


File No.: RKA/FY18-19/988

Dated: 01.04.2019

VALUATION REPORT

OF

INDUSTRIAL PLANT & MACHINERY

 REINFORCING YOUR BUSINESS
INSTALLED AT
TATA STEEL BSL LIMITED, MERAMANDALI, DISTRICT-DHENKANAL, ODISHA.

OWNER/S

M/S BRACE IRON AND STEEL PRIVATE LIMITED

A/C: M/S BRACE IRON AND STEEL PRIVATE LIMITED

REPORT PREPARED FOR
STATE BANK OF INDIA, INDUSTRIAL FINANCE BRANCH, DELHI

***Important - In case of any query/ issue or escalation you may please contact Incident Manager at valuers@rkassociates.org. We will appreciate your feedback in order to improve our services.*

NOTE: As per IBA Guidelines please provide your feedback on the report within 15 days of its submission after which report will be considered to be correct.

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

LIST OF ACRONYMS

BISPL	Brace Iron & Steel Private Limited
BSL	Bhushan Steel Limited
TSBSLL	Tata Steel BSL Limited
TPD	Tons per day
FAR	Fixed Asset Register
NCLT	National Company Law Tribunal
MTPA	Million Tons per annum

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

PART A

SUMMARY OF THE VALUATION REPORT

S.NO.	CONTENTS	DESCRIPTION
1.	GENERAL DETAILS	
a.	Report prepared for	Bank
b.	Name & Address of Organization	State Bank of India, Industrial Finance Branch, Tolstoy Marg, New Delhi
c.	Name of Borrower unit	M/s Brace Iron and Steel Private Limited
d.	Name of Property Owner	M/s Brace Iron and Steel Private Limited
e.	Address & Phone Number of the owner	D-2, 5th Floor, Southern Park, Saket Place, Saket New Delhi.
f.	Address at which Plant & Machinery located	Tata Steels BSL Limited (TSBSLL), Meramandali Village, Dhenkanal, Odisha
g.	Type of the Property	Industrial Plant (Oxygen Plants Installed inside the Steel Processing Industry)
h.	Nature of Industry	Oxygen Plants
i.	Type of Loan	Business Loan
j.	Type of Valuation	Plant & Machinery Valuation
k.	Report Type	Plain Asset Valuation
l.	Date of Inspection of the Property	16 March 2019
m.	Date of Valuation Report	1 April 2019
n.	Plant Technical person name, contact number & designation assisted for Survey	Mr.Sumit Das-Oxygen Plant Head 7077757999 Sumit.das@tatasteelbsl.co.in Mr.Kundan Kumar- Accounts-Tata Steel BSL Limited 7077757888 Kundan.kumar@tatasteelbsl.co.in
o.	Purpose of the Valuation	Periodic Re-valuation of the mortgaged asset
p.	Scope of the Assessment	Non Binding Opinion on General Prospective Valuation Assessment of the Plant & Machineries as found on site on as-is-where basis.
q.	Out-of-Scope of the Assessment	i. Verification of authenticity of documents from originals or cross checking from any Govt. deptt. is not done at our end. ii. Legal aspects & rights of the Plant & Machinery are out-of-scope of this report. iii. Inventorization of P&M is out of scope of work. iv. Componentization of Plant & Machinery is out of scope of this report. v. Identification of the P&M is only limited to cross verification of major machines & production lines. vi. Technical/ mechanical/ operational testing of the machines is out-of-scope of the report.

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

		vii. Comment/ determination on technological aspect is out of scope of this report. viii. Any kind of machine/ process design is out of scope of the report.	
r.	Information provided/ available for assessment	Documents Requested	Documents Provided
		Total 03 documents requested.	Total 03 documents provided.
		Detailed Fixed Asset Register/ Inventory Sheet	Plant and Machinery Sheet
		Daily Production Report	Lease Agreement
		Invoices/ Bills	Agreement to transfer certain equipments
s.	Identification of the property	<input checked="" type="checkbox"/>	Cross checked from the name of the machines mentioned in the FAR/ Inventory list name plate displayed on the machine
		<input checked="" type="checkbox"/>	Identified by the company's representative
		<input type="checkbox"/>	Identified from the available Invoices
		<input type="checkbox"/>	Identification of the machines could not be done properly
		<input type="checkbox"/>	Due to large number of machines/ inventory, only major production lines & machines have been checked
		<input type="checkbox"/>	Physical inspection of the machines could not be done

2. BRIEF DESCRIPTION OF THE ASSET UNDER VALUATION

- a. This Report has been prepared to do the valuation assessment of the Plant and Machinery installed at the premises of M/s Tata Steel BSL Limited located at Village Meramandali, District Dhenkanal of Odisha. These Plant and Machinery are related to four oxygen processing units which are currently owned by **M/s Brace Iron and Steel Private Limited (BISPL)**.



Configuration of 4x Oxygen Plants are as follow:

Sr.No	Plant Detail	Location
1.	340 TPD Oxygen Plant	Tata Steel BSL Limited, Dhenkanal, Odisha
2.	405 TPD Oxygen Plant	Tata Steel BSL Limited, Dhenkanal, Odisha
3.	1120 TPD Oxygen Plant	Tata Steel BSL Limited, Dhenkanal, Odisha
4.	1200 TPD Oxygen Plant	Tata Steel BSL Limited, Dhenkanal, Odisha

M/s Brace Iron and Steel Private Limited has purchased 4 x Oxygen Plants from Bhushan Steel's Ltd. in a lease back arrangement on 23.02.2015 for total sale amount of Rs.1000 cr. Further M/s BISPL has entered into an lease agreement with M/s Bhushan Steel Limited for the lease of 4 x Oxygen Plants to M/s Bhushan Steel Limited for the operation of the 5.6 MTPA Integrated Steel Plant at aforesaid address. The lease of the equipment's shall commence for a period of 10 years from the date of handover date

i.e. 26.02.2015. Once the lease is expired it may further be activated prior 3 month notice. Also, BISPL will be receiving monthly rent from Bhushan Steel Limited of Rs.15 cr. Per month for first 5 years and thereafter Rs.18 cr. Per month for next 5 years. So in the initial 5 years company will be receiving a rent @18% pa.

