

**REPORT ON VALUATION OF SPECIFIED TANGIBLE FIXED ASSETS OF
USHA MARTIN LIMITED SITUATED AT PLOT No. L-9 (1), PHASE - II,
SIPCOT INDUSTRIAL PARK, MAMBAKKAM, SRIPERUMBUDUR - 602 105,
TAMIL NADU, INDIA AS ON 30TH SEPTEMBER, 2022**



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EXECUTIVE SUMMARY

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1. EXECUTIVE SUMMARY



To,
Usha Martin Limited,
2A, Shakespeare Sarani, 'Mangal Kalash',
Kolkata- 700071, West Bengal, India.

Kind Attention : Mr. Anirban Sanyal – Chief Financial Officer

Dear Sir,

In accordance with our engagement letter dated 17th October, 2022 we hereby enclose our report on the valuation of land, building, plant and machinery (“Specified Tangible Fixed Assets”) of Usha Martin Limited as on 30th September, 2022 (“Valuation Date”) on a standalone basis for internal management review purpose.

RBSA Valuation Advisors LLP (“RBSA Advisors” or “RBSA” or “We”), a Registered Valuer Entity, has been appointed by Usha Martin Limited (“Usha Martin” or “UML” or “Client” or “Company”) for estimation of Market Value, Realizable Value and Distress Sale Value of Specified Tangible Fixed Assets of UML situated at Plot No. L-9 (1), Phase – II, SIPCOT Industrial Park, Mambakkam Village, Sriperumbudur Taluk, Kanchipuram District - 602 105, Tamilnadu, India for internal management review purpose.

RBSA is a leading Independent Valuation firm and is a Registered Valuer’s Entity (“RVE”) in all three-asset classes i.e. (1) Land & Building (“L&B”), (2) Plant and Machinery (“P&M”) and (3) Securities or Financial assets (“SFA”). RBSA has a team of ~250 professionals, with 8 offices in India, Singapore and Dubai and trusted affiliates across the globe.

This report has been prepared solely for Client in connection with the purpose stated herein and should not be relied upon for any other purpose. The valuation estimates are based on historical financial statements, information from website of Company, information provided by the management of UML and based on information collected from public domain and market analysis.

During our work, we have relied on the integrity of the information provided to us and have not sought to carry out an independent verification, thereof, our work did not constitute an audit conducted in accordance with generally accepted auditing standards or an examination of internal controls or other attestation or review services.

1. EXECUTIVE SUMMARY

The valuation is not intended for general circulation or publication and is not to be reproduced without our prior written consent or used for any purpose other than for the purposes stated above and cannot be relied upon by third parties. We will not accept any responsibilities to any other party to whom the report may be shown or who may acquire a copy of this report.

On receipt of the engagement letter, a team under the leadership of Mr. Jigar Kothari had been formed and team have been visited the said location for inspection of Specified Tangible Fixed Assets on 21st October, 2022 (“Visit Date”).

Looking to the time availability and geographic location of the assets of the Company, a team from Bengaluru office of RBSA has been deployed. All the team members associated with the exercise are well qualified and generally familiar with the valuation of relevant assets. The details of the team involved in this exercise along with their participation has been mentioned in this chapter.

1) **Land & Building:**

For valuation of Land & Building, the team involved are responsible for the site inspection, survey of the properties, micro and macro market survey, analysis of comparable instances, valuation analysis, report writing, etc., which is carried out by Mr. Vamsi Krishna from Bengaluru office. Mr. Dattatraya Kota who has signed this report as a registered valuer for Land & Building is responsible for valuation methodology, review of valuation analysis and derived valuation and his responsibility is limited to that extent only.

2) **Plant & Machinery:**

For valuation of Plant & Machinery, the team involved are responsible for the site inspection of the plant & machinery, micro and macro market survey, valuation analysis, report writing, etc., which is carried out by Mr. Nagaraj Kinnal from Bangalore office. Mr. Jigar Kothari who has signed this report as a registered valuer for Plant & Machinery and is responsible for valuation methodology, review of valuation analysis and derived valuation and his responsibility is limited to that extent only.

The estimation of the Specified Tangible Fixed Assets valuation is subject to the scope of work, basis of valuation and facts, assumptions and limitations mentioned in the main report and respective Annexure.

1. EXECUTIVE SUMMARY



Our valuation is based on the generally accepted valuation methodologies. Another valuer may use different methodologies or may arrive at different valuation using the same/ other methodologies depending upon their perceptions and the parameters that they feel have a greater significance. This conclusion does not reflect the outcome of due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and our valuation, and that change could be material.

Transaction Costs pertaining to the sale/ purchase of the assets have not been considered while estimating the Market Value, Realizable Value and Distress Sale value.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of professional judgments. There is, therefore, no indisputable single value. While we normally express our assessment as falling within a likely range, considering the nature of the engagement we have provided a single point value estimate. The analysis of any change, event or circumstance that may have occurred in the business, market or economy after the valuation date is out of our scope.

Valuation is based on business, economic, market and other conditions as they existed as of the Valuation Date. Subsequent events or circumstances that could affect the conclusions set forth in our valuation include, without limitation, adverse changes in industry performance or market conditions, pandemic and changes to the business, financial condition and results of operations of the Company. RBSA is under no obligation to update, revise or reaffirm the valuation.

If there were any omissions, inaccuracies or misrepresentations in the information provided to us, it may have a material effect on our findings and conclusions. We reserve the right to alter our conclusions at a later date, should any further information be made available which was not provided to us earlier.

