Parts	Panel, Front	69,91,290
42	IN002228 M/S Ezentech (India) Pvt.Ltd. Plot No. 16, Udyog Kendra, Greater Noida, Gautama Budh Nagar, U.P. India	ILHF03145026	Mck6921 0701 Cover, Mdx63971 901 Grime.Dlscharge, Mbn64425001 Case .Contro~ Outdoor], Mfz65098101 Packing, Base, Plastic In Ecuon Mould With St.Ndard Spare P.Rts, Press Ole With Standard Spare Parts	Cover	62,03,742
43	IN002228 M/S Ezentech (India) Pvt.Ltd. Plot No. 16, Udyog Kendra, Greater Noida, Gautama Budh Nagar, U.P. India	ILHF03145040	Mck6921 0701 Cover, Mdx63971 901 Grime.Dlscharge, Mbn64425001 Case .Contro~ Outdoor], Mfz65098101 Packing, Base, Plastic In Ecuon Mould With St.Ndard Spare P.Rts, Press Ole With Standard Spare Parts	Base, Outdoor	51,55,734
44	IN002281 Amber Enterprises India Limited C-3, Upside, Site Iv, Kasnagreater Noida	ILHF02532320	Plastics Injection Mould With Standard Spare Parts	Cover, Protect	60,56,767
45	IN002281 Amber Enterprises India Limited C-3, Upside, Site Iv, Kasnagreater Noida	ILHF02896835	Plastic Injection Moulds With Standard Spare Parts	Panel, Front	54,75,132
46	IN002281 Amber Enterprises India Limited C-3, Upside, Site Iv, Kasnagreater Noida	ILHF02896909	Plastic Injection Moulds With Standard Spare Parts	Cover	53,33,183
47	IN019803 Sunplast Electronics Private Limited- Noida B5, Site-B, Industrial Area, Surajpur, Gautam Budh Nagar, Greater Noida, Up	ILIF02711864	Plastic Injection Moulds & Press Die For Manufacturing Or Lg Residential Air Conditioner With Standard Spare Parts	Chassis	89,76,411
48	IN028501 Aditya Auto Industries Plot No-32 Ecotech-1 Extention greater Noida U.P	ILHF02276141	Press Die For Mwo With Spare Parts (20Ltr) Door Frame+Punching Tool (1set=7Ea)	Frame, Door	76,97,681



INDEPENDENT ENGINEERING REPORT

Electronic Home Durable Manufacturing Plant, Noida, U.P.

Our team visited each and every section of plant and cross verify the condition of all plant & machinery and civil structure.

Photographs have been taken of different machinery and civil structure which was installed at the site.

Some of the photographs have been attached annexed with the report.

As per the documents provided by the company, this Project has achieved the production capacity of Microwave oven to 4.40 Lakh units per annum on 16.03.2015, Water Purifier to 3.5 Lakh unit per annum on 11.01.2016, Compressor to 1.08 Cr units per annum, Motor to 40 Lakh units per annum, Refrigerator to 29 Lakh units per annum, Air-conditioner to 6.25 Lakh units per annum & Washing Machine to 25 Lakh units per annum on 31.12.2019 respectively. Production capacities have not been verified independently by us.

At the time of survey only the all the production lines were fully operational except Refrigeration line which was not in operation because of less demand in the market due to Covid-19 lockdown restrictions.

7. METHADODOLOGY ADOPTED:

- a. Study of Detailed Project Report to know the Project proposed plan & estimates.
- b. Study of Project Contract agreements.
- c. Site visit by our engineering team to assess the project execution status on the ground at the site.
- d. Discussions with the Mechanical Plant Head & Civil Engineering team on the site.
- e. Various documents, information & data collected from the company through e-mail.
- f. Study and analysis of the documents and information obtained from the company and their correlation with the observations during site survey.
- g. Correlation of the provided information with the industry standards, CPWD SOR, etc.
- h. Other information obtained regarding the project from the sources in the public domain.