Subsequently, BSL was admitted in New Delhi bench of NCLT for the company under insolvency and bankruptcy code 2016. Under the insolvency proceedings M/s Bhushan Steel Limited was acquired by M/s Tata Steels Limited as Tata Steel BSL Limited. As per the information available, as on date monthly rent are paid up by M/s Tata Steel BSL Limited.



VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

Major machinery and equipment valued in this report are

S. No.	Description of Equipments	Relating To
1	Main air compressor	1200 TPD
2	Main air compressor - Motor	1200 TPD
3	DCAC/ Chilled Water pumps	1200 TPD
4	Air water exchanger	1200 TPD
5	Main heat exchanger	1200 TPD
6	Refrigeration unit	1200 TPD
7	Adsorbbers - Radial type with Alumina & Molecular sieve	1200 TPD
8	Regeneration heater	1200 TPD
9	Distillation Columns/ Cold Box (SS Cold box with Perlite insulation)	1200 TPD
10	Expansion turbiness with booster compressors (ET01/ ET02)	1200 TPD
11	LOX/ LAR Process pumps	1200 TPD
12	Nitrogen compressors	1200 TPD
13	Nitrogen compressors - Motors	1200 TPD
14	Liquid waste disposal system	1200 TPD
15	Cooling Tower	1200 TPD & 1120
16	Cooling Water pumps / Motors	1200 TPD & 1120
17	Liquid Oxygen Storage Tank - 5000Ts (Capacity)	1200 TPD & 1120
18	Liquid Nitrogen Storage Tank - 2000Ts (Capacity)	1200 TPD & 1120
19	Liquid Argon Storage tank - 700 Ts	1200 TPD & 1120
20	Liquid Oxygen Vaporiser (for conversion of liquid to gas) - 66000 Nm 3/hr	1200 TPD & 1120
21	Liquid Nitrogen Vaporiser (for conversion of liquid to gas) - 24000 Nm 3/hr	1200 TPD & 1120
22	Liquid Argon Vaporiser (for conversion of liquid to gas) - 2500 Nm 3/hr	1200 TPD & 1120
23	Liquid Oxygen back up pumps X 3 Nos.	1200 TPD & 1120
24	Liquid Nitrogen back up pumps X 3 Nos.	1200 TPD & 1120
25	Liquid Argon back up pumps X 2 Nos.	1200 TPD & 1120
26	Gaseous Oxygen Pressure Reducing Stations	1200 TPD & 1120
27	Nitrogen Pressure Reducing Stations	1200 TPD & 1120
28	Argon Pressure Reducing Stations	1200 TPD & 1120
29	Main air compressor	1120 TPD
30	Main air compressor - Motor	1120 TPD
31	Booster Air compressor	1120 TPD
32	Booster Air compressor - Motor	1120 TPD
33	Adsorbbers - with Alumina & Molecular sieve	1120 TPD
34	Direct contact after cooler	1120 TPD
35	Evaporative cooler	1120 TPD
36	Regeneration heater	1120 TPD
37	Distillation Columns/ Cold Box (Aluminium Cold box with Perlite insulation)	1120 TPD
38	Main heat exchangers	1120 TPD
39	High pressure LOX run tank	1120 TPD
40	High pressure Liquid Nitrogen run tank	1120 TPD
41	Expansion Turbine/ Generator	1120 TPD
42	Liquid Nitrogen/ Liquid Argon Process pumps	1120 TPD
43	Waste disposal system	1120 TPD
44	Inter Plant Piping Pressure Reducing Station System	Common facility

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

45	Main air compressor	405 TPD
46	Main air compressor - Motors	405 TPD
47	Booster air compressor - Motors	405 TPD
48	Booster air compressor - Motors	405 TPD
49	Main heat exchanger	405 TPD
50	Adsorber vessels	405 TPD
51	Expansion turbine with booster compressor	405 TPD
52	Distillation columns (SS Cold box with Perlite insulation)	405 TPD
53	LOX Process Pumps	405 TPD
54	LOX Storage tank - 1000KL	405 TPD
55	Chiller	405 TPD
56	GOX PRS	405 TPD
57	Nitrogen Compressor	405 TPD
58	Cooling water pump	405 TPD
59	LIN Storage tank - 51 KL	405 TPD
60	LIN Storage tank - 21 KL	405 TPD
61	LAR Storage tank - 41 KL	405 TPD
62	Main air compressor	340 TPD
63	Main air compressor - Motors	340 TPD
64	Adsorber vessels	340 TPD
65	Direct contact after cooler	340 TPD
66	Evaporative cooler	340 TPD
67	Main heat exchanger	340 TPD
68	Distillation columns (SS Cold box with Perlite insulation)	340 TPD
69	Expansion Turbine	340 TPD
70	Tanker filling pumps	340 TPD & 405 TPD
71	Oxygen Compressor	340 TPD
72	Nitrogen Compressor	340 TPD
73	Cooling water pump	340 TPD
74	Cooling Tower	405 TPD & 340 TPD
75	Cooling Water pumps	405 TPD & 340 TPD
76	Chiller	340 TPD
77	Gaseous Oxygen Pressure Reducing Stations	340 TPD
78	Buffer vessel - 250KL (Gaseous Oxygen)	Common facility
79	Buffer vessel - 250KL (Gaseous Oxygen)	Common facility
80	Buffer vessel - 250KL (Gaseous Nitrogen)	Common facility
81	Buffer vessel - 250KL (Gaseous Nitrogen)	Common facility
82	Buffer vessel - 100KL (Gaseous Argon)	Common facility
83	Buffer vessel - 100KL (Gaseous Oxygen)	Common facility
84	Other related allied equipment (such as Ducts, Pipes, Cables (Power and Optical), Transformers, MCB Panels, Power Distribution Equipment, Lubrication Systems, DCS and PLC Systems, Control Valves, Manual Valves and Safety Valves, Pressure Reducing Stations, Product Compressors, Air Compressors, Pumps, Analyzers, Air Conditioning Equipments, DG Sets, Air Filtration Systems, Heaters)	
85	Ancillary Installation Equipment	

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

For the purpose of the assessment we have not got any Fixed Asset Register from the company. Only consolidated original capitalization amount for each Unit has been informed to us over email which has been made as the basis of this assessment. Further Sale Agreement dated: 23.02.2015 from BSL to BISPL has been for the sale of plant & equipment's and lease agreement between BISPL & BSL has been provided to us.