Based on the review and analysis of the information provided by the Company as on 30th September, 2022 (Valuation Date), the Market Value, Realizable Value and Distress Sale Value of Specified Tangible Fixed Assets of Company situated at SIPCOT Industrial Park, Sriperumbudur, Tamilnadu, India, the valuation summary is as follows:

As on 30 th September, 2022						INR
Sr. No.	Particular	Gross Block	Net Block	Market Value	Realizable Value	Distress Sale Value
1	Leasehold Land, Building and Plant & Machinery	12 03 51 971	2 64 97 739	35 17 62 000	28 14 00 000	23 92 00 000

ABOUT COMPANY

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2. ABOUT COMPANY

- Usha Martin was established in the year 1960 and it's one of the world's leading manufacturers of steel wire rope, specializing in producing high-performance wire ropes, LRPC strands, wires, pre-stressing accessories, machinery and cables.



- The Company had set up its first wire rope manufacturing facility at Ranchi, India in the year of 1961. This factory is UML's one of the world's largest wire rope manufacturing units.
 - In 1974, the Company has started the integrated steel plant with installed capacity of is 1 MTPA at Jamshedpur, India.
 - The raw material supply to Ranchi plant is transported from Jamshedpur steel plant.
- Usha Martin is one of the largest manufacturers of wire ropes in the world and leading specialty steel manufacturer in India. With a history of more than 60 years, the Company has a global base of wire rope manufacturing with facilities located in India, UK, Dubai and Bangkok. For specific products, Usha Martin has collaborated with globally reputed companies like Gustav Wolf of Germany, Joh Pengg of Austria and TESAC wire rope of Japan.
 - It has Global R&D center located in Italy is engaged in designing of wire ropes and uses proprietary design software to develop product in best class.



- The Company's wire ropes have applications in oil & offshore oil exploration, ports, mining, elevators, cranes, bridges, infrastructure, construction, telecommunication, automobiles, fishing ropeways and other general purposes.

Source : Company's Official Website and LinkedIn Profile

SCOPE OF WORK AND SOURCES OF INFORMATION

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3. SCOPE OF WORK AND SOURCES OF INFORMATION

Scope of Work:

- The scope of work is to estimate Market Value, Realizable Value and Distress Sale Value of Specified Tangible Fixed Assets of UML situated at Plot No. L-9 (1), Phase – II, SIPCOT Industrial Park, Mambakkam Village, Sriperumbudur Taluk, Kanchipuram District - 602 105, Tamilnadu, India as on 30th September, 2022 (“Valuation Date”) for internal management review purpose.

Source of Information:

- This report is prepared on the basis of the following sources of information pertaining to Specified Tangible Fixed Assets of UML as provided to us by the Management:
 - Fixed Asset Register as on 30th September, 2022 for SIPCOT, Sriperumbudur unit.
 - Data and documents received during our previous valuation exercise.
- **Discussions with the following personnel of the Company:**
 - Mr. GS Rathi – Head Office
 - Mr. Kunal Chakraborty – Site visit representative
- Some of clarifications were provided by the Company personnel verbally, without further confirmations in writing. We have assumed that such verbal information or clarifications provided to us is reliable, accurate and complete in all respects.

SITE INSPECTION

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4. SITE INSPECTION

Plant Details:

Particulars	Description
Type of Plant	Manufacturing of bright bars
Location	Plot No. L-9 (1), Phase – II, SIPCOT Industrial Park, Mambakkam Village, Sriperumbudur Taluk, Kanchipuram District - 602 105, Tamilnadu
Year of Establishment	2009
Date of site inspection	21 st October, 2022
Status of Plant	Non- operational (Since 2019)
Land area	40,913 SMT
List of Factory Building	Main factory building, utility building, admin building, security building, pump room, sub-station along with different ancillary structures like S.T.P, M.C.C Room, Compressor area, Transformer yard, underground sump & overhead water tank etc.
Major Plant and Machinery	Air compressors, Cranes, DG set, Transformer, etc.

- The unit under consideration was engaged in manufacturing of bright bars. However, as per information by the Company, operations of the unit was stopped in the year 2019. Subsequently, major machines like, combined wire drawing machine, peeling machine, grinding machines, straightening & polishing machines were disposed off.
- As per latest data provided to us only utility equipment like DG set, cranes, transformer, electrical works, pumps, furniture, etc. were available at site.
- During the time of inspection, most of the equipment were not in operations. However, as per information by the Company's representative all equipment were in working condition.

