

# THE Valuer

COMPREHENDING VALUATION

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# CHAIRMAN'S MESSAGE



**Dr. Goutam Sengupta**  
Chairman, IOV-RVF

I am extremely happy and delighted to learn that IOVRVF is going to publish an online newsletter. While extending my good wishes for this commendable endeavour, I feel that this initiative shall go a long way in communicating and educating the valuation fraternity on technological innovations and latest trends in the valuation discipline globally.

Enhanced automation in valuation, big data and artificial intelligence are technological innovations that are shifting the construction and real estate appraisal landscape. Valuation professionals are unsure how near or far this technological renaissance is and how it will impact their professional livelihoods. The confluence of regulatory changes, technological advancement and the market's demand for speed are driving change faster than ever before. Consumers of valuation solutions (investors, lenders, rating agencies, GSEs) who are processing volumes of valuations will have new risk assessment models created by big data aggregation and models propelled by artificial intelligence. The "suite" of technological innovations that will converge on the valuation industry in the near term will alter the landscape that we've operated in for decades. We're already seeing drones that inspect property, smartphones that replace laptops and desktops as workplace production tools and automated

valuation models (AVMs) that process all the data that gets collected via algorithms and machine learning.

The global spread of COVID-19 is having a significant impact on the global economy and financial markets, with increased volatility and business disruption worldwide. Concerns about the fair value of companies have emerged as valuation of illiquid investments and various asset classes has become challenging for asset managers given the current state of market uncertainty. The COVID-19 pandemic has increased the focus on valuation. There is no doubt that COVID-19 does and will continue to pose significant problems for the valuation of assets, businesses and equities in the short to medium term. The traditional approaches to valuation need to be carefully re-considered in the current environment with regard to technological innovations.

In these trying times, an online newsletter can act as an innovative and informative bridge between valuation professionals across the globe, not only for their educational insights, but also to further their professional expertise. The e-newsletter, I feel, shall manifest itself into a powerful tool for connecting the valuation fraternity at large and shall enable budding valuation professionals to share the knowledge and experience of senior and experienced valuation professionals and benefit from it.

I once again heartily extend my best wishes for this effort and sincerely hope that this online newsletter of IOVRVF shall go a long way in spreading the message of the valuation world and be a popular and indispensable medium for propagation of the valuation discipline.

# MD SPEAKS

## Namaste...

In pursuance of carrying on with our capacity building measures, IOVRVF again scored a first to organize '**Faculty Development and Training Programme**' for upscaling the quality of training by IOVRVF. New and innovative training programmes in compliance of Valuation Standards are being introduced soon. All these programmes are aimed to provide the Valuers the much required trainings in order to raise their levels of professional proficiencies further with Global perspective.

It is our endeavor not only to ensure the compliance of standards in Valuation, but also to take measures for establishing Valuation Standards for practice in India. It will involve getting engaged with statutory Authorities, Regulators & Valuation Standards formulating bodies globally as nationally. To fulfill these objectives IOVRVF intends to undertake following promotional program.

- Propagation of Valuation Standards & Promoting Standards Compliance in Valuation by Valuers.
- Propagation of Valuation Standards and their

- importance among End users and stakeholders.
- Capacity Building-Faculty Development for training programs
- Monitoring of Registered Valuers on Standards Compliance in Practice and issuing guidelines.
- Consistent engagement with End Users/Stakeholders & evolving best practices.

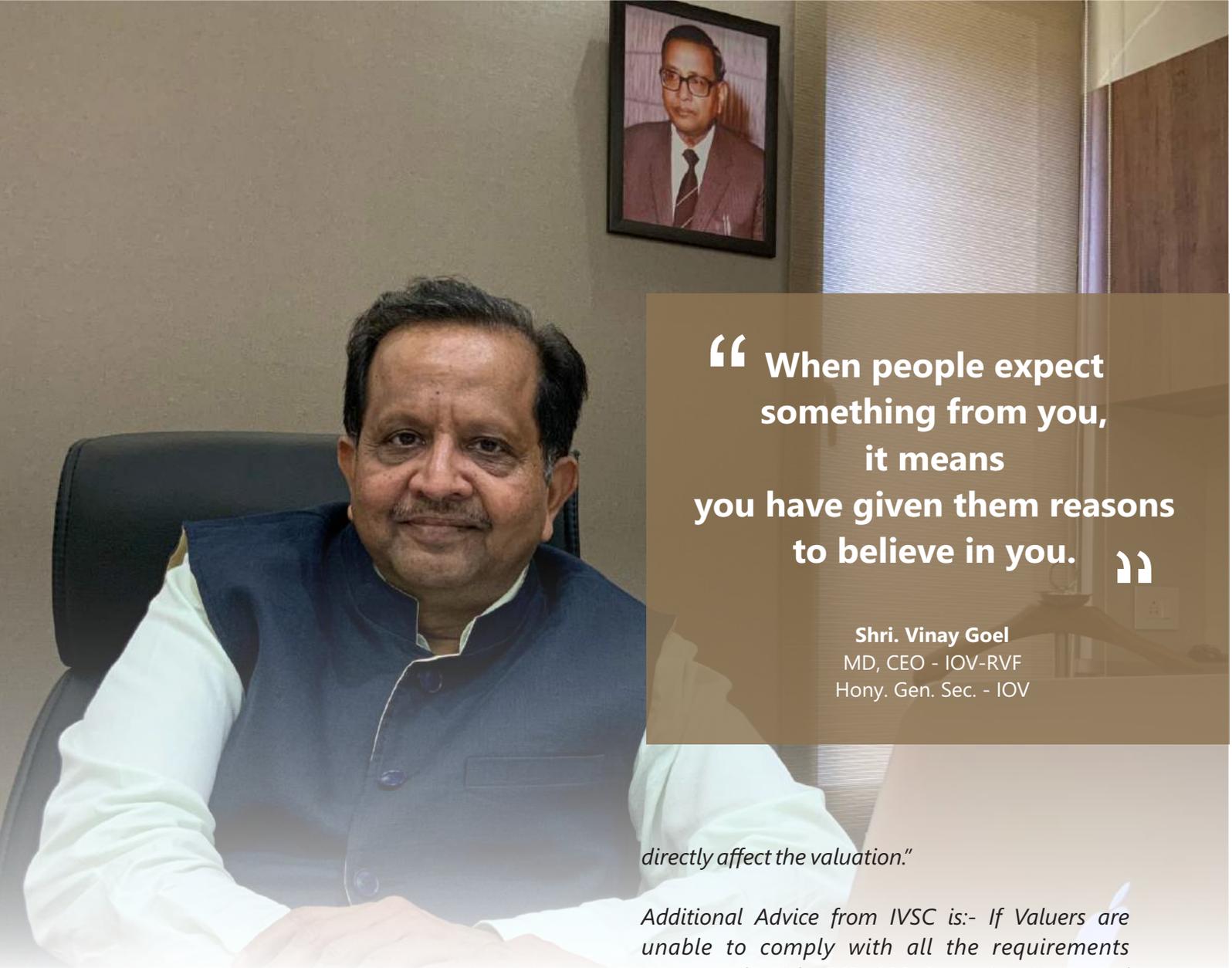
The prevailing conditions due to Covid-19 pandemic are creating a situation of over cautiousness on part of financial flows, as lenders are being over conspicuous and borrowers are skeptical too in borrowing. Resulting in accumulation of funds but not being utilized for productive activities. This gives rise to some questions:

