

VALUATION OF LAND AND BUILDING AT, VEERASANDRA INDUSTRIAL ESTATE, BANGALORE

OWNED BY
APPU NUTRITION PVT LTD & NILGIRI
MECHANISED BAKERY,
(A FUTURE GROUP COMPANY)

Bengaluru, India

November 2020



Kanti Karamsey & Co.
GOVT. REGISTERED VALUERS

HEAD OFFICE : 412, Maker Chambers No. 5, Plot No. 221, Nariman Point, Mumbai 400021.
Tel.: 91-22-2282 6099 • 2284 4331 • Fax : 91-22-2287 1936

BRANCH OFFICE : 310, J. K. Chambers, Plot No. 76, Sector 17, Vashi, Navi Mumbai 400705.
Tel.: 91-22-2789 2600 • 6791 3319 • Fax : 91-22-2789 2600

e-mail: kantikaramsey@vsnl.net, contact@kantikaramsey.com • website : www.kantikaramsey.com

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Date: 4th November 2020**VALUATION SUMMARY**

FAIR MARKET VALUE OF THE FIXED ASSETS
VEERASANDRA INDUSTRIAL ESTATE, BANGALORE
OF
M/S. APPU NUTRITIONS PVT. LTD.
&
NILGIRI MECHANISED BAKERY
AS ON
16th June 2020

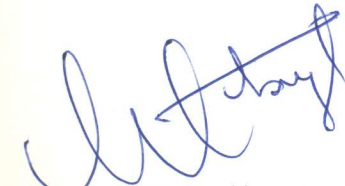
ASSETS	FAIR MARKET VALUE (RS.)
LAND	12,57,76,200
BUILDING	4,30,74,438
TOTAL	16,88,50,638

Hence the Fair Market Value of the Fixed Assets of Appu Nutrition Pvt Ltd. & Nilgiri Mechanised Bakery at Veerasandra, Bangalore are Rs. 16,88,50,638 (Rs. Sixteen Crore Eighty-Eight Lakhs Fifty- Thousand Six Hundred Thirty-Eight Only) as on 16th June 2020.

Note on COVID-19 Pandemic:

The Fair Market Value is based on market behaviour such as recorded transactions, quoted rates, demand-supply scenario in the pre-COVID19 (Corona Virus Pandemic) period. It is not possible to quantify or forecast any adverse effect as at present, data of dependable sale / purchase amid the COVID19 Crisis is not available due to the nationwide lockdown or may not be available in the near future post the lockdown is over. This report is subject to review after stabilization of Indian economy, Real Estate Market and its behaviour.

For Kanti Karamsey & Co. Advisors LLP.



Kunal K. Vikamsey, MRICS

B. E. (CIVIL), M. VAL. (R. E. & P. M.)

Govt. Regd. Valuer, Reg. No. Cat. I-360 of 1988

Date : 4th November 2020

1. INTRODUCTION

1.1. Instructions

Kanti Karamsey & Co. Advisors LLP, referred as Consultant /Govt. Registered Valuer, has been appointed by the "FUTURE GROUP", referred as the company, to provide an opinion on the fair market value of the fixed assets i.e. land, building at plot no. 13 & Survey No. 28, 29, 30, Veerasandra Industrial Estate, Veerasandra Village, Bangalore, Karnataka State on an "as is where is basis" for Future Group.

1.2. Date of Valuation

The subject property is physically inspected by Mr Shem Joash Mathews in the presence of Mr Emunalai (Representative of client) on 23rd October 2020.

1.3. Date of Valuation

The Fair Market Value of the subject property is as on 16th June 2020.

1.4. Purpose of Valuation

It is understood that the valuation is required by **the company** for assessing the Fair Market Value of the fixed assets as on the date of valuation i.e. **16th June 2020, for Finance Purpose.**

2. SUBJECT PROPERTY

2.1 Location

Situated to the South Western side of Bangalore, the subject property is in the Veerasandra Industrial Estate of KAIDB at plot no. 13 & Survey No. 28, 29, 30, Veerasandra Industrial Estate, Veerasandra Village, Bangalore, Karnataka Stat. It is located at a distance of 1000 mts from NH7 connecting Bangalore - Mysore. The companies like Batliboi Ltd, Ram Enterprises are in a very close proximity. The Dayanand Sagar University is very nearby from subject property. It is in close proximity to Electronic City which includes many software companies.