All these units are located within the premises of Tata Steel BSL Ltd.

During the time of site visit conducted by our engineering team dated 16.03.2019, 3xOxygen Plants (450 TPD, 1120 TPD, 1200 TPD) were operational, one Oxygen plant of 340 TPD was shut down since Aug 2018 for maintenance and overhauling. Some portion of the machinery of this unit was found dismantled on site. Also, as per the information gathered, 340 TPD Oxygen plant was originally purchased as refurbished unit having original manufacturing year in 1970 and refurbished in 2009.

3.	VALUATION SUMMARY	
a.	Gross Block/Purchase Cost	Rs.970,11,40,772/-
b.	Total Prospective Fair Market Value	Rs.722,00,00,000/-
c.	Total Expected Realizable/ Fetch Value	Rs.613,70,00,000/-
d.	Total Expected Distress/ Forced Sale Value	Rs.541,50,00,000/-
e.	Valuation for the purpose of Insurance	NA
4.	ENCLOSURES	
a.	Part B	Valuation Report as per SBI Format
b.	Part C	Consolidated Valuation Assessment of Plant & Machinery
c.	Enclosure 1	Valuer's Remark - Page No.19
d.	Enclosure 2	Google Maps- Page No.21
e.	Enclosure 3	Photographs – Pages 23
f.	Enclosure 6	Survey Summary Sheet – NA
g.	Enclosure 7	Copy of relevant papers from the property documents referred in the Valuation – Pages attached with the report

PART B**PLANT & MACHINERY VALUATION PROCEDURE**

1.	TECHNICAL DESCRIPTION OF THE PLANT/ MACHINERY		
a.	Nature of Plant & Machinery	Plant and machinery related to Oxygen Plants	
b.	Size of thePlant	Medium scale Plant	
c.	Type of thePlant	Fully Automatic	
d.	Year of Installation/ Commissioning/ COD (Commercial Operation Date)	As per the information available, Dated of commissioning of oxygen plants are as follows- 340 TPD- 14-09-2009 405 TPD- 30-05-2010 1200 TPD- 19-09-2013 1120 TPD- 17-02-2015 (Date of Capitalization)	
e.	Production Capacity	Total-3065 TPD	
f.	Capacity at which Plant was running at the time of Survey	~2500 TPD (as per verbal confirmation)	
g.	Number of Production Lines	4 (Four)	
h.	Condition of Machines	Good to Average	
i.	Status of the Plant	3 Units were operational, one unit of 340 TPD was shut down	
j.	Products Manufactured in this Plant	Oxygen	
k.	Recent maintenance carried out on	Once in six month (No record available)	
l.	Recent upgradation, improvements if done any	No Information Available	
m.	Total Gross Block & Net Block of Assets	Gross Block/	Net Block
		As on date	
		Rs.970,11,40,772/-	-----
n.	Any other Details if any	NA	
2.	LOCATION/ ADDRESS WHERE PLANT/ MACHINES ARE FOUND TO BE INSTALLED		
	All the plant and machinery as per the list provided to us were found to be installed at the premises of M/s Tata Steel BSL Limited located at Village Meramandali, District Dhenkanal of Odisha. Plant is around 120-125 kms from Bhubhaneshwar Airport.		

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.



3. SURVEY DETAILS

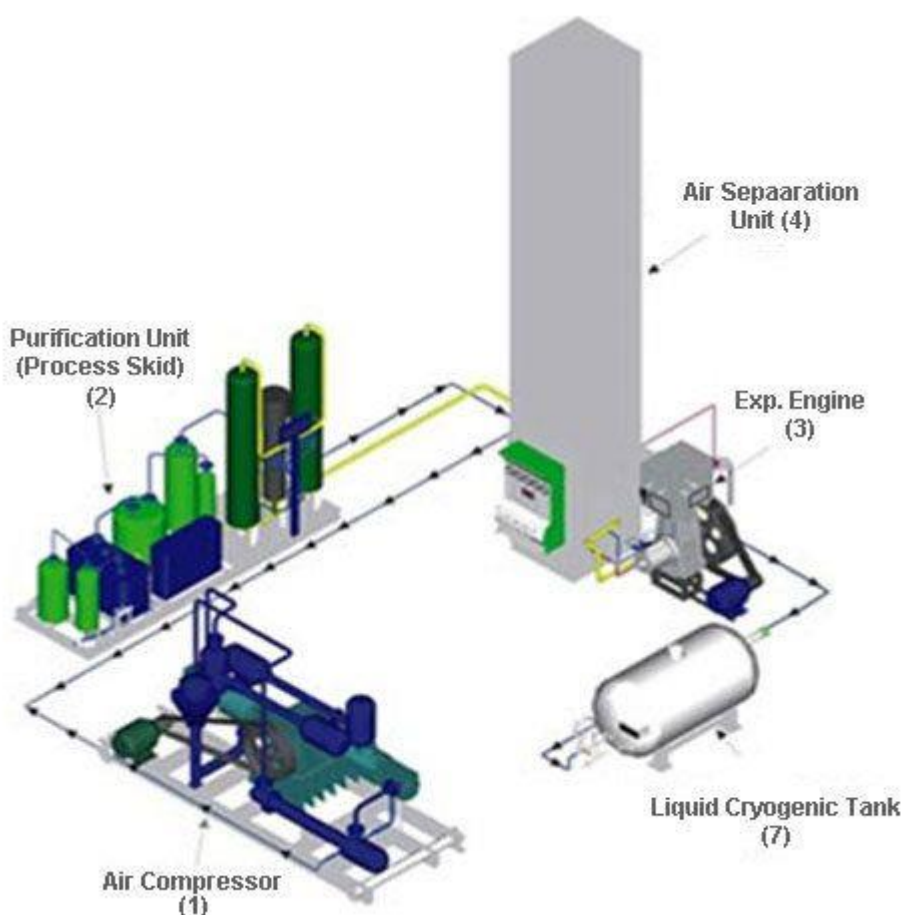
- a. Plant has been surveyed by our Mechanical Engineering Team on 16/03/2019.
- b. Site inspection was done in the presence of Owner's representative who was available from the company to furnish any specific detail about the Plant & Machinery.
- c. Our team examined & verified the machines and utilities from the P&M Sheet provided by the Company/Bank. Only major machinery, process line & equipment have been verified.

