

General Opinion of COE on Valuation opinions/reports generated by a particular member on asset class Plant & Machinery

Points to be covered	Sl. No.	Information required	Commentary	RVM	RVM
Preconditions of accepting an assignment on Valuation for a Registered Valuer				Report 1	Report 2
STAGE 1 (Competence)	1	Competence of a valuer	A valuer Member must possess the appropriate academic /professional qualification and experience. The Valuation report and terms of engagement must confirm that the valuer possesses the necessary skills to undertake the task properly.	Copmetent	Copmetent
	2	A valuer should have adequate knowledge and experience which are necessary and sufficient.	A Valuer shall not accept order in a matter where, based on a reasonable objective standard, the Valuer does not have the competence, skill and/or experience to complete the assignment. However, it is expected that the Valuer Members are active across a wide range of specialist field and corresponding market.	Adequate knoledge	Adequate knoledge
	3	In case lack of competence , which was identified before the acceptance of the assignment , how a valuer tries to over come the situation.	Example: Disclose the lack of knowledge and taking an expert's opinion etc. with sufficient disclosures or personal study by the Valuer Member, association with a valuer who, reasonably believed to have sufficient knowledge in the matter. Only membership of a professional body does not imply that the member has the necessary skills and competence to undertake a Valuation job, it needs proper knowledge, qualification, rationality and intelligence.	Lack of competence not disclosed	Lack of competence not disclosed
	4	In case, a Member Valuer employs another valuer/expert or a firm. What does the valuer do in such case?	Client's approval is necessary before accepting the assignment.	Not applicable	Not applicable
	5	What does a valuer do if any lack of knowledge or experience emerges which were not identified, unknowingly and eventually not notified initially.	the Valuer Member is obligated to inform its client at the point of discovery and inform the client about the probable solution.	Not applicable	Not applicable
	6	Which Valuation Standard is being followed by the Valuer Member.	The valuer member has to achieve and maintain the defined standard adopted by the RVO ESMA. The IVS have requirements that apply from the outset and throughout the valuation process.	Mentioned the relevant standards	Not mentioned
	7	Does the Valuer Member understand about departure from IVS	eg. Computing a value under any state regulation like Capital Gain Tax , Rating etc. are also departure. <i>Such a valuation has still been performed in overall compliance with IVS. Generally other standards do not contradict IVS, a valuer may continue with IVS considering the requirement as additional .</i>	The valuer understands	not mentioned

STAGE2 (Standard)	8	Compliance with the state/ Govt. regulations.	Separate regulations maybe available for different states , knowledge on the state regulation is required	The valuer understands	not mentioned
	9	Any pending proceeding against the RVM	No proceedings are pending or any action has been initiated against the Member	No	No
	10	Does the scope of works determined in the assignment letter?	A valuer has to satisfy the client by addressing all the agreed points of Scope of work determined in assignment letter.	Assignment letter produced	Assignment letter not produced
	11	What does a valuer do if any scope of work emerges which were not identified, unknowingly and eventually not notified initially	the Valuer Member is obligated to inform its client at the point of discovery and inform the client about the probable solution.	Not mentioned anything about this	Not mentioned anything about this
	12	Does the valuer charge Success fee in case the scope of work increases?	The determination of scope of work is an on going process. But, success fee can not be charged as per the IBBI Rule	No	No
	13	Does the Valuer Member identify the Conflict of Interest or probable conflict before accepting the assignment ?	The valuer has to take adequate steps to address the problem, if it is yes.	Mentioned on taking care of conflict of interest	Not mentioned
	14	What does a valuer do if any Conflict of Interest emerges which were not identified, unknowingly and eventually not notified initially	the Valuer Member is obligated to inform its client at the point of discovery and inform the client about the probable solution.	No such case	No such case