2.2 Property description

BACKGROUND

The Appu Nutritions Pvt. Ltd started its plant in Veerasandra Industrial Estate in the year 1985. It is in collaboration with Nilgiris Mechanised Bakery since year 2009. It is a production unit of Cake, Pastries, Bread, Bun, Puff, Pan Pizza & Cup Pizza & other bakery products.

A. LAND:

The said piece and parcel of Freehold, levelled & partially developed land, bearing Plot no. 13 & Survey No. 28, 29, 30, Veerasandra Industrial Estate, Veerasandra Village, Bangalore, Karnataka State. Totally admeasuring approximately 44,132 sq. ft. of land, the subject plot is irregular in shape. The said plot is approximately 1000 mts from Hosur road which is a NH 7 connecting Bangalore & Mysore with easy access as well as Water, Power and Drainage connectivity.

Plot No. 13 is presently having production unit of different Bakery Products. It is a Ground+2 floor structure which includes Mezzanine floor. The structure includes Administrative office, Gas station, Staff canteen & other units. It is compounded by UCR masonry wall bearing a height of approx 10'-0" around the entire property with the Paver block covering the entire open space.

Tabulated below are the distances from Key connectors to the subject property.

Distance from the property	Distance in Kms.
Bangalore Airport	70
National Highway – 7	1-2
Electronic City	15-16
Bommasandra Industrial Estate	4-5

B. BUILDINGS:

On the said piece & parcel of land there are many different structures including main factory unit & other different units which are tabulated below:

SR. NO.	STRUCTURE	DESCRIPTION OF THE PROPERTY	AREA (SQ. FT)
A	MAIN FACTORY	RCC framed with RCC foundation and RCC slab	39,312.00
B	OFFICE	RCC framed with RCC foundation & RCC slab	468
C	TOILET	RCC framed with RCC foundation & RCC slab	153
D	SECURITY ROOM	RCC framed with RCC foundation & RCC slab	120
E	RO PLANT ROOM	RCC framed with RCC foundation & RCC slab	42
F	KITCHEN & DINNING HALL	RCC framed with RCC foundation & RCC slab	625
G	LPG GAS STORE	Steel structure with AC sheets covering	91
H	SHED	Steel structure with AC sheets covering and wall cladding up to 7'	495
	Total		42,242

Detailed breakup for each type of structure on the plot is as follows:

A) MAIN FACTORY BUILDING –

It is a Ground + 2 structure along with a mezzanine floor on a ground floor. Its height is approximately 20'0" for ground floor & on the upper floors the height is about 12'0". It admeasures **39,312 sq. ft of built up area**. It is a R.C.C framed structure with a R.C.C slab. The lift is provided in the structure. It has aluminium framed doors and windows for office block in the building. Vitrified flooring is provided. The production unit has MS shutter doors & aluminium framed windows with Kota flooring. The overhead surface cable with good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

B) OFFICE -

It is a Ground + 2 structure. Its height is approximately 10'0". It admeasures **468 sq. ft. of built up area**. It is a R.C.C framed structure with a R.C.C slab. It has aluminium framed doors and windows in the building. Vitrified flooring is provided. The overhead surface cable with

good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

C) TOILET -

It is a Ground floor structure. Its height is approximately 10'0". It admeasures **153 sq. ft of built up area**. It is a R.C.C framed structure with a R.C.C slab. It has steel doors and openings on the top for the ventilation purpose. mosaic flooring is provided. The overhead surface cable with good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

D) SECURITY ROOM –

It is a Ground floor structure. Its height is approximately 10'0". It admeasures **120 sq. ft of built up area**. It is a R.C.C framed structure with a R.C.C slab. mosaic flooring is provided. It has aluminium framed doors and windows. The structure is consisting of two overhead tanks of water. The overhead surface cable with good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

E) RO PLANT ROOM –

It is a Ground floor structure. Its height is approximately 10'0". It admeasures **42 sq. ft of built up area**. It is a R.C.C framed structure with a R.C.C slab. kota flooring is provided. It has aluminium framed door. The overhead surface cable with good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

F) KITCHEN & DINING HALL –

It is a Ground floor structure. Its height is approximately 10'0". It admeasures **625 sq. ft of built up area**. It is a R.C.C framed structure with AC sheet roofing. Kota flooring is provided. It has steel framed doors and windows. The overhead surface cable with good quality fittings is provided. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

G) LPG GAS STORE –

It is a Ground floor structure. Its height is approximately 15'0". It admeasures **91 sq. ft of built up area**. It is a steel structure covered with AC sheets on it. Concrete flooring is provided. It is an open structure with fencing around it. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

H) SHED –

It is a Ground floor structure. Its height is approximately 15'0". It admeasures **495 sq. ft of built up area**. It is a steel structure covered with AC sheets on it. Concrete flooring is provided. It is an open structure with fencing around it. The said structure is constructed in the year 1985. With an estimated life of 50 years with proper maintenance, the type of construction is good & specification of material used is of standard type.