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

d.	Photographs have also been taken of many of the Machines and its accessories installed there which are annexed with the Report.
e.	During the time of site visit conducted by our engineering team dated 16.03.2019, 3xOxygen Plants (450 TPD, 1120 TPD, 1200 TPD) were operational, one Oxygen plant of 340 TPD was shut down since Aug 2018 for maintenance and overhauling.
f.	All the details have been cross checked as per the documents provided to us by the bank and what was observed at the site.
g.	Condition of the machines is checked through visual observation only. No technical/ mechanical/ operational testing has been carried out to ascertain the condition and efficiency of machines.
h.	Site Survey has been carried out on the basis of the physical existence of the assets rather than their technical expediency.
i.	As per the overall site visit summary, Plant appeared to be in Average condition.

4. MANUFACTURING PROCESS



5. TECHNOLOGY TYPE/ GENERATION USED AND TECHNOLOGICAL COLLABORATIONS IF ANY

As per the information available, these machines and equipment are Linde & Air Liquide make which works on Cryogenic Oxygen Producing process.

6. RAW MATERIALS REQUIRED & AVAILABILITY

Type of Raw Material: Atmospheric Air

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

	Availability:	Naturally available without difficulty
7.	AVAILABILITY & STATUS OF UTILITIES	
	Power/ Electricity	Available
	Water	Available
	Road/ Transport	Available
8.	COMMENT ON AVAILABILITY OF LABOUR	
	Availability:	Appears to be easily & adequately available and no labour issues came to our knowledge during site inspection.
	Number of Labours working in the Factory	Not Known to us.
9.	SALES TRANSACTIONAL PROSPECTS OF SUCH PLANTS/ MACHINERY	
	Strategic Sale as part of the complete Project.	
	<p>Reason: This plant is an acillary part of Tata Steel BSL Limited Dhenkanal Integrated Unit and plays a crucial role in its production. These machinery cannot be sold as dismantled before the lease period ends. During the lease period, ownership can be transferred. These machines and equipment's can be transacted through strategic sale to the players who are already into same or similar Industry who have plans for expansion or any large conglomerate who plans to enter into this new Industry. Demand of such kind machines are only in Large integrated steel plants. Also, our team had conversation with many oxygen plant suppliers in India, According to them, currently such large oxygen plant are procured from other Countries only.</p> <p>Also a trend is seen in the Industry to sale such auxiliary plants to Plant & Machinery leasing companies to make an asset light companies through lease back agreement.</p>	
10.	DEMAND OF SUCH PLANT & MACHINERY IN THE MARKET	
	Such large oxygen plants are available in large steel plants/Integrated Steel Plants	
11.	VALUATION PROEDURE	
a.	<p>Basic Methodology:For arriving at fair market value of P&M & other fixed assets our engineering team has rationally applied the mixture of <u>'sales comparison approach (market approach)'</u> and the <u>'cost approach (depreciated replacement cost)'</u>. The fair market value of Plant & Machinery on the date of valuation is its cost of reproduction & commissioning on that date less the depreciation & other deterioration deductions (Technological, Economic, Functional obsolescence) or additions for good maintenance from the date of commissioning of the machinery to the date of its valuation.</p>	
b.	Core P&M Asset Valuation is done keeping in mind various factors like technology used, machines availability, its condition, average age, maintenance & service and parts replacement availability of the machines and more importantly demand in the market.	

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

c.	Major machinery valued in this report are Main Air Compressor, Refrigeration Unit, Nitrogen Compressors, Cooling Tower, Liquid Oxygen Storage Tanks, Turbine Generator, Absorbbers, Main heat Exchangers, Chillers and many more..
d.	Original Cost of Capitalization has been provided by the client and Inventory Sheet has been provided to us by the Bank. Original Cost of capitalization has been adopted and further estimated replacement cost of the machines and equipments has been reached through it. On the Replacement Cost we have applied depreciation.
e.	The cost of equipment considered from P&M List cannot be said that it includes Pre-operative, Finance, and IDC Charges etc.
f.	Replacement cost has been taken based on the independent market research from public domain or used machinery dealers.
g.	For evaluating depreciation Chart of Companies Act-2013 for ascertaining useful life of different types of machines are followed. Useful life of such Plant is 20 years.
h.	Market & Industry scenario is also explored for demand of such Plants and it is found that the demand is average.
i.	On the Depreciated Replacement Cost (DRC) deduction for obsolescence/ deterioration or addition for good maintenance has been taken to arrive at the estimated Prospective Fair Market Value of the machines.
j.	Underlying assumption for the evaluation of this Plant & Machinery is that This valuation is done considering the machinery and equipment on as is where is basis. Vauation may change if machines are sold on piecemeal basis. Further dismantling and other cost will have to be considered.
k.	Our team had a telephonic conversation with many dealers who are involved in the supply of machinery and equipment's related to oxygen plants. Also our team did various researches on public domain and we found some favorable reference of large oxygen plants which gives a benchmark cost of around Rs.20-Rs.25 Lacs per TPD. In this case, cost per TPD of Oxygen Plants comes to be Rs.23.55 Lacs per TPD which found to be with in Industrial Standards.
12.	CONSOLIDATED PLANT & MACHINERY VALUATION
	Consolidated valuation sheet of Plant & Machinery and other asset items are mentioned below with depreciated current market value as per different category of the machines/assets cumulated together.The cost of equipment considered from P&M List cannot be said that it includes Pre-operative, Finance, and IDC Charges etc..