BASIS AND METHODOLOGY OF VALUATION

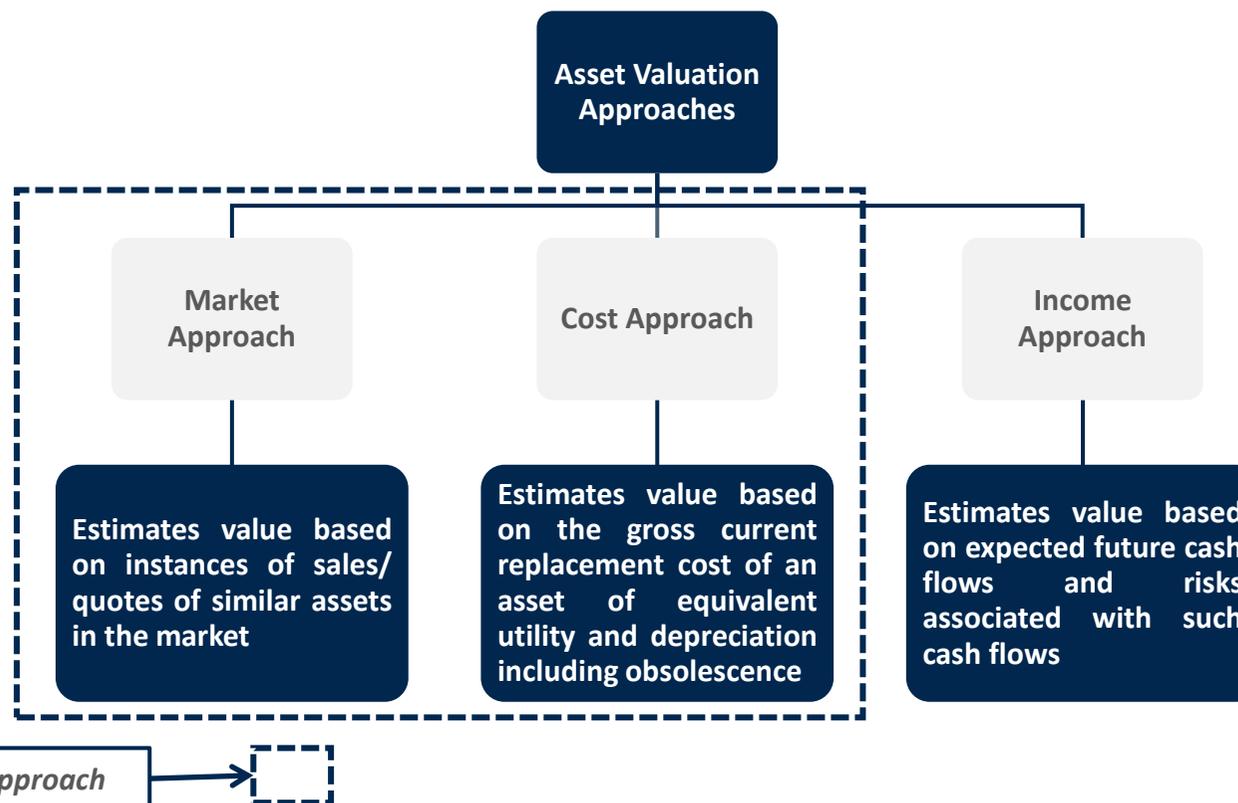
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5. BASIS AND METHODOLOGY OF VALUATION

Basis of Valuation:

- The “Market Value” basis of valuation is adopted as per the framework and guidelines provided in International Valuation Standards (“IVS”).
- The definition of Market Value as per the International Valuation Standards is as under:
 - *“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.*

Approach and Methodology of Valuation for Specified Tangible Fixed Assets:



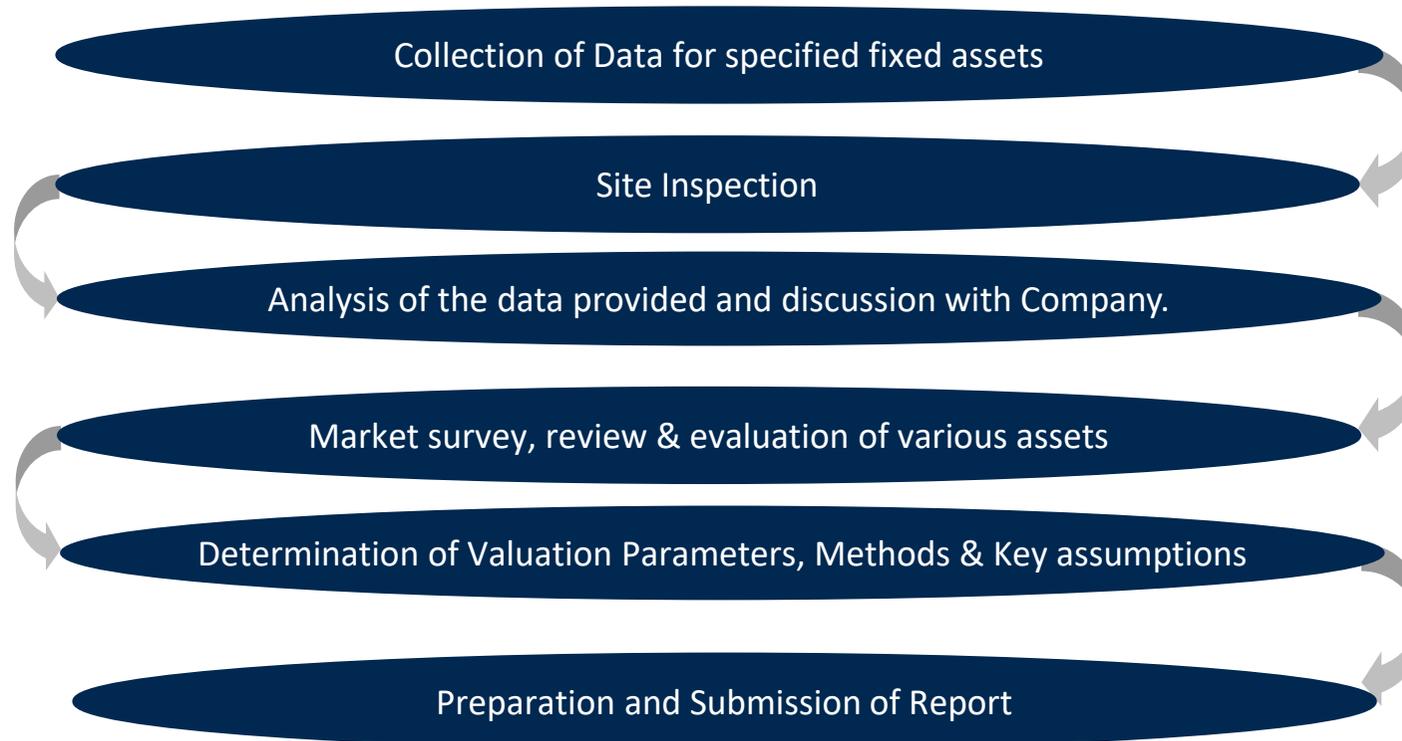
5. BASIS AND METHODOLOGY OF VALUATION

Adopted Approach and Methodology:

Type of Asset	Approach	Methodology Used	Rationale
Land	Market Approach	Sales Comparison Method	The quoted price of an identical asset from an active market is considered for the measurement purpose. If a quoted price of an identical asset is not available then, quoted prices of the similar asset in the active market is used and relevant adjustments are carried on such derived prices. Also, if no active market is available for either identical or similar assets than prices from markets, which are not active, is considered for measurement with additional adjustments.
Building	Cost Approach	Depreciated Replacement Cost ("DRC")	<p>The cost approach estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to assemble or construct an equivalent asset.</p> <p>The DRC method is a common application of the cost approach. It can be applied to a wide range of asset types. It is frequently used when there is either very limited or no evidence of sales transaction. In assessing what it might be prepared to pay for the subject asset, a potential purchaser may consider as an alternative to acquiring the subject asset, the cost to construct a similar asset having the same functionality. This represents the maximum that a potential purchaser would be prepared to pay for the subject asset if it were new at the Valuation Date. The DRC method is most commonly used for the valuation of specialized assets. This is because transactions involving the sale of specialized assets are relatively infrequent and when they do occur, the assets are often sold as part of a going concern business. In such situations, the values attributable to each individual asset are often sold as part of a going concern business.</p> <p>The DRC is derived from the gross current reproduction/ replacement cost ("GCRC") after deduction of depreciation.</p>
Plant and Machinery	Cost Approach	Depreciated Replacement Cost ("DRC")	<p>The cost approach estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of substitution, i.e. unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to assemble or construct an equivalent asset.</p> <p>The DRC method is a common application of the cost approach. It can be applied to a wide range of asset types. It is frequently used when there is either very limited or no evidence of sales transaction. In assessing what it might be prepared to pay for the subject asset, a potential purchaser may consider as an alternative to acquiring the subject asset, the cost to construct a similar asset having the same functionality. This represents the maximum that a potential purchaser would be prepared to pay for the subject asset if it were new at the Valuation Date. The DRC method is most commonly used for the valuation of specialized assets. This is because transactions involving the sale of specialized assets are relatively infrequent and when they do occur, the assets are often sold as part of a going concern business. In such situations, the values attributable to each individual asset are often sold as part of a going concern business.</p> <p>The DRC is derived from the gross current reproduction/ replacement cost ("GCRC") after deduction of depreciation.</p>

5. BASIS AND METHODOLOGY OF VALUATION

Procedure adopted for Valuation exercise:



5. BASIS AND METHODOLOGY OF VALUATION

Valuation of Land:

- Market approach has been adopted for estimating the value of land. The methodology used is sales comparison method in which due weightages have been given to factors as shown below:

Sales Comparison Method :

- The sale transactions or quoted prices or current allotment rates of similar or identical Land from an active market are considered for the measurement purpose. If quoted prices of a comparable land is not available then relevant adjustments are carried out on available sale instances or quotes for estimation of the market value.
- It is difficult to find two exactly identical properties, as they may differ in their physical factors like shape, size, area, location, frontage, access, topography, usage etc. These variations or differences require an adjustment in values while comparison. Some factors of the subject property may be superior and some may be inferior to the subject property, against which appropriate positive and negative factors will have to apply to the subject property respectively.



5. BASIS AND METHODOLOGY OF VALUATION

Valuation of Building:

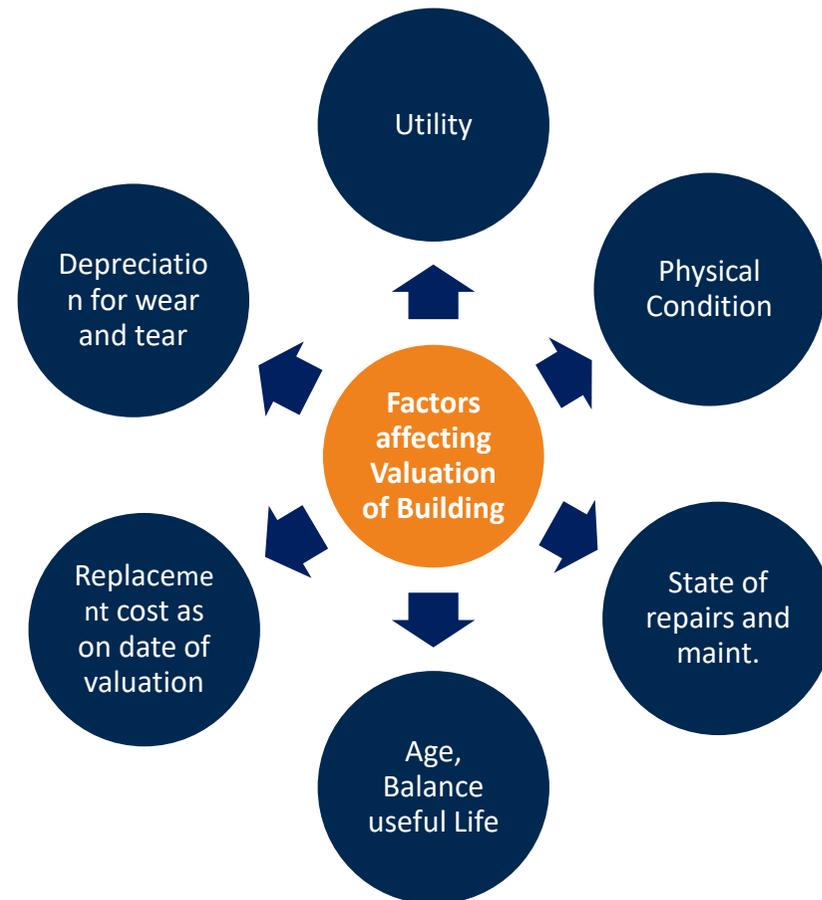
- The DRC method under cost approach of valuation is adopted for the estimation of market value of Factory buildings.

