



FINAL REPORT

Our Ref No.:	Insurers Ref
14096/ICICI/18-19	Insured Name: M/s. Rise N Shine Biotech Pvt. Ltd
	Policy No. 1001/121652841/01/000
	Type of policy: Standard Fire & Special Perils Policy
	Claim No.: FIR000457188
	Date of loss: 14 th September 2018
Report Date: March 27, 2019	Date of survey: 14 th September 2018

Final survey report regarding claim preferred by M/s. Rise N Shine Biotech Pvt. Ltd for reported loss/damage to their property due to reported fire, insured under Standard Fire and Special Perils Insurance Policy

1.0 INTRODUCTION

- 1.1 M/s. Rise N Shine Biotech Pvt. Ltd., Dattaprabha farm, Ganeshwadi, Theur, Pune – 412110, lodged a claim on account of a reported fire accident on with their insurer, ICICI Lombard General Insurance Co. Ltd., Mumbai. The claim was lodged for loss/damage to their property due to reported fire against their Standard Fire and Special Perils Insurance Policy.
- 1.2 Insurer's appointed us on 14th September 2018 (mail copy attached as **Enclosure 1**) to carry out the final survey and to issue the final survey report.
- 1.3 Our basic terms of reference were ...
 - a) To investigate into the circumstances leading to reported loss/damage.

- b) To assess the physical damage/financial loss said to have sustained by the insured
- c) To determine the causative factors and also to evaluate the insured peril/liability of insurers vis-à-vis policy conditions.

1.4 Pursuant to above instructions, we visited the insured's premises situated at M/s. Rise N Shine Biotech Pvt. Ltd., Dattaprabha farm, Ganeshwadi, Theur, Pune – 412110, on 14th September 2018 and subsequently thereafter on 15th September 2018, 18th September 2018, 3rd October 2018, 15th November 2018, 3rd December 2018. During our survey, detailed inspection of the premises was carried out. Detailed discussions were held with insured's directors/executives and also various documents available were vetted. Detailed photographs were taken. In continuation, a preliminary report was issued on 19th September 2018. Thereafter, documents were called for and discussions were held with the insured. The nature and extent of damages, the rectification methodology was also finalized. On receipt of the documents/information made available to us, we are issuing our report.

2.0 POLICY PARTICULARS

2.1 The insured had covered the assets under one policy covering stocks and fixed assets. The policy is enclosed as **Enclosure 2**. The details are as under....

- | | | | |
|-----|----------------|---|--|
| 2.2 | Insured | : | M/s. Rise N Shine Biotech Pvt. Ltd.,
Dattaprabha farm, Ganeshwadi,
Theur, Pune – 412110. |
| 2.3 | Insurers | : | ICICI Lombard General Insurance Co.
Ltd., Mumbai |
| 2.4 | Type of Policy | : | Standard Fire & Special Perils |

		Insurance Policy
2.5	Policy No.	: 1001/121652841/01/000
2.6	Period of Insurance	: 24.09.2017 to 23.09.2018
2.7	Interest	: Building (with P & F), Plant & Machinery, FFF etc.
2.8	Item Affected	: Building (with P & F), Plant & Machinery, FFF etc.
2.9	Total Sum Insured	: Rs. 33,42,03,697/-
2.10	Occupation	: Tissue culture premises
2.11	Location of Risk	: Dattaprabha farm, Ganeshwadi, Theur, Pune – 412110.
2.12	Clauses	: <ul style="list-style-type: none"> • Reinstatement Value Clause • Designation of Property Clause
2.13	Excess	: 5% of claim amount subject to min of Rs. 25,000/-

Policy No.	Interest	Sum Insured (Rs.) of affected location
1001/121652841/01/000	• Building	132551960.00
	• Plant & Machinery	192055338.00
	• Furniture Fixture & Fittings	9596399.00
	Total Sum insured	33,42,03,697.00

3.0 ABOUT THE INSURED

3.1



Rise N Shine Biotech spans across four interlinked verticals- Biotechnology, Floriculture, Horticulture and exotic Plant Nursery. The company has evolved and grown rapidly to offer technology and service in these sectors. The focus of the

company is to use science and technology for the benefit of the farmer that ultimately translates into better products for the common man. Rise N Shine Biotech Pvt. Ltd is an ISO 9001-2015 company and an exporter of international standards plants to over 30 countries worldwide. The company has invested in a large and well equipped tissue culture laboratory that helps to produce more than 40 million plants annually. The company has International Collaboration with the World's top leaders in Floriculture.