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

VALUATION SHEET OF M/S BRACE IRON & STEEL PRIVATE LIMITED-DHENKANAL

Sr. No	Particular	Date of Capitalisation / the Asset was put to use	Date of Valuation	Age of the Asset	Economic Life of the Asset	Depreciation Factor	Original Cost of Asset (INR)	Estimated Replacement Cost of the Assets (INR)	Depreciation	Current Depreciated Value (INR)	Prospective Fair Market Value (INR)
1	Oxygen Plant of 1120 & 1200 TPD with accessories	17-02-2015	01-03-2019	4	20	0.05	₹ 8,49,24,73,177	₹ 9,17,18,71,031	₹ 1,75,81,72,291.43	₹ 7,41,36,98,739.73	₹ 6,67,23,28,865.76
2	Oxygen Plant of 340 & 405 TPD with accessories	27-03-2011	01-03-2019	8	20	0.05	₹ 1,20,86,67,595	₹ 1,35,37,07,706	₹ 51,01,80,909.84	₹ 84,35,26,796.56	₹ 54,82,92,417.76
							₹ 9,70,11,40,772.00	₹ 10,52,55,78,738	₹ 2,26,83,53,201	₹ 8,25,72,25,536	₹ 7,22,06,21,284

Notes-

1. This valuation assessment has been done for the Machineries and equipments related to 3065 TPD (1120 TPD, 1200 TPD, 340 TPD, 405 TPD) oxygen Plant of M/s Brace Iron and Steel Private Limited.
2. Machinery and Equipment wise cost of capitalization is not available with the Bank/Company, Consolidated cost of capitalization for 2320 TPD (1120 TPD & 1200 TPD) and 745 TPD (340 TPD & 405 TPD) plants were provided to us by the company based on which we have assessed the fair market value of the assets.
3. For evaluating useful life for calculation of depreciation, Schedule-II of companies act 2013 is referred, usually economic life of such assets is considered as ~20 years. Same has been adopted for the valuation assessment.
4. Cost inflation index has been considered in the valuation assessment of plant and machinery and other categories. Since fluctuation has happened in the prices of metals and industrial commodities which is considered in the assessment and elaborated in the respected annexure. Annexures are attached at the end of the report.
5. The cost of equipment considered from P&M List includes Pre-operative, Finance, and IDC Charges etc. Capitalization of Soft Cost (Pre-operative, Interest, Finance Charge etc.) related to Plant & Machinery is done consolidately with the hardcost. Since breakup of hardcost and soft cost was not available with JUSL.
6. Site Survey has been carried out on the basis of the Physical existence of the assets rather than their technical expediency.

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

PART C

CONSOLIDATED VALUATION ASSESSMENT OF PLANT & MACHINERY

S.No.	Particulars	Capitalization Value	Prospective Fair Market Value
1.	Plant & Machinery Value	Rs.970,11,40,772/-	Rs.722,06,21,284/-
2.	Additional Premium if any	NA	NA
	Details/ Justification	NA	NA
3.	Deductions charged if any	NA	NA
	Details/ Justification	NA	NA
4.	Total Prospective Fair Market Value[#]	Rs.970,11,40,772/-	Rs.722,06,21,284/-
5.	Rounded Off	----	Rs.722,00,00,000/-
6.	Expected Realizable Value[^](@ ~15% less)	----	Rs.613,70,00,000/-
7.	Expected Forced Distress Sale Value[*](@ ~25% less)	----	Rs.541,50,00,000/-
8.	Valuation for Insurance purpose	----	----

9.	Concluding Comments if any	<p>i. Valuation of the asset is done as found on as-is-where basis.</p> <p>ii. Any kind of unpaid statutory, utilities, lease, interest or any other pecuniary dues on the asset has not been factored in the Valuation.</p> <p>iii. Secondary/ Tertiary costs related to asset transaction like Stamp Duty, Registration charges, Brokerage, Bank interest etc. pertaining to the sale/ purchase of this property are not considered while assessing the Market Value.</p> <p>iv. This valuation assessment doesn't cover any Value addition or Enterprise/ Company Valuation factors of the Project/ Industry which may have additional premium or discounting impact on the overall Project/ Industry Value due to various other financial conditions of the Project.</p> <p>v. Current Assets & Liabilities of any kind has not been taken into account in this Asset Valuation.</p> <p>vi. As per the scope of the assignment, Value assessment is subject to <u>Assumptions, Remarks & Limiting Conditions mentioned in Point '7' below, R.K Associates Important Notes and Valuer's Remarks (Enclosure: 1)& other enclosed documents</u> with the Report which will remain part & parcel of the report. Without these enclosures/ documents report shall stand null & void.</p>
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(Rupees Seven Hundred Twenty Two Crores Only)

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

10.	ASSUMPTIONS REMARKS LIMITING CONDITIONS
i.	Information of the average market rates is taken based on the verbal market survey in the subject area from the local people, property agents, recent deals, demand-supply, internet postings which has been relied upon. No written record is generally available for such market information and only the verbal information has to be relied upon.
ii.	Forced, compulsion, constraint, obligatory sales transactions data doesn't forms part of the Fair Market Valuation exercise.
iii.	Sale transaction method of the asset is assumed as free market transaction while assessing Prospective Fair Market Value of the asset.
iv.	This Valuation report is prepared based on the facts of the property on the date of the survey. However in future property Market may go down, property conditions may change or may go worse, Property reputation may differ, Property vicinity conditions may go down or become worse, Property market may change due to impact of Govt. policies or effect of World economy, Usability prospects of the property may change, etc. Hence before financing, Banker/ FI should take into consideration all such future risk and should loan conservatively to keep the advanced money safe in case of the downward trend of the property value.
v.	Valuation of the same asset/ property can fetch different values in different situations. For eg. Valuation of a running/ operational shop/ hotel/ factory will fetch better value and in case of closed shop/ hotel/ factory it will have considerable lower value. Similarly an asset sold directly by an owner in the market will fetch better value and if the same asset/ property is sold by any financier due to encumbrance on it will fetch lower value. Hence before financing, Banker/ FI should take into consideration all such future risks and should loan conservatively to keep the advanced money safe in case of any such situation.
vi.	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 from the originals has not been done at our end. 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 will automatically become null & void.
vii.	Getting cizra map or coordination with revenue officers for site identification is not done at our end.
viii.	All area measurements are on approximate basis. Verification of the area measurement of the property is done only based on sample random checking and not based on full scale measurement. Area of the large land parcels of more than 2500 sq.mtr or of uneven shape, is taken as per property documents which has been relied upon.
ix.	Legal aspects for eg. ownership rights, lien, charge, mortgage, etc. are not considered in this report. It is assumed and taken into account that the concerned Bank/ Financial Institution has first got the legal verification cleared by the competent Advocate before requesting for the Valuation report. In case Valuation is obtained before taking legal scrutiny or opinion then it is expected from the Bank to inform back the Valuer timely about such change of rights on the property as soon as it comes into the notice of the Bank/ Financier which may affect their charge on the mortgage asset so that accordingly Valuation modification can be done only for that portion for which the Bank has complete charge/ rights.
x.	Investigation of title of the property and its legal right is beyond the scope of this report. If this property is offered as collateral security, then concerned financial institution is requested to verify & satisfy themselves on the ownership & legality of the property shown in this valuation report with respect to the latest legal opinion.
xi.	Valuation is done for the property identified to us by the owner/ owner representative. Responsibility of identifying the correct property to the Valuer/ its authorized surveyor is solely of the client/ owner for which Valuation has to be carried out. At our end we can just cross verify the identification of the property with reference to the documents produced for perusal. Method by which identification of the property is carried out is also mentioned in the report clearly. It is requested from the Bank to cross check from their own records/ information if this is the same property for which Valuation has to be carried out to ensure that owner has not misled the Valuer company or misrepresented the property due to any vested interest.
xii.	In India more than 70% of the geographical area is lying under rural/ remote/ non municipal/ unplanned area where the subject property is surrounded by vacant lands having no physical demarcation or having any display of property survey or municipal number / name plate on the property clearly. Even in old locations of towns, small cities & districts where property number is either not assigned or not displayed on the properties clearly and also due to the presence of multiple/ parallel departments due to which ownership/ rights/ illegal possession/ encroachment issues are rampant across India and due to these limitations at many occasions it becomes tough to identify the property with 100% surety from the available documents, information & site whereabouts and thus chances of error, misrepresentation by the borrower and margin of chances of error always persists in such cases. To avoid any such chances of error it is advised to the Bank to engage municipal/ revenue department officials to get the confirmation of the property to ensure that the property shown to Valuer/ Banker is the same as for which documents are provided.
	If this Valuation Report is prepared for the Flat/ dwelling unit situated in a Group Housing Society or Integrated Township then it is assumed that the Banker or the concerned organization has satisfied themselves with the