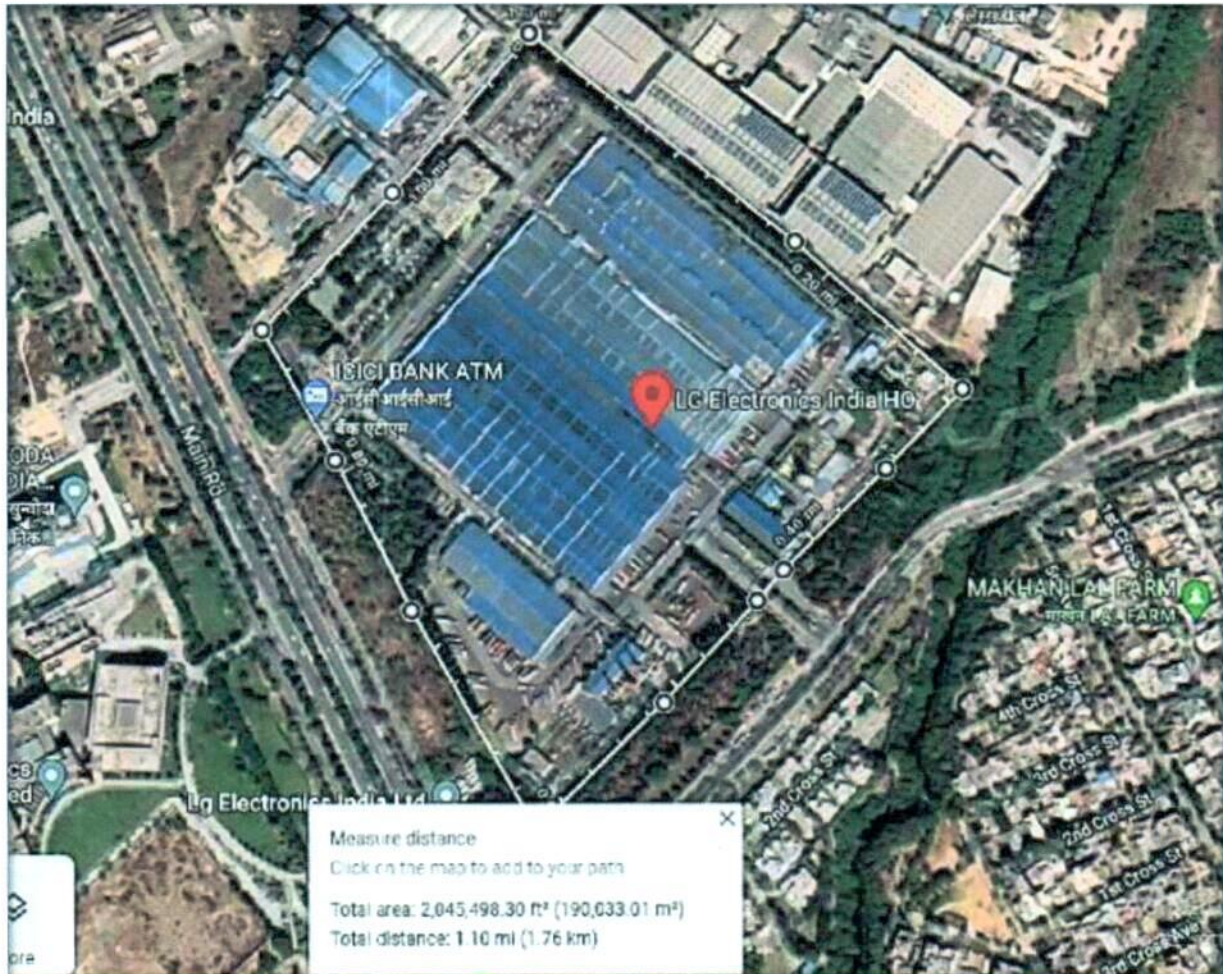
INDEPENDENT ENGINEERING REPORT

Electronic Home Durable Manufacturing Plant, Noida, U.P.

PART C

PLANT INFRASTRUCTURE SECTIONS & FACILITY DETAILS

1. **LAND DETAILS:** The company's total extent Land area 1,90,232 sq. mtr. which is purchased by Greater Noida Industrial Development Authority was enough for the expansion of this project. So LG India has not done any new investment for the land and has not claimed any amount for it.



2. **BUILDING & CIVIL DETAILS:** Our team has got one detailed Investment file mentioning the line items of the expenditure incurred in various heads in different Plant sections. Most of the works contains different miscellaneous works. In this sheet company has broadly distributed the works under 4 major heads viz., Building Civil work, Building Utilities, Other Fixed Assets, Plant & Machinery.



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Electronic Home Durable Manufacturing Plant, Noida, U.P.

LG Electronics India Private Limited has shown to have incurred an amount of Rs.61.89 crores (Building Civil Work = Rs.4.28 crores + Building Utilities = Rs.57.61 crores) as per Investment File sheet of LG. However, during detailed scrutiny of this sheet by our team, it was found that under "Building Utilities" head, company has taken several items which are not related to core Building & civil works such as Boiler for compressor, desktop, AC, blue tooth scanner, CCTVs, LED, LCDs, etc. Therefore, our team has shifted other items not related to core Building & civil works shown by LG in 'Building Utilities' head amounting of Rs. 42.73 crores to Miscellaneous Fixed Assets by us.

As per information provided to us, major works carried out by LG under building & civil works pertains to construct & renovate the different Plant Buildings like new foundation in ETP & STP Plant, new extension work for Chiller plant (Building-W), some new extension work in powerhouse room in 2019 and other renovation and normal maintenance work like wear and tear and roof replacement work in all the structures in between the period 01.01.2015 to 31.12.2019. Majorly the money has been spent in expansion, extension & alteration of the existing building & structures.

LG has not engaged any single point EPC Contractors for the Civil & building related works. They have engaged local/ daily wage workers for this work.

