



PVAI VALUATION PROFESSIONAL ORGANISATION

(IBBI Recog. No. IBBI/RVO/2018/007)

Head Office : Unit 1, Ground Floor, Gangal Building, Off Ram Maruti Road, Maharshi Karve Road, Naupada, Thane (West) Maharashtra - 400602. Phone No.: 8291914727 / 8657644977.
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Inferences of PVAI VPO's Analysis of Valuation Reports by Committee of Experts **DATED 07TH JANUARY 2022**

After review of various valuation reports in an effort to analyse and identify any shortcomings, deficiencies, etc., the committee of Experts has made the following inferences: -

Observations: (to be followed by all RV's in future to avoid common mistakes.

- The structure & formatting of reports vary.
- The scope of work was vague and not in detail.
- The purpose and intended use of the valuation report was not clearly emphasized.
- Appointing Authority in some reports found missing.
- Appointment of single valuer and/or other category valuers as per asset class also relied and their involvement extent/s needs to be elaborated.
- Information of the asset/s to be valued including the nature & source of information not clearly stated/ mentioned, in some cases.
- The extent of investigation undertaken, if any and the limitation on those investigation as per scope of work were not disclosed.
- The valuation standards followed or to be followed needed to be mentioned in the reports and clearly nomenclated wherever followed/applied/adhered for better understanding of applicability.
- Absence of supporting evidences & analysis in valuation reports.
- Valuation Approach adopted with reasons for not considering other methodologies needs to be mentioned in most reports.
- Limiting conditions that directly affect the valuation were not clearly stated.
- All assumption and limitations needed to be justified in a manner pertinent to the valuation in hand.
- Standard formats generally used to generate a lot of errors, omission, unnecessary additions, due to oversight requiring careful editing.
- Important definitions were not