<p>STAGE3 (Scope of work, Conflict of Interest, Assignment letter)</p>	<p>15</p>	<p>Does the assignment letter covers the typical points as prescribed by the RVO ESMA?</p>	<p>1.INSOLVENCY PROFESSIONAL NAME & REGISTRATION NO : 2.REGISTERED VALUER NAME & REGISTRATION NO : 3.CORPORATE DEBTOR'S &CREDITOR'S NAME, ADDRESS & OTHER DETAILS : 4.ASSIGNMENT DATE & NUMBER : 5.DATE OF VALUATION (As the date of insolvency commencement to be given by RP/IF) 6.COPY OF THE ORDER OF THE ADJUDICATING AUTHORITY 7.ASSET CLASS : 8.PURPOSE OF VALUATION : 9.SCOPE OF WORK WITH DETAILS : . 10.IDENTIFICATION OF INTENDED USER 11.IDENTIFICATION OF THE PROPERTY : 12.FEE FOR VALUER : 13.LIST OF DOCUMENTS SUBMITTED (As necessary) 14.SPECIFIC TERMS & CONDITION OF THE ASSIGNMENTS i.e TIMELINE ETC. (After negotiation): 15.NON-DISCLOSURE OF CONFIDENTIAL INFORMATION : 16.ACCEPTANCE OF ASSIGNMENT WITH DATE / IN CASE OF REFUSAL REASON BE GIVEN : 17.SPECIFIC INFORMATION to be sourced from the relevant authorities (e.g. relevant seismic registered information) if any. 18.SAFETY AND ACCESS ISSUE which may affect the nature of the inspection. 19 . Any spacial information like relevant seismic registered information.</p>	<p>The RVM covers almost all the points in all cases.</p>	<p>The RVM covers almost all the points in all cases.</p>
<p>STAGE4 (Commencement of work)</p>	<p>16</p>	<p>Number of meetings with the clients before the commencement of the job</p>	<p>Stages: Meetings with the client before the commencement of the job are necessary to understand the client and its real need.</p>	<p>Meetings held</p>	<p>Meetings held</p>
<p>17</p>	<p>Does the valuer member confirm the order</p>	<p>The valuer should ensure that a clear scope of works is established and that a contract exists before each Technical Due Diligence process even starts. Misunderstandings can be eliminated or at least minimised by establishing clear terms of engagement at the outset and confirming all of the client's instructions in writing. Once the terms are agreed, it can not be changed without mutual consent.</p>	<p>RVM confirmed the order</p>	<p>Not mentioned</p>	
<p>18</p>	<p>How does the valuer collect data</p>	<p>Valuer has to procure documents in hard copy and soft copy</p>	<p>not specially mentioned</p>	<p>not specially mentioned</p>	
<p>19</p>	<p>Whether the Registered Valuer Member has maintained all the reports, records and documents relating to valuation assignments for the prescribed period of three years from the completion of each such assignment as required under Rule 7(f) of the Companies (Registered Valuers and Valuation) Rules, 2017</p>	<p>A Valuer shall maintain proper working papers alongwith the working file three years or such longer period as required in its contract for a specific valuation, for production before a regulatory authority or for a peer review. In the event of a pending case before the Tribunal or Appellate Tribunal, the record shall be maintained till the disposal of the case.</p>	<p>Records maintained</p>	<p>Records maintained</p>	
<p>20</p>	<p>Does the Report has a reference unique code</p>	<p>The Report must has a unique code for future all reference.</p>	<p>Yes</p>	<p>No</p>	