- Will the economy revive in its original pre covid phase with a V-shaped recovery?
- Whether the economical revival shall be with a new normal?
- Are we over estimating the impact of Covid-19?
- How will the economy behave post Covid?
- In what manner is this situation impacting Valuation?
- What can be best way forward to adopt approaches and methodology to do Valuation?

As a consequence some interesting trends are emerging to form new norms of working.

- Striking innovations & departures from traditional businesses and practices leading to economic activity.
- Work from home in many sectors will be accelerated not just in IT & software segments but also in online trade & business & services picking up at a faster scale than before..
- Restricting human contact lesser than what it used to be.
- The immediate focus will be on mitigating the supply side shocks rather than attending to the demand led one.
- Physical assets which constitute the major components leading to GDP growth and economic activity will have to be revived and put





“ When people expect something from you, it means you have given them reasons to believe in you. ”

Shri. Vinay Goel  
MD, CEO - IOV-RVF  
Hony. Gen. Sec. - IOV

- to efficient use with more focus on social distancing and home working in a balanced manner.
- International Valuation Standards Council records that these times have been made even more interesting in respect of Valuation as Valuers have to Value assets, when there are limited to no comparable evidence and all markets are facing an uncertain future.

*IVSC statement becomes more relevant “To provide useful information, the report must set out a clear and accurate description of the scope of the assignment, its purpose and intended use (including any limitations on that use) and disclosure of any assumptions, special assumptions (IVS 104 Bases of Value, Para 200.4), significant uncertainty or limiting conditions that*

*directly affect the valuation.”*

*Additional Advice from IVSC is:- If Valuers are unable to comply with all the requirements contained with IVS 102 Investigations and Compliance due to existing government restrictions – for example the ability to move freely in order to carry out valuation-related work – then this should be clearly stated within the scope of work, agreed with the client and clearly stated in the report. If the Valuer considers that it is not possible to provide a valuation on a restricted basis, the instruction should be declined. Valuer should not apply pre- crisis criteria to their valuations as this approach is based on the potentially erroneous assumption that Values will return to their pre-crisis levels and there is no way of predicting that this assumption is in fact correct.*

The greater challenges ahead in general and for professionals like Valuers is to become cautious in approach for accepting assignments, execution of assignments and reporting requiring the Valuer to be more proficient in all such activities.

# REGULATORY UPDATES

## COMPLIANCES FOR REGISTERED VALUERS

By Nikita Asati,  
Education Officer, IOV-RVF

The Companies (Registered Valuers and Valuation) Rules, 2017 lays down guidelines for monitoring policies to be followed by each Registered Valuer Organization (RVOs) for endorsing transparency, instilling client confidence and promoting good governance which will in turn boost the credibility and authority of the valuation ecosystem as a whole in India. These mandatory compliances also equip the IOV-RVF to understand and address various issues and challenges faced by valuer members thereby refining the operational interface between RV's, stake holders and regulatory authorities.

As per the instructions of IBBI, all value members are required to submit information about ongoing and concluded valuation engagements in M3 and M4 formats specified by IOV-RVF.

**M3 is an annual compliance report which contains the credentials of registered valuers as a bona-fide valuation professional while M4 is a bi-annual activity compliance which is to be submitted by 10th April and 10th October of each year.**

**In case, the valuer has not undertaken any valuation assignment in specified time period, M4 still needs to be filed as a 'Nil' report.**

IOV-RVF is committed to ensuring complete anonymity of valuer members, and for this purpose a **Unique Reference Number (URN)** is generated to mask the identity of each valuer. IOV-RVF also ensures that details of valuation fees are kept completely confidential. Safeguarding the interests of its esteemed valuer members against counterfeits is a top priority for IOV-RVF, and therefore it encourages all RV's to generate a unique **Valuation Reference Number (VRN)** for each valuation assignment on the portal of [www.iovrvf.org](http://www.iovrvf.org) using their member login id & password.

VRN is to be created against each valuation assignment undertaken immediately upon the receipt of the appointment letter and must be clearly mentioned on the valuation report. This two-factor authentication ensures that the valuation assignment has been done by a registered valuer only. It also simplifies verification and confirmation of the report by regulatory authorities.

Mandatory compliances for Registered Valuer members under the Companies (Registered Valuers and Valuation) Rules, 2017 are mandated by the IBBI and IOV-RVF such as filing of M3 & M4 and generation of VRN not only ensure credibility and professionalism of the valuation industry but also safeguard their interests against forgeries.

RV's are encouraged to embrace these compliances with full confidence keeping in mind that IOV-RVF guarantees confidentiality of information filed by RV's in these compliance.

# PROCESS FOR GENERATING VALUATION REPORT NUMBER (VRN)

By Dipali Jain  
Grievance & Monitoring Officer, IOV-RVF

Valuation Reference Number (VRN) is to be generated by all Registered Valuers (RVs) by using their login id and password in their student portal from the website **www.iovrvf.org**. This reference number is mandatory to be generated for each valuation assignment and is to be mentioned on the respective valuation report by such Registered Valuer as their reference number.

## HOW TO FILL VRN FORM

- 1 Go to the website **www.iovrvf.org** and login with your login id and password.
- 2 Go to 'Certificates' and click on 'VRN.'
- 3 Click on the Add VRN button and a form will appear asking for some information.
- 4 Fill the complete name of the Appointing Authority and their registration number (IP Registration Number or CIN).
- 5 Mention the Date of Appointment which is mentioned in the respective appointment letter.
- 6 Tick the proper Statutory Provision, rule or regulation under which the valuation is to be carried out, also give details, if any.
- 7 Tick the Class of the respective asset to be valued as per the appointment letter.
- 8 After successful submission of the VRN Form a unique Valuation Report Number (VRN) shall be generated which is to be mentioned as reference number in the respective valuation report by the RV.

