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IOV RVF

Azadi Ka Amrit Mahotsav

VALUATION PROFESSION CHALLENGES & BEST PRACTICES

IOV RVF

THE Valuer

BI- MONTHLY JOURNAL OF
IOV REGISTERED VALUERS FOUNDATION

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About 'IOV RVF The Valuer'

With the view to keep the members and valuation aspirants updated, IOVRVF has come up with publishing the Journal 'IOV RVF The Valuer'.

This journal is the combined efforts of all the authors, fellow members who make this journal worth-reading.

It is pertinent to mention that in the content of this Journal, we bring diversity in the themes to keep our reader motivated. With the pen down thoughts from our Valuer Members in the form of article on different topics, we ensure to enlighten the knowledge of readers in different verticalsof Valuation.

As IOV-RVF always follows futuristic approach in their working, we will keep on updating the Journal with for thc coming developments in the valuation field.

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VINAY GOEL

From the desk of MD & CEO , IOV RVF

The way Valuation profession stood when it commenced its journey with the inception of Institution of Valuers (IOV) in 1968 and as of today with the introduction of Valuers Rules, 2017 and subsequent formation of IOV Registered valuers Foundation(IOVRVF) under the guidance of IBBI as the Regulator, speaks volumes about the growth and expansion of Valuation. It indicates the rising demand for the valuation profession resulting in creation of this unique Valuation Eco system.

IOV &IOV RVF, while aiming for growth and spread of valuation Eco-system, recognises the need ofinvesting Techno-socio-economic resources for that purpose. The key constituent of any eco system are the services and its users. To achieve growth, capacity building and enhancement in service provider area, encouraging rise in demand by the users are vital.

Regarding spread of eco system, knowledge about the profession amongst all stakeholders is equally vital for the profession.

It has been noticed that different asset and businesses require valuation. But there is a diversity in the standards that govern the valuation process for each and every asset class. It poses great challenge to the valuation profession globally. As a consequence it is difficult to engage Governments and financial regulators with a single voice to organise the profession more effectively. Therefore, there is a need to get engaged for working on common standards for education, ethics, service delivery, monitoring and regulation in order to mitigate the risks arising from lack of a clear identity for the valuation profession as a whole.

The valuation profession is likely to face a period of significant change in coming years, in terms of how the valuation process is managed, the role of the valuer as well as the value addition in services to clients. To manage the challenges facing valuation profession, few best practises for valuers may be:

Embracing technology –

and becoming receptive to changes such as in data collection, collation and analysis by using advanced tools of technology.

Enhance the client experience –

through right ways of reporting and providing information leading to better outcomes for them.

Ensure independence and objectivity –

to build and generate confidence and trust with all stakeholders.

Beware of liability –

for the risk and reward developing with different levels depending on the assignment.

Reduce timescales –

by digitisation, which may help the profession to become time bound without compromising the quality.

Update skill set –

which will take the valuers taking up (separate) advisory role, next to providing a (market) value, something which valuers would be well-placed to do thanks to their experience and skill set.

At the end, valuation profession requires its members i.e valuers to be aware of basic professional tenets to not only safeguard themselves, but also provide quality services to meet the demands of the clientele without compromising the required moral and ethical grounds.

"Let's stand together and work effectively for the development of Valuation profession."

TANUJ KUMAR BHATNAGAR

EDITOR IN CHIEF, EDITORIAL BOARD, IOV RVF

A vast variety of challenges that are faced by current lot of practising Valuers may include

(a) sourcing valuation assignment,

(b) understanding of Valuation Challengein conduct of assignment i.e covering the skill gaps,

(c) keeping updated with market trends and practices,

(d) professional fee related issues,

(e) legal responsibilitiesrelated to conduct of valuation,

(f) regulatory and professional compliances,

(g) short time lines for completion of assignments,

(h) Contracts with Indemnity issues -cost of indemnifying the clients,

(i) burden of claims,

(j) Continuing responsibility of justifying the reports long after the completion of assignment

(k) Data Management

(l) lack of trained manpower for professional support and many others.

To mitigate such challenges a set of best practices is established. Best Practices: Most of the challenges can handled with due care and adoption of best practices as advised by IOV-RVF from time to time through its COP programmes, CEP programmes, seminars and other educational programmes conducted with regulators like IBBI. Best Practices in valuation is continuously evolving process which draws from various situation arising from day-to-day challenges faced by Valuers.

Therefore a two-waycommunication in this regard between Valuers and IOV RVF RVO is immensely useful."The Valuer" through its articles focuses on such issues which help the reader understand and absorb best practices while carrying out valuation.

Happy Reading

VOX POPULI

'IOV RVF THE VALUER' Bi monthly Journal Vol. 5 Issue 04, Sep- Oct 2022 , PP, 10-11

ANKIT GOEL

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IBBI/RV/06/2018/10150

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IVS 410: Simplified Property, Development

In the valuation of many Land and Building Assets, the understanding of the applicability and methodology prescribed by IVS 410 is extremely important for Valuers to arrive at the correct value of Land and Building Assets.
Applicability:

The standard applied to "Development Property". As stated in Para 20.1 of IVS 410, development properties are defined as interests where redevelopment is required to achieve the highest and best use, or where improvements are either being contemplated or are in progress at the valuation date and include:

(a) the construction of buildings,
(b) previously undeveloped land which is being provided with infrastructure,
(c) the redevelopment of previously developed land,
(d) the improvement or alteration of existing buildings or structures,
(e) land allocated for development in a statutory plan, and
(f) land allocated for a higher value uses or higher density in astatutory plan.

Some examples of Development Property in Indian scenario, will include:

1. A Residential Housing Project with
2. A Freehold Land with with One Storey building

constructed on the same when 4 floors are permitted to be constructed as per latest Building bye-laws

Valuation Approaches and Methods prescribed:

IVS 410 mentions two main approaches for valuation of Development Property, which are:

a) Market Approach
b) The Residual Method

Market Approach as also mentioned in IVS 105 is advised to be followed for assets having Homogeneous nature and and availability of Market Comparable

The Residual Method is a Hybrid of Market Approach, the Income Approach and the Cost Approach and finds specific mention as a Method/ Approach which may used by a Valuer to estimate the Value of a Development Property.

Residual Method

In simple terms, the Residual Method requires the valuer to compute the Residual value which will be available with the Developer/ Owner of Land & Building Assets anticipating the completion of development of the property asset, and is computed in the following manner:

Value realisable from sale of Developed Property computed using Market or Income Approach Less: Development cost for pending development using Cost Approach Less: Developer's expected return for the risk & effort for the said development using Market Approach

All the above values are required to be adjusted for Time Value of Money using Income Approach, due to

As per Para 90.6. of the IVS, The following basic elements require consideration in computation of Value of any Development Property using Residual Method:

1. Value of Completed Property
2. Construction Costs
3. Consultant Fees
4. Marketing Costs
5. Timetable
6. Finance Costs
7. Development profit
8. Discount Rate

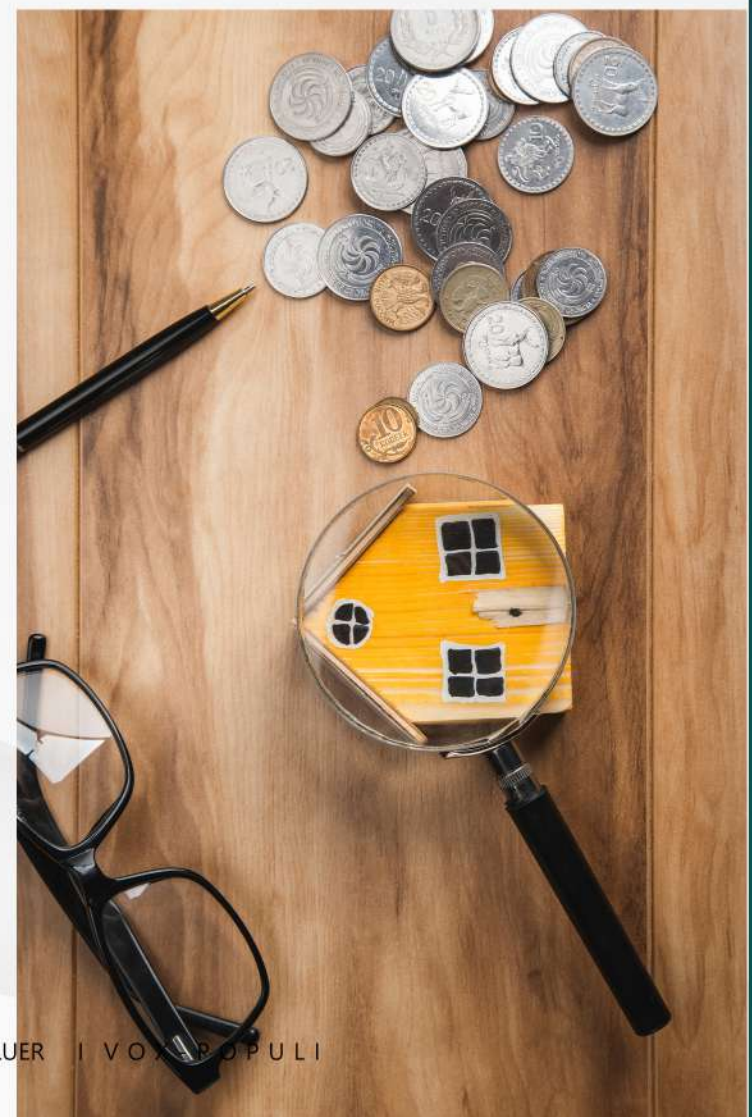
Para 90 of the IVS provides detailed guidance for estimation of value of Development Property under IVS 410 and the same is very important to be understood by Valuers for accurate computation of Value of Assets under the said Method.