STAGES. (VALUATION PROCESS)	21	Does the valuer make assumptions considering the purpose of valuation.	Purpose wise the valuation of an asset gets change. In doing valuation, it is sometimes seen that the confusion in addressing the issue. The purpose cognition, linked with the assumption or valuation process (ie adopting appropriate basis, approach/methodology) are lacking.	Yes, elaborated	Not mentioned
	22	Does the valuer visit the site ? If not, why and how a valuer overcome the problem.	Site visit is a must for the valuers of L&B and P&M. Unless a very spacial situation, which prevents the site visit even in that case number of steps a valuer has to take to confron the very spacial situation	Site visit has been done. In a very few cases regional competent inspectors were appointed.Virtual and inspection had been done and micro and macro survaying of the plant and machinery has been done thoroughly	Site visit has been done. In a very few cases regional competent inspectors were appointed.Virtual and inspection had been done and micro and macro survaying of the plant and machinery has been done thoroughly
	23	Does the valuer declare on the extent of investigation	Detailed extent of investigation to be declared in the generated report.	Detailed extent of investigation declared in the generated report.	No
	24	Does the valuer writte the definitions of Basis, Approaches and Methodologies and does the report shows theadherence of any standard ?	The Value/Values, which are used in the report must have reference from IBC or any other international standard. The approaches, methods etc. all must must have reference from any International standard. However, the IVS have requirements that apply from the outset and throughout the valuation process.	Yes	not very much. The valuer specifies realizable value as the RP requested. Realizable value means ?? The RVM should educate the RP regarding the IBC value concept of fair value and liquidation value
	25	Does the RVM understand that for using Depreciated Replacement Cost method a proper statement to be given with the report.	Depreciated Replacement Cost : The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration. A DRC valuation is deterioration and all relevant forms of obsolescence and optimisation is used when useful /relevant comparison is NOT available. So, before adopting the DRC method (includes indexation)the valuer will need to be satisfied that there are no transactions involving similar asset in similar use or location that could provide sufficient evidence to do valuation.	Not used	Not used

TECHNICAL DUE DILIGENCE

26	How the valuer has taken steps to consider the"Technical Due diligence"	Due diligence : reasonable steps taken by a person to avoid committing a tort or offence. a comprehensive appraisal of a business undertaken by a prospective buyer, especially to establish its assets and liabilities and evaluate its commercial potential.	Taken Proper care	Taken Proper care
27	There shouldn't be any deficiency like estimating the remaining life of the asset.	Remaining useful life of an asset is the main point for computing Value of that particular asset.	Taken Proper care	Not mentioned
28	Whether the site or surrounding area have any adverse effect on the technical aspects of the asset.	Checking some points for Advising HABU falls under technical due diligence	Not applicable	Not applicable
29	Whether the property is suitable for the client's intended use	Suitability of the use of the intended users- is a must consideration for the valuer	not specically mentioned	not specically mentioned
30	Understanding on Wrong doing 1	Intentional biased report generated by a valuer	The RVM understad	Taken Proper care

STAGE6 (Technical Due diligence)	31	Understanding on Wrong doing 2	Inadvertent wrong done by a valuer.A Revised report with permission may be accepted.	Taken Proper care	Taken Proper care
	32	Understanding on Wrong doing 3	Negligence by a valuer. Ignoring data or information	Taken Proper care	Taken Proper care
	33	Understanding on Wrong doing 4	Without authority signing a valuation report.	Taken Proper care	Taken Proper care
	34	Does the RVM know about the ambiguous area in a generated report. Or the grey area of a report.	A report must avoid unnecessary jargons. A robust format on quality assurance for report writing must be used A report should be Complete, Adequate, Reasonable, Relevant and Appropriate. Grey report, leads the clients to an uncertainty, ambiguous decision..	The RVM knows about the best practice also knows about grey area in a generated report. The RVM tries to to generate a suitable report without ambiguity. The RVM tries to generate in overall more suitable, protective value opinion.	The RVM knows about the best practice also knows about grey area in a generated report. The RVM tries to to generate a suitable report without ambiguity. The RVM tries to generate in overall more suitable, protective value opinion.
	35	Does the RVM advise on any restrictions or problems likely to be encountered in adapting the property for the intended user.	if occupation by the client is for long time or contemplated, the Technical Due Diligence process would advise on any restrictions or problems likely to be encountered in adapting the property for the intended use.	The situation did not arise.	The situation did not arise.
	36	Does the RVM indicate significant physical defects or any statutory non- compliance in the report, if any?	Identification of significant physical defects or any statutory non-compliance which might affect the value of the property in the market. If it is not done or a new avenue for a purchaser to extend negotiations may open regarding certain technical issues.	The situation did not arise.	The situation did not arise.
STAGE7 Report	37	Minimum contents of Report writing	Apart from the above, does the valuer also follow the points set forth by RVO-ESMA. 1.Identity of the valuer 2.Identity of the client(s) 3.Identity of other intended users 4.Asset(s) being valued 5.Purpose of the valuation 6.Basis/bases of value used 7.Valuation date This may be insolvency commencement date as per IBC 8.The nature and extent of the valuer's work and any limitations thereon 9.The nature and sources of information 10.Significant assumptions and/or special assumptions 11.The type of report being prepared 12.Restrictions on use, distribution and publication 13.The valuation report will be prepared in compliance with the standard and that the valuer will assess the appropriateness of all significant inputs 14.Declaration by the valuer, who takes the responsibility of the valuation report. Declarations on Caveat, Disclaimers and Limitations must accompany the report.	Not complying full	Not complying full
	38	Does the report contains the name of third party consultants and their appointment? if any	A Technical Due Diligence investigation to be undertaken when particularly a large commercial, industrial or residential property are involved and there may be need for a number of different consultants and experts covering their specific area of expertise and requirement.		