The expenses incurred as shown by the company during the expansion, extension, alteration & internal changes for different lines are tabulated below:

Table: 7

CIVIL STRUCTURE							
S. No.	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ -	₹ 3,21,623	₹ -	₹ 70,67,128	₹ 1,52,44,631	₹ 2,26,33,381
2	Common	₹ 1,03,81,923	₹ 1,07,81,936	₹ 77,85,732	₹ 57,36,886	₹ 1,15,99,124	₹ 4,62,85,600
3	Microwave Oven	₹ -	₹ -	₹ -	₹ -	₹ 69,74,179	₹ 69,74,179
4	Refrigerator	₹ 1,53,747	₹ 3,77,924	₹ 14,05,275	₹ 1,41,74,098	₹ 6,22,54,796	₹ 7,83,65,840
5	Refrigerator Compressor	₹ 17,00,758	₹ -	₹ -	₹ -	₹ 63,10,484	₹ 80,11,242
6	Washing Machine	₹ 19,00,158	₹ 77,58,514	₹ 41,04,102	₹ 1,16,61,239	₹ 38,57,779	₹ 2,92,81,793
Total		₹ 1,41,36,586	₹ 1,92,39,997	₹ 1,32,95,108	₹ 3,86,39,351	₹ 10,62,40,992	₹ 19,15,52,034
Notes:							
1. Detailed break-up of Expenditure occurred by company on alteration in civil work for different production line.							
2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.							

INDEPENDENT ENGINEERING REPORT

Electronic Home Durable Manufacturing Plant, Noida, U.P.

Further bifurcation of the cost incurred based on the nature of the work done related to the building and civil works section wise, as per the details provided to us is shown below:

S. No.	Particulars	Civil Work (Related to New Machinery	Other Assets related to new civil works	Civil Work Modifications	Total
1	Air Conditioner	₹ 56,21,684	₹ 1,54,04,085	₹ 16,10,078	₹ 2,26,35,847
2	Common	₹ 1,11,66,198	₹ 1,16,84,074	₹ 32,12,186	₹ 2,60,62,458
3	Compressor	₹ 1,00,96,742	₹ 25,23,210	₹ 1,63,11,363	₹ 2,89,31,315
4	Microwave Oven	₹ 14,89,714	₹ 9,73,673	₹ 45,10,792	₹ 69,74,179
5	Refrigerator	₹ 4,25,63,196	₹ 1,55,44,318	₹ 2,72,39,546	₹ 8,53,47,060
6	Washing Machine	₹ 34,67,197	₹ 43,27,316	₹ 1,38,06,661	₹ 2,16,01,175
Grand Total		₹ 7,44,04,731	₹ 5,04,56,676	₹ 6,66,90,626	₹ 19,15,52,034

In the above table, "Other assets related to new civil works" includes Fire & electrical equipments, material loading & unloading utilities and other utilities. Also, the amount incurred (i.e., Rs. 6.67 Cr.) in "Civil work modifications" includes the roof work installations.

As per the discussion with PICUP, the modifications to the existing structures should not be included, since it is categorized under maintenance work and not new work. Therefore, after deducting the amount incurred for the modifications i.e., Rs.6.67 Cr., the final amount incurred related to the building and civil works for the expansion is **Rs.12.49 Cr.**



Table: 8

BUILDING DETAILS			
1.	Building-K (Admin Block)	7.	Power House (D.G. Room)
2.	Building-H (Medical Building)	8.	Boiler House
3.	Building-A (Production Area)	9.	Fire Pump House
4.	Building-B (Production Area)	10.	STP & ETP
5.	Building-C (Production Area)	11.	Bulk Storage Area
6.	Building-W (Chiller Plant)		

- 3. PLANT & MACHINERY DETAILS:** For Plant & Machinery company has done procurement from several different suppliers on its own without engaging one point contact for the same.

As per provided FAR (detailed Investment file) expenditure occurred in different heads of the Plant & Machinery is as follows:

Table: 9

S.No	Type of Expenditure	Amount (in Cr.)
1.	Expenditure incurred in Imported Plant & Machinery	332.76
2.	Expenditure in Indigenous Plant & Machinery	87.73
3.	Expenditure incurred in Imported Moulds Machinery	70.68
4.	Expenditure in Indigenous Moulds Machinery	31.49
Total		522.67

Plant & Machinery head is majorly categorized into Imported, Internal & Local. Imported machineries are those which are procured from outside the country, Internal are those items which are produced internally by LG and has been put to use for the Plant, Local includes those items which are procured within the country. This is further classified into moulds and non moulds. Therefore, list of moulds is also shown separately in the summary above.

- 3.1 Expenditure incurred in Imported Plant & Machinery:** Main production lines of different sections of the plant has been imported from Japan, South Korea & Europe.

Total amount incurred in procuring & commissioning imported machinery with other common auxiliaries for the different sections of the Plant is **Rs.332.76 Cr.** break-up of the expenditure is given below:

INDEPENDENT ENGINEERING REPORT

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Table: 10

IMPORTED PLANT & MACHINERY							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 6,24,59,848	₹ 1,33,73,748	₹ 5,43,21,773	₹ 4,79,51,730	₹ 44,58,70,037	₹ 62,39,77,137
2	Common	₹ 15,80,135	-	₹ 5,80,46,102	₹ 3,42,38,547	₹ 83,91,430	₹ 10,22,56,214
3	Microwave Oven	₹ 23,20,38,792	₹ 35,06,453	-	-	₹ 54,96,964	₹ 24,10,42,209
4	Motor (Compressor)	-	₹ 2,65,49,740	₹ 20,44,51,598	₹ 67,15,723	₹ 51,89,285	₹ 24,29,06,346
5	Refrigerator	₹ 28,66,16,649	₹ 26,24,10,796	₹ 12,45,46,199	₹ 9,38,42,850	₹ 48,67,12,122	₹ 1,25,41,28,617
6	Refrigerator Compressor	₹ 3,64,30,673	₹ 34,93,62,664	₹ 5,28,77,046	₹ 75,73,913	₹ 9,47,97,204	₹ 54,10,41,500
7	Washing Machine	₹ 5,97,14,644	₹ 3,77,57,683	₹ 20,23,831	₹ 2,36,38,678	₹ 13,72,26,269	₹ 26,03,61,104
8	Water Purifier	₹ 3,04,25,379	₹ 26,33,502	₹ 95,19,146	₹ 1,79,37,211	₹ 14,16,050	₹ 6,19,31,288
Total		₹ 70,92,66,119	₹ 69,55,94,585	₹ 50,57,85,695	₹ 23,18,98,652	₹ 1,18,50,99,362	₹ 3,32,76,44,414