- 3.2 It provides complete on line technical assistance at every stage of the project which includes field visits of their technical experts for guidelines on fertigation, pest disease management & polyhouse conditions. Rise shine offers plants in vitro or hardened young plants of the following commercially successful crops. Gerbera, Carnation, Banana, Lilium, Gladiolus, Orchid, Perennial plants.
- 3.3 It produce approximately 22 million plants per annum of which 35% are exported to over 22 countries around the world the countries mainly being the Netherlands Australia, Japan, south, etc.
- 3.4 The detailed company profile is attached as Enclosure

4.0 INCIDENT

- 4.1 During our visit, Mr. Sujit Patil, Mr. Umakant Hoval, Mr. Michael Mendonsa director, conducted us around and narrated the incident. The gist of his narration is reproduced here under...

(Quote)

- 4.2 At Early morning all things are fine around 8.38 a.m. burning smell in PGR 4 of Lab 2, after that we observed fire and smoke on roof site then we immediately tried to control the fire with help of near by fire

extinguishers but fire spread rapidly so we evacuated all employees from lab 2 , and cut of power supply then inform to fire brigade, Loni police station and MSEB Theur.

(Unquote)

- 4.3 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.
- 4.4 The claim form and fire occurrence report, police documents such as Crime details, Jabab, Fire report from PMRDA department, Fire brigade report, are enclosed as **Enclosure 3,4,5,6,7,8.**

5.0 OUR INSPECTION & EXTENT OF DAMAGE

► **Description of Risk**

- 5.1 The risk was situated at M/s. Rise N Shine Biotech Pvt. Ltd., Dattaprabha farm, Ganeshwadi, Theur, Pune – 412110.
- 5.2 The Insured is in the business of green house and horticulture since 1998 and continuously in the development and growth of the unit. As per the market requirements and the technology upgradation in the agriculture sector Insured entered into the business of plant tissue culture in the year of 2003. Plant tissue culture is a collection of techniques used to maintain or grow plant cells, tissues or organs under sterile conditions on a nutrient culture medium of known composition. Plant tissue culture is widely used to produce clones of a plant in a method known as micro propagation.

The insured plant was spread in 25 acres of land near Theur village. The risk consisted of various blocks like Administrative Office, Training

center, Labs, Green houses, sheds etc. The blocks were well designed and located as per the process flow. The layout is well spread with internal concrete roads and other infrastructure.

In the insured premises total four labs, each approximately measuring 38000 sq. ft. were constructed. Three labs were in operational condition and fourth lab was under installation.

The production activity of the plants growth required specific temperature inside the labs and for the same purpose internal compartments were made up of Puff paneling. The lab was provided with centralized AC ducting.

The fire took place in **Lab number 2**. It was RCC framed structure with external walls of masonry and roof of coated sheet laid on MS trusses. Rockwool insulation was also provided to roof. As elaborated earlier, the internal compartments were made up of PUF Panels. The false ceiling was also of PUF panels. The internal wiring, ducting was laid above the false ceiling.

► **Our Observations**

Broadly, damages to following items were observed.....

1. Building
2. Plant & machinery
3. FFF

5.3 A detailed inspection of the building damages carried out along with the insured's civil contractors. The building was damaged



considerably. MS steel members of trusses were found bent/uprooted.

5.4



The portion of the roof caved in. The foundation plates at various places found uprooted. GI sheets uprooted at various places and found bent. The side walls were also found cracked. The aluminum sliding windows glasses

broken. To create access for firefighting, few portions of civil work was broken by the fire brigade officials. The flooring was also found affected partially. The condition of the RCC frames required further testing and validation. Soot deposition observed on walls and roofing sheets. A passage between lab 1 and 2 was broken to avoid spreading of fire. The fabricated structure of roofing sheets was broken by the insured. During NDT and core tests, the top portion above the false ceiling was found affected. The bottom portion of RCC was found sound. Accordingly, the scope of repairs was decided.

5.5



The entire puff paneling were burnt completely. The AC ducts were collapsed all over the lab area on the floor and bent/De-shaped. The LAF (Laminar airflow cabinet) units were also

affected due to fire. Various equipments like steryp pot, PGR racks, plant bottles, PH meter, Auto clave etc. were also damaged and burnt.

5.6 The AC compressor units were also affected due to fire and were installed on porch slab. The Vents, pipes of the cooling system found burnt and bent. During survey, list of the



affected machines was prepared (elaborated in the assessment Annexure). During our subsequent visits, detailed inspection was carried out and scope of repairs/replacement was ascertained. Except AHU units, the machineries were found completely damaged. Few electrical panels were found sound and not considered in the assessment.

► **FFF**

5.8



The furniture inside the lab 2, reception area, cabins, chairs, computers etc. affected and burnt due to fire. Electrical wiring and cabling with switches found melted and burnt out

completely. Steel racks and tables were also burnt in the PIR room.

5.11 Insured advised to provide a detailed listing of the damages to facilitate the physical inspection of the items and quantification. Thereafter, insured were advised for submission of relevant documents/information & subsequent reminders. On receipt documents, as provided by Insured, we are issuing our report.