Practical Examples

Builder is constructing a Residential Complex with 100 Units. Value realisable from sale of Units may be estimated based on the Market Value of completed flats in the said market along with estimates of time value of the said realisation. Various costs required to be incurred may be estimated and reduced from the estimated realisation from sale of units. A 10-20% Developer profit margin may also be reduced from the above value to arrive at the value of Land. The said Value is what any competing builder should be ready to pay for the said land as well.

Valuation of Land in a Plotted South Delhi Colony can be done using Market Approach where comparative deals are available. It is also possible to compute the Estimated Value using Residual Method by estimating the value realisable from various Floors which may be constructed on the said Land based on the existing bye-laws, the estimated cost of construction of the said building and the Developer Margin for the undertaking the Development effort.
Conclusion

Deep Understanding of IVS 410 is very important for any Land & Building Valuer for accurate computation of value of Immovable Property with Development Potential.



'IOV RVF THE VALUER' Bi monthly Journal Vol. 5 Issue 04, Sep- Oct 2022 , PP, 12-14

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Insolvency and Bankruptcy Board of India vide its notification NoIBBI/2022-23/GN/REG084dated 14.06.2022 has notified IBBI(Insolvency Resolution Process for Corporate Persons)(Second Amendment) Regulations 2022 wherein significant changes have been introduced related to valuation conducted under the aforesaid Regulations by amending Regulation 35

Background and need for the Amendment

Regulation 35 of the CIRP Regulations deals with the manner of conducting the valuation of the Corporate Debtor. The combined reading of Regulation 27 and Regulation 35 provides for the appointment of the Registered Valuer and the manner of conducting the valuation The Erstwhile Regulation 35 read as under "35. Fair value and Liquidation value.

1) Fair value and liquidation value shall be determined in the following manner:-

(a) the two registered valuers appointed under regulation 27 shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed under internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;

(b) if in the opinion of the resolution professional, the two estimates of a value are significantly different, he may appoint another registered valuer who shall submit an estimate of the value computed in the same manner; and

(c) the average of the two closest estimates of a value shall be considered the fair value or the liquidation value, as the case may be

(2) After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the fair value and the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain the confidentiality of the fair value and the liquidation value and shall not use such values to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29:

(3) The resolution professional and registered valuers shall maintain confidentiality of the fair value and the liquidation value."

Clause (b) of regulation 35(1) clearly stated that the third valuer can be appointed only if (b) if in the opinion of the resolution professional, the two estimates of a value are significantly different
However, there was no clear definition of " significantly different" and there was no power in the hand of the Committee of Creditors for getting a third valuation. The Committee of Creditors who holds utmost responsibility in the entire CIRP process by exercising their commercial wisdom had no say in valuation process.

The led to various controversies wherein on the instruction of the COC directly or indirectly third valuation was done and was found to be against the law/regulations .In most of these cases the IBBI directed against the Resolution Professional for getting a third valuation on the advise/instruction of COC
Case Law
Order No. IBBI/DC/22/2020 21st April 2020- Order of Disciplinary Committee (DC)

In this case, an SCN was issued to the RP in which along with other contraventions, the following was also pointed out:

The liquidation value given by the two valuers was Rs 175cr and Rs 215 cr. . the Third valuer was appointed in the COC meeting though there was no significant difference in the valuation done by the two valuers. The RP in his reply admitted and agreed that there was no significant difference in the valuation and stated that the third valuer was appointed on the insistence of the Committee of Creditors (COC)and the RP had no ground to challenge the same.

Findings and observations :

The third valuer can be appointed only if the RP is of the opinion that the two valuations are significantly different and this power cannot be delegated to anyone else including the COC. The fee for the third valuation paid in this case was an unnecessary financial burden on the corporate debtor

Conclusion
The DC concluded that this was an of contravention of Section 208(2)(a) and (e) of the Code, Regulation 35(1)(b) of the CIRP Regulations, and Regulation 7(2)(a) and 7(2)(h) of the IP Regulations, read with clauses 2,3,5 and 14 of the Code of Conduct as given in the First Schedule of the IP Regulations.

In the matter of
M/s. Rana Saria Poly Pack Pvt. Ltd. – Applicant vs Uniworld Sugars Pvt. Ltd Respondent No 1 NCIRCLE Exim LLP- Respondent No 2 WITH Simbhaoli Sugars Limited

VS

Pramod Kumar Sharma – RP of Uniworld , the Hon'ble NCLAT said that the valuation conducted by a third valuer will be considered only if such appointment is made in accordance with Regulation 35 of CIRP Regulations.

The amended provisions

The amended regulation with effect from 14th June 2022 is an attempt to resolve the issue In the principal regulations, in regulation 35, in sub-regulation (1), for clause (b), the following clause shall be substituted:-

"(b) if the two estimates of a value in an asset class are significantly different, or on receipt of a proposal to appoint a third registered valuer from the committee of creditors, the resolution professional may appoint a third registered valuer for an asset class for submitting an estimate of the value computed in the manner provided in clause (a). Explanation.- For the purpose of clause (b),

(i) "asset class" means the definition provided under the Companies (Registered Valuers and Valuation) Rules, 2017;
(ii) "significantly different" means a difference of twenty-five per cent. in liquidation value under an asset class and the same shall be calculated as (L1-L2)/L1, where,
L1= higher valuation of liquidation value
L2= lower valuation of liquidation value."

In light of the amended provisions, now if the Committee of Creditors is of the view that a third valuation is required, it may submit a requisition for the same to the Resolution Professional and on receipt of the same, the Resolution Professional may appoint a third valuer.

The use of word "may" hasmade Resolution Professional as the ultimate decision taking authority for getting the third valuation. . However it hasatleast given an opportunity to the COC who earlier had no say in this process and at the same time was required to ultimately exercise the commercial wisdom in the CIRP process.

Impact on valuers .

The term " significantly different " has been quantified under the amended provisions. Earlier there was a lack of clarity where very different valuations were submitted by the two registered valuers appointed under Regulation 27. . While the regulations required the Resolution Professional to obtain valuation from a third valuer, it did not clarify what will constitute a "significantly different" valuation requiring a third valuation. The Amendment now clarifies that a significantly different valuation will be a 25% difference in liquidation value which is to be calculated as L1-L2/L1, where "L" is liquidation value. This will bring clarity in the valuation of any asset and will help in reducing litigation arising out of valuation mismatches.

However, at the same time greater responsibility is now on the shoulders of the valuers as well because now in case the two values are found to be significantly different as defined in the new definitions, the valuer may have to justify the difference in the values as well. In the case of Ran Saria Poly pack case referred above the NCLT stated in the judgement that

"We also note that the CoC did consider the variance between the two earlier liquidation valuation estimates and the third one and desired explanation regarding the same. The explanation could have been obtained from the three valuers since they had carried out the valuation exercise and would be in a position to explain the methodology and reason for divergence in values. It, therefore, appears surprising that rather than obtain explanation from the earlier valuers, the CEO of the erstwhile corporate debtor, who would have been an interested party and could have had a clouded opinion, was approached to provide this explanation "

Proposed amendment to CIRP regulations vide discussion paper issued by IBBI on 27th June 2022

1. Proposal: It shall be provided that along with RP, CoC must be given an opportunity to interact with valuers to understand their valuation methods, underlying assumptions, and justifications so that a veritable valuation is accepted. The confidentiality agreements or disclosures may be taken before such discussion is carried out. Proposed amendment:

It is proposed that the Regulation 35(2A) may be added under CIRP Regulations which shall state the following:

Regulation 35(2A): The registered valuers appointed under regulation 27 shall present draft valuation report to the resolution professional and committee in a meeting of the committee to brief them about the valuation approach followed and limitations of the reports.

2. Proposal: The CoC may decide to repeat the valuation exercise in CIRPs where the timeline has extended beyond the mandatory 330 days due to difficult market conditions or force majeure conditions or legal stalemate.

Proposed amendment: Regulation 35(4) may be inserted in CIRP Regulations which shall state the following:

(4) The committee may choose to repeat the valuation exercise undertaken in terms of this Section where the process has extended beyond the time-limit stipulated under Section 12 for completion of insolvency resolution process for reasons to be recorded in writing.

In light of above developments it may be safely presumed that

1. In case of any litigation related to valuation , the valuers may be called for explanation regarding the valuation exercise performed by them

2. If the proposed amendments are enforced , the valuers will be answerable to the COC regarding the valuation approach and methodology adopted .

3. A repeat valuation exercise may be done if the process goes beyond the mandatory period under specified circumstances.

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Peer Review- Its importance in **Bank Valuation**

Valuation report given by members are necessarily to be reviewed in order to understand whether the compliances are adhered by the members. It is the primary responsibility of the Registered Valuer Organization to review the performance of its Registered Valuers.

As per International Valuation Standards, Valuation Reviewer is a professional valuer engaged to review the work of another valuer. As part of a valuation review, that professional may perform certain valuation procedures and/or provide an opinion of value.

Presently in India, Insolvency and Bankruptcy Board of India (IBBI) is the authority which is monitoring and controlling the functioning and performance of all the Registered Valuers Organization.

IBBI have come out with findings of Peer review report conducted by different RVO in all the three class of assets. The review report is very clear to show the way forward regarding the expectations of end users from the Valuers. The report suggests how to write a report which is proper without diluting the responsibility of the Valuer. The Use of Caveats, Limitations and Disclaimers should be used diligently by Valuers in their report.

Banking Industry :

The Bank Valuation and reporting has undergone a significant changes after the Indian Bank Association has released a Hand Book on Policy, Standards and Procedures for Real Estate Valuation by Banks and HFIs in India-2011.

As per this Handbook, International Valuation Standardsshould be adopted by all Empanelled Valuers for preparation of Valuation reports. The Banks while preparing the format of Valuation report, have adopted and designed the format of the report as per International Valuation Standards.