Notes:

1. Detailed break-up of Expenditure of Imported Plant & Machinery is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

3.2 Expenditure in Indigenous & In-house Produced Plant & Machinery: In addition to the imported machinery, LG Electronics India Private Limited has incurred Rs.87.73 Cr. in procuring and commissioning Plant & Machinery from within the country for the different sections of the plant with other common auxiliaries. This includes both domestically procured machinery and in-house manufactured items put to use for Plant. In-house manufactured items only include some parts of refrigeration unit & a LCD TV.

Table: 11

INDIGENOUS PLANT & MACHINERY							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 2,02,92,325	₹ 80,50,458	₹ 52,27,347	₹ 1,41,50,828	₹ 6,37,18,640	₹ 11,14,39,598
2	Common	₹ 15,07,706	₹ 63,10,610	₹ 1,34,06,296	₹ 96,16,835	₹ 1,67,95,845	₹ 4,76,37,292
3	Microwave Oven	₹ 3,41,13,125	₹ 14,99,047	₹ 8,71,050	-	₹ 82,44,131	₹ 4,47,27,353
4	Motor (Compressor)	₹ 7,02,013	₹ 3,23,08,477	₹ 26,34,855	₹ 6,48,421	₹ 25,12,194	₹ 3,88,05,960
5	Refrigerator	₹ 3,08,79,297	₹ 2,43,88,853	₹ 3,98,96,560	₹ 4,88,52,547	₹ 13,61,26,866	₹ 28,01,49,864
6	Refrigerator Compressor	₹ 3,89,91,569	₹ 5,40,20,757	₹ 4,27,78,197	₹ 2,40,04,315	₹ 9,05,51,361	₹ 25,03,68,906
7	Washing Machine	₹ 98,76,632	₹ 1,34,88,583	₹ 82,85,022	₹ 1,44,56,894	₹ 4,80,93,783	₹ 9,42,00,915
8	Water Purifier	₹ 35,37,214	₹ 2,83,285	₹ 31,58,807	₹ 21,36,935	₹ 8,82,000	₹ 99,98,241
Total		₹ 13,98,99,881	₹ 14,03,50,070	₹ 11,62,58,134	₹ 11,38,66,776	₹ 36,69,24,821	₹ 87,73,28,129

Notes:

1. Detailed break-up of Expenditure of Indigenous Plant & Machinery is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

3.3 Expenditure incurred in Imported Moulds & Its Machinery: LG Electronics India Private Limited invested an amount of Rs.70.68 Cr. in order to provide the Moulds Machinery for the different electronics items and with other common auxiliaries. Break-up of the expenditure is given below:

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Table: 12

IMPORTED MOULDS & ITS MACHINERY							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 30,16,825	-	₹ 6,00,45,508	₹ 10,13,20,484	₹ 6,70,63,321	₹ 23,14,46,139
2	Microwave Oven	₹ 37,68,597	-	-	-	-	₹ 37,68,597
3	Refrigerator	₹ 7,37,49,995	₹ 7,20,53,787	-	₹ 32,13,173	₹ 38,61,148	₹ 15,28,78,103
4	Refrigerator Compressor	-	-	-	-	₹ 63,29,586	₹ 63,29,586
5	Washing Machine	₹ 9,69,85,980	₹ 10,05,12,404	₹ 2,00,66,803	₹ 1,15,96,764	₹ 6,21,17,582	₹ 29,12,79,534
6	Water Purifier	-	₹ 1,39,72,270	₹ 37,33,811	-	₹ 34,46,424	₹ 2,11,52,505
Total		₹ 17,75,21,397	₹ 18,65,38,461	₹ 8,38,46,122	₹ 11,61,30,421	₹ 14,28,18,062	₹ 70,68,54,464

Notes:

1. Detailed break-up of Expenditure of Imported Moulds & its machinery is annexed with the report.

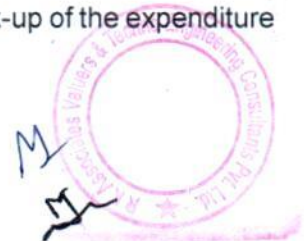
2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

The company has purchased number of moulds for the manufacturing of different consumer goods items and some of these are used within the Plant premises and many are used, located & installed in the premises of Registered Vendors of LG. There are around 48 Registered Vendors of LG where such moulds are provided by LG who do contract manufacturing for LG. List of these 48 Registered Vendors along with the number of moulds lying at their site is attached in the annexure. These moulds include both imported as well as domestically manufactured moulds. For cross checking the moulds lying at Registered Vendors of LG outside the main LG Plant, our team has randomly visited around 15 vendor's site for the physical verification of the moulds.