## Updated educational qualifications eligible for registration as a valuer under the Companies (Registered Valuers & Valuation) Rules, 2017

As observed that various representations have been received from applicants having educational qualifications in disciplines not stipulated in Annexure IV but are apparently only alternative nomenclatures to the existing stipulated disciplines in Annexure IV.

In this regard, IBBI has given its approval on considering the educational qualifications of the applicants in accordance with Rule 4 r/w Annexure IV of the Rules, as per the AICTE notification dated April 28, 2017. The AICTE has notified major/core branches of Engineering and Technology with relevant/appropriate nomenclatures of Under-Graduate (UG) and Post-Graduate (PG) degrees relevant for recruitment in teaching positions in the technical institutions.

It should be noted for compliance that only the educational qualifications in such disciplines, having relevant/appropriate nomenclature in respective UG and PG courses, to the disciplines mentioned in Annexure IV of the Rules, be taken as eligible educational qualification for the purpose of registration as valuer.

**Read full notification at our website [www.iovrvf.org](http://www.iovrvf.org) under 'Industry News' or check the following link:**

**<https://iovrvf.org/newsattachmentfiles/aicthenotification.pdf>**

# VOX-POPULI

## MARKET APPROACH: USE OF MULTIPLES IN VALUATION

**CA Shalin Patel**, Registered Valuer  
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Market Approach in valuation is based on the economic rationale of "Law of One Price" which asserts that two similar assets should sell at comparable price multiples as against Income Approach which stresses upon intrinsic value of a particular asset based on future economic benefits expected to accrue from that asset. The fundamental difference between both methods is that Income Approach focuses on specific attributes of an asset being valued while Market Approach reply upon price multiples of comparable assets or similar recent transactions for valuation of a subject asset. Price multiples are ratios of an asset's market price to some fundamental variable and since there are various such variables, there are various multiples such as P/E, P/B, P/S, P/CF, EV/EBIDTA etc. A valuer has to be thorough about intricacies of different price multiples in order to select appropriate multiple under different circumstances. This article attempts to discuss each price multiple ratios along with its inherent strengths, weaknesses and appropriateness for use during valuation analysis under market approach.

### **P/E (PRICE/EARNINGS) RATIO**

P/E ratio relates with an Earning per Share (EPS) which represents earning power of the business; therefore, the use of P/E ratio is very popular in the

investment community to start analysis with a perspective of relative undervaluation/ overvaluation of security. However, there are few potential challenges involved in use of P/E. When earnings are negative, P/E is meaningless. Even volatile earnings can make P/E very volatile over the period of time and it becomes a poor indicator of earning power of the business. Moreover, reported earnings can be manipulated by management discretion within allowed accounting practices and thereby lessen the comparability of P/Es across the firms. Using average of P/Es of comparable firms for valuation, in such circumstances, can lead to unreliable estimate of value for a business being valued. Most importantly, differences in P/E ratios of different companies running the same business reflects collective opinion of market forces for difference in respective expectations in future earnings growth, management's ability and competence, corporate governance, financial leverage, competitive advantages, historical evidence of generating supernormal profits etc. Thus, blindly averaging P/Es of all comparable companies will not serve the purpose and therefore, it is valuer's duty to filter out outliers from list of comparable companies and/or make necessary adjustments for differences to average multiple before applying the same to the subject company.

## **P/B (PRICE/BOOK) RATIO**

Book value is a cumulative amount that is usually positive even when the firm reports a loss and EPS is negative. Thus, use of P/B can make some sense when P/E cannot be used. Moreover, it is an appropriate measure of net asset value for firms that primarily hold liquid assets, loans and advances such as finance, investment, insurance and banking businesses. It can also be used to value businesses lacking evidence of going concern and are expected to liquidate. P/B ratio does not reflect the value of economic intangible assets (such as brand/human capital etc) and therefore reflects very poorly in present times when most businesses grow and survive only with the help of economic power of intangibles. A valuer has to look for presence of economic value of intangibles in a business having higher P/B ratio than other comparable businesses. Different accounting conventions can also impact P/B ratio and a valuer has to be mindful for such possibilities. For example, expensing out R&D can reduce book value as against capitalisation of R&D and can be a very important aspect in valuing a business operating in an industry which is driven by R&D such as Pharmaceuticals. Inflation and technology changes can also cause differences between book value and market value of assets which makes it more difficult to compare P/B across firms.

## **P/S (PRICE/SALES) RATIO**

P/S is meaningful even for distressed business having negative book value or earnings. Like earnings, revenue is not easy to manipulate by management's discretion over accounting practices. P/S ratio is more appropriate for valuing business in mature or cyclical industries or start-ups with no records of earnings. On flip side, P/S ratio does not capture differences in operating margins, cost structure, financial leverage, ability to generate free cashflows etc. A valuer has to make reasonable assessment for similarities in

various operating parameters of comparable firms and exclude outliers before using P/S ratio for valuation.

## **P/CF (PRICE/CASHFLOW) RATIO**

Cashflow is harder for managers to manipulate than earnings and therefore P/CF is more stable than P/E. It is important to use per share operating cashflow (CFO) instead of mere cash profit since CFO accounts for non-cash revenue as well as net working capital changes and therefore more reliable. Free cashflows to equity (FCFE) is also preferable parameter but it is usually very volatile as compared to earnings and therefore FCFE of any particular period is poor base for estimating future trend of FCFE. A valuer should look for divergence between P/E and P/CF ratios of comparable firms in order to form judgement over quality of reported earnings of each of the firms. This can give important insights for fundamental differences amongst comparable firms.

## **EV/EBIDTA RATIO**

EBIDTA is an earning parameter flowing to both equity and debt and thus, EV/EBIDTA multiple relates to the total firm value including value of debt and equity. Difference in degree of financial leverage amongst comparable firms is best measured by this ratio and therefore, EV/EBIDTA is the preferred proxy to P/E for firms having varying degree of leverage. Moreover, unlike earnings, EBIDTA is usually positive and can be very useful for valuing capital intensive businesses with high levels of depreciation and amortisation. However, a valuer has to be careful since EBIDTA does not account for changes in working capital and thus is a poor indicator of free cash flow generation ability of the business. Since free cash flows to the firm (FCFF) captures impact of working capital changes and capital expenditure, it can be more strongly linked with valuation theory. A valuer should look for divergence between EV/EBIDTA and EV/FCFF multiple of comparable firms to

discover meaningful insights for fundamental differences amongst them.

To conclude, A valuer should refrain from simply using average of multiples of comparable assets during valuation analysis. Multiples themselves speak a lot about fundamental differences amongst comparable assets; collective interpretation of multiples and relevant adjustments will lead to reliable estimate of value of an asset being valued.