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

	approval of the Group Housing Society/ particular floor & building before allotting the Valuation case to the Valuer company.
xiii.	Due to fragmented & frequent change in building/ urban planning laws/ guidelines from time to time, different laws/ guidelines between regions/ states and no strict enforceability of Building Bye-Laws in India specially in non-metro and scale b & c cities & Industrial areas, property owners many times extend or make changes in the covered area/ layout from the approved/ applicable limits. There are also situations where properties are decades old when there was no formal Building Bye-Laws applicable when the construction must have been done. Due to such discrete/ unplanned development in many regions sometimes it becomes tough to determine the exact lawful situation on ground for the Valuer. In case nothing specific is noted on the covered built-up area considered in the Valuation Report, the covered area present on the site as per site survey will be considered in the Valuation.
xiv.	In case of Valuation of Plant & Machinery or equipment, condition of machines is evaluated by visual observation only. No technical/ mechanical testing of any kind has been carried out at our end to ascertain the condition and efficiency of the machines. Valuation of Plant & Machinery is done on the basis of physical existence of the assets rather than their technical expediency.
xv.	Secondary/ Tertiary costs related to asset transaction like Stamp Duty, Registration charges, Brokerage, Bank interest, etc. pertaining to the sale/ purchase of this property are not considered while assessing the Market Value.
xvi.	Any kind of unpaid statutory, utilities, lease, interest or any other pecuniary dues on the asset has not been factored in the Valuation.
xvii.	Valuation is a subjective field and opinion may differ from consultant to consultant. To check the right opinion, it is important to evaluate the methodology adopted and various data point/ information/ factors/ assumption considered by the consultant which became the basis for the Valuation report before reaching to any conclusion.
xviii.	At the outset, it is to be noted that Value analysis of any asset cannot be regarded as an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions, which have to be made. Therefore, there can be no standard formulae to establish an indisputable exchange ratio. In the event of a transaction, the actual transaction value achieved may be higher or lower than our indicative analysis of value depending upon the circumstances of the transaction. The knowledge, negotiability and motivations of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our indicative analysis of value will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. However our Valuation analysis can definitely help the stakeholders to make them informed and wise decision about the Value of the asset and can help in facilitating the arm's length transaction.

R.K ASSOCIATES IMPORTANT NOTES:

- 1. DEFECT LIABILITY PERIOD** - In case of any query/ issue or escalation you may please contact Incident Manager by writing at valuers@rkassociates.org. We ensure 100% accuracy in the Calculations done, Rates adopted and various other data points & information mentioned in the report but still can't rule out typing, human errors or any other mistakes. In case you find any mistake, variation, discrepancy or inaccuracy in any data point of the report, please help us by bringing all such points into our notice in writing at valuers@rkassociates.org within 30 days of the report delivery, to get these rectified timely, failing which R.K Associates won't be held responsible for any inaccuracy in any manner. Also if we will not hear back anything from you within 30 days, we will assume that report is correct in all respect and no further claim of any sort will be entertained thereafter. We would welcome and appreciate your feedback & suggestions in order to improve our services.
- 2. COPYRIGHT FORMAT** - This report is prepared on the copyright format of R.K Associates to serve our clients in the best possible way. Legally no one can copy or distribute this format without prior approval from R.K Associates. It is meant only for the organization as mentioned on the cover page of this report. Distribution or use of this format other than R.K Associates will be seen as unlawful act and necessary legal action can be taken against the defaulters.

IF REPORT IS USED FOR BANK/ FIs

NOTE: As per IBA Guidelines in case the valuation report submitted by the valuer is not in order, the banks / FIs shall bring the same to the notice of the valuer within 15 days of submission for rectification and resubmission. In case no such communication is received, it shall be presumed that the valuation report has been accepted.

At our end we have not verified the authenticity of any documents provided to us. Bank is advised to verify the genuineness of the property documents before taking any credit decision.