Computation of GCRC:

- The GCRC is computed by considering the current rate of construction of similar type of building/ civil structures. Technical parameters like dimensions, design and specifications, type of foundations, type of structure/ construction, specifications of finishes etc. are considered based on our visual inspection and information collected at the time of site inspection.
- It may be noted that, direct/indirect costs have been included while estimating the GCRC of the buildings and misc. structure.

Computation of DRC/ Market value:

- Straight line method of depreciation has been adopted for calculation of depreciation, considering the appropriate percentage of replacement cost as salvage/ scrap value.
- The depreciation will be deducted from GCRC to derive DRC. Various factors, as mentioned in chart are to be considered while calculating depreciation of the buildings and civil infra.
- Balance useful life of buildings & misc. civil structure has been estimated based on our professional judgment and representation made by Company officials.



5. BASIS AND METHODOLOGY OF VALUATION

Valuation of Plant & Machinery:

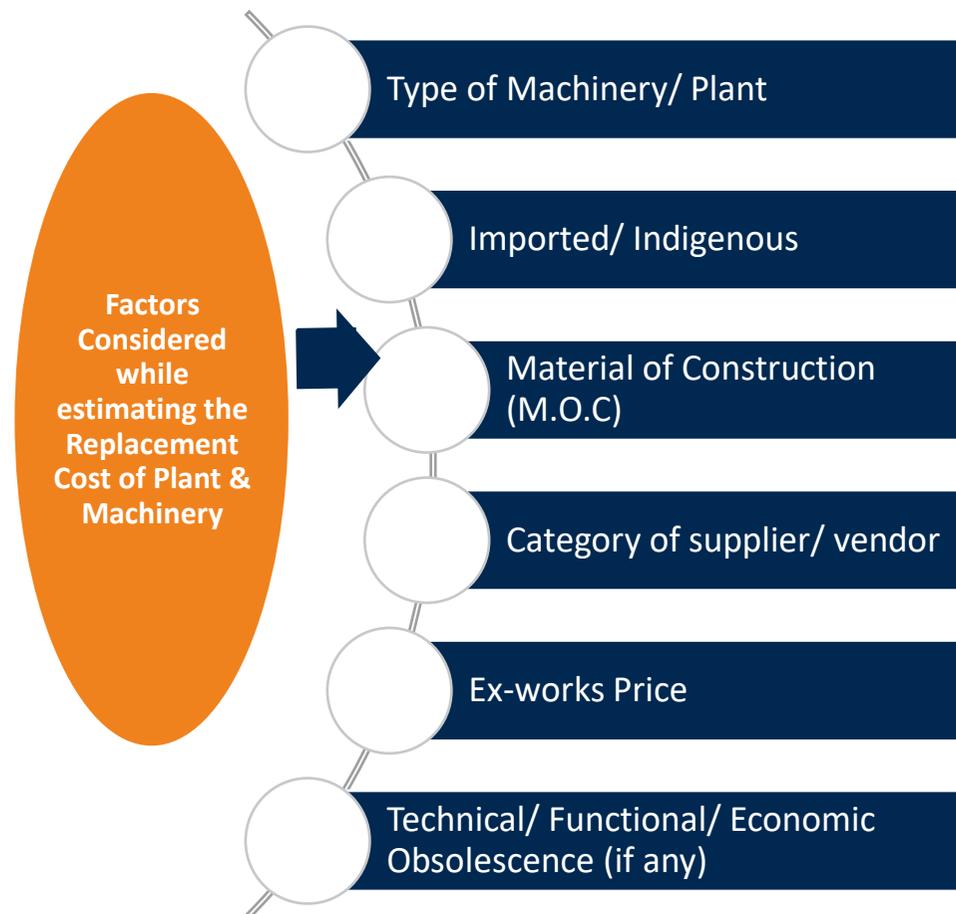
- The valuation of plant & equipment, electrical installations and furniture & fixture is carried out by using DRC method under cost approach.
- The Depreciated Replacement Cost is derived from the Gross Current Reproduction/ Replacement Cost (GCRC) after deduction of depreciation.
- The GCRC means cost expected to replace existing asset with similar or equivalent new asset as on date of valuation.