## OPPORTUNITY FOR REGISTERED VALUER UNDER SEBI REGULATIONS 2018

(APPOINTMENT OF ADMINISTRATOR AND PROCEDURE OF REFUNDING TO THE INVESTOR)

### FCS ANURADHA GUPTA

Company Secretary,  
Insolvency Professional,  
Registered Valuer

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The valuation profession has traveled a long journey from the recognition granted under The Wealth Tax Rules 1957 and CCI guidelines to being recognized under Companies Act 2013 as a separate, distinct, and defined profession.

The recognition of Registered Valuer under the Companies Act 2013 got further boosted by The Insolvency And Bankruptcy Code of 2016 making it mandatory for all valuations under the Code to be done by a Registered Valuer.

On October 3, 2018, with notification of SEBI (Appointment of Administrator and Procedure of Refunding to the Investor) Regulations 2018, the position of Registered Valuer has been further elated and enhanced.

### THE OBJECTIVE OF THE REGULATION

These Regulations have been formulated to appoint administrators to regulate the process of refund of money to the investors by the defaulters against whom the SEBI has passed orders for recovery of money under the relevant provisions of the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), the Securities Contracts (Regulations) Act, 1956 and section 19-IB of the Depositories Act, 1996 (collectively referred to as "Securities Legislation").

### APPLICABILITY OF GUIDELINES

The aforesaid guidelines shall be applicable for all or any of the following :

- a. Appointment of Administrator under failure to comply with disgorgement or refund orders passed by the Board;

- b. Sale of properties attached by the Recovery Officer of the Board under the Act;
- c. Collection of claim documents and verification of claims of investors to effect refunds;
- d. Refund of monies to the investors according to disgorgement or refund orders passed by the Board;
- e. Recovery of disgorgement amounts directed by the Board;
- f. Any act incidental or connected thereto.

#### **NON-APPLICABILITY IN CERTAIN SITUATIONS**

Unless otherwise specifically ordered, these regulations shall not apply to cases where the Securities Appellate Tribunal or a Court has appointed an administrator or any other person for recovery and /or repayment to investors.

The provisions of these regulations shall apply mutatis mutandis in respect of the proceedings under the Securities Contracts (Regulation) Act, 1956 of the Depositories Act, 1996.

#### **OPPORTUNITY FOR REGISTERED VALUERS UNDER SEBI (APPOINTMENT OF ADMINISTRATOR AND PROCEDURE OF REFUNDING TO THE INVESTOR) REGULATIONS 2018**

- (A) Regulation 7(2)(b) of aforesaid regulation says that –

While discharging the functions under these regulations, the Administrator -

Shall engage the services of a Registered Valuer to evaluate the properties of defaulter that are attached by the Recovery Officer and for submission of a certified valuation report following the guidelines issued by the Board;

The guidelines further say that the fees paid for such services shall be fixed by the Administrator taking into account the relevant factors including:

- (a) the number of investors and the claims that are made;

- (b) quantum of work involved;
  - (c) the number of assets to be evaluated;
  - (d) the geographical location of the property and its proximity with the valuer's place of business;
- (B) Further Regulation 8 deals with the sale of properties and provides that -
- (1) The Administrator shall undertake the process of the sale of properties after conducting an independent valuation of such properties by a Registered Valuer.
  - (2) After considering the valuation report, the Recovery Officer may decide on the reserve price below which the property may not be sold.

Under the aforesaid Regulations,

**“Administrator”** means a person registered with the Insolvency and Bankruptcy Board of India as an Insolvency Resolution Professional and who



The Securities and Exchange Board of India (SEBI) has set guidelines to facilitate the appointment of Insolvency Professionals (IPs) as Administrators for the purposes specified. The IBBI and the SEBI have mutually agreed upon to use a Panel of IPs for appointment as Administrators for effective implementation of the Regulations.

Under Regulation 2(p) “**Registered Valuer**” shall have the meaning assigned to it under the **Companies (Registered Valuers and Valuation) Rules, 2017** or any other statutory modification thereof;

### CONCLUSION

SEBI Regulations which initially recognized Merchant Bankers and/or Chartered Accountants for valuation requirements are now gradually shifting the trust to Registered Valuer for the valuation requirements.

With the recognition of a Registered Valuer as an expert in the field of valuation, the government and the regulators have started reposing their trust in the Registered Valuer by granting recognition under different statutes especially those where the interest of the public and other stakeholders is involved. The responsibility and accountability have increased manifold and with more valuation requirements under various statutes coming in the ambit of Registered Valuer, the legal obligations have also increased. In depth knowledge of valuation standards, methods and procedures along with relevant laws is need of the hour for the valuers.



## THE JUDGEMENT

### OBSERVATION OF NCLAT



## BHARAT HEAVY ELECTRICAL LIMITED BHEL vs ANIL GOEL<sup>1</sup>

Summarized by Pradhuman Singh  
Legal Consultant, IOV-RVF

In the month February, 2010, Visa Power Limited (VPL) had issued Notice Inviting Tender (“NIT”) inviting bids for construction of Thermal Power Plant at Chhattisgarh. Bharat Heavy Electricals Limited (BHEL) was awarded with the Letter of Award (“LOA”) and as per the award, BHEL supplied the material for construction of plant and machinery. However, because of unpaid bills, the work remain suspended. Arbitration Proceedings were initiated against Visa Power Limited and as a result, Corporate Insolvency Resolution Process (“CIRP”) was initiated against the Visa Power Limited. Proceedings, however, was failed subsequently. Having no other option left, Liquidation order was passed against VPL and Mr. Anil Goel came to be appointed as Liquidator.

BHEL claim of lien/charge and Secured Creditor was rejected and they were treated as “unsecured Creditors.” The said decision of the Liquidator was challenged by BHEL before the Adjudicating Authority seeking setting aside order of its order treating them as “Unsecured Creditors and that

<sup>1</sup> BHARAT HEAVY ELECTRICAL LIMITED vs ANIL GOEL AND ANRS. , Reported as Company (AT) (INS) No.22 of 2020 : 2019 SCC OnLine NCLAT 441

lien/charge of BHEL should be accepted. In meanwhile, the Liquidator published Sale Notice advertisement of auction of assets of VPL. BHEL Contented that in the said sale notice, none of the plant and machinery supplied/or erected by BHEL was part of "Plant and Machinery", thus, suppressing the fact from the Adjudicating Authority. The order passed by the Liquidator was set aside by the Authority remitting the matter to the Liquidator for passing a reasoned decision.