3. PROPERTY TITLE AND PLANNING

3.1 Property Title

As per the documents provided the subject land parcels are free hold land, within Veerasandra Industrial Estate, Veerasandra village, Attibele Hobli, Anekal Taluk, Bangalore. ***However, no title verification has been carried out to certify the same.***

3.2 Zoning and Planning Constraints

The subject is zoned for industrial development with KAIDB being the development authority and falls under the development limits of Bruhat Bengaluru Mahanagara Palike.

Tabulated below are the various permissions to operate an industrial unit:

- 1) Permission Copy from Karnataka State Pollution Control Board for the Handling of Hazardous Waste wide no. PCB/RO-SJR/HWM/Reg.No.76851/UIN-0302013117/2014-15/R2000 on dated 25th August 2015, i.e. from 01.10.2014 to 30.09.2019

4. ASSESSMENT OF FAIR MARKET VALUE

4.1 SCOPE OF VALUATION

The valuation exercise is aimed at the assessment of the Fair Market Value of the subject property i.e. land with factory building for the unit at KAIDB Veerasandra, ***in order to assess the fair market value as on 16th June 2020.***

4.2 FAIR MARKET VALUE

Fair Market Value can be defined as:

“an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of the valuation, assuming:

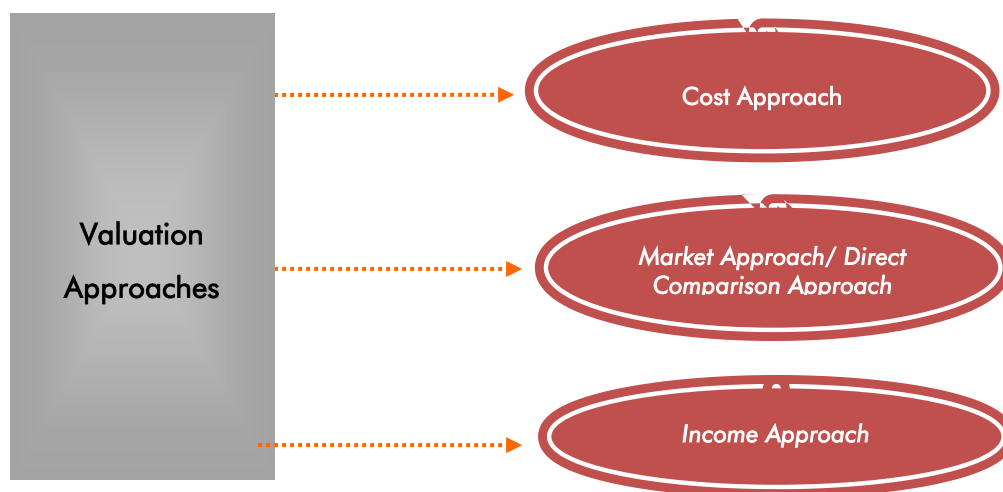
- a willing seller;
- that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for completion of the sales;
- that, the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- that no account is taken of any additional bid by a purchaser with special interest; and
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

The use of the expression “Fair Market Value”, not qualified by any reference to Existing Use or Alternative Use, implies the value for any use to the extent to which that value is reflected in the price obtainable in the open market.

The valuation therefore assumes that the completion of a sale of the interest in the property took place on the valuation date and would then list the further assumptions made in relation to the hypothetical sale.

4.3 VALUATION APPROACH

The objective of the valuation exercise being to assess the Fair Market Value of the fixed assets i.e. land and building as on 16th June 2020. This would be achieved by a systematic gathering, classification, and analysis of data, which is required in the development of the following approaches to valuation: *Cost Approach, Market Approach/Direct Comparison Approach*



♦ **Cost Approach**

This approach consists of estimating the replacement cost of the asset along with all improvements therein, deducting accrued depreciation from all sources. The value derived from this approach is a summation of the various property components contributing to the total property value, and it is applicable when each component is independently measurable, and when the sum of all components is believed to reflect market value.