The moulds which were installed inside the plant are mainly used for the manufacturing of different products such as refrigerator, microwave oven.

The moulds which were installed at vendor location were being used for the manufacturing of various small parts (handle, LED lights, auxiliary plastic products for every product, switches, rotational knob etc.) for different products which were manufactured across all sections of the plant.

3.1 Expenditure in Indigenous Moulds & Its Machinery: In addition to the imported Moulds machinery LG Electronics India Private Limited has incurred Rs.31.49 Cr. in procuring and commissioning indigenous moulds with other common auxiliaries. Break-up of the expenditure is given below:



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Table: 13

INDIGENOUS MOULDS & ITS MACHINERY							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 28,70,000	₹ 59,34,000	-	₹ 41,59,000	₹ 34,63,000	₹ 1,64,26,000
2	Microwave Oven	₹ 34,797	-	-	-	₹ 1,02,25,000	₹ 1,02,59,797
3	Motor (Compressor)	-	₹ 1,20,40,000	-	-	-	₹ 1,20,40,000
4	Refrigerator	₹ 1,28,38,000	₹ 86,03,704	₹ 1,00,16,000	₹ 1,43,39,000	₹ 2,97,78,000	₹ 7,55,74,704
5	Refrigerator Compressor	₹ 32,75,000	₹ 1,29,35,000	-	₹ 22,10,000	₹ 1,13,45,000	₹ 2,97,65,000
6	Washing Machine	₹ 1,50,31,000	₹ 2,58,48,500	₹ 1,01,25,600	₹ 5,04,06,000	₹ 6,27,21,000	₹ 16,41,32,100
7	Water Purifier	-	-	₹ 11,27,000	₹ 55,75,949	-	₹ 67,02,949
Total		₹ 3,40,48,797	₹ 6,53,61,204	₹ 2,12,68,600	₹ 7,66,89,949	₹ 11,75,32,000	₹ 31,49,00,550

Notes:

1. Detailed break-up of Expenditure of Indigenous Moulds & its machinery is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

- 4. MISCELLANEOUS FIXED ASSET DETAILS:** Miscellaneous fixed assets items mainly include CCTV camera software, Linear Imager Bluetooth Scanner, Commercial LCD and LED, Plastic Dome Camera with PT, Desktop, Walkie Talkie Accessories, Chairs, Curing Jig, Mobile Phones, Wall Fans, Drill Machines, etc.

As per provided FAR (detailed Investment file) expenditure occurred in different heads of the miscellaneous fixed assets is as follows:

Table: 14

S.No	Type of Expenditure	Amount (in Cr.)
1.	Expenditure incurred in Imported Miscellaneous Fixed Assets	4.64
2.	Expenditure incurred in Indigenous Miscellaneous Fixed Assets	48.89
3.	Expenditure incurred in In-house Made Miscellaneous Fixed Assets	1.65
Total		55.18

- 4.1 Expenditure incurred in Imported Miscellaneous Fixed Assets:** LG India has invested an amount of Rs.4.64 Cr. in order to provide the Miscellaneous Fixed Assets like Automated Guided Vehicle, trolley etc. Break-up of the expenditure is given below:

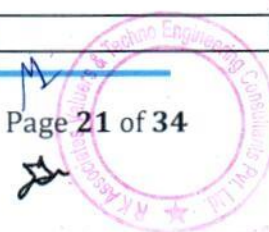
Table: 15

IMPORTED MIS. FIXED ASSETS							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ -	₹ -	₹ 57,09,192	₹ 46,74,592	₹ -	₹ 1,03,83,784
2	Common	₹ 13,53,609	₹ -	₹ -	₹ 27,35,506	₹ 7,86,374	₹ 48,75,490
3	Refrigerator	₹ -	₹ 15,14,955	₹ -	₹ -	₹ 1,79,78,228	₹ 1,94,93,183
4	Refrigerator Compressor	₹ -	₹ -	₹ -	₹ -	₹ 48,90,439	₹ 48,90,439
5	Washing Machine	₹ -	₹ -	₹ -	₹ 67,83,519	₹ -	₹ 67,83,519
Total		₹ 13,53,609	₹ 15,14,955	₹ 57,09,192	₹ 1,41,93,618	₹ 2,36,55,041	₹ 4,64,26,414

Notes:

1. Detailed break-up of Expenditure of Assets which are imported is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.



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4.2 Expenditure incurred in Indigenous Miscellaneous Fixed Assets: LG India has invested an amount of Rs.48.90 Cr. in order to provide the Miscellaneous Fixed Assets like Computer, Software, Scanner, Furniture and other small items etc. Break-up of the expenditure is given below:

Table: 16

INDIGENOUS MIS. FIXED ASSETS							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 41,22,621	₹ 2,44,84,578	₹ 42,43,645	₹ 68,75,805	₹ 2,12,28,961	₹ 6,09,55,611
2	Common	₹ 1,97,92,139	₹ 71,11,532	₹ 4,39,65,472	₹ 1,87,62,247	₹ 8,53,61,303	₹ 17,49,92,693
3	Microwave Oven	₹ 56,71,905	₹ 3,34,301	₹ 7,05,935	₹ 74,675	₹ 89,79,541	₹ 1,57,66,357
4	Motor (Compressor)	₹ 26,565	₹ 16,87,979	₹ -	₹ -	₹ -	₹ 17,14,544
5	Refrigerator	₹ 74,90,644	₹ 5,90,183	₹ 43,32,941	₹ 30,40,189	₹ 11,91,04,075	₹ 13,45,58,033
6	Refrigerator Compressor	₹ 12,14,107	₹ 13,54,793	₹ 77,69,171	₹ 3,90,050	₹ 6,17,55,544	₹ 7,24,83,665
7	Washing Machine	₹ 45,93,460	₹ 8,24,352	₹ 33,90,628	₹ 19,08,151	₹ 1,52,85,008	₹ 2,60,01,600
8	Water Purifier	₹ 3,11,735	₹ 21,81,055	₹ 29,000	₹ -	₹ -	₹ 25,21,790
Total		₹ 4,32,23,175	₹ 3,85,68,773	₹ 6,44,36,793	₹ 3,10,51,118	₹ 31,17,14,432	₹ 48,89,94,291

Notes:

1. Detailed break-up of Expenditure of Assets which are indigenous is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

4.3 Expenditure incurred in In-house Made Miscellaneous Fixed Assets: LG India has also installed some miscellaneous items/assets which are produced in-house. Their cost is calculated as cost incurred during the production process in specific product. So according to the FAR and related document provided, an amount of Rs.1.65 Cr is spent by the company for manufacturing of these assets which are being used in different section of the plant. The assets which are produced in this head are like ACs, LCD screen, Fans, Monitors, CCTV Cameras, Dome Camera, etc. Break-up of the expenditure is given below:

Table: 17

IN-HOUSE MANUFACTURED MIS. FIXED ASSETS							
S.No	Plant Section	2015	2016	2017	2018	2019	Total
1	Air-Conditioner	₹ 5,84,248	₹ 37,644	₹ 90,998	₹ 44,988	₹ 1,94,464	₹ 9,52,343
2	Common	₹ 16,24,364	₹ 9,26,134	₹ 2,79,572	₹ 13,61,380	₹ 53,59,408	₹ 95,50,857
3	Microwave Oven	₹ 6,64,017	₹ 5,828	₹ 22,750	₹ -	₹ -	₹ 6,92,594
4	Motor (Compressor)	₹ 54,131	₹ 11,47,142	₹ 1,24,534	₹ -	₹ -	₹ 13,25,806
5	Refrigerator	₹ 12,93,640	₹ 3,03,366	₹ 22,750	₹ 1,47,566	₹ 3,02,857	₹ 20,70,179
6	Refrigerator Compressor	₹ 6,10,828	₹ 1,81,560	₹ 68,249	₹ 1,36,113	₹ 1,08,290	₹ 11,05,040
7	Washing Machine	₹ 5,51,568	₹ 18,107	₹ 65,622	₹ 72,614	₹ 83,955	₹ 7,91,866
Total		₹ 53,82,795	₹ 26,19,780	₹ 6,74,473	₹ 17,62,662	₹ 60,48,975	₹ 1,64,88,686

Notes:

1. Detailed break-up of Expenditure of assets which are internally made by LG and put to use is annexed with the report.

2. Only major Expenditure incurred are cross checked with the available FAR, Invoices & Bank Statements.

PART D**PROPOSED INVESTMENT & EXPENDITURE INCURRED**

1. **TOTAL PROPOSED INVESTMENT:** As per the Detailed Project Report, LG has proposed investment of Rs.674 Cr. as per below schedule:

HIGH LEVEL YEAR WISE INVESTMENT SCHEDULE

Investment	2015	2016	2017	2018	2019	TOTAL
Land	-	-	-	-	-	-
Building	3	5	1	3	13	25
Plant & Machinery	104	108	108	161	159	640
Others Miscellaneous Assets	4	1	1	1	2	9
TOTAL	111	114	110	165	174	674

Source: DPR

All Figures in Cr.