ENCLOSURE: 1- VALUER'S REMARKS

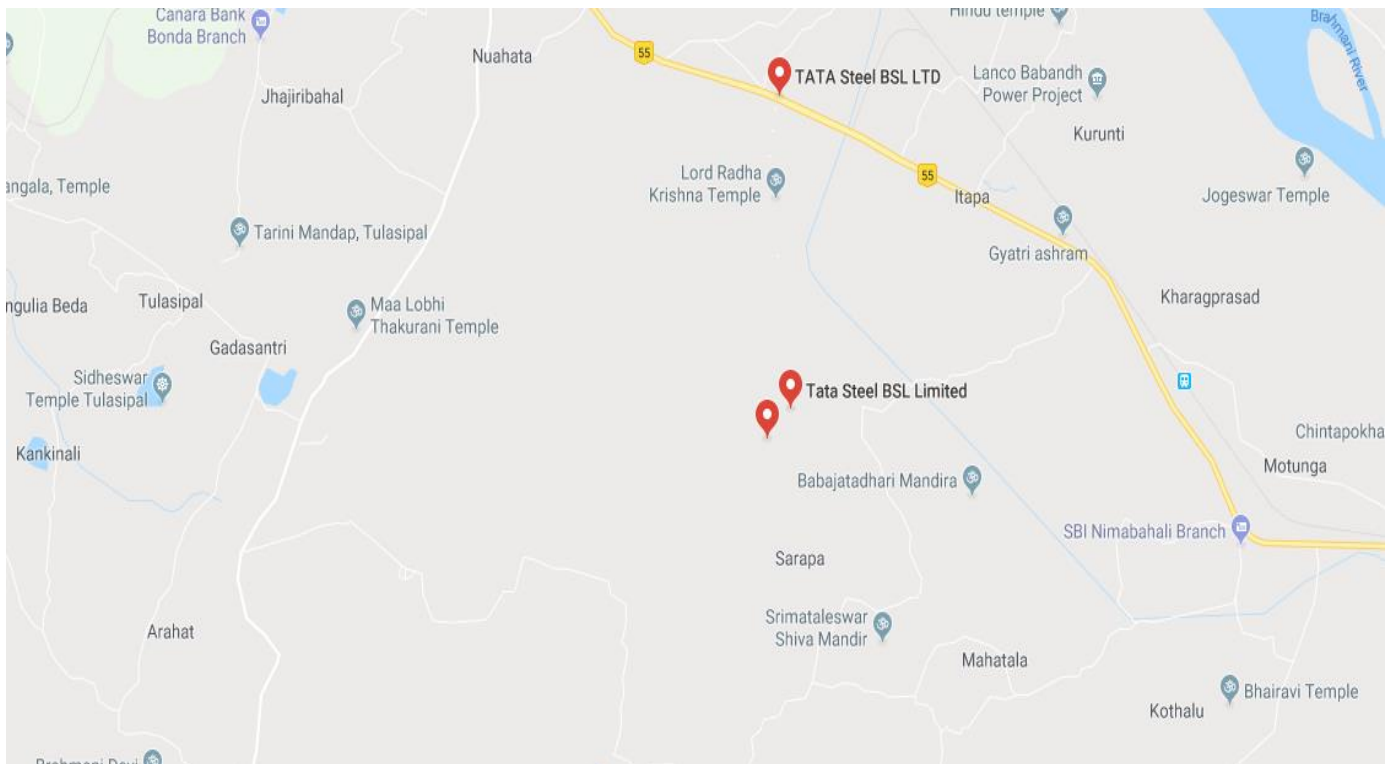
1.	Fair Market Value[#] suggested by the competent Valuer <u>is that prospective estimated amount</u> of the subject asset/ property in his expert & prudent opinion without any prejudice after he has carefully & exhaustively evaluated all the facts & information related the subject asset at which the subject asset/ property should be exchanged between a willing buyer and willing seller at an arm's length transaction after proper marketing, wherein the parties, each acted knowledgeably, prudently and without any compulsion on the date of the Valuation.
2.	Realizable Value[^] is the minimum prospective value of the property which it may be able to realize at the time of actual property transaction factoring in potential prospects of deep negotiations carried out between the buyer & seller for ultimately finalizing the transaction. Realizable value may be 10-20% less of the Fair Market Value depending on the various salability prospects of the subject property.
3.	Forced/ Distress Sale Value[*] is the value when the property has to be sold due to any compulsion or constraint like financial encumbrances, dispute, as a part of a recovery process, any defect in the property, having unclear title or any such sort of condition or situation. In this type of sale minimum disposable value is assessed which varies from 20-35% less from the Fair Market Value based on the nature, size & salability prospects of the property. In this type of sale negotiation power of the buyer is always more than the seller and eagerness of selling the property is more than buying it. Therefore the Forced/ Distress Sale Value always fetches less value.
4.	Best rates are rationally adopted based on the facts of the case came to our knowledge during the course of the assignment considering many factors like nature of the property, size, location, approach, market situation and trends.
5.	Construction rates are adopted based on present replacement cost of construction and calculating applicable depreciation & deterioration factor as per its existing condition, specifications based on the visual observation of the structure. No structural, physical tests have been carried out in respect of it.
6.	This Valuation report is prepared based on the facts of the property on the date of the survey. However in future property Market may go down, property conditions may change or may go worse, Property reputation may differ, Property vicinity conditions may go down or become worse, Property market may change due to impact of Govt. policies or effect of World economy, Usability prospects of the property may change, etc. Hence before financing, Banker/ FI should take into consideration all such future risk and should loan conservatively to keep the advanced money safe in case of the downward trend of the property value.
7.	Valuation of the same asset/ property can fetch different values in different situations. For eg. Valuation of a running/ operational shop/ hotel/ factory will fetch better value and in case of closed shop/ hotel/ factory it will have considerable lower value. Similarly an asset sold directly by an owner in the market will fetch better value and if the same asset/ property is sold by any financier due to encumbrance on it will fetch lower value. Hence before financing, Banker/ FI should take into consideration all such future risk and should loan conservatively to keep the advanced money safe in case of any such situation.
8.	No employee or member of R.K Associates has any direct/ indirect interest in the property.
9.	Sale transaction method of the asset is assumed as free market transaction while assessing Fair Prospective Market Value of the asset.
10.	Area measurements considered in the Valuation Report pertaining to Land & Building is adopted from relevant approved documents or actual site measurement whichever is less. All area measurements are on approximate basis only.
11.	This report is having limited scope as per its fields <u>to provide only the general basic idea of the value of the property prevailing in the market</u> based on the documents/ data/ information provided by the client. The suggested value should be considered only if transaction is happened <u>as free market transaction</u> .
12.	The condition assessment and the estimation of residual economic life of the structure is based on the visual observations and appearance found during the site survey. We have not carried out any structural design or stability study; nor carried out any physical tests to assess structural integrity & strength.
13.	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 from the original has not been done at our end. 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 will automatically become null & void.
14.	Investigation of title of the property and its legal right is beyond the scope of this report. If this property is offered as collateral security, then concerned financial institution is requested to verify & satisfy themselves on the ownership & legality of the property shown in this valuation report with respect to the latest legal opinion.