It was the case of BHEL, that the liquidator instead of careful perusal of records available with him, rushed through and issued Certificate of Sale in favor of "Agrawal Structure Mills Pvt. Ltd." (ASMPL). In the certificate of sale, as contented by BHEL, "Plant and Machinery" erected which was shown in the sale notice as part of " Land and Building" was also sold off by way of certificate. They were completely unaware of issue of Sale Notice or auction process and when ASMPL went to remove material from project site, BHEL immediately issued Notice to the liquidator and to ASMPL not remove the material from site. Despite of notice, Liquidator had gone ahead to confirm sale by issue of Certificate of sale to ASMPL and accepted the monetary claim of the BHEL in part. However, their prayer qua claim of lien/charge and that of secured creditor was rejected. Aggrieved thereby, BHEL challenged the auction and sale carried out and, rejection of their prayer qua claim of lien/charge and that of secured creditor before NCLT Kolkata. The NCLT vide its order passed the directions that movement of goods would be subject to outcome of the proceedings. BHEL preferred an appeal against the said order before NCLAT, Delhi. NCLAT directed the liquidator not to allow any person to remove the assets in question, even if it is sold and not yet removed. However, NCLT, Kolkata decided the issue against BHEL.

BHEL, being aggrieved, challenged the decision of NCLT, Kolkata on the following grounds:

1. Although the Adjudicating Authority below

accepted that there was improper valuation, inconsistencies and contradictions in valuation, inconsistencies in sale of plant and machinery so much so that material sold was at variance as compared to what was advertised.

2. Although the Adjudicating Authority found undue urgency shown in auction sale, still it upheld the auction sale and consequent removal of goods by ASMPL referring them as a bonafide purchaser.
3. BHEL claim of statutory lien/charge on plant and machinery and supplied by them and that of that of secured creditor was rejected.

It was also argued that though the Adjudicating Authority, found some anomalies/discrepancies in the auction process, they failed to appreciate that the auction purchaser is only the beneficiary of bidding process and proceeded with the actual sale and consequent removal of goods by ASMPL holding auction purchaser a bonafide purchaser.

NCLAT, held that order passed by the Adjudicating Authority is not maintainable in as much as Auction sale was illegal and there was improper valuation, inconsistencies and contradictions in the sale of plant and machinery, but, rejected the claim of BHEL to be secured creditor of the VPL, thereby, rejecting its contention for having charge/lien over plant and machinery.

NCLAT also observed that valuation reports, although these are documents by experts, the valuers treated different items differently. No clear instructions appear to have been given to valuers by Liquidator with regard to particulars and categories of the assets.

#### **Link for NCLAT judgement in matter of BHEL Vs Anil Goel, Liquidator :**

**[https://www.google.com/url?sa=t&source=web&rct=j&url=https://nclat.nic.in/Useradmin/upload/20804575845f312e8d4d64f.pdf&ved=2ahUKEwiyubSqpq\\_tAhXzmuYKHWILDUYQFjABegQIBBAC&usg=AOvVaw17uUB9zVYaTSYXp8ao5lu7](https://www.google.com/url?sa=t&source=web&rct=j&url=https://nclat.nic.in/Useradmin/upload/20804575845f312e8d4d64f.pdf&ved=2ahUKEwiyubSqpq_tAhXzmuYKHWILDUYQFjABegQIBBAC&usg=AOvVaw17uUB9zVYaTSYXp8ao5lu7)**

# WHAT'S NEW



## FACULTY DEVELOPMENT TRAINING PROGRAM (FDTP)

By Manasi Mewari  
Sr. Manager (Operations & Communication)  
IOV-RVF

In the current pandemic situation, when large meetings are to be avoided, it leaves an organisation with the only option to go online. Thus, it becomes even more vital to prepare and design a program in such a way that it is a success for participants as well as for faculties.

There are different sets of participants who have different level of grasping power, which also depends on how the information is being taught. Taking this into consideration, an effective faculty must try to develop his/her skills in such a way that it can make the training as dynamic as it can be.

Interactive teaching style is an important component to any such training program, and now it is also a mandate in IBBI's Guidelines, 2020 for 'Online Delivery of Educational Courses and Continuing Professional Education by Insolvency Professional Agencies and Registered Valuers Organisations'. This can be read under heading

'Education by Registered Valuers Organisations (RVOs)', sub-head number 9(Nine): Administration, point number 'k' and 'l'.

The guidelines will be effective till 31st March 2021, unless rescinded or extended otherwise.

Based on this, IOV-RVF has recently introduced a special '**Faculty Development Training Program or FDTP**' for its faculties to enhance their capacity & skills. The program is structured in a way which will help the faculty to understand and use the certain methodologies of instructions, such as direct instruction, flipped classrooms, collaborative learning, and role-play etc. Faculties will be learning about various interactive tools to engage the participants during the batch which keeps the session lively and dynamic. *Kahoot, polls, quizzes, chat boxes, online games, moderated debates* are few of such examples. Managing disruptions and difficult participants and other crisis management techniques are also covered in this.

Two successful batches with 30 faculties are already been conducted in August and September months. FDTP has shown an immense transformation in the way the trainings are now being conducted. Feedbacks received from participants are very promising and motivating.

FDTP has certainly raised the bar up for IOVRVF in providing enhanced educational quality-initiated training programs. IOVRVF is bound to fulfil the objectives by engaging quality conscious and expert faculties thus special preference will be given to those who will comply with the prerequisite.

## Faculty feedback on FDTP

"From conventional one-way communication of online training, I learnt a few ways to make it interesting, interactive and two-way for better understanding of learners."

**- Naresh Kumar, Registered Valuer**

"It was very nicely conducted program and I found it useful to learn various techniques those are used during webinar; it taught how to keep all participants attentive and at the same time importance of interaction. I have started some of them using during our training to the best possible level keeping constraints of time in mind."

**- Pramod Athalye, Registered Valuer**

"I appreciate the initiative taken by the IOVRVF on Faculty Development Program. It was a nice and crisp session focussed on the area of development pertaining to online session. Introduction to online tools required to involve participants in real time was one of most liked features of the total program."

**- Abhay Kumar, Registered Valuer**

"IOV RVF has always been innovative and a step ahead in terms of quality and education methodologies, and the recent FDP program is the perfect example of the same. With eminent faculties and vibrant sessions in terms of knowledge and awareness of the latest technologies, the program was a true learning experience. Thanks to the entire team of IOV RVF for the wonderful program and for helping us enhance our skills and expertise as faculties."

**- Anuradha Gupta, Registered Valuer**

"The faculty development programme was very immersive. I learnt to use new technology tools so as to make online delivery more interesting and effective for students and faculty as well. Very informative and very well conducted by the Coach."

**- Sunil Agarwal, Registered Valuer**

## Participant feedback from current MEP batches

"It has been a great pleasure and honour to be associated with IOV-RVF and I am fully satisfied with the 50 hrs MEP training

provided to us. The faculty members and all arrangements done by team IOV-RVF (also the coordinators Mr. Vishesh and Mr. Keshav) were par excellence.