6.0 CAUSE OF FIRE AND ITS TRAVEL PATTERN

6.1 The cause of damage is fire. The exact cause of fire is not known. Insured had verbally informed that the reported fire had taken place On 14th September 2018 @ 8.30 a.m. burning smell in PGR 4 of Lab 2 was observed.

6.2 The incident of the fire was reported to the police authority, fire brigade team, MSEB and Following supporting documents were submitted & the cause in the mentioned documents are written below

- Police Crime details, Jabab Accidental Fire
- Fire report from PMRDA Category – Major fire
department - Enclosure Cause – Unknown
- Fire brigade report - Enclosure The exact cause of fire not known

- MSEB Report - Enclosure The fire was not due to short circuit
- Investigator report - Enclosure Electrical short circuit

6.3 The insurers have engaged an expert "ICS Assure Services Pvt. Ltd., Mumbai" to ascertain the exact source and origin of fire. As per their report the cause is concluded as under.

(Quote)

"Based on the fire origin and fire pattern analysis and other observations we are of the opinion that:

a. As per fire pattern analysis , fire damage interpretation and level of hot spots at areas of lab-2 we are at opinion that fire would have initiated inside lab-2

(under-ceiling structure) near PIR-1/PGR-8 located at RHS of lab -2.

b. Based on the above analysis in our opinion, there is no probability of fire through externally introduced ignition source or due to spontaneous combustion. Fire would have been caused due to electrical short circuit in between the false ceiling and the main roof of the RHS of Lab - 2. (Just above PGR - 8 and PIR - 1)

(UnQuote)

6.4 Thus, based on our inspection & other documents, the cause of damage is an **accidental fire**.

7.0 INSURED'S CLAIM VIS-À-VIS ADMISSIBILITY

7.1 Insured have claimed **Rs. 16,52,75,200.72**. The supporting documents /information were submitted to us. The details are elaborated in the summary of the assessment sheet. The summary is as under....

- Building 4,18,80,080.10
- P & M 12,17,11,527.18
- FFF 16,83,593.44

TOTAL CLAIM BILL 16,52,75,200.72

7.2 The claim form with final claim bill are placed as **Exhibit I** & Enclosure 5 to the report.

7.3 The other details of the claim are as under.....

- **Peril** Fire
- **Date of loss** 14-9-2018 time 8.38 a. m.
- **Policy period** 24.09.2017 to 23.09.2018
- **Risk location** M/s. Rise N Shine Biotech Pvt. Ltd.,
Dattaprabha farm, Ganeshwadi,
Theur, Pune – 412110

7.4 The operated peril and affected location are covered under the policy. The policies were effective as on date of loss. Thus loss is covered under the policy.

8.0 METHODOLOGY OF ASSESSMENT OF LOSS

8.1 The assessment of loss is based on our inspection & documents submitted by the Insured. Insured have opted to go ahead with the market value basis and hence, the loss assessment is based on the quotations. It may be noted that during the process of the survey each and every item was inspected by us. Various filters/adjustments such as usable/unusable, repairable/irreparable were applied to the initial list generated by the insured. The final assessment is based on such final list generated after due vetting/verifications. The supporting documents are enclosed with the report. Following points

are crucial from assessment point of view.

► **Building**

The insured have lodged claim of Rs. 4,11,05,894/-, The insured has submitted quotations of various items of the building. During survey, the detailed examination of the items were carried out to ascertain the exact extent of damages. The insurers have appointed an expert, M/s Aaryan Structcon Pvt. Ltd for evaluation of the damages. The expert had submitted the detailed estimate of repairs. The claim value of the insured was generally found in sync with the estimate provided by the expert. The assessment is carried out on the basis of such estimate. However, the expert had not evaluated few items under the building heading. These items were assessed on the basis of the quotations provided by the insured, which were suitably adjusted. In case of PIR panels, the insured had submitted a quotation of different specification. Reasonable value of the original specification was considered.

The insured have lodged claim of Rs. 13,78,500/-, towards dismantling charges, as per policy we have considered 1% of the claim amount towards debris removal as per assessment attached. The detailed assessment sheet is attached as **Annexure I** to the report.

► **Machinery**

Insured has lodged the claim of **Rs.12,17,11,527/-** towards repair/replacement cost of Plant & Machineries. Following methodology is adopted...

1. A detailed – item level – claim bill giving unit rate and quantity affected was presented by the insured.
2. The quantity claim is adjusted as per the quantity verified during the survey. This considered quantity was further cross checked

with FAR. The minimum of two (claimed or as per FAR) is considered. The items which are claimed and found damaged during the survey, but not found in FAR are not considered. Certain items such as bottles, trays, pp caps were completely burnt and no sort of physical quantification was possible. The insured had claimed the quantity as per the reported capacity of the damaged lab-2. We have extracted the capitalization details of such items. It was observed that the capitalized quantity of these items was lower. Hence, the capitalized quantity was only considered in the assessment.

