



## **FINAL SURVEY REPORT**

<b>Our Ref:</b>	<b>Insurers Ref</b>
<b>No.</b> 14533/ICICI/19-20	<b>Insured Name:</b> VRS Foods Ltd.
	<b>Policy No:</b> 1001/143559453/01/000
<b>Report Date</b> 14 <sup>th</sup> December 2019	<b>Claim No:</b> FIR000985531
	<b>Date of loss:</b> 12 <sup>th</sup> April 2019
	<b>Survey Date:</b> 13 <sup>th</sup> April 2019

**STRICTLY CONFIDENTIAL & PRIVILEGED FOR THE USE OF INSURERS  
AND THEIR LEGAL ADVISORS ONLY**

*Survey report regarding claim preferred by VRS Foods Ltd.  
for reported loss/damage to their property due to reported  
fire, insured under Standard Fire and Special Perils Policy*

### **1.0 INTRODUCTION**

- 1.1 VRS Foods Ltd., Ahmednagar preferred claim on the ICICI Lombard General Insurance Company Ltd., New Delhi for reported loss/damage to their property. The property was insured under Standard Fire and Special Perils Policy.
- 1.2 Insurers appointed us on 13<sup>th</sup> April 2019 to conduct the survey for the reported loss/damage.
- 1.3 Our basis of terms reference were...
  - a) To investigate into circumstances leading to reported loss/damage

- b) To assess the physical damage/financial loss said to have sustained by the insured in the reported accident
- c) To determine the liability of the insurers vis-à-vis policy conditions.

1.4 Pursuant to above instructions we visited the insured premises situated at B-11, Newasa Industrial Estate, Taluka Newasa, District: Ahmednagar, Maharashtra on 13<sup>th</sup> April 2019. In continuation insured was requested to submit us the relevant claim papers in support of the claim vide email dated 23<sup>rd</sup> April 2019. On receipt of documents made available, we are issuing the final report.

1.5 Based on

- a) Observations made by us during our inspection
- b) Documents submitted by the insured during our survey & subsequently thereafter
- c) Discussions held with & explanations offered by insured

1.6 We want to submit our findings observations, recommendations as under, for the consideration of the insurers.

## **2.0 POLICY PARTICULARS**

2.1	Insured	#	VRS Foods Ltd., B-56, Sahibabad Industrial Area Site-4, Sahibabad, Ghaziabad, Uttar Pradesh-201010
2.2	Insurers	:	ICICI Lombard General Insurance Co. Ltd.
2.3	Type of Policy	:	Standard Fire and Special Perils Policy

2.4	Policy No.	:	1001/143559453/01/000
2.5	Period of Insurance	:	20-01-2019 To 19-01-2020
2.6	Interest	:	Building, P&M, FFF
2.8	Total Sum Insured	:	Rs. 105,71,20,000.00
2.9	Item Affected	:	Building Rs. 41,00,00,000.00 Plant & machinery Rs. 55,50,00,000.00
2.10	Occupation	:	Manufacturing of milk products
2.11	Subject to	:	1. Goods Held in trust 2. Agreed bank clause
2.12	Location of the Risk	:	B-11, Newasa Industrial Estate, Taluka Newasa, District: Ahmednagar, Maharashtra-414603

### **3.0 DESCRIPTION OF THE RISK**

- 3.1 The risk is situated at Newasa Industrial Estate, Ahmednagar. The civil structure is of RCC. The affected block i.e. dryer room/ section is a four storey building which houses the dryer.

### **4.0 INCIDENT**

- 4.1 During our visit, Mr. Ajay Dwivedi conducted us & narrated the incident. The supporting incident narration was provided to us. The gist of same is elaborated here...

#### **(Quote)**

Plant was running for daily production process, at about 0840 hrs. smoke with fire is noticed by employees working at sifter section. Fire in dryer section is informed to emergency control room & gate on land line phones & using mobiles. Fire emergency is declared by plant head. Incident is reported to

respective authority & external fire support team near to factory & Newasa Industrial area. Security team & employees working in vicinity have fight the fire with portable fire extinguishers & major firefighting system. Help is asked from neighboring factories for emergency control. All safety measures were followed while tackling fire emergency control. All safety measures were followed while tackling fire emergency. Available manpower mustered at assembly point was deployed for main fire fighters, supporting staff, adjacent compartment cooling team, communication member, team leader etc. all teams have fight the fire with systematic approach & confidence. The professional & firefighting techniques helps to control the fire. Mula Sahakari Sakhar Karkhana fire brigade with their trained fire fighters have helped to fight the fire. Fire was under control at about 1130 hrs. Post fire monitoring team consist of 02 employees at each floor is deployed for monitoring. All employees mustered at assembly point & head count is taken debriefing conducted actual cause of fire & system deficiency investigation is in progress. Damages caused due to fire to assets & raw material /finish goods list is attached.

**(Unquote)**

- 4.2 The incidence report provided by the Insured has been reproduced verbatim without any corrections, if any required to be made, with regard to spellings and/or grammar. The copy of Khabar and police report is attached with this report.
- 4.3 The incident was confirmed by inspecting the available CCTV footages. The spray dryer has three stage drying, in which the milk

concentrate is sprayed from the top portion of the dryer along with the steam. As the milk concentrate (moisture content-40 to 45%) comes downwards, it loses moisture to the hot steam and the finally the dairy whitener powder is produced, which has a moisture content of 3-5% only. The dryer is erected inside a four storey building. The drying is done in three stages i.e. dryer chamber, Integrated Fluid Bed Dryer (IFBD) and Fluid Bed Dryer (FBD).