Suggestions:

1. The formats given by IBA, however does not provide for Caveats, Limitations and Disclosure (CLD). In the absence of these, the Valuer prepares the report with their own CLD and thus the standardization of the reports would not be possible. Hence the IBA should also like IBBI should circulate the standard CLD to be incorporated in the Valuation Reports by the Valuers.

2. The IBA should devise mechanism to peer review the reports given by its panel valuers. It should be undertaken by a review panel valuers separately
appointed in the Bank. This should be undertaken initially for High Value properties like Audit review & Legal review. This should be Technical review.

Advantages of Peer Review in Bank Valuation :

1. The Valuation report will be thoroughly checked and vetted by the peer reviewer, who is Panel Valuer in the bank. The Scope of the review should be clearly defined.

2. This will help reduce the difficulties faced by the Bank/Financial Institutions with respect to shortage of documents/improper assessment and in turn help the Bank to reduce potential NPAs.

3. The Bank may assess the quality of report given by its empaneled valuers and do the necessary corrections during review of empanelment periodically.

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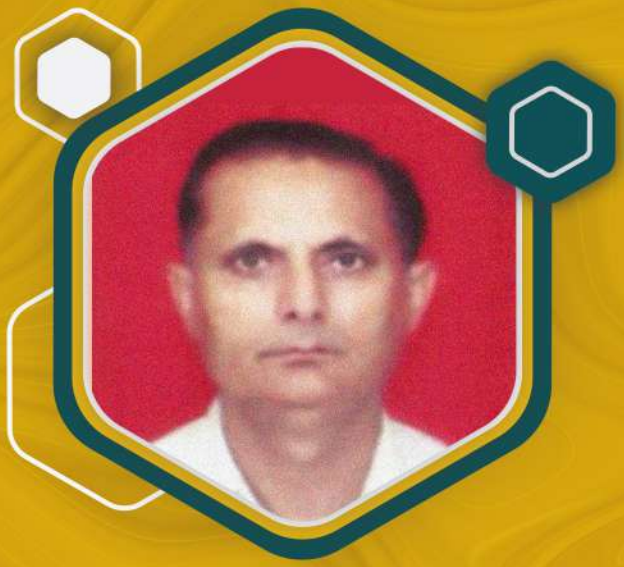

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53 years of varied experience in Civil, Electrical & Mechanical Engg. Field in large Industrial organization Special Prize in safety awareness while in service at SM Dyechem site, M.I.D.C., Pune from Toyo Engineers India Ltd. Special certificate by G.M. NTPC and Manager BHEL for timely execution of the Job & exceeding of erection targets.

Challenges for Professional valuers" & how to deal with the **challenges/ solutions**

"Valuers are an arm of the judiciary, as the judiciary depends on them for valuation of property." said Mr. A. K. Gangly "Hon'ble Chief Justice of the Chennai High Court on inaugurating a two days seminar organized by the Institution of Valuers on October 17-18,2008.

"Valuers play a crucial role in activities including sale, purchase, mortgage of land and building, creation of trust for charitable purpose; constitution, dissolution of partnership firms, dissolution, amalgamation of companies; obtaining succession certificates, will, probate, partition, gifts; furnishing security to the court of law by and assessing loss of fixed assets", this was remarked by Hon'ble S. J. Mukhopadhaya, in one of the seminar T Nagar Chennai.

Challenges faced by professional valuers:-

Valuation stake holders often seek sympathy & human consideration from professional valuer as they too are first human being then valuers which come in conflict with duties, moralities, ethics & responsibilities of a valuer. Sometimes not getting full cooperation in getting data, documents, approved plans etc. from stake holders are also challenges which is required to be handled carefully with peace of mind & maturity by a professional valuers.

Quality of professional valuer:-

The Valuer requires a combination of a number of professional qualities and capabilities, and needs a thorough knowledge and understanding of the interacting influences which create, maintain or diminish the value of property. The valuer is a professional who has been educated and trained to determine the value of immovable property, execute feasibility studies and provide expert advice on property related matters.

The Valuer does not invent value, but interprets market forces, which determine the value. Valuer is a professional closely related to type of assect in which he has got specialization. A valuer determines the value of asset based upon market condition at a given time.

Valuer's skill is to determine values for purchase or sale, and insurance purposes. Valuers should be well qualified to undertake valuation in all classes of properties, including Residential, Industrial, and Commercial, Agricultural, Intangible assets and special use properties. It is therefore very important for clients to select and appoint an approved and registered valuer with the relevant practical experience required to undertake the specific valuation.

But it is the matter of surprise that most of nationalized & private banks are taking services from non-graduates and un-experienced valuers. Which has already resulted a staggering figure 13,00,000 Crore as reported by Times of India on 10th October,2016.

There is no any education and training institute that ensures professionalism, ethics and transparency in the isolated valuation processes. Various countries in the world have separate agencies headed by a Chief Valuer possessing academic qualification coupled with experience in Valuation to undertake valuation for various Fiscal and Non – Fiscal purpose. The similar process should be adopted by all state bodies/organization or by Central Governments authorities requiring services connected with the valuation. At the same time the State bodies should also ensure setting up of valuation institute. In India there are only Three institute /university conducting MVAL course in different categories of valuation fields. It requires many more institute.

The valuation services tendered by such trained Valuers will lead to minimize creation & accumulation of Non Performing Assets in the Nationalized & other Co operative Banks and will help in avoiding losses to Govt. in matters like disposal or leasing of public properties & payment of compensation in land acquisition etc. acquired by the authorizes for public purpose .

SELECTION OF VALUER

1. Valuation work demands a professional skill. A valuer should be highly trained, and should have a strong sense of integrity.
2. First of all, it should be very clear about the purpose for which valuation is called for should be known to the professional valuer.
3. In view of the great legal responsibility that valuers has to take up for providing the correctness of the valuations, the valuer has to be expert & should have the necessary background, experience and qualifications in the concerned filed for which he is appointed.
4. The valuer should be a recognized member of the Institution of valuers and Government Registered Valuer or the Royal Institute of Charted Surveyors. A basic valuation is the standard requirement that a buyer needs in order to get a mortgage.
5. Professional valuer should be a registered valuer under 34, AB of Wealth Tax Act. 1957.
6. The proposed valuer should be familiar with the bank/government authority to which valuation report will be submitted. Full address of the authorities should be noted down properly by the proposed professional.
7. The professional valuer should be fully aware of scope of his work being assigned to him.

VALUERS OBLIGATIONS AND RESPONSIBILITIES

First, because there are several kinds of values and several kinds of cost estimates, each of which has a legitimate place as the end point of each valuation engagement, it is the valuer's obligation to ascertain which one of these is pertinent to the particular undertaking. In meeting this obligation, the valuer may consider his clients instructions and/or may obtain legal or other professional advice, but the valuer's obligation to determine and describe the opposite (Well expressed/appropriate) value or estimated cost is the valuer's sole responsibility. Also, it is his obligation, in this connection, fully to explain and describe what is meant by the particular value or cost estimate which he has determined, in order to obviate misunderstanding and to prevent unwitting or deliberate misapplication.

Valuer's Obligation to Determine Numerical Results with Whatever Degree of Accuracy which the Particular purposes of the Valuation Necessitates

It is the value's obligation to determine the appropriate and applicable numerical results with as high a degree of accuracy as possible purposes of the valuation is necessary demands, hence it is the Valuer's obligation.

1. To Avoid Giving a False Numerical Result:-

The professional valuer has very obligation to avoid giving a false figure. The numerical result of a valuation could be false for two reasons it could be false because it is grossly inaccurate estimate of the apposite (well expressed/appropriate) value or cost estimate, or it could be false, even though numerically accurate, because it is an estimate of the opposite value or cost estimate, of an inapposite value.

2. To his Client:-

The valuer's primary obligation to his client is to reach complete, accurate, and pertinent conclusions and numerical result regardless of the client's wishes or instruction in this regard.
The relationship between client and valuer is not one of principal and agent. However, the valuer's obligation to his client goes somewhat beyond this primary obligation and hence some secondary obligations such as ethics and morality.

3. Relative to Evidence before any competent authority:-

When a valuer is engaged by one of the parties in a controversy, it is unethical for the valuer to suppress any facts, data, or opinions which are adverse to the case his client is trying to establish. It is the valuer's obligation to present the data, analysis, and value without bias regardless of the effect of such unbiased presentation on his client's case.

4. To Avoid giving Competent Service other than your own field:-

It is not proper for a valuer to accept an engagement to make a valuation of assets a type for which he is not qualified to value or in a field outside his membership classification, unless.

(a) He is fully acquainted with the client and the limitations of his qualification or

(b) He associates himself with another valuer or valuers who possess the required qualification.

(c) A claim by a valuer of possession of certain qualification, which he does not actually possesses will be a subject of erroneous interpretation.

5. Relative to Serving More Than One Client in the Same Matter:-

When two or more potential clients seek a valuer's services with respect to the same assets or with respect to the same legal action. The valuer should avoid giving service to the same party except with the consent of other parties involved in the same matter.

6. Ethical Practice & Competency:-

In order to meet his obligations, the valuer must be competent in his field. This competency is attained by education, training, study, practice, and experience. Valuer must also recognize, understand, and abide by those ethical principles that are interconnected with profession and are an essential part of truly professional practice with head held high.

7. Responsibility to Third Parties:-

Valuers should recognize their responsibility to third parties, other than the client, who may be specifically entitled to make use of their reports. Under certain specific circumstances a valuation report may be given by a client to a third party for their use. If the purpose of the valuation includes a specific use by a third party, the third party has a right to rely on the validity and objectivity of the valuer's finding as regards the specific stated purpose and intended use for which the valuation was originally made.