This approach is commonly used for assets for which appropriate comparative benchmarks are not easily available but historic costs are available as well as replacement / re-instatement costs are available in the open market. Primarily used for financial reporting purposes on company balance sheets as well as for assessing the present worth of the assets for insurance cover, price allocation for each asset, etc.

♦ **Market Approach / Direct Comparison Approach**

The Direct Comparison Approach involves a comparison of the subject property to similar properties that have actually sold in arms-length transactions or are offered for sale. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis.

The job involves inspection of site, collecting the necessary data from the site and then applying suitable market rate to arrive at the market value. To derive the market rate a general survey is carried out in nearby location to see if any comparable sales have taken

place, data collected from the Sub-Registrar's office also aids in arriving at the market rate of the property.

Influencing factors such as shape, size, quantum of land parcel, location, market and development potential, etc. are some of the criteria adopted in deriving the market value of the land parcel.

♦ **Income Approach**

Income Approach is based on the premise that the asset is an income-producing asset and the value is a function of future benefits and income that could potentially be derived from the asset. This involves determining the highest and best use for the property, keeping in view the zoning regulations and development controls applicable to the property in question.

The Residual Method of valuation is essentially a means of valuing land by reference to its development potential by deducting development costs including demolition cost (if any), foundation cost, superstructure construction cost, professional fees and finance costs, together with developer's profit and risk, etc. from its estimated Gross Development Value (GDV), which is the aggregate market value of the Property assuming the development was completed as at the date of valuation and sold at prices around date of valuation.

The residual approach involves firstly the assessment of GDV of the property. Estimated total cost of construction of the development including professional fees, plus an allowance for interests and other associated expenditure including developer's risk and profit are deducted from the GDV. The resultant figure is the residual site value.

In this particular instance, since the purpose for assessing the Fair Market Value of the fixed assets is for finance, following approaches have been adopted

- **Market Approach for LAND**
- **Cost Approach for BUILDING**

4.4 VALUATION METHODOLOGY

a. LAND - Market Approach

The said land is owned by Appu Nutrition Pvt. Ltd. & Nilgiri Mechanised Bakery having a total land area of 44,132 sq. ft., KAIDB free hold land with clear title situated at Veerasandra which having good connectivity by road to Bangalore and Mysore. The said land is part of an industrial complex.

As per KAIDB circular rate for free hold land in Veerasandra is Rs.2,00,00,000/per acre of land area. During the course of market research, it was established that the prevailing rate ranges between Rs. 2,500/- to Rs. 3,000/- per sq. ft. fully developed by social infrastructure for industrial land. Also, at the time of market research, while interacting with local brokers and estate agents, it is understood that demand of supply is less as compare to residential and commercial property.

Listed are few Industrial properties available for sale in the nearest market with their respective quoted price.

Sl	Property	Area	Quoted price in Rs	Quoted price in Rs per sq.ft	Weightage Percentage	Weightage price in Rs	Net Price in Rs per Sq. Ft
1	Industrial Land Electronic City Phase-II	0.5 acres	6,25,00,000	1,435	20%	287	2,405
2	Industrial land in one enquirer Jigani	1 acre	10,01,88,000	2,300	20%	460	
3	Industrial Land in Hosur Road in Sr Liftech Society	32,650 sq.ft	5,22,72,000	1,200	10%	120	
4	Industrial land near D mart, Bommasandra, Bangalore - South, Karnataka	56,000 sq.ft	16,80,00,000	3,857	25%	964	
5	Industrial land in Bommasandra	1 acre	10,00,00,000	2,296	25%	574	

The law of weighted averages has been applied taking into factors such as distance, development status of plot and amenities provide by the developer in order to arrive at the appropriate Net Price for the subject property. Thus, after considering the weighted averages, a quoted base price of Rs.2, 405 Per sq. ft. of plot area is considered.

However, considering the better connectivity infrastructure and location of the subject property a 15% premium on quoted base price a net rate of **Rs. 2,765 per sq. Ft.** of land area is considered reasonable for the developed land.

Tabulated below is the Fair Market Value for land.

LAND AREA (SQ. FT)	LAND RATE (RS. / SQ. FT)	FAIR MARKET VALUE (Rs.)
44,132	2,765	12,20,24,980

b. BUILDING – Cost Approach

Under the cost approach, the reinstatement cost of each structure has been estimated to the date of valuation considering the type of construction, specifications of building materials used, present use of each structure, etc. To this re-instatement cost, depreciation as per Sinking Fund Method (SFM) has been applied considering the age, balance life of the structure, effects of any major structural repairs, etc in order to arrive at the Depreciated Reinstatement Cost i.e. Fair Market Value as on date of valuation.