VALUATION REPORT

M/S.BRACE IRON AND STEEL PRIVATE LIMITED.

15.	Value varies with the Purpose/ Date/ Condition of the market. This report should not to be referred if any of these points are different from the one mentioned aforesaid in the Report. The Value indicated in the Valuation Report holds good only upto the period of 3 months from the date of Valuation.
16.	Analysis and conclusions adopted in the report are limited to the reported assumptions, conditions and information came to our knowledge during the course of the work.
17.	This report is prepared on the RKA V-L10 (P&M) Valuation format as per the client requirement, charges paid and the time allotted. This report is having limited scope as per its fields to provide only the general estimated basic idea of the value of the property prevailing in the market based on the information provided by the client. The Valuation assessed in this Valuation Report should hold good only if transaction is happened as per free market transaction. No detailed analysis or verification of the information is carried upon pertaining to the value of the subject property. No claim for any extra information will be entertained whatsoever be the reason. For any extra work over and above the fields mentioned in the report will have an extra cost which has to be borne by the customer.
18.	This is just an opinion report and doesn't hold any binding on anyone. It is requested from the concerned Client/ Bank/ Financial Institution which is using this report for mortgaging the property that they should consider all the different associated relevant & related factors also before taking any business decision based on the content of this report.
19.	All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.
20.	Defect Liability Period is 30 DAYS . We request the concerned authorized reader of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes will be entertained within the defect liability period. No request for any illegitimate value revision, date change or any other change will be entertained other than the one mentioned above.
21.	R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at valuers@rkassociates.org in writing within 30 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Valuation Services can be entertained due to possible change in situation and condition of the property.
22.	Our Data retention policy is of ONE YEAR . After this period we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
23.	This Valuation report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) R.K Associates Quality Policy, (3) Valuation & Survey Best Practices Guidelines formulated by management of R.K Associates, (4) Information input given to us by the customer and (4) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this report to immediately or atleast within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.
24.	R.K Associates never releases any report doing alterations or modifications from pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.
25.	If this report is prepared for the matter under litigation in any Indian court, no official or employee of R.K Associates will be under any obligation to give in person appearance in the court as a testimony. For any explanation or clarification, only written reply can be submitted on payment of charges by the plaintiff or respondent which will be 10% of the original fees charged where minimum charges will be Rs.2500/-.

ENCLOSURE: 2- GOOGLE MAP LOCATION



ENCLOSURE: 3– REFERENCES FROM THE PUBLIC DOMAIN

petrochemicals and fertilisers chemicals and pharma ceuticals and food processing besides metal cutting and welding. Oxygen is a vital requirement in medicare. Steel and downstream industries use nearly three fourths of the output. Unlike western countries, where the industrial gases are mostly produced by gas companies and supplied to large industrial consumers in India most of the large consumers of gases have set up their own captive plants. With the expansion in steel petrochemicals automobiles and glass Industries, the demand for merchant gas market is on the rise. Accordingly, the industry is structured into two broad segments (a) the captive units set up by the users or by a gas producing company at the site of the user and (b) the independent market producers supplying gas in bulk or in cylinders to the users. Present Manufacturer Aarti Steels Ltd. Ahmedabad Gases Ltd. Akola Oil Inds. Ltd. Allied Steels Ltd. Arrow Oxygen Ltd. Arvin Liquid Gases Ltd. Asiatic Gases Ltd. Bhagawati Oxygen Ltd. Bhilai Engineering Corpn. Ltd. Bhilai Oxygen Ltd. Bhuruka Gases Ltd. Bombay Oxygen Corpn. Ltd. Corporate Ispat Alloys Ltd. Ellenbarrie Industrial Gases Ltd. Fertilisers & Chemicals, Travancore Ltd. General Foods Ltd. [Merged] Godavari Fertilisers & Chemicals Ltd. [Merged] Godawari Power & Ispat Ltd. Govind Poy Oxygen Ltd. Gujarat Ministeel Ltd. Hilltone Software & Gases Ltd. Hindustan Oxygen Gas Co. Ltd. Hindustan Wires Ltd. I L A C Ltd. India Glycols Ltd. Indian Oil Corpn. Ltd. Inox Air Products Ltd. Ispat Metallics India Ltd. [Merged] K A P Steel Ltd. Linde India Ltd. Madhav Industries Ltd. Maharshi Commerce Ltd. Mapro Industries Ltd. Modi Industries Ltd. Mohan Steels Ltd. National Oxygen Ltd. P V P Ltd. [Merged] Paushak Ltd. [Merged] Premier Cryogenics Ltd. Pushya Industrial Gases Ltd. Rukmani Metals & Gaseous Ltd. Saraogi Oxygen Ltd. Shyam Ferro Alloys Ltd. Southern Gas Ltd. Sudha Agro Oil & Chemical Inds. Ltd. Superior Air Products Ltd. [Merged] Swarup Vegetable Products Inds. Ltd. Travancore Oxygen Ltd. Vijaya Oxygen Co. Ltd. Vikas Industrial Gases Ltd. West Coast Industrial Gases Ltd.

Plant capacity: 4152 cum/Day

Working capital: -

Return: 23.00%

Plant & machinery: Rs.105 Lakhs

T.C.I: Cost Of Project : Rs. 286 Lakhs

Break even: 58.00%

<https://www.niir.org/profile-project-reports/profile/2141/oxygen-nitrogen-gas-plant-manufacturing-plant-detailed-project-report-profile-business-plan-industry-trends-market-research-survey-manufacturing-process-machinery-raw-materials-feasibility-study-investment-opportunities-cost-revenue.html>

JSPL sells oxygen plant assets to SREI Equipment for ₹1,121 cr

Our Bureau | New Delhi | Updated on January 08, 2018 | Published on October 09, 2017



Naveen Jindal, Chairman, Jindal Steel and Power (file pic)

Jindal Steel and Power Ltd has completed the sale of oxygen plant assets to SREI Equipment Finance Ltd.

A company statement said, "Under the transaction, JSPL has divested its Oxygen Plant

RELATED

JSPL cuts losses by

Assets at its integrated steel plants at Raigarh, Chhattisgarh, and Angul, Odisha, and received a total consideration of ₹1,121 crore."

ENCLOSURE: 4– PHOTOGRAPHS