8. Joint Responsibility by Valuers (If prepared by More Than One Person):-

In cases where two or more valuers are employed to prepare a joint report, the user thereof is entitled to assume that, if all of them sign it, they are jointly and severally responsible for the validity of all of the findings therein; and, if all do not sign, he has a right to know what the dissenting opinions are. The user of a valuation report, before placing reliance on its conclusions, is entitled to assume that the party signing the report is responsible for the findings, either because he did the work himself or because the work was done under his supervision.

9. To implement these principals, it is unethical:-

(a) to misrepresent who made a valuation by appending the signature of any person who neither did the work himself nor had the work done under his supervision.

(b) in the case of a joint report to omit any signatures or nay dissenting opinions given by the second valuer must be recorded.

10. Explain the valuation method used in the valuation report:-

It is required that the method selected by the valuer as applicable to the subject valuation undertaking be described and explained in the valuation reports.

11. Agreements Contracts for Valuation jobs:-

It is always preferable to have a written agreement or contracts with the client/customer, covering the objective & the scope of work and period of delivery of reports. Its must contain amount of professional fees agreed & advance taken and also mode of payment. It should be clearly spelt that the valuer cannot act as an advocate or a negotiator.

12. Must Act with as a professional Character:-

The role of Valuer's is itself a professional activity. A professional has acquired high degree of intelligence and considerable expenditure of time and efforts to acquire it and to become adept(skilful) in its application. A valuer's client relies on the valuer's professional knowledge and abilities to the extent it may be necessary to accomplish the purposes of the work.

13. Broaden quality of service through Rationalization & Self examination :-

All activities of a valuer must be rationalized, self-examined by the valuer is a must. Accountability is the essence of any valuer's work. Valuer must broaden the base of the quality of their services with skills standards and values and build the pyramid of excellence, the summit of which is unmatched by that of any other profession. Capability is the ability to do better than what you are already doing. Capacity is about doing more than what you have already done.

14. Must mention the confidential of Character valuation of Assignment:-

In some instances, the very fact of such employment may be information that a client, whether private or a public agency, prefers for valid reasons, to keep confidential. Knowledge by outsiders of the fact of employment of a valuer may jeopardize a client's proposed transaction. Consequently, it is improper for the valuer to disclose the fact of his engagement, unless the client approves of the disclosure or clearly has no interest in keeping the fact of the assignment confidential, or unless the valuer is required by due process of law to disclose the fact of his engagement to authority government agency of court.

15. Multidimensional Role of a professional valuers:-

Professional valuers Responsibility & Accountability of the valuers have increased several times under economic pressures. Globalization has redefined the performance of the valuers.

A valuer must be mentally prepared to face any type of challenges , if he wants to thrive in his profession. The opinion given by him, should be supported by documents, as it is of evidence of value. Whatever be the purpose of your valuation maintain high degree of integrity & fairness. There must be judicious approach in valuing it correctly, taking into consideration the prevailing conditions.

HOW TO INPROVE QUALITY OF VALUER

The up gradation of knowledge is most essential work in a life of valuer. This can be achieved by:

1. Data collection:-

It is practically impossible to value any asset without sale references. Therefore collection of data of comparable & credible is a must for a valuer.

2. Regular search:-

A professional valuer should always search data regularly with sub register office or office of the municipality was the mortgage of the property is made. Regular search of data should be their habit for their survival in the field.

3. Map Reading: -

In the cases of NPA, sometimes the it is difficult to locate the property. Even bank officials or previous valuer is not in a position to locate. The remedial measure is keeping a habit of locating a property in city survey maps or development plans. Also make a sketch plan or property under reference showing important locations in the vicinity.

4. Short Data: -

In short data collection includes maps, plans, sale instances which give correct item about market potential. There are very few valuers who are using maps and or plans, on account of which they are able to give justices to the value because they are able to asset, potential present value and future value because of knowledge of future like acquisitions, reservations, road widening etc.

5. Attending seminar & workshop:-

This is place where you can meet, speak and exchange the views with others. It will give boost to your knowledge. For an experienced valuer also it is helpful.

6. Talking to experts & fellow valuers:-

Key to success lies in talking, discussing & listening to experts & fellow valuers on different topic as and when need arises. Seminar is one occasion where one can achieve this goal. Sometimes it is worth wile discus the items/case with the junior valuers. They are also knowledgeable.

7. Reading books of various authors:-

Valuation is a developing field & valuation got is limitation also in India. In India we have got good quality of books authored by Dr. Roshan Namavati, Dr. Ashok Nain, D. N. Benerjee & R. K. Gandhi & many more. All these authors are authority on the subject and all this book written by them are worth reading. One can gain knowledge by reading these books.

8. Study of Case laws & sale instances :-

Dr. Namavati had consistently insisted One and All for circulation of case laws. As a slab cannot survive without columns, similarly no case can survive in case of court of law without a case laws or credible sale instance. Dr. Namavati had given number of case laws in his books Theory & Practice of Valuation.

9. Facing the cross examination:-

To make a professional valuer bold methodical & expert, one has to learn to depend his own case by cross examination of your own valuation report. It removes all doubts and mistakes made by the valuer himself. It also does fine mental tuning. This way the valuer becomes more professional & experts.

10. Reading Indian Valuers:-

IOV New Delhi has given a golden gift to all valuers irr respective of their position a journal of "Monthly Indian valuer" which is valuable asset for all valuers. One should always go to these articles & update the knowledge.

I request to all the professional valuers to meet the challenges of daily life and enhance your knowledge, disseminate information, share your experiences by attending our regular meeting & seminars.

"Small minds discuss people
Average minds discuss events
Great minds discuss ideas."

THANKS.

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Valuation **Profession:** **Challenges** & **Best Practices**

Valuation as a Profession, is one of the most reputed and desirable profile among the newly qualified students. However the penetration in this field is very low, due to lack of proper guidance. One with desirable skills and knowledge can become entrepreneur, as it's an asset lite model services. When we talk about merits of this profession we must know the challenges may be faced during practicing as a Valuer. Enlisting some of most important and common challenges for a Valuer in Asset Class- Land & Building:

Challenges	Way-out for Rural Region	Way-out for Semi-Urban & Urban Region
Property Identification	• Refer/Study Village Maps • Cross verify Electricity Meter No installed on site with Electricity Bill. • Ask for boundaries declaration from Gram Panchayat and tally it with onsite and boundaries mentioned in sale deed • Check Panchayat Record • Enquire neighbor's	• Refer/Study City Survey Maps, TP Maps, DP Maps etc. • Tally the plot position with approved layout plan from competent authority. • Society Record/Signage on site • Check Property Tax bill with authority office/website • Tally the boundaries from Layout Plan, Building Plan, Sale Deed & On site • Enquire neighbor's
Violations in Property	Valuer must issue a report inline with authority compliance norms and as per local bylaws. Demolition risk in rural areas is low, however one should not ignore it. Highlight every disputed details clearly with honesty in violations column.	Valuer should ensure to release report post thorough study of Maps, Authority Guidelines, and Latest update on any action/notification released by authority in local newspaper, since urban properties fetch high value with high quantum of inherent risk. Demolition is quite common in urban areas as compare to rural. Valuer must highlight these to the client and should release a zero value report highlighting the concerns.
Transaction/ Rates enquires	Transactions in villages is very limited due to limited population and demand created by local villagers only. However one can take help of local estate agent, neighborhood enquire, Sales record of registrar office, valuers own data bank.	Fetching enquires in Semi Urban/Urban region can be done from booking price offered by builder in same locality, local real estate agents, recent transactions details from neighborhood, advertisement in newspaper, auction sale information and valuers own data bank etc.
Time Limit Or Cost Overrun	Rural areas/Village are situated quite a distance from the city. Some valuers send non-technical local resident to carry out the site visit to save time & cost. This may leads to trouble in long run. Being a service provider sometimes we must not compromise with quality and delivery as per standard. Association of client itself is sometime more valuable than making profit in that deal.	Engage well skilled and knowledgeable professional to get the work done. Such resources can easy found in City areas. Valuer is been paid for professional services hence job should be done from technical person having sound knowledge and ethically fit for the job. Any short cuts for making more money may defame the profession.

Enlisting some of the best practices as a Professional Valuer:

- Appoint a competent and well qualified engineer to get the wok done in most ethical and transparent way.
- Attend the trainings and seminars sessions not limited to proprietor/directors only but involve the team members as well.
- Ask a feedback from client in a regular interval may be Quarterly/Half Yearly/Annually. This will help to rectify the service issues, improve quality and reduce frictions.
- Study the documents provided well before conducting site inspection and request for any additional doc's (If necessary).
- Book an appointment for site inspection with customer and ask them to make sure that we can inspect and measure the property thoroughly where ever necessary.
- Prepare a checklist/format to be filled during site inspection, having two columns. Details in one column need to be pre filled as per documents. Any major discrepancies can be clarify with the client during site inspection itself.
- Engineer should leave the site only, once all the required details from Property Identification to Recent Transactions are acquired.
- Prepare a report avoiding long paragraphs, point to point details, compliance with the standards and cover all the essential parameters of the report.
- A valuer should ensure data privacy and do not share report other than the intend user.
- Keep record of the assignment at least 3 years from the engagement. It may be in soft copies or in hard copies.

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Valuation of **Commercial Vehicles Challenges &** Alternative Practices

I write on a subject which is close to my heart more as a passion besides a career spanning more than 25 years. For the uninitiated, let me start posing questions and answering them so that it is interesting.

What exactly is a commercial vehicle (CV)?

Any type of motor vehicle used for transporting goods or paying passengers is a commercial vehicle.

Why is a commercial vehicle important?

For the purpose of simplicity I will restrict myself here to goods commercial vehicles. A farmer produces vegetables, pulses, grains or milk by rearing cattle. Factories produce steel, chemicals or in short goods. These need to be transported in India or abroad. The choices are dictated by accessibility and cost and are done by Air, Ship, and Railways or by Commercial Vehicle Trucks. Now in India more than half of the freight movement across the country is via roads. Thus commercial vehicles are pillars for freight movement and more importantly their production is a growth driver of the Indian economy.