PLANT SECTION WISE BREAK-UP

Table: 19

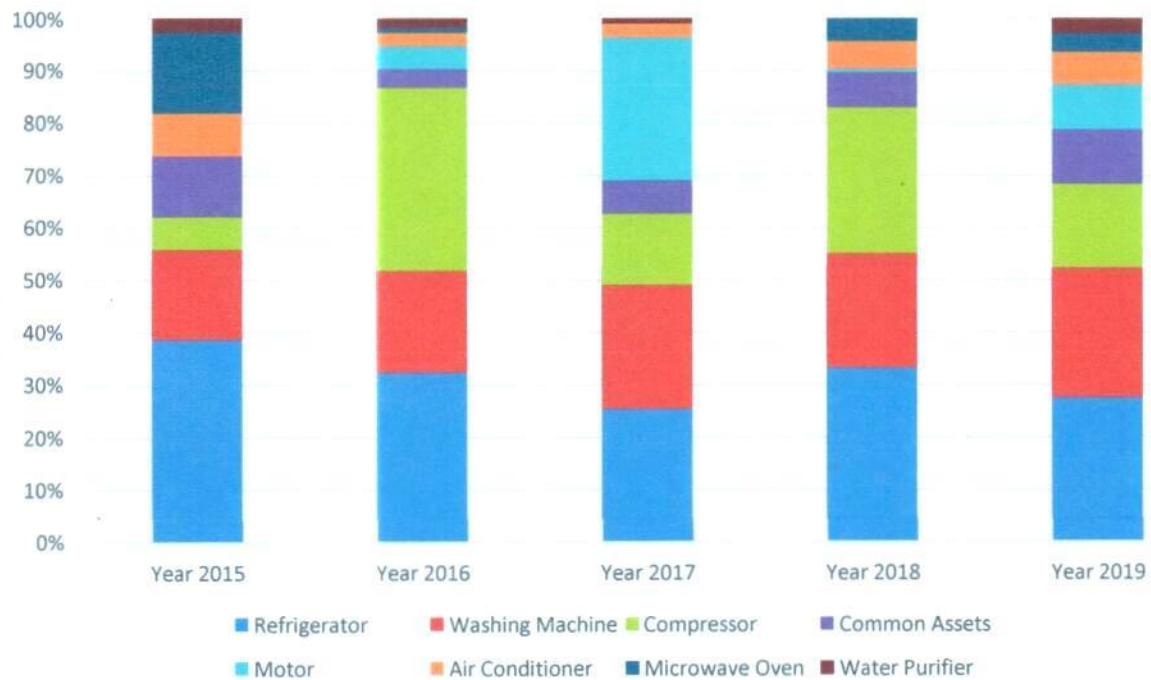
Sections	2015	2016	2017	2018	2019	TOTAL
Refrigerator	43	37	28	55	48	211
Washing Machine	19	22	26	36	43	146
Compressor	7	40	15	46	28	136
Common Assets	13	4	7	11	18	53
Motor	0	5	30	1	15	51
Air Conditioner	9	3	3	9	11	35
Microwave	17	1	0	7	6	31
Water Purifier	3	2	1	0	5	11
Total	111	114	110	165	174	674

Source: DPR

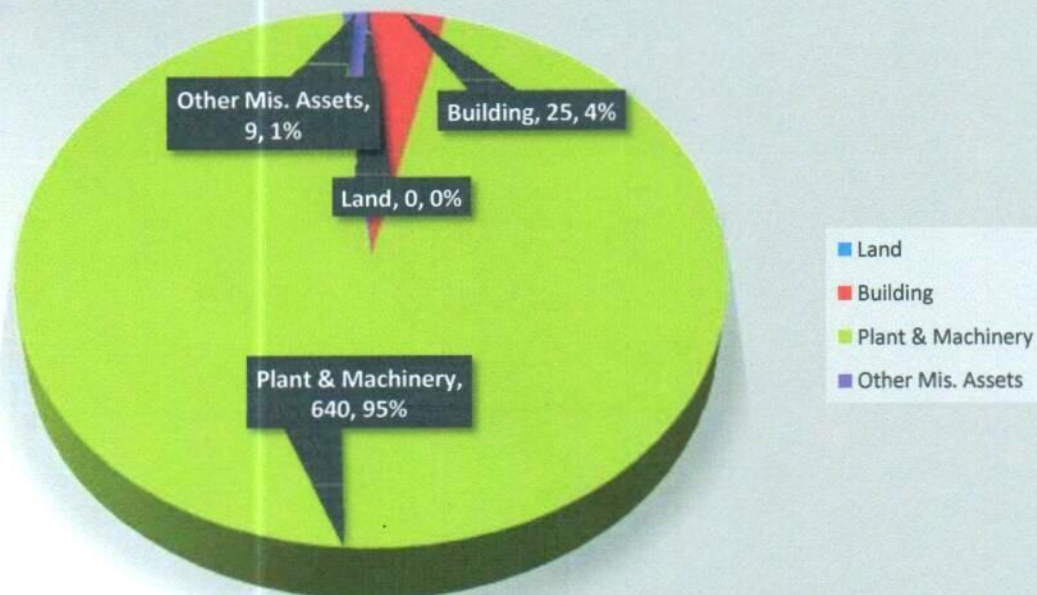
All Figures in Cr.



ITEM WISE BREAK-UP OF PLANNED INVESTMENT



TOTAL PLANNED INVESTMENT (in Cr.)



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2. CURRENT STATUS OF EXPENDITURE INCURRED FROM Jan 01, 2015 TO Dec 31, 2019:

The current expenditure incurred by LG Electronics India Private Limited for the different manufacturing sections of the Plant incurred between Jan 01, 2015 to Dec 31, 2019 is given below:

