



Findings & Suggestions as per Review Reports:

- Review of the Valuation Reports was mainly based on but not limited to Rule 8 of the Companies (Registered Valuers & Valuation) Rules, 2017.
- Important Findings of the Review Reports are as follows:
 - ❖ For asset class Securities or Financial Assets
 - Past history of the company should be disclosed in the report to substantiate the professional judgement, especially when the company is listed and/or Multinational Company.
 - In case of Multinational Company audited financials should be commented in line with AS 21 (consolidation of Holding, Subsidiaries & Associate companies, section 441 read with section 444 of the Companies Act, 2006, of UK.
 - Where Key Managerial Person (KMP) is playing major role in valuing the shares, comments and its impact, if any, on valuation should be mentioned in the report.
 - In case the company is Wholly Owned Subsidiary (WOS), Valuation Report should mention the layers of shareholding to substantiate the beneficial owner and at least minimum of one layer should be mandatorily mentioned as per Valuation Rules.
 - In case IVS are followed for valuation methodology, Valuation Report shall have the mention some details as required in the particular IVS. For e.g., in case IVS 105 has been followed, the report should have a mention of following as part of selection process:
 - Appropriate bases of valuation determined by terms & purpose of valuation
 - Respective strength and weakness of possible valuation approaches and methods
 - Appropriateness of each method in view of the nature of assets and the approaches or methods used by participants in relevant market.
 - Bases of Valuation not arrived as per Valuation Standards for liquidation value.
 - Stereo type notes have been given for all Assets.
 - Mere percentage has been applied.
 - Figures are computed based on provisional balance sheets.
 - Valuation Reports does not mention of Liabilities.
 - Margin money with bank has been mentioned as NIL. Since no creditors can be settled as on date of CIRP other than through water fall line of settlement. Hence, margin money lying in bank cannot be directly settled and shall be made available to RP for settlement under waterfalls.
 - ❖ No mention of Valuation Standards.
 - ❖ No statement or disclosure on conflict of Interest is specifically mentioned.
 - ❖ Some important dates are missing.
 - ❖ Some important sources for land ownership not indicated.



Indicated, basis of choosing any particular method and not considering other method missing.

- ❖ Purpose of Valuation is mentioned however name of appointing authority is not mentioned.
 - ❖ No mention of restrictions on use of the report, if any.
 - ❖ Partly indicates the major factors that were taken into account during the valuation.
 - ❖ Conclusion is not provided.
 - ❖ There is no mention of caveats, limitations and disclaimers in the valuation report.
 - ❖ The Valuation Report lays emphasis on technical aspects of valuation while missing out on many critical inputs which are mandatory for making and IVS compliant report Or C(RVV)R-2017 Compliant Report.
- Suggestions of the Reviewers:
- ❖ The Report should identify the Registered Valuer. There should be a para of identity of valuer and other experts (if any) involved or assisted by.
 - ❖ Basis (Premise) of value should refer
 - IBBI (CIRP) Regulations, 2016.
 - Definition of "Fair Value" and "Liquidation Value" should be provided in the Report.
 - ❖ Since the corporate debtor is under CIRP, the report should consider Ongoing Liquidation Value Basis.
 - ❖ Disclosure/disclaimer should not mention "Validity of Report is 3 years from the date of Report", as this provision is the requirement to maintain records for 3 years and not validity of Report or validity of valuation.
 - ❖ The valuer shall not disclaim liability for his/its expertise or deny his/its duty of care, except to the extent that the assumptions are based on statements of fact provided by the company or its auditors or consultants or information available in public domain and not generated by the valuer.
 - ❖ Valuation Report should mention about the liabilities also, since valuation of liabilities are more crucial for a company under liquidation to map the available liquidation value of assets for settlement of creditors under water fall mode. The liquidation value is the minimum value to be arrived to settle operational creditors.

Date: January 17, 2022

Place: New Delhi