3. The items which were repairable were assessed for repairs. In case of complete replacement of the items, the supporting quotations of the damaged items were provided by the insured. It was observed that the insured was erecting a new laboratory in the same premises. Similar items were also being procured for the new lab. Hence, we have collected the purchase orders of these items. During the assessment, we have considered the lower of Quotation Value or PO Value. This has helped us in removing any exaggeration/ negotiation component from the quotation value. In few items, PO was not available. In such cases, we have deducted 10% as likely component of negotiation. The specifications of the damaged items vis-à-vis new items were also studied. In case of difference, suitable deductions were also made. The claimed amount was also compared with the amount of capitalization shown in the books. In the assessment annexure, detailed remarks are given against each item.

The detailed assessment sheet is attached as Annexure II to the report.

► **FFF**

Insured has lodged the claim of **Rs.16,83,593/-**. Following methodology is adopted...

1. Items claimed & witness during survey, considered to the extent possible.
2. The original procurement invoices were submitted by the insured.
3. Replacement value is considered as per above Invoices, as no quote submitted by Insured.
4. Depreciation is applied as per age of the affected lab.
5. As items were completely damaged – No salvage was realizable, hence no deduction made.
6. In view of small loss & market value settlement, Sum-Insured is considered to be adequate, hence detailed under Insurance working not done.

The detailed remarks are given against each item. The net loss is arrived Rs. 3,42,130/-.

(-) Depreciation

The policy is on RIV basis. However, insured have opted for market value settlement. Accordingly, depreciation is applied towards. Building, plant & machinery, FFF.

- **Building:** The building was around 9 years old. Thus, 18% (2% per year) depreciation is applied.
- **Plant & Machinery:** The building was around 9 years old. Thus, 45% (5% per year) depreciation is applied.
- **FFF:** The age is around 9 years old. Thus, max depreciation of 75 % is applied.

(-) Salvage

The machinery, building, computer, FFF, stock was extensively damaged. These were beyond any use and would not have realized any salvage value other than terminal scrap value. The disposal of salvage was done through insurer's team. The highest bidder offered

the salvage value of **Rs. 23/- (including GST)**. Accordingly, we have deducted salvage value from respective head **as follows:-**

Description	Total Weight in Kg.	Rate with GST 18%	Value with GST Rs.	Value with Basic Rs.
Building	110000.00	23.00	2530000.00	2143900.00
Machinery	109270.00	23.00	2513210.00	2129672.30
	219270.00		5043210.00	4273572.30
	Basic Value		4273906.78	
Basic Rate			19.49	

(-) Adequacy Of Coverage

► Building, Plant & Machinery, Computer, FFF

Insured have forwarded the year wise capitalization value since inception of the plant (2004-2005 to 2017-2018). The building was evaluated with CPWD index. For machinery, based on the actual RIV and the original capitalization value, multiplication factor was devised. This multiplication factor was increased/decreased for 5% per year, Based on Available data, the adequacy is worked out. The detailed working is attached as **Annexures** to the assessment sheet.

► The summary of the working of underinsurance is as under.....

Description	Market Value in Rs.	Sum-Insured	% of Underinsurance
• Building	14,62,19,141.39	13,25,51,960.00	9.35
• Plant & Machinery	21,50,87,247.00	192,055,338.00	10.71

As regards FFF, the claim amount is minimum as against sum Insured of Rs. 95,96,399.00. Thus, detailed valuation is not carried out. Considering the market value settlement, it seems to be adequate.

(-) Excess

As per policy the applicable excess 5% of claim amt sub to min of Rs.

25,000/- Accordingly, we have deducted Rs. 24,84,004.00.

(-) Chances of Recovery

Insured had informed that the fire was accidental and no third party was involved. Hence, there are no chances of recovery.

(-) Application of Exclusion '7'

The probable cause of fire is electrical short circuit. The exact, origin was not known. Thus, a lumpsum amount of Rs. 25,000/- is deducted towards the exclusion.

► The net assessed loss works out to Rs. 4,71,96,076.00. The detailed loss summary is attached to the report as Annexure.

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 is 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 insurers admit their liability payment may be made as assessed in the report.

10.3 This report is issued without prejudice, to the best of our knowledge & subject to terms, conditions exceptions of the policy issued to & held by the insured.

11.0 DECLARATION

- 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 on office printer and are not manipulated.
- 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 27.11.2019

Encl :

- Assessment as annexures **I to VII**
- Photographs + CD
- Relevant claim documents as per Enclosures
- Relevant supporting for assessment as per Exhibits
- Our fee bill