Domestic Sales FY 23 vs. FY 22 Q1			
Categories	Q1 FY 23	Q1 FY 22	% CHANGE
2 Wheelers	3724533	2413608	54.30%
Passenger vehicles (cars)	910431	646276	40.90%
Commercial Vehicles	224512	105800	112.20%
3 Wheelers	72013	23823	202.30%
Sub Total	296525	129623	128.76%
Grand Total	4931489	3189507	54.61%

Source: CareEdge Research, SIAM

Current Challenges faced by the CV Valuer

1. Domain Knowledge

- Range – In India the CV range starts from the ubiquitous 3-wheelers to the large trucks fitted with

multiple axles – 10/12/14 wheelers. Specialized vehicles are available for construction and for over dimensional cargo like Boilers, Windmill components.

- Number of manufacturers – In the early 80s – there were only 2 players. TATA & AL. With Globalization came in companies such as MTBL, Eicher, AMW, Bharat Benz, Swaraj Mazda and others in the 3W/LCV space.

- Technical Specifications – The core of the CV is the engine, drive train besides the suspension. The Engine Specification has undergone rapid changes form the Bharat Stage III to VI owing to emission norms mandated by the Government of India. (Please read my article page 78 in Motor India April 2021 issue). The drive train is designed to carry heavy loads and overloading is a common phenomenon. Thus there is a range of vehicles designed for load and road operating conditions.

- Cargo Truck Bodies and Cabins – Trucks are produced as chassis and the customer fits a cargo body and cabin made from steel, aluminum, wood + steel or containers. There are also specialized bodies made for carrying chemicals, milk, water etc. Nowadays OEM's supply full built trucks as an option.

- Fuel/Additives – With stringent emission norms, rising costs of fossil fuels there is concerted effort by OEMs like AL and TML to look at alternatives. Girish Wagh, ED at Tata Motors says in ET DT. 06.09.22 – "Not only will the flexible modular platform be cost effective but they would be versatile too to ensure that they meet a specific requirement of the consumers. The world is moving towards electrification and our new architecture is flexible to accommodate multitude of power train options."
  He further adds that the path towards complete electrification has to go through a critical bridge of gaseous fuels.

2.Value for whom?

The sales chain in the buying of a CV Manufacturer – CV Dealer – Financier – Customer Seller Distributor – Banks/NBFCs – End User

(i) Customer/End User

a.Cargo Carriers – Trucks

The end user decides the nature/type of the customer. Pure cargo carriers carry goods from Point A to Point B. The majority of customers belong to this category for whom the transportation is a business which needs to make profits. Profit is a function of the initial investments and expenses on the truck. Thus lesser the purchase cost and operational expenses, more the profits. A seasoned operator knows that 60% of the expenses is due to fuel + diesel exhaust fluid cost, followed by cost of tires and then maintenance, i.e. less investment – less expenses = more profits.

b. Special Application Trucks

Trucks such as tankers, construction equipment, drilling rigs, and mobile cement mixers are used by customers who need to complete a project and need these to execute different stages. Thus the business profits are received by completing the project and not entirely by the trucks which have special attributes.

(ii) Financier –Banks/NBFCs

The investment cost of a truck ranges from 15 lakhs to 60 lakhs. Thus banks/NBFCs play an important role in the acquisition of the truck. Financiers on their part have various products such as (i) New Vehicle Purchase – Purchase of a new truck. (ii) Repurchase loan – finance to customers for buying pre-owned trucks. (iii) Refinancing loan – Finance for your Business or Personal needs on existing vehicle as an asset. (iv) Balance Transfer/Take over facility – Switch over your existing vehicle loan from A to B Financier. (v) Third Party Purchase – Finance to buy the vehicle from another customer which is under loan.

For financiers the value is basis the realizable value when it is sold in the open market. Thus they have a grid for financing basis the OEM/Product/Customer Profile.

3. The Approach to valuation

As Valuers, we know that the value to whom and purpose of valuation should be the basis for arriving at the value of the CV. However today, the CV is valued on a mass valuation technique. This is by filling up a template containing

1. Registration details
2. Vehicle condition – Engine/Transmission/Load body and accessories
3. Comparison from a value data base of previously sold trucks of similar make model year and kilometers run. This is the procedure followed be it for the customer or the Financier.

This is akin to the famous quote of Mr.Henry Ford–"Any customer can have a car painted in any colour that he wants so long as it is black.

4. Recommendations

(i)Data Base of Sale of CV in previous instances. The data which is available today is endemic to a region, and specific to the person who collects it locally. There is no Red Book or Blue Book in India unlike other countries.

Sales of pre-owned trucks/ Exchange of trucks by OEMS like TATA OK; AL; Eicher; and by Shriram Auto Mall is regularly done in the market. SIAM an industry body which represents the OEM's can collate this data and give access to those who desire like the Production and Sales data releases which it does now.

This authentic and realistic data will be available and OEM's will be motivated to ensure that their resale value rises in line with technology changes. Customers and financiers will benefit by more value realization.

(ii) Total Cost of Ownership.

Customers are educated by theOEM'S and thusare comparing the TCO over the life cycle of the truck before finalizing a purchase. The OEM's using their connected trucks data can calculate the expenses in maintenance; Dieselconsumptionetc. to and shares it to valuers for use. The valuers can also source this data from the customers as many are using software – fleet data for managing their large number of trucks efficiently.

Thus this can be the basis for arriving at the value – Investment value of truck/ value in Use. Infact in the web site of TATAOK you can see them declare :: GET THE ADVANTAGE OF A TRUCK WITH HIGHER EARNING POTENTIAL"

iii. Financiers Data base.

Today CIBIL Score is widely used for checking on the repayment track records of customers when they take a loan. This is basis data given by the Banks/NBFC'S. In a similar fashion these institutions can pool the data of the vehicles sold by them after a lease transaction in ordinary course or in the event of distress sales like surrender or repossession from the customer.

iv. Methods of Valuation.

Customers who use trucks during the course of business for earning profits require a specific process of valuation and as per current mass valuation procedures. It definitely should be basis Investment value / Special value basis or the value in existing use. Mr. Kirit P. Budhbhattii in his book the "Valuation of Plant & Machinery (Theory & Practical) says Quote

"In market approach the similarity of machinery may be deceptive. We must investigate to find differences of attributes between even similar looking machinery'.

Thus in conclusion I recommend that the valuer has to ascertain Who will be the end user of the Report. He can even if is a financier prove basis reasoning and evidence that the customer will earn more profits and so the financing LTV can be increased and not go by the market value of a similar CV truck basis data of sales of pre-owned trucks which is unverified in any case!!.

The valuer therefore plays an important role and should be a domain expert and arrive at the right method of valuation instead of the current mass value procedure.

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*A competent professional with **40+ years' rich & extensive** experience of working in number of Residential & Group Housing projects. Currently, engaged in development of Valuation Profession, closely with relevant Ministries; Regulatory Bodies & Financial or related Organizations to bring the necessary reforms in Valuation ecosystem.*

Overview & Importance of Valuation under IBC

Journey of valuation as profession began with Government acts such as Rent Control and later for the purposes of Income Tax. Beginning of registration as valuer under sec-34B of wealth tax act, saw a major shift in the profession towards it being institutionalized. Consequently, the profession started finding its place in the financial sector where it achieved a pivotal role for the debtors and creditors, both.

Prior to the Insolvency & Bankruptcy Code, Debt recovery has always been an area of concern for the Financial Institutions. Several methods and processes were adopted, but conceptually it revolved around the recovery alone. With the introduction of Debts Recovery Tribunals (DRT), a few restructuring procedures were applied for reducing the already stressed sectors to keep them going on. But the problem remained as more and more vital projects went on the way to become Non-Performing Assets (NPAs), resulting in the closure. Ultimately, the closures led to increase burden on economic conditions of not only the employees of those ventures but affected economic situation of the country as a whole.

Initially, the government had also framed the SARFAESI Act 2002, which aimed to recover the NPAs of the banks and Financial Institutions. The act aims to shut down the unit or company and very rarely worked towards refabricating it. Though it did not work towards timely recovery of the defaulted assets which falls as a strain in the Indian credit system.

Keeping in mind, the strain on the market and society, to improve the business environment by alleviating distressed credit market, the ModiGovernment introduced the Insolvency and Bankruptcy Bill in 2015, which get notified as Code in 2016. The IBC repealed the Presidency Towns Insolvency Act, 1920 Act, 1993 and Sick Industrial Companies (Special Provisions) Repeal Act, 2003, among others to combine and alter a solitary statute.The main aim of the IBC 2016 is to remove the considerable delay, red tapism, years of cumbersome litigations in resolution of stressed assets.

The primary objectives bring out the following intentions to be achieved by IBC

- Resolution/liquidation in a time-bound manner
- Maximisation of value of assets of corporate persons under insolvency
- To promote entrepreneurship
- Availability of credit
- Balance the interest of all the stakeholders

Out of these five objectives, the first objective is indirectly related and the rest are directly related to the Valuation of assets. This proves that valuation is the critical factor in achieving the objectives of the IBC in resolution and liquidation of assets. IBC has classified the valuation under following three asset classes: -

1. Land and Building Valuation - A land valuation can be described as the technique by which the valuation of the land is ascertained.

2. Plant and Machinery Valuation - It refers to finding the market value of all plant and machinery assets used in manufacturing and distributing goods and services by a business.

3. Securities or Financial Assets Valuation - It estimates and determines the appropriate interest rate or interest rates of the expected cash flows. It drives the securities market value including liquidity, demand, and supply of similar instruments, stock market rates of similar securities, etc.