Computation of GCRC:

- Depending on the availability of the information we have worked out the GCRC of the assets either by obtaining the budgetary quote from the supplier/ manufacturer or by applying price escalation indices to the original cost of plant & machinery or capacity benchmarking.

Price from supplier/ manufacturer:

- Current basic price of the asset to be obtained from manufacturer/ vendor by taking budgetary quotations (verbal or written). All other applicable costs such as non-recoverable taxes & duties, transportation, loading/ unloading, insurance, erection and commissioning, foundation, other direct and indirect costs etc., as applicable added to the basic price of the asset.



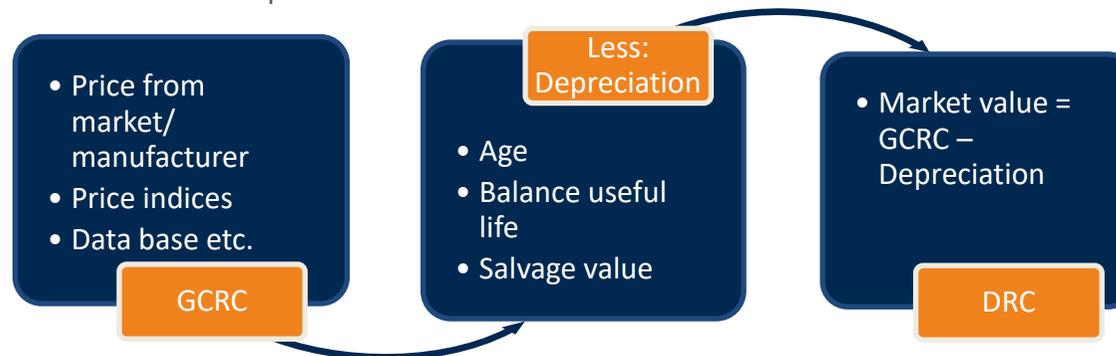
5. BASIS AND METHODOLOGY OF VALUATION

Price Escalation Indices:

- The GCRC can also be worked by applying appropriate price escalation indices published by the appropriate agencies to original cost/ historical cost of plant & machinery.

Computation of DRC/ Market value:

- To calculate the DRC of plant & machinery straight line method of depreciation has been adopted considering appropriate percentage of replacement cost as salvage/ scrap value.
- The computation of DRC can be represented as under:



Useful Life:

- The useful life is how long it is anticipated that the asset could generate returns or provide a financial benefit.
- The useful life has been estimated based on visual observations/ discussion with Company representative and our professional judgement with assumption that the adequate standards of preventive and breakdown maintenance would continue to be followed during the estimated residual life of the individual plant and machinery/ group of plant and machinery.
- The actual age is based on information made available to us at the time of inspection and/ or mentioned in the FAR.

FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS

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6. FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS

General Points:

- Valuation Date for the exercise is 30th September, 2022 and inspection of Specified Tangible Fixed Assets was conducted on 21st October, 2022. As per the information furnished to us by the Company officials, there is no material change in the physical status of the assets under valuation between Valuation Date and Visit date.
- The Specified Tangible Fixed Assets has been valued by RBSA in past, details of previous valuation is as under:

Sr. No.	Report Date	Scope of Work	Report Reference No.
1	25 th October, 2016	Valuation of Land, Building and Plant & machinery as on 31 st March, 2015	RVA/TFA/2016-17/1013
2		Valuation of Land, Building and Plant & machinery as on 31 st March, 2018	RVA1819ATFAREP088
3	4 th February, 2019	Valuation of Land as on 4 th September, 2018	RVA1819ATFAREP116

- As informed by Company, the status of ownership and list of documents remains same as compare to our above previous valuation exercises. We have assumed that the information provided to us is reliable, accurate and complete in all respects. We reserve our right to alter our conclusions at a later date, if it is found that the data provided to us by the Company was not - reliable, accurate or complete. Hence for the purpose of this valuation exercise, we have relied on data/ documents provided to us during our previous valuation exercise.
- This valuation is being conducted based on the presumption that Company holds a clear, undisputed and marketable title (free from legal and physical encumbrances, disputes, claims and other statutory liabilities) in respect to the Specified Tangible Fixed Assets under valuation and we do not assume any responsibility for the completeness of title of the assets of the Company. In other words, we have assumed that all specified tangible fixed assets under our scope of valuation are free from any form of encumbrances (such as liens, restrictions, etc.) and other liabilities.
- Any matters related to legal title and ownership are outside the purview and scope of this valuation exercise. Further, no legal advice regarding the title and ownership of the subject property has been obtained while conducting this valuation exercise. The reader is advised to take appropriate legal opinion on the matter while taking any decision on the basis of this report. Valuation may be significantly influenced by adverse legal, title or ownership, encumbrance issues; we reserve our right to alter the conclusions should any such issues are brought to our knowledge at a later date.

6. FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS



- The estimated market value, which is defined in the report, is subject to change with market fluctuations over time. The market value is highly related to exposure, time, promotion effort, terms, motivation and conclusions surrounding the offering. The value estimate(s) considers the productivity and relative attractiveness of the assets, both physically and economically, in the open market.
- The inspection, due diligence and condition assessment of the asset was made by individuals generally familiar with valuation assessment of such assets. However, we do not opine on, nor are we responsible for its conformity to any health, safety, environmental or any other regulatory requirements that were not readily apparent to our team of experts during their inspection.
- Transaction cost like stamp duty, registration charges or any other operational fees/ charges, mode of payment, brokerage and any other additional cost related to transaction structuring, taxes such as capital gains, income tax etc. pertaining to sale/ purchase of the property have not been considered while arriving at the market value.
- The condition assessment and the estimation of useful life is based on visual observations/ discussion with Company representative and based on professional judgment. We have neither carried out any physical tests or structural design or stability study to assess structural integrity & strength of structures, nor we have carried out any physical testing and performance analysis of planta and machinery for the purpose of this exercise.
- The real estate market in India lacks transparency; the market is largely fragmented with limited availability of authentic, credible and reliable data with respect to market transactions. The actual transaction value may be significantly different from the value that is documented in official transactions. We believe that the market survey amongst actual sellers, brokers, developers and other market participants would give a fair representation of market trends. This valuation is therefore based on our verbal market survey of the real estate market in the subject area.
- All physical measurements and areas are approximate in nature. The actual age is based on information made available to us at the time of inspection or data provided by the Company official. The balance useful life is approximate in nature and is based on our professional judgment.
- Possession of this report or any copy thereof does not carry with it right of publication. No portion of this report shall be disseminated to third parties through prospectus, advertising, public relations, news or any other means of communication without the written consent and approval of RBSA.

6. FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS



- The details pertaining to buildings and other civil structures like set of working drawings (architectural and structural), foundation details, copies of major construction contracts, the structure wise quantities of major materials like concrete, reinforcement steel, structure steel, detailed technical specifications etc. have been asked for this valuation exercise but the same has not been furnished to us. Hence, we have carried out the valuation of buildings and other civil structures on the basis of our site inspection, discussion with real estate consultants/ contractors, normal industry practice and limited information made available to us, which is fair and reasonable.
- This valuation report is based on the assumption that the Company shall regularly obey all the rules and regulation imposed by all concerned government and other statutory bodies. It may be noted that in future, any change in existing laws, rules, regulations and policy of any Local, State and Central Government bodies affecting the approvals already granted or approvals upon renewal, which may restrict/ alter the legality, operations and use, marketability of the subject assets will affect the value reported.
- This valuation is valid only for the purposes mentioned in this report; and neither intended nor valid to be used for any other purposes. This report shall not be provided to any third party without our written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party or external party to whom the report is disclosed or otherwise made available.
- The valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Hence, there is no indisputable single value and we normally express our conclusion as falling within a likely range. Whilst we consider our conclusions to be both reasonable and defensible based on the information available to us, others may place a different value based on the same information.
- No soil analysis or geological or other technical studies were made in conjunction with the report, nor were any water, oil, gas or other subsurface mineral and use rights or conditions investigated. Any environmental due diligence or study is outside the scope of this engagement; therefore no such due diligence or study has been carried out by RBSA. We have assumed that the subject asset complies with all environmental laws and regulations, and that there are no substances, environmental or pollution related encumbrances/ issues which may adversely affect its value, utility or marketability. We have not carried out any due diligence with respect to any asset retirement obligations (ARO). Any such liability would have to be adjusted against the valuation.

6. FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS



- The subject valuation exercise is based on prevailing market dynamics as on the date of the valuation and does not take into account any unforeseeable developments which could impact the same in the future.
- The Client has been provided with the opportunity to review the draft report for this engagement to make sure the factual inaccuracies/ omissions are avoided in the final report. We reserve right to alter the valuation report if any adverse situation may happen other than described in the assumption and limiting condition of the said report. Further, we reserve the right to alter our conclusions should any information that we are not aware of at the time of preparing this report come to light that has a material impact on the conclusions.
- Other observations, assumptions and limiting conditions, as appropriate, are also mentioned in respective sections of this report and annexures.

Specific for Fixed Asset Register (“FAR”):

- Fixed asset register (FAR) as on 30th September, 2022 for UML, SIPCOT, Sriperumbudur unit was provided to us. It consists of information like asset description, asset code, asset main number, date of addition, deemed cost, accumulated depreciation value, written down value/ net book value, etc. and the same has been adopted for this valuation exercise.
- The FAR does not capture the quantity against each entry. However, quantity of few equipment was mentioned in ‘asset description’ and for remaining assets we have adopted unitary quantity for this exercise.
- As per information provided by the Company, the deemed cost/ gross book value described in the FAR are revalued figures/ values. Hence, for the purpose of this exercise, we have adopted historical cost of assets as per data provided to us during our previous valuation exercise.
- It is observed that, for few assets capitalized in FAR, deemed cost and written down value are “zero”. Hence, we have not considered such assets for the purpose of this valuation exercise.

Specific for Land & Building:

- Please refer Annexure – A for observations, assumptions and limiting conditions pertaining to land & building.

6. FACTS, OBSERVATIONS, KEY ASSUMPTIONS AND LIMITING CONDITIONS

Specific for Plant and Machinery:

- The physical inspection of plant & machinery was carried out with the help of representative of UML based on fixed asset register as on 30th September 2022 on random sample basis.
- We have considered only those assets mentioned in FAR as on 30th September 2022 provided to us for the purpose of this valuation exercise.
- The bulk/ blended assets such as cables, electrical works, flood lights, pipelines, etc., have been verified as a lot.
- As per information provided by Company representative, all assets have been purchased brand new at the time of installation and same is considered for this valuation exercise.
- During the time of inspection, most of the equipment were not in operations. However, as per information by the Company's representative all equipment were in working condition and same is considered for this exercise.
- During our site inspection, the name tag/ plate showing machine model, year of manufacturing, serial no., capacity etc. was not available on most of the assets. We have relied on verbal information/ data provided to us by Company representative for technical details for such machineries.
- The age of plant and machinery has been calculated based on year of manufacture collected as per name tag/ plate of equipment during physical inspection, wherever available, or as per date of addition as mentioned in the FAR provided to us.
- It was observed that expenses related to electricity board department are capitalized under the head of 'Electrical Installations'. However, we have not considered the same for this valuation exercise.
- Assets such as settling tank, priming tank, air vessel tank, electrical works for administrative building are capitalized under plant & equipment head in FAR. However, these assets are including in valuation of building. Hence, to avoid duplication we have not considered these assets in valuation of plant & machinery.