	39	Does the valuer send the Draft Report to the client	A draft report should be forwarded to the client before the issuance of final report	Not asked	Not asked
	40	Does the valuer take any help of any technical tools or machine. If yes, why and how?	Help of any technical tools or machine like Drone, GPS, Google map, Total station etc.	RVM takes the help of any technical help if necessary	RVM takes the help of any technical help if necessary
STAGE8 (Safety and health)	41	How does the RVM consider the health and safety issue in entire process.	Areas to consider include caution when: 1.Entering premises that have been vacant for a long time 2.working close to plant or machinery 3.working high up or in confined places 4.There are traffic movements 5.There is excessive noise, excessive heat or cold, or vibration 6.In the presence of microwaves, radiation and electromagnetic fields 7.chemical emission 8.increased hygiene needs (e.g. food preparation areas) 9.biohazards 10.time restrictions 11.unoccupied areas, one-way opening doors 12.entering security areas.	The situation did not arise.	The situation did not arise.
STAGE9 (The client should understand)	42	The RVM also should tell the client about the uncertainty .	Market uncertainty, Model uncertainty and Input uncertainty. If appropriate, the valuer should draw attention to, and comment on, any issues affecting the degree of certainty, or uncertainty, of the valuation . Commentary on any material uncertainty in relation to the valuation where it is essential to ensure clarity on the part of the valuation user. For this purpose, 'material' means where the degree of uncertainty in a valuation falls outside any parameters that might normally be expected and accepted.. RICS. A valuation report is a professional opinion on a stated basis of value, coupled with any appropriate assumptions or special assumptions. A valuation opinion is not a fact. Like all opinions, the certainty, involvement will definitely vary from case to case, as in the degree of 'certainty' - for example, for all the probability that the valuer's opinion on the Market Value as per IVS or Fair Value as per IBC would exactly coincide with the price achieved on an actual sale at the valuation date or inspection date , even if all the circumstances envisaged or covered by the definition of market value as per IVS or Fair Value as per IBC and the valuation assumptions were identical to the circumstances. On an actual sale, most valuations are subject to a degree of variations (that is, a difference in professional opinion). This is principle probably well-recognised by the various jurisdictions.	YES, that is why IP/RP appoints 2 valuers for each asset class. It is obvious that 1) valuation is an opinion, even in the same situation, with the same documents, on the same date and same time, the opinions of 2 valuers on value of the same asset differ. The RVM knows about this and try to make the client understand.	YES, that is why IP/RP appoints 2 valuers for each asset class. It is obvious that 1) valuation is an opinion, even in the same situation, with the same documents, on the same date and same time, the opinions of 2 valuers on value of the same asset differ. The RVM knows about this and try to make the client understand.

STAGE10 (The client should understand)	43	Some requests are unacceptable. How does the valuer tackle the situation	Specifically, an assignment condition is unacceptable when it: Destroys a valuer's impartiality, because such a condition breaks the objectivity and independence required for the development and resulting in to a wrong value; Limits the scope of work. It may lead to a wrong if the scope of work is limited to such a degree that the assignment results are not credible.; Limits the content of a final report in such a manner that results in the report be misleading."	Valuer tries to understand the real need and tries to educate the client	Valuer tries to understand the real need and tries to educate the client
	44	Any certificate that shows the satisfaction on the service of the valuer.	Client's certificates on satisfaction are necessary to grow the "Faith in" or "trust in" on the valuer as well as on the reputation of the profession	Not seen	Not seen