The role and significance of valuation of assets of different kinds both in the regulatory and non-regulatory spheres have also made the value conclusions arrived by the valuers very crucial for the stakeholders.

IBC also provides for corporate insolvency resolution process (CIRP) and liquidation process for all entities. CIRP and Liquidation processes are dependent on not only an appropriate valuation for a defined purpose but also should stand the test of legal scrutiny in case any of the stakeholders including committee of creditors, insolvency professionals, financial creditors, operational creditors and anyone else whose interests could be directly or indirectly affected by the valuation, dispute the same in any or all of the adjudication proceedings under the IBC 2016.

With effect from 1st February 2019, every valuation required under the Insolvency & Bankruptcy Code, 2016 ("Code") or any of the regulations made there under is required to be conducted by a 'Registered Valuer' registered for the respective asset class, that is, a valuer registered with the IBBI under the said Rules. No insolvency professional shall appoint a person other than a Registered Valuer to conduct any valuation under the Code or any of the regulations made there under.

The Registered Valuer means a person registered with the Authority (IBBI) as a Valuer, in accordance with the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017. A Registered Valuer while performing its Assignment shall adhere to the various Statutory cum Regulatory Compliances such as:

1. Compliance of the provisions of the Companies Act, 2013 and Companies(Registered Valuers and Valuation) Rules, 2017
2. Compliance of the provisions of the Insolvency and Bankruptcy Code, 2016
3. Compliance of Code of Conduct of the concerned Registered Valuers Organisation of which he is a member
4. Compliance of Bye-Laws and Internal Regulations of the Registered Valuers Organisation of which he is a member
5. Compliance of Valuation Standards- i.e. Internationally Accepted Valuation Standards or ICAI Valuation Standards 2018
6. Compliance of Guidelines/Circulars/Notifications issued by IBBI from time to time.
7. Compliance of the provisions of the Law under which the Assignment has been accepted such as SEBI, Income Tax Act, 1961, RBI, IBC etc.

To enhance the competency of the valuers, Registered Valuer Organizations (RVOs) have been entrusted with the following responsibilities by IBBI:

1. To ensure that the aims and principles of ethical standards, such as integrity, objectivity, truthfulness and avoidance of conflicts of interest are followed by the Valuers in good spirit and in the interest of the Fair Valuation.

2. Conduct educational courses and practical training of 50 hrs. for individuals who possess the qualifications and experience as specified in the Rules, in accordance with syllabus determined by the authority to test their professional knowledge, skills values and ethics in respect of valuation.

3. Conduct training for the Valuer Members before issuing Certificate of Practice (COP).

4. Monitor the activities of its Valuer members, Redressal of Grievances, Disciplinary actions.

5. By creating awareness amongst the Registered Valuers for their responsibilities and accountability for the specific assignments being carried by them through various interactive sessions, seminars, workshops to be conducted under Continuing Education Programs (CEP).

6. By scrutinising the valuation reports of the Registered Valuers and pay random visits to the Registered Valuers to understand and improve the procedure being followed by them for carrying out the Valuation Assignments.

7. By creating awareness on modalities of getting the valuation assignments through CEPs.

As we move towards the full-fledged and comprehensive regulation in the form of a Valuers Act in the near future, the profession of valuation will also occupy a unique possession in the economic and financial spheres.

Before concluding, we should remember that assessment is the first & most critical tool in crafting valuation.The need for appropriateness, transparency and consistency in valuation of assets is felt more than ever before by the stakeholders. The valuation practitioners of different classes of assets must gear-up to meet the professional demands of this fast transformation. They can achieve these by upscaling their professional skills, competency, simultaneously meeting the regulatory obligations.

Apart from being qualified, a Valuer is required to develop the skills in crafting a Valuation opinion. Hence, all valuers need to ensure the following essentials while doing valuation and issuing valuation report:

1) Scope and Purpose of Valuation as defined to the Registered Valuer;

2) Basis of Valuation;

3) Selection of appropriate Valuation Standards e.g. IVSC;

4) Selection of appropriate approach i.e. a. Market Approach, Income Approach, Cost Approach.

5) Nature and Source of information used by the Registered Valuers while conducting inspection and Valuation;

6) Premise of valuation: Highest and Best Use, Orderly Liquidation, Current Use/Existing Use, Forced Liquidation (deployment of assets) etc.

7) Departures and Deviations occurred from the material documents provided and actual inspection of the site.

In order to establish the exclusive demand for a profession, strong foundation of academic pursuit coupled with self-regulation are required to be in place. Therefore, to meet the academic requirements and for building capacities, continuous participation in professional educational development programs plays an important role.

Case Study

Patna High Court - Orders

Shakti Kumar Prabhakar vs The Union Of India on 21 April, 2022

The grievance of the petitioners is that the valuers under the Wealth Tax Act, 1957 have been asked by the Punjab National Bank and SIDBI to get themselves registered with the Insolvency and Bankruptcy Board of India if they want to continue as the empanelled valuer of the said Banks.

Learned counsel for the petitioners submits that such a condition is wholly arbitrary and is not supported by any statutory rule. A counter affidavit has been filed by the Union of India, Paragraph nos. 12 and 17 whereof reads as under: Patna High Court CWJC No.9807 of 2020(5) dt.21-04-2022 "12. In accordance with section 247 of the Act, valuation under the said Act has to be carried out by persons registered as valuer, under Valuation Rules. Further, in accordance with regulations 27 read with regulation 2(1)(m) of Insolvency and Bankruptcy Board of India (Insolvency Resolution process For Corporate Persons) Regulations, 2016 (CIRP Regulations) and IBBI Circular dated 17th October 2018, the valuation under the Code has to be conducted by registered valuers under the Valuation Rules. **The impugned Valuation Rules do not interfere with the practice of valuers operating outside the Companies Act, 2013 and the Code.**

With reference to Para 24, it is submitted that the Wealth Tax Act is not set at naught. The Valuation Rules are not extended or made applicable to the conduct of valuation by any person under any other law, which has been clarified in the Explanation to rule 1 of the Valuation Rules. It is not the intention of the MCA to apply the Valuation Rules for carrying out valuation by any person under any other law inclining under the Wealth-tax Act, 1957 of the Income-tax Act, 1961. The impugned rules are not comparable with any other rules applicable in other fields. Persons already registered under any other law are free to conduct valuation under the provisions of those other laws. If a Valuer purposes to conduct valuation under the Valuation Rules, he has to comply with the requirements laid down under the same. The impugned rules do not interfere with the practice of Valuers registered under any other Act."

Having examined the stand taken by the Union of India before this Court, we feel that no further direction needs to be issued by this Court. The petitioners would be at liberty to bring this fact to the notice of the concerned Banks. They shall also be at liberty to refer to the judgment of the High Court of Patna High Court CWJC No.9807 of 2020(5) dt.21-04-2022 Kerela at Ernakulam in WP(C) No. 37770 of 2018.

The writ petition stands disposed off.

TO READ IN DETAILS
SCAN QR CODE .....

THE UPDATES

Important measures for promoting the advocacy of Valuation

Event in association with IBBI

IOV RVF holds online Workshop on "Emerging Valuation Eco System – A Way Forward" in association with IBBI on 30th July 2022. Shri Manish Kumar M. Chaudhari, CGM, IBBI; Mr Deepak Rao, GM, IBBI and Mr Deeptanshu Singh, Manager, IBBI were the eminent representatives from the Regulator at the event.Apart from them, there was the unending support and active participation of eminent faculties from IOV and IOV RVF for the Panel Discussions.

The workshop focussed on two of the issues pertaining to the theme:

1. Emergence of Profession- The Best Practices

- "Perspective of the regulator viz IBBI on the roles and responsibilities of Valuers and Expectations of IBBI from the professional valuers in the fast-changing transformation"
- Challenges faced by Valuers and Stakeholder Expectations for all regulatory and non-statutory valuations and Mortgage Valuations
- Need for Self-Disciplinary Measures – Future scenario Constant Regulatory oversight of Valuations in the light of generating VRN and newly introduced Peer Review Mechanism
- Dos and Don'ts during the Valuation Process – IBBI and general guidelines for valuers on the Valuation Process

2. Way Forward for the Profession

- More empanelment opportunities for Valuers
- Reforms in the education fields of valuer to make them expert in variouscategories apart from specific asset class
- Standardization of the Valuation Profession

Call on meeting **newly appointed whole-time member**, IBBI

Call On Meeting

Mr Vinay Goel, Hony General Secretary, Institution of Valuers and MD & CEO, IOV Registered Valuers Foundation had a Call on Meeting with **Shri Jayanti Prasad Whole Time Member, Insolvency and Bankruptcy Board of India** on **13th July 2022** at New Delhi.

The agenda of the meeting was to discuss about the challenges/ opportunities available in Valuation Profession for ensuring the growth of Valuation Ecosystem. In this regard, Mr Goel proposed for **policy advocacy services by IOV RVF to IBBI for setting the best valuation practices,** for which Mr Prasad kindly agreed.