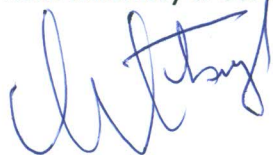
Tabulated below is the Depreciated Reinstatement Cost (DCR) i.e. Fair Market Value of the structures at the main industrial unit.

During the course of market research, it is known that, for construction of RCC framed structure, RCC foundation having of steel structured Beam, Column, Truss, GI Sheet Cladding is an average range of Rs. 1500/- to 2500/- for industrial Property.

Tabulated overleaf is the Depreciated Reinstatement Cost (DRC) of the structures.

SR. NO.	STRUCTURE	CONSTRUCTED AREA	Unit of measure	Year of Construction	Total Life in Yrs	Age (Yrs.)	Balance Economic life in Yrs	Cost of Construction in Rs/Sq.ft	Replacement cost in Rs	Salvage Value in Rs	Depreciation in (Rs.)	Fair Market Value (Rs.)
A	MAIN FACTORY	42,045	Sq. Ft.	1,985	50	35	15	2,550	10,72,14,750	1,07,21,475	6,75,45,293	3,96,69,458
B	OFFICE	1,404	Sq. Ft.	1,985	50	35	15	2,550	35,80,200	3,58,020	22,55,526	13,24,674
C	TOILET	153	Sq. Ft.	1,985	50	35	15	2,100	3,21,300	32,130	2,02,419	1,18,881
D	SECURITY ROOM	120	Sq. Ft.	1,985	50	35	15	1,300	1,56,000	15,600	98,280	57,720
E	RO PLANT ROOM	42	Sq. Ft.	1,985	50	35	15	900	37,800	3,780	23,814	13,986
F	KITCHEN & DINNING HALL	625	Sq. Ft.	1,985	50	35	15	2,100	13,12,500	1,31,250	8,26,875	4,85,625
G	LPG GAS STORE	91	Sq. Ft.	1,985	50	35	15	2,100	1,91,100	19,110	1,20,393	70,707
H	STORAGE SHED	495	Sq. Ft.	1,985	50	35	15	1,800	8,91,000	89,100	5,61,330	3,29,670
I	U.G. TANK	30,000	Litre	1,985	50	35	15	12	3,60,000	36,000	2,26,800	1,33,200
J	COMPOUND WALL	314	Rmt	1,985	50	35	15	7,500	23,52,750	2,35,275	14,82,233	8,70,518
	TOTAL	75,289							11,64,17,400	1,16,41,740	7,33,42,962	4,30,74,438

For Kanti Karamsey & Co. Advisors LLP.



Kunal K. Vikamsey, MRICS

B. E. (CIVIL), M. VAL. (R. E. & P. M.)

Govt. Regd. Valuer, Reg. No. Cat. I-360 of 1988



ANNEXURE A – ASSUMPTIONS AND LIMITING CONDITIONS

1. Assumptions are made to the best of our knowledge and belief. Reliance is based on the information furnished to us by the identifier and the client.
2. The property is valued on the assumption that it is free and clear of all mortgages encumbrances and other outstanding premiums and charges.
3. No legal verification of the title of the property has been undertaken and the valuer shall not be responsible for any matter of legal nature that affects the value and the opinion expressed by us.
4. Where it is stated that the client has supplied information to the valuer, this information is believed to be reliable, but the valuer can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained from our market research.
5. In no event shall the valuer be held responsible or liable for special, direct, indirect or consequential damages as the assignment has been completed on best efforts, available knowledge and in good intentions of persons concerned and belief.
6. If our appearance is required, we will be pleased to appear and give the necessary clarifications, provided the fees for each appearance (including out of pocket expenses) are pre-determined.
7. The report is for the sole use to the client, it has been addressed to; neither the whole nor any part of this valuation report and any reference there to may be utilized without the prior written approval of M/s. Kanti Karamsey & Co Advisors LLP.
8. The valuer's responsibility in connection with this valuation report is limited to the client to whom it is addressed and to that client only. The valuer disclaims all responsibility and will accept no liability to any other party.
9. Validity of this report is as on date of valuation report only.

ANNEXURE B – PHOTOGRAPHS