PHOTOGRAPHS – PLANT & MACHINERY

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7. PHOTOGRAPHS – PLANT & MACHINERY



DG Set



Weighments



Compressor



Distribution panel



Crane



Transformer

VALUATION SUMMARY

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8. VALUATION SUMMARY

The Summary on Gross Block, Net Block and Market Value of Specified Tangible Fixed Assets of Usha Martin Limited Situated at Plot No. L-9 (1), Phase – II, SIPCOT Industrial Park, Sriperumbudur, Tamilnadu, India as on 30th September, 2022 is as follows;

As on 30 th September, 2022				INR	Annexure No.	Methodology
Sr. No.	Particular	Gross Block	Net Block	Market Value		
1	Leasehold Land	2 17 59 519	2 08 77 401	22 39 00 000	Annex. - A	Sales Comparison Method
2	Buildings	9 16 67 994	28 00 534	11 93 00 000		DRC Method
3	Plant & Equipment	29 52 806	10 19 065	38 81 000	Annex. - B	DRC Method
4	Electrical installations	33 37 151	16 00 272	39 84 000	Annex. - B	DRC Method
5	Furniture & Fixture	6 34 501	2 00 467	6 97 000	Annex. - B	DRC Method
Total		12 03 51 971	2 64 97 739	35 17 62 000		

Notes:

DRC – Depreciated Replacement Cost

We have relied upon the Fixed Asset Register of UML as provided by the Company as on 30th September, 2022 for the purpose of this Valuation exercise.

Market Value

Hence, Market Value of Specified Tangible Fixed Assets of Usha Martin Limited Situated at Plot No. L-9 (1), Phase – II, SIPCOT Industrial Park, Sriperumbudur, Tamilnadu, India as on 30th September, 2022 is as follows:

As on 30 th September, 2022		INR
Sr. No.	Particular	Market Value
1	Leasehold Land, Building and Plant & Machinery	35 17 62 000

8. VALUATION SUMMARY

Realizable Value

Realizable Value can be defined as the estimated selling price of an asset in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The aforesaid Market Value is normally realizable in a perfect market scenario, however in actual property transactions, payment for property deals are often deferred in nature and paid in installments spread over a period. However, when Bank/Financial Institution wishes to recover its money by sale/auction of the property in one go (complete payment at one time), it is usually not possible to realize the full market value because of reduced marketability and expenses incurred in advertising as well as management of sale process. Marketability of properties may also reduce when complete consideration has to be in “accounted for or white money”; it is a common knowledge that a huge parallel ‘unaccounted for’ economy operates in normal property transactions. This often results in a discounted payment. Hence, the Realizable Value may be lower than the market value. The discount rate considered herein has been decided on the basis of our professional judgment with respect to the ease and level of marketability of such a property. In our professional opinion, the Realizable Value for such a property may be in the region of a discount of 15% to 25% over the Market Value. Considering average discount of 20% over the market value, the realizable value would be in the region of approximate INR 28.14 Crore.

Distress Sale Value

The Distress Sale Value has to be considered for Cost of Sale processes like Advertisement, Brokerage and a reasonable time period for marketing. In such transactions, payments are deferred in nature and installments are spread over a period of time. In such type of transactions normally the prospective buyer is in a better bargaining position than the seller. It is virtually a buyer’s market. Further, the transaction normally happens in a forced-sale situation wherein the seller has to liquidate by compulsion or is in urgent need of funds. All these result in a distress-sale scenario. In our professional opinion, the distress sale value would be in the range of a discount of 10% to 20% over the realizable value. Considering average discount of 15% over the realizable value, the distress sale value would be in the region of approximate INR 23.92 Crore.

CONCLUSION

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9. CONCLUSION

Based on the review and analysis of the information provided by the Company and our analysis as on 30th September, 2022 (Valuation Date) the Market Value, Realizable Value and Distress Sale Value of Specified Tangible Fixed Assets of Company situated at SIPCOT Industrial Park, Sriperumbudur, Tamilnadu, India is as summarized below,

Sr. No.	Particulars	Amount (INR)
1	Market Value	35 17 62 000
2	Realizable Value	28 14 00 000
3	Distress Value	23 92 00 000

For RBSA Valuation Advisors LLP
(RVE No: IBBI/RV-E/05/2019/110)

Dattatraya Lingappa Kota
Partner
Asset Class: Land & Building
RV No.: IBBI/RV/08/2018/10123

Kothari Jigar D
Partner
Asset Class : Plant & Machinery
RV No.: IBBI/RV/08/2019/11701

Nadeem Shaikh
Associate Vice President – Valuation

B. Nagaraj
Manager – Valuation

Doppalapudi Vamsi Krishna
Associate – Valuation

Nagaraj Kinnal
Assistant Manager – Valuation