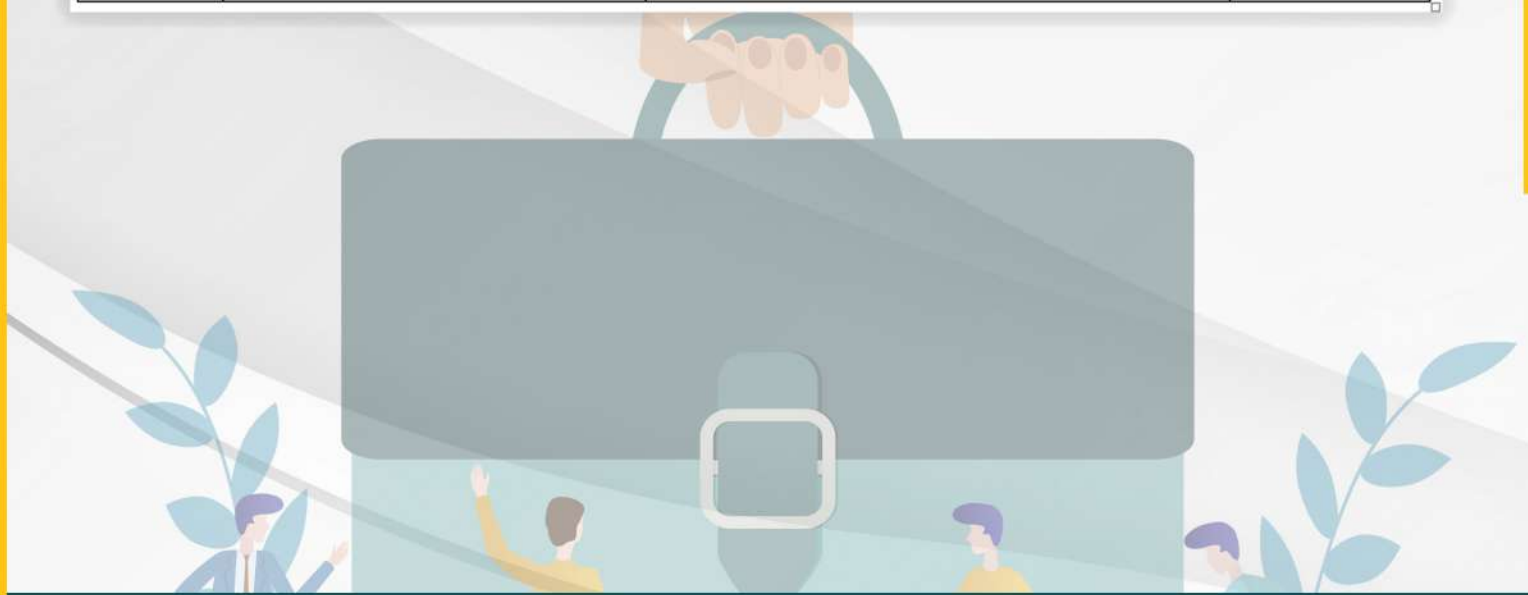
www.iovrvf.org

Representations
Submitted to IBBI

S No	Topic	Dates	Authority
1	Suggestion regarding working opportunities for RVs	10th August 2022	CGM, IBBI
2	Suggestions for removal of limit in number of candidates in CEP Session	7th June 2022	Chairperson, IBBI
3	Suggestion regarding the future course to be followed by RVOs	16th June 2022	Chairperson, IBBI
4	Suggestion regarding IBBI exam circular	13th June 2022	Chairperson, IBBI
5	Representation cum suggestion for review of upper limit in number of participants in a CEP, as a result, the matter was placed before RVO Monthly meeting with IBBI and all RVOs were asked to prepare and present one consolidated representation for the same.	3rd August 2022	WTM, IBBI

Representations
to various authorities for ensuring
Valuation Opportunities

S.No.	Organisation	Matter	Date
1	Karnataka State Beverages Corporation Limited	The firm should submit a registration certificate certified by Indian Institution of Valuators to this effect.	15th July 2022
2	MMTC-PAMP India Pvt. Ltd.	The agency should have undertaken a valuation of at least 5 similar companies	24th June 2022
3	IDBI Bank	The Valuers shall be registered under Wealth Tax Act	22nd June 2022
4	Hon'ble Finance Minister; Hon'ble Minister of Corporate Affairs	Request for enactment of Valuers Act to institutionalize valuation profession	24th May 2022
5	All Public Sector and Private banks in India Indian Bank Association	Request for a Meeting with Designated Credit Officers of Bank to discuss the current challenges faced by Bankers & Valuation Professionals in the Valuation process	25 August 2022



IBBI UPDATE

Revision of Fees Applicable for Valuation Examinations

Insolvency & Bankruptcy Board of India (IBBI), as the designated Authority, conducts the Valuation Examinations in three assets classes in pursuance to Rule 5 of the Companies (Registered Valuers and Valuation) Rules, 2017. As per the empowerment under said rule, IBBI has revised the fee for the Valuation examination

From

Rs - ~~1,500~~+ applicable GST, i.e. Rs - ~~1,770~~

To

Rs - 5,000+ applicable GST, i.e. Rs - 5,900

for each ENROLMENT on or after 01st October 2022

For more Info :
info@iovrvf.org
+91 9315113144

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- 7 at the gym
- 56 Sleeping

STILL 65 HOURS LEFT

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- Enrol for 50 Hours mandatory training programme
- Pass the Valuation examination
- Complete the Registration formalities

START WORKING ON YOUR GOALS NOW!

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Some of the benchmarking decisions to **support and value our Members** & **Eco system**

Important updates for the benefit of Primary Members

1. During 100th online Land & Building Batch, a discount of Rs 3,500/- was given to the 50 candidates in their course fees.

2. From 1st August, 2022 onwards discount of Rs 3,000/- is being provided to the aspirants having IOVmembership.

3. The soft copy of updated course books have been made available at members portal of IOV RVF whichcan be viewed after login but with not downloadable option.

4. The video lectures of faculties delivered during 50 hours MEP have also been made available at members portal of IOV RVF which can be viewed after login but with not downloadable option.

Benchmarking numbers achieved during last two months

Asset Class	MEP		CEP		Study Circles	
	Batch	Candidates	Batch	Candidates	Batch	Candidates
Land & Building	9	190	6	496	2	136
Plant & Machinery	2	12	4	320	2	26
Securities & Financial Asset Class	1	6	4	267	2	7
Grand Total	12	208	14	1083	6	169

Primary members became Registered Valuers

Asset Class	Exam passed	Applied Form A	Registered Valuers
Land & Building	59	39	23
Plant & Machinery	12	8	4
Securities & Financial Asset Class	3	2	2
Grand Total	74	49	29

IOV Registered Valuers Foundation

is pleased to announce

Study Circle- 15 hours Crash Course for

All 3 asset classes (L&B: P&M: SorFA)

DATES: 20th, 21st & 22nd September 2022

TIME: 10:00 AM to 1:00 PM & 2:00 PM to 5:00 PM

Register Now!!!

As per IBBI syllabus w.e.f 1st July 2022
Through Dedicated Domain Expert Faculties

WITH INTENSIVE FOCUS ON:

- Case studies
- Topics to maximise scoring
- MCQs discussion and problem solving
- Online Mock Exam to be conducted in the end
- Tips & Tricks to crack the exam

Eligibility:
Those members who have completed 50 hours training and yet to clear IBBI Valuation examination

FREE OF COST for IOV RVF Primary Members who have paid their annual membership fees for FY 2022-2023*

*only for those members who have not taken any Study Circle or Refresher course in the period from 1st April 2022

NOTE:

- IOV RVF Primary Members who have paid their annual fees for FY 22-23 and have taken any complimentary sessions may attend with nominal **fees of Rs 5,000/+ 18% GST with FREE SET OF LATEST UPDATED COURSE BOOKS.**
- **Non-Members/any other aspirants may attend** with nominal fees of **Rs 5,000/- + 18% GST**
- **To avail this opportunity, renew your IOV RVF Primary membership now** on the payment of Annual Membership fees of **Rs 3,500/- + 18% GST.**

Feel free to connect with the batch coordinators on:-
91+ 9315124957: 91+ 8448973805
Or write an email to:- **valuers@iovrvf.org, mep@iovrvf.org**

Working Opportunities for our

Valuer Members

S No	Authority	Purpose	Dates
1	Suzuki Textiles Limited	To appoint Registered Valuers for asset class of Land & Building only as per Regulation 27 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016	4-07-2022
2	Housing & Urban Development Corporation Ltd (HUDCO), Regional Office, Chennai	To empanel reputed valuers for valuation of immovable properties to be mortgaged/ movable properties to be hypothecated in favour of HUDCO by our borrowing agencies in the State of Tamil Nadu, Union Teritory of Puducherry and Andaman & Nicobar Islands.	7-07-2022
3	UTTAR PRADESH DRUGS and PHARMACEUTICALS COMPANY LIMITED (UPDPL	To appoint Valuer for valuation of various immovable & movable properties of UPDPL, located at A-5,Industrial area,Nadar Ganj, Kanpur Road, Lucknow-226008	28-07-2022
4	Union Bank of India	To empanel Valuers restricted to the eligible accounts financed by the Bank within the jurisdictional area of Zone of the Bank opted by the Applicant, as the empanelment will be made zone-wise	1-08-2022
5	Assam Tea Corporation Limited	RFP is invited from experience Govt Registered valuers for valuation of assorted scrap items lying in different tea estates of corporation	10-08-2022
6	Kurukshetra Central Cooperative Bank Limited	To empanel valuers for valuation of land and building, plant and machinery, agriculture land etc	12-08-2022
7	Madhya Pradesh Power Generating Co LTD	Service Provider/Firm/Joint Venture registered with the Insolvency and Bankruptcy Board of India (IBBI) under appropriate category to undertake valuation of proposed assets in line with the provisions of the Companies (Registered Valuers and Valuation) Rules, 2017	22-08-2022
8	KASHMIR POWER DISTRIBUTION CORPORATION LIMITED	The Bidder should be a registered entity in India under the Companies Act, 1956, 2013 or LLP Act or Registered Partnership/Proprietary Firm or registered as a Society under the Societies Registration Act, 1860 or an organisation set up as a trust governed by the Indian Trust Act, 1882	30-08-2022
9	Insurance Regulatory and Development Authority of India (IRDAI)	APPOINTMENT OF VALUER FOR DETERMINATION OF VALUATION OF ENTITY FOR THE PURPOSE OF M & A OF INSURERS AND TO PROVIDE NECESSARY CONSULTANCY SERVICES	31-08-2022