**- Jeevan Teja**

"I had undergone online 50hour MEP training for L&B asset class by IOVRVF, batch date: 22nd to 29th of Sep 2020. The training was conducted in such a professional way using the latest technologies. The faculties were highly knowledgeable, committed, friendly and tech-savvy. The sessions are interactive, and faculties attend each and every student with the queries, which help them to have more clarity on the topics. Modern apps and tools were used to conduct mock tests and to evaluate each student.

I appeared for the online exam on 19-10-2020 and cleared it in my first attempt. It is great pleasure to associate with such a professional body. I convey my sincere thanks to Ms. Amruta Lomate and Ms. Reena Agarwal for their excellent session on 'Purposes of Valuations and India Accounting Standards' and 'Accountancy and Book Keeping' (respectively). I also want to mention and thank other respective faculties; Rajiv Sahnii, M Adikavalan, Murad Lakhani, Devendra patekar, Mohit Kumar and Vineesh Vidyadharan for giving crystal clear understanding on topics.

The power points shared and the broad knowledge they have on these topics helped me a lot to develop the confidence. I owe a share of my success to them. I also thank IOV-RVF for having sch experts on the board."

**- Chandra Sekhar S.S.V.H**

As an aspirant to become IBBI certified Valuer I attended IOVRVF 50 hours of classroom session. The faculty teaching sessions were really a great boon in knowledge enhancement with all practical examples. All the faculties took great pain answering to all the queries we had during the sessions. I must mention that the appointed faculties from pan India were really good in making the subject simple and yet interesting. My sincere thanks to IOVRVF for such knowledgeable sessions which will help in my upcoming IBBI examination.

**- Akshay Garg**



# IN SPOTLIGHT IVSC AGENDA CONSULTATION 2020

## Invitation to Comment

Issued on 16 October 2020

Comments Due: 15 January 2021

The International Valuation Standards Council (IVSC) is the independent global standard setter for the valuation profession which promotes consistency & professionalism in the public interest.

In the recently shared 'IVS Agenda Consultation 2020: Invitation to Comment Feedback Form', includes the following questions for respondents:

### I: IVS GAP ANALYSIS

**Question 1.1:** Do you agree with the current categorisation and timings of the topics contained in the IVS Gap Analysis and if not why?

**Question 1.2:** Are there any other topics which you believe should be included or deleted from the IVS Gap Analysis and if so why? (Please state the relevant specialism, categorisation and timing for any proposed additional topics).

### II: AUTOMATED VALUATION MODELS (AVMs)

**Question 2.1:** Do you consider AVMs to be a growing area and therefore something IVS needs to address? Please provide your reasoning for your answer as this will help the Board with their deliberations.

**Question 2.2:** Should AVMs be included/ addressed within IVS? If you think AVMs should be outside IVS how should they be considered and what clarity will valuers require?

**Question 2.3:** Do you agree with the definition of AVM shown below. If no, please provide a

suggested alternative definition together with a source for this definition.

#### Automated Valuation Model (AVM)

**Automated Valuation Model (AVM) is a system that provides an indication of value of a specified asset at a specified date, using calculation techniques in an automated manner. An AVM may not be a Model as defined in this glossary.**

**Question 2.4:** Do you agree with the definition of Model shown below. If no, please provide a suggested alternative definition together with a source for this definition.

#### Model

**A Model is a formalised system relating several variables, assumptions, judgements and equations to calculate the Value of an Asset under a given Basis of Value.**

**Question 2.5:** Should IVS consider Hybrid Valuations as illustrated in the diagram Key Categories of Valuation Methods. Please provide your reasoning together with any examples of Hybrid Valuations currently used in your market.

### III: ENVIRONMENTAL, SOCIAL & GOVERNANCE

**Question 3.1:** What role do you see IVS having in measuring the value of ESG? Please provide details and reasoning with your response.

**Question 3.2:** How do you consider ESG within your valuation process? Please provide details of your

country, specialism and as detailed an example as possible together with any data sources used, if applicable.

**Question 3.3:** What definitions and or framework do you currently use when considering ESG in your valuation work? Please provide the definition, framework and source.

**Question 3.4:** What are the demands from valuation stakeholders when considering ESG? Please provide details.

**Question 3.5:** As outlined above ESG can be subdivided into a number of issues. Can you separately account for any of these issues within the valuation process and if so please provide further details?

#### **IV: LONG-TERM VALUE**

**Question 4.1:** Have you faced pressure from banks or other institutions to provide a prudential valuation? If so, in which market and in which specialism do you operate?

**Question 4.2:** Do you agree that Market Value already incorporates the concept of a prudential valuation within its definition? If not, please provide your reasons.

**Question 4.3:** Do you feel that the research in relation to a European Long-Term Value Index would be helpful or not? Please provide the reasoning for our response.

**Question 4.4:** Should Long-Term Value be a separate basis of value or a concept to be included in a basis of value?

**Question 4.5:** The current research for a Long-Term Value Index is currently restricted to European Markets. Do you feel that this research should be extended to your market, and if so, in which market do you operate?

#### **V: SOCIAL VALUE**

**Question 5.1:** Do you agree with the proposed definition for Social Value outlined below? If not please provide your reasoning and proposed revisions to the above definition or an alternative definition, together with the source, if applicable.

#### **Social Value**

**Social Value includes the social benefits that flow to asset users (social investment) and the wider financial and non -financial impacts**

**including the well being of individuals and communities, social capital and the environment, that flow to non-asset users.**

**Question 5.2:** Are you currently required to address Social Value within your valuations, and if so, what is your specialism and in which country are you located?

**Question 5.3:** How do you address Social Value within your valuation process? Please provide as detailed an example as possible together with any data sources used, if applicable.

#### **VI: UNCERTAINTY AND RISK**

**Question 6.1:** Do you feel that IVS should include a section on Uncertainty and Risk? Please provide the reasoning for your response.

**Question 6.2:** Do you feel that it would be possible to provide an overarching section on Uncertainty and Risk which applies to all specialisms? If not, please indicate where you think it does not apply and provide your rationale.

**Question 6.3:** Do you feel that the text provided above in relation to the difference between valuation Uncertainty and Risk is sufficiently detailed for inclusion within IVS? If not, please provide details of the other elements you would like to be included and your rationale for including these elements.

#### **VII: DATA MANAGEMENT**

**Question 7.1:** Do you feel that IVS should include an overarching standard in relation to data management within IVS 105 Valuation Approaches and Methods? If no, please provide your reasoning.

**Question 7.2:** How detailed should IVS be in relation to data management, and are there any elements that you feel should be included or excluded from this standard?