## **5.0 CAUSE OF LOSS**

5.1 The exact cause of fire was not known. The insured also carried out internal investigation to ascertain the cause. However, it was concluded that the fire which took place inside the dryer was accidental. The stock i.e. milk concentrate caught fire and damaged the components of dryer.

5.2 Thus, based on the information & our inspection we opine that probable cause of loss was **accidental fire**.

## **6.0 EXTENT OF DAMAGE**

6.1 Post our intimation, we visited the premises on 13<sup>th</sup> April 2019 and inspected the premises. The fire had taken place inside the dryer chamber and the flames had come out from top section and bottom section. Soot deposition was observed on fourth floor as well as ground floor (powder filling section). Most of the items were repaired or replaced prior to our visit due to production urgency. The damages were observed to below items:

- 6.2 **Building:** As the flames came out from the FBD and the top portion of the dryer, the ceiling on the fourth floor and ground floor was found burnt with soot deposition. There was soot deposition in various sections. Insured was advised to provide painting work estimate.
- 6.3 **Plant & Machinery:** As mentioned earlier, immediately after the fire, the insured started the repair/ replacement work as the breakdown of dryer was affecting the production. Even during our visit, the replacement work was in process. It was noticed that few milk tankers were kept on hold due to breakdown of the dryer. The sieves inside the IFBD, FBD and shifter were burnt as the burning material fell on it. The exhaust air temperature suddenly increased from 90°C to more than 250°C. The same was confirmed on the system chart. As the temperature increased various sensors/ measuring devices/ valves and nozzles connected to the dryer body got affected, as the heat was beyond their prescribed working temperature range. The side cladding of the boiler had bulged out. Cracks were also noticed on the FBD body. The affected items were identified and noted down. It is a common practice followed by dairy industry to keep spares of critical/ regular replaceable parts in their stores. Accordingly, the insured replaced the parts which were available in their stores, while the remaining were procured.
- 6.4 Apart from above items, few other components/ devices were also affected. During the fire incident, the power had tripped, due to which few components were damaged due to electrical breakdown. These were assessed under MBD claim.
- 6.5 Hence, the liability if exists is limited to the plant & machinery and building paint affected by fire/ heat/ soot only.

## **7.0      INSURED'S CLAIM VIS A VIS ADMISSIBILITY**

- 7.1      Insured have lodged the claim for damages to building along with electrical fittings for **Rs. 13,29,859.00**. The supporting invoices, purchase order and store issue pass were provided to us.
- 7.2      Insured has taken standard fire and special perils insurance policy and the Building and P&M are covered. The date of loss (12.4.2019) was within the policy period. The peril (fire) is covered under the policy. Thus, the claim is admissible in the policy.

## **8.0      ASSESSMENT OF LOSS**

- 8.1      Our assessment of loss is based on our inspection & documents submitted by the insured. The supporting documents are enclosed with the report.
- 8.2      Following points are crucial from the point of view of assessment of loss.

I      The insured has shared supporting purchase orders, invoices and store issue pass. Most of the spares were available in the stores and hence, these were repaired in-house. Supporting purchase invoices were provided to us. The items which were not available in the stores were procured and their supporting PO and invoices were shared. The assessment is done based on such documents.

### **(-) Depreciation**

- II      As the policy has reinstatement value clause and the claimed items were reinstated, depreciation is not applied.

**(-) Salvage**

- III Most of the items were repaired only few were replaced. Insured had not shared any salvage value offer. Hence, we have deducted Rs. 5000.00 as likely realizable value against P&M. For building no salvage value was deducted as only painting work was carried out.

**(-) Underinsurance**

- IV The insured had fixed asset register of the plant. Based on the FAR the reinstatement value of building and P&M was worked out using indexing. The property was found adequately covered. The detailed working is attached with the assessment.

**(-) Excess**

- V The excess as per policy is 5% of claim amount subject to minimum of INR 5,00,000.00 as the sum insured is more than 100 Cr.

8.3 The net assessment of loss is works out to **Rs. 162948.00.**  
The detailed working is attached as **Annexure** to the report.

The assessment has been explained to the insured, who has given their consent vide mail dated 11<sup>th</sup> December 2019.

**9.0 WARRANTIES**

- 9.1 We have not observed any breach of general or specific warranties attached to the Policy issued to & held by the insured.

**10.0 CONCLUSIONS**



- 10.1 The cause of loss was accidental fire, the peril that is covered under the scope of policy issued to & held by the insured. Thus, the claim falls within the purview of the policy & is tenable.
- 10.2 If insures admit their liability payment may be made as assessed in the report.
- 11.0 This report is issued without prejudice & subject to the terms, conditions and warranties to the Policy issued to & held by the insured.

**12.0 DECLARATIONS**

1. *We hereby declare that the photographs of the affected property as detailed in our report were snapped by us by our Digital Camera and uploaded on our Office Computer. These were got printed in our office printer and are not manipulated.*
2. *We hereby declare that we have no interest in the subject matter in question and reported as above. We are neither related to the Insured nor the business either by blood, business or share-holding of whatsoever nature.*



**K. R. Biyani**

**KAMAL BIYANI ASSOCIATES**

License No. SLA 34365 valid till 27.11.2022

**Encl**

1. Assessment as annexure
2. Print copy of consent mail
3. Print copy of Claim form
4. Incident in original

5. Photocopy of police report & Khabar
6. Claim bill with supporting invoices
7. Photographs
8. Our fee bill