IOV RVF - Grievance Redressal Policy

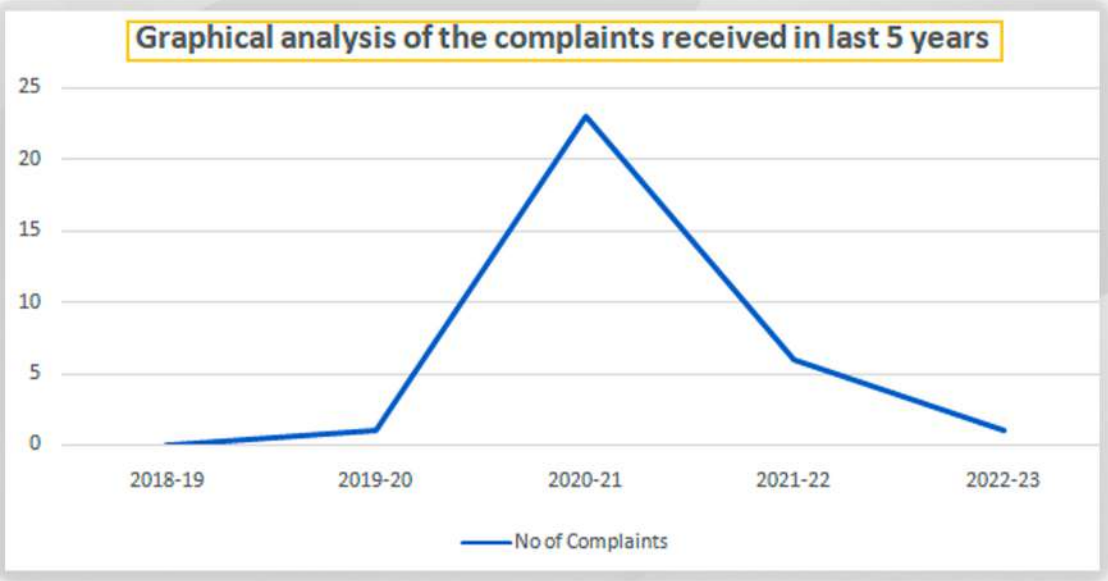
In line with the provisions contained in the Companies (Registered Valuers and Valuation) Rules, 2017, IOV RVF has formed Grievance Redressal Policy with the core objective to provide proper procedure, manner & formats for receiving, processing, redressing, and disclosing grievances against the IOV-RVF or against any member of the IOV-RVF by

- any member of the IOV-RVF; or
- by any person who has engaged the services of the concerned members of the IOV-RVF; or
- by any other person of class of persons as may be provided by the Governing Board of IOV-RVF.

The broader objectives of Grievance Redressal Policy are:

- To develop an institutional framework to promptly address and resolve any complainant's grievances fairly and equitably;
- To address all types of grievances, be it against the registered valuer members or against the IOV-RVF, expeditiously and in a well-defined& unbiased manner;
- To provide enhanced level of satisfaction to all stakeholders through professionally managed redressal mechanism;
- To provide easily accessible, professionally managed and speedy resolution platform to address the grievances of all stakeholders;
- To ensure that overall objectives of a well-structured, transparent and regulated framework of the profession of 'valuation' as envisaged in the Companies Act, 2013 (18 of 2013) read with the Companies (Registered Valuers and Valuation) Rules, 2017 are achieved.

The Grievance redressal board of IOV RVF is pleased to announce that in last 5 years the receipt of grievances have been reduced by IOV RVF, the same can be understand as per below data: -



IOV RVF Grievance Redressal committee (GRC) is always available to take appropriate decisions on all the grievances/complaints referred to it by the Grievance Redressal Officer and also to take such reasonable steps as it deems necessary to curb the initiation of false and malicious complaints and impose cost upon the complainant, if necessary.

Hence, all Valuation concerned members are invited to submit their grievance if any, through given form to get the remedial solutions for the same

GRIEVANCE REDRESSAL FORMAT

(In case of Grievance against the Registered Valuer Member)

To,

The Grievance Redressal Officer,
IOV Registered Valuers Foundation,
IOV Headquarters, 2nd Floor,
Plot No. 3, Parwana Road, Pitampura,
Delhi-110034

1.0 Details of the Complainant:

Name of the Complainant:
Registration Number (if any):
Postal Address:
Email Address:
Mobile/Phone Number:

2.0 Details of the Member against whom complaint lodged:

Name of Registered Valuer Member:
Registration Number:
Name of the Asset Class:
Postal Address:
Email Address:
Mobile/Phone Number:

3.0 Particulars of Complaint against Valuer Member:

Nature and Details of the Grievance/Complaint:
Date(s) of occurrence of grievance:
Relevant Sections of the Act/Rules which are violated:
Substantiating evidence/documents:
Nature of remedy sought:
Any other relevant information:

TO VISIT THE FORM
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Celebration

*The most proud feeling when you **hoist the Tiranga,** which itself means **unity in diversity.** The grand celebration of **Azaadi ka Amrit Mahotsav** is strengthening **our great nation** for the **global community benchmark.***

#HarGharTiranga

(Prevention, Prohibition & Redressal) Act and the Rules (known as POSH Laws)

To enable a safe working environment for women....

POSH Laws have been enacted and passed by the Ministry of Women and Child Welfare, in the year 2013. POSH at workplace Act is applicable to every workplace, establishment, company or organization employing 10 or more employees (full time, part time, interns or consultants included) irrespective of its location or nature of industry.

All the Employers/ Officers are responsible for complying with prohibition, prevention and redress of workplace sexual harassment. In practice, this means having a policy that:

- prohibits unwelcome behaviour that constitutes workplace sexual harassment;
- champions prevention of workplace sexual harassment through orientation, awareness and sensitization sessions; and
- provides a detailed framework for redress.

IOV RVF as a Section 8 Company under Companies Act,
2013, has not only constituted this policy since inception, but also proudly retaining it in successful manner wherein from last 5 years, we have not received a single complaint under the said committee. We are developing our policies on timely basis covering:

1. Despite the law being applicable to only women, there is no denying that other genders too are victims of sexual harassment and need protection. Hence, all genders are being covered at IOVRVF.

2. Sensitisation of employees and training of members of the committee to handle such complaints from genders are being done on regular basis.

3. We ensure the coverage of all regular, temporary, ad-hoc, daily wage employees, employees hired through contractors/agencies, volunteers, interns, probationers, trainees, apprentices and any other kind of employee working in the organisation.

4. Further, any clients, visitors or vendors are protected under the policy and they can file complaints against an employee of the company if they face any instances of sexual harassment.

5. The PoSH policy cover the compound of the establishment and any facilities therein (such as parking lots and cafes in the compound) along with the four walls of workplace.

6. Periodic assessment and monitoring the implementation of a policy is being done to ensure the policy is up-to date with changing legal and cultural scenarios and in turn fulfilling its purpose.

INSTRUCTIONS FOR SUBMITTING ARTICLES FOR

IOV RVF THE VALUER JOURNAL

1 Originality

Authors must make sure that the articles sent should not be used/published/ demonstrated/broadcasted in any form, anywhere on any website. The article should be plagiarism free as every article selected by the Editorial Board is subjected to a strict plagiarism check in line with ISSN's Plagiarism Policy.

2 Relevance/Topicality

The topic for the article should be in relevance to valuation, market – analysis, or related to the development of Valuation or preferably related to the new innovations or practices involved for the growth of this profession.

3 Interest

Selected topic should have the potential to add to the knowledge to the readers. It should be interesting as well as thoughtful which can bring new ideas to the reader and motivate him/her to contribute to our field in a positive manner.

4 Clarity/Readability

The language of the article should be simple, readable with short sentences which could be easily understood by the readers and with no grammatical mistakes.

5 Word Limit

The article should not exceed 500-1000 words following with the summary of additional 100 words in Word File only.

6 Headlines/Sub-heading

The headline of the article should be small and catchy, written with the purpose to draw attention of the readers.

7 References

The author must provide the references with the articles at the bottom.

8 Enclosures

A brief profile of the author, e-mail ID, postal address and contact numbers along with his passport size photograph (scanned for e-mail)and declaration regarding the originality of the article as mentioned above should be enclosed along with the article.

REVIEW PROCESS:

As mentioned above the article, will be sent to the experts in the Editorial Board to assess the technicalities and to check the areas of any improvement/changes required. The authors are required to make necessary changes as per stated by the reviewer and mail it back as soon as possible.However, the publication of the articles is subject to final decision of the Editorial Board.

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ADDRESS:

Article can be sent via e-mail at pro@iovrvf,org on or before 10th of each month.

REJECTIONS:

In case the article is found not suitable for publication the same shall be communicated to the members, preferably by e-mail with or without assigning any reasons thereof.

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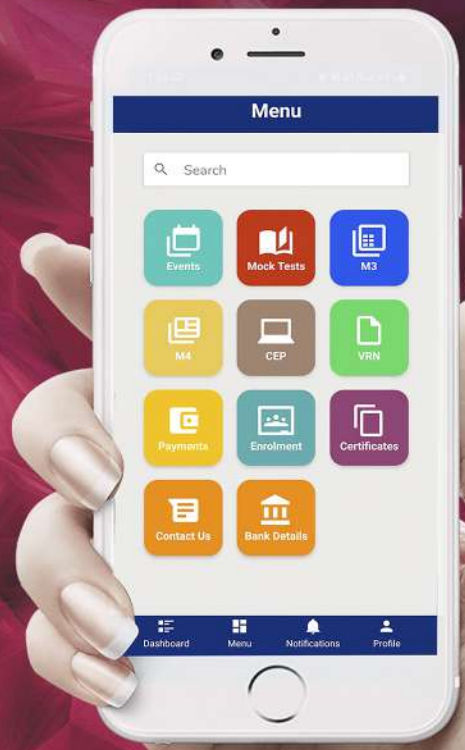

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