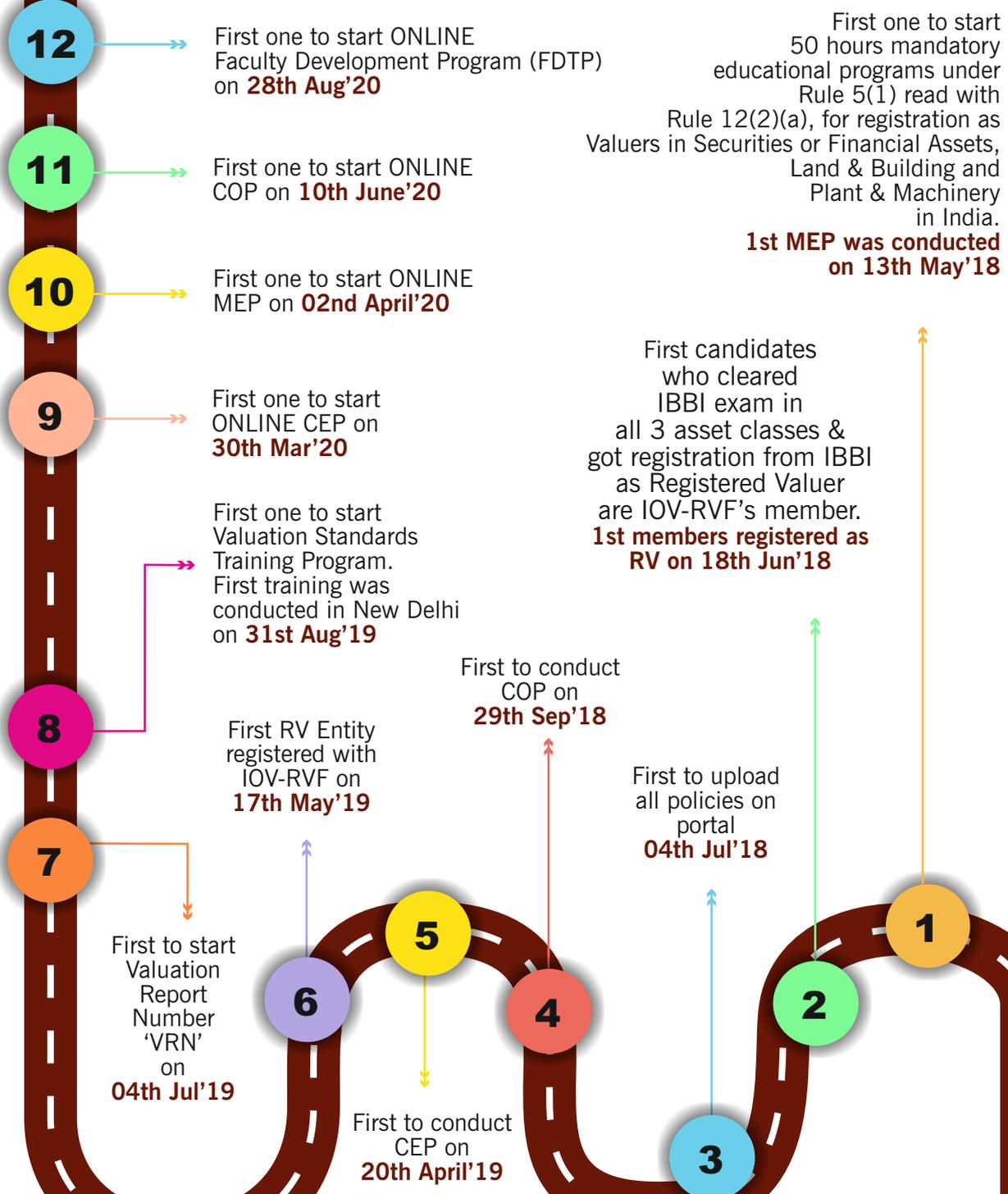
**Question 7.3:** How should market uncertainty and risk impact the exercise of professional judgement when market data is not observable?

**Source:** <https://www.ivsc.org/files/file/view/id/1857>



# JOURNEY OF THE ORGANISATION

27th Dec'17



# WHY TO CHOOSE US

- 1 ACTIVE ASSISTANCE**  
On the spot assistance by communication officers including how to register, login assistance, document requirement, and more.
- 2 ONLINE REGISTRATIONS**  
Hassle free online registrations at: [www.iovrvf.org](http://www.iovrvf.org)
- 3 BEST FACULTY**
  - Best in knowledge, experience and qualification.
  - Trained in 'Faculty Development Training Programs' for required technical education to introspect and learn techniques that can help prepare students for active and successful learning experience.
  - Mandate feedbacks by participants for each faculty.
- 4 UPDATED COURSE MATERIAL**  
Updated as per IBBI guidelines.  
Soft copy available.  
Last updated on 1st August 2020.
- 5 INTERACTIVE SESSIONS**  
Virtual interactive sessions by the faculties.  
Includes Q&A rounds and discussions.  
Mock tests and presentations.
- 6 STUDY MATERIAL BY FACULTY**  
PPTs, Session notes, MCQs etc. included.
- 7 CERTIFICATE IN 2 DAYS (MAX.) AFTER A BATCH ENDS**  
Commitment to share certificates in next 2 days after a batch ends, in case of no discrepancy.

## ACTION PLAN

### 50 HOURS MEP BATCH SCHEDULE FOR DECEMBER'20

(LAND & BUILDING / PLANT & MACHINERY AND SECURITIES or FINANCIAL ASSETS)

START DATE	END DATE	BATCH TYPE
10.12.2020	15.12.2020	REGULAR (6 DAYS)
18.12.2020	27.12.2020	WEEKEND (6 DAYS)
25.12.2020	30.12.2020	REGULAR (6 DAYS)

For assistance, feel free to call on:

**84489 88772**

**84489 88773**

**93151 13144**

or write to us at:

**valuers@iovrvf.org**

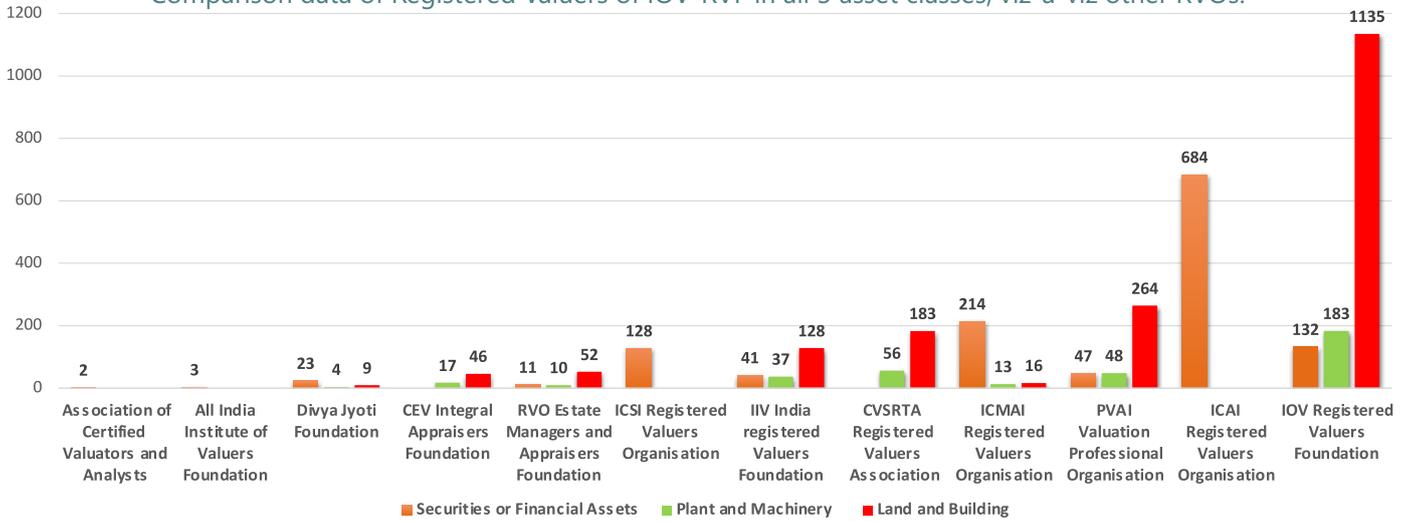


### STEPS TO GET ENROLLED

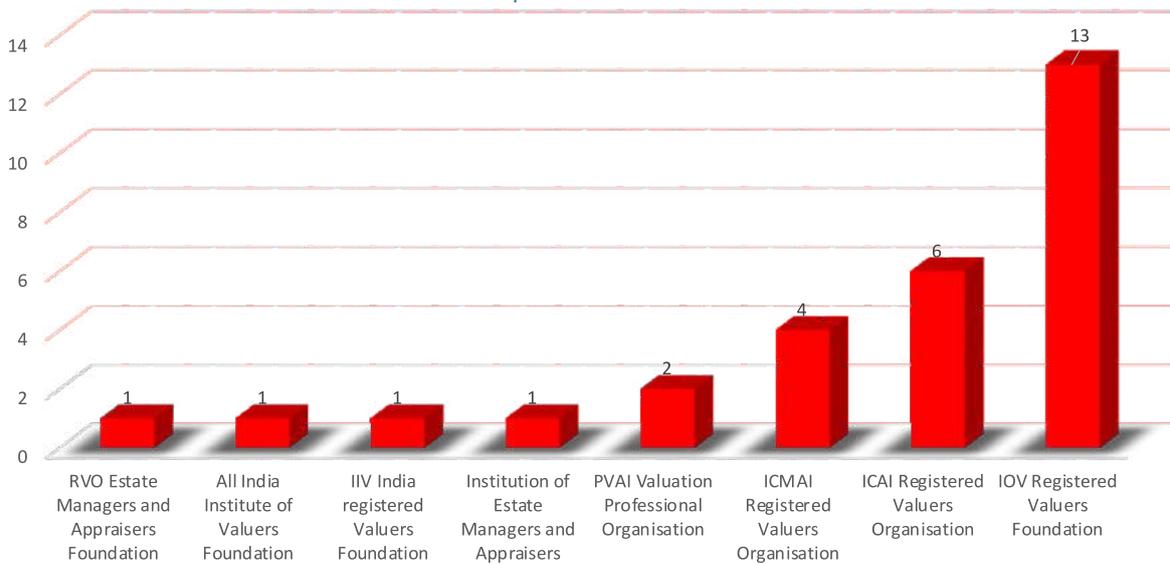


# WHERE DO WE STAND

Comparison data of Registered Valuers of IOV-RVF in all 3 asset classes, viz-a-viz other RVOs.



Comparison of Entities



To check your compliant status online, log-in to the website:

**<https://iovrvf.org/registeredvaluers>**

Last 2 columns can be checked for the previous financial year 2019-2020's status. You must complete your compliance, if your 'compliant' column is blank.

For further assistance please contact: +91 93545 91190



In this current pandemic situation; restrictions are to be followed while conducting a physical program leading to a limited participation. Having such a huge family of Valuers, I therefore take a pleasure to announce our first ever

## LIVE STREAMING

# of 51st INDIAN VALUERS CONGRESS (IVC-2020)

## FOCUSING ON COUNTERING DISRUPTIONS FOR A SUSTAINABLE VALUATION PROFESSION

Organised by **INSTITUTION OF VALUERS (IOV)**  
in association with **IOV-REGISTERED VALUERS FOUNDATION (IOV-RVF)**  
at Coimbatore, Tamil Nadu on 11th and 12th of December 2020.  
IBBI Registered Valuers may register to get awarded with

### TWELVE (12) CEP POINTS

**Shri. Vinay Goel**  
MD & CEO, IOV-RVF

#### REGISTRATION FEES | LINK TO REGISTER

Participation Fees: 6,000/- With 18% GST: 1,080/- Total Payable: 7,080/-

[https://iovrvf.org/program\\_events/?event=72](https://iovrvf.org/program_events/?event=72)

\* Members attending this webinar will be receiving a 'welcome kit'.

## PROGRAM SCHEDULE

Date	Session	Subject	Time
11th Dec20	Inaugural Session		10:00-11:00
	Technical Session - I	<b>P. C. Goel Memorial Lecture</b> Capacity Building of Valuation Professionals in Providing Standards Compliant Valuations for the Future Impact of COVID-19 on Valuation	11:30-01:30
	Break		01:30-02:30
	Technical Session - II	Challenges in Mortgage Valuation	02:30-04:30
	Break		04:30-04:45
	Technical Session - III Cultural Programme	Equitable Value - It's Application	04:45-06:00 07:30-09:30
12th Dec 20	Technical Session - IV	Inventory Valuation Use of Technology in Valuation Hierarchy of inputs in IVS Complaint Valuation	09:30-11:30
	Break		11:30-12:00
	Technical Session - V	Valuation - Mines, Quarries, Plantation and Agriculture	12:00-01:30
	Break		01:30-02:15
	Technical Session - VI	Valuation - Insolvency Resolution and Liquidation Valuation - Brand and Goodwill Merger and Acquisition	02:15-04:45
	Break Valedictory Session		04:45-05:00 05:00-06:00

## Contact Us



### **BATCH COORDINATORS | 50 HOURS MEP**

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