Table: 20

S. NO.	PARTICULARS	TOTAL ALLOCATED AMOUNT BY LG (As per DPR)	TOTAL AMOUNT SHOWN BY LG	AMOUNT AS PER STATUTORY AUDITOR	TOTAL APPROVED AMOUNT BY IE	CURRENT STATUS OF WORK AND REMARKS
(All figures in Cr.)						
1	Building & Civil Works & Utilities (Under "Building" head as per DPR)	25	61.89 (Building Civil Work = Rs.4.28 Cr. + Building Utilities = Rs.57.61 Cr.) as per Investment File sheet of LG.	61.89 (As per head Building & Civil Works)	12.49 (We have considered only core Building & Civil works items in this head filtered from 'Building Civil Work' & 'Building Utilities' items shown by LG after deducting the cost incurred for maintenance work i.e., Rs.6.67 Cr. majorly for roof replacement work. Other items not related to core Building & civil works shown by LG in 'Building Utilities' head amounting of Rs.42.73 Cr. have been shifted to Miscellaneous Fixed Assets by us.	<p>LG has shown Building & Civil Work = Rs.4.28 Cr. & Building Utilities = Rs.57.61 Cr.</p> <p>Building Civil Work = Rs.4.28 Cr. complete amount has been taken by us in this head.</p> <p>Under Building Utilities head = Rs.57.61 Cr., LG has also shown various items which are not related to core Building & Civil works such as Boiler for compressor, desktop, AC, blue tooth scanner, CCTVs, LED, LCDs, Water Purifier, Fans, Fire extinguishers, etc., which during our analysis we have shifted to Miscellaneous Fixed Assets head amounting of Rs.42.73 Cr. for clear allocation of the assets. Also, cost incurred for maintenance in Civil Works amounting of Rs.6.67 Cr. has been excluded while approving the cost.</p> <p>As per IE review, Building & Civil works cost of Rs.12.49 Cr. approved by us has been majorly spent in expansion, extension, & alteration of the building & structures.</p> <p>Major expenses on sample basis have been cross verified against the invoices, bank statements</p>

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						related to civil work. Please refer Annexures-A for detailed break-up of expenses incurred in Building & Civil work.
2	Plant & Machinery	640	522.67	522.67	522.67	Rs.522.67 Cr. has been incurred under this head in the period (Jan, 2015 – Dec, 2019). Rs.403.44 Cr. – Imported Machinery Rs.119.22 Cr. – Domestic Machinery During the site survey, 70% of the major machines & equipment were cross verified at site from the list of machines provided to us by our engineers who reported it to be installed & working. Sample major invoices of amount above Rs.50 Lacs has been cross verified. Related parties' bills have been scrutinized closely which appeared to be ok.
3	Miscellaneous Fixed Assets	9 (Under "Other Fixed Capital Assets" head as per DPR)	12.45 (Under "Other Fixed Assets" head as per Investment File sheet of LG)	12.45 (Under "Miscellaneous Fixed Assets" head as per statutory auditor)	55.19 (Complete Rs.12.45 Cr. has been approved by us + Rs.42.73Cr. shifted from Building Utilities head to this head by us for the non-core Building & Civil works items)	Rs.55.19 Cr has been incurred under this head in the period (Jan, 2015 – Dec, 2019). Complete Rs.12.45 Cr. been approved by us + Rs.42.73 Cr. shifted from Building Utilities head has also been taken to this head by us for the noncore Building & Civil works items. This head mainly includes items such as Laptops, workstations, Air Conditioners, printers, scanners, cart trolley, CCTV cameras etc., installed by the company during the period (Jan, 2015 – Dec, 2019).

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Total	674	597.01	597.01	590.35	<p>All the expenditure shown above is cross checked with the work done on site and from the respective Invoices / Bills / PO / Bank Statements.</p> <p>Only major amount has been cross checked from the Invoices / Bills/ PO due to voluminous paper of record.</p> <p>Industry benchmark & standards is applied only to Civil works cost for its verification. In case of Plant & Machinery no specific benchmark cost standard is available atleast for such kind of large manufacturing plant due to wide range of specifications & technology. Therefore, for Plant & Machinery cost verification individual invoices and bills are only relied upon.</p>
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CONCLUSION:

1. Out of the capital cost investment shown by the company i.e., Rs.597.01 Cr., IE has approved the amount of **Rs.590.35 Cr.** for the cost incurred in the new expansion work of Building & Civil works, Plant & machinery and in other miscellaneous assets.
2. For detailed break-up of the cost incurred in the above items, the IE can be contacted.



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PART E

DISCLAIMER

1. No employee or member of R.K Associates has any direct/ indirect interest in the Project.
2. This report is prepared based on the copies of the documents/ information which interested organization or customer could provide to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. All such information provided to us has been relied upon and we have assumed that it is true and correct. Verification or cross checking of the documents provided to us has not been done at our end from the originals. If at any time in future it's found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report shall automatically become null & void.
3. This report is a general analysis of the project and not an audit report. All the information gathered is based on the facts seen on the site during survey, verbal discussion & documentary evidence provided by the client and is believed that information given by the company is true best of their knowledge.
4. All observations mentioned in the report is only based on the visual observation and the documents/ data/ information provided by the client. No mechanical/ technical tests, measurements or any design review have been performed or carried out from our side during Project assessment.
5. Interested organization should ONLY take this report as an Advisory document from the Financial/ Chartered Engineering firm and it's specifically advised to the stakeholder to cross verify the original documents for the facts mentioned in the report which can be availed directly from the subject company directly.
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7. This Report is prepared by our competent technical team which includes Engineers and financial experts & analysts.
8. This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned Financial Institution which is using this report for taking financial decision on the project that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.



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Electronic Home Durable Manufacturing Plant, Noida, U.P.

Place : New Delhi

Date : 23.07.2021

Note : This report contains 34 pages

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PREPARED BY: SE Inderjeet Rathee

REVIEWED BY: HOD Engg.

For R.K Associates Valuers & Techno
Engineering Consultants Pvt. Ltd.



Project Engineering Team

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PART F

PHOTOGRAPHS OF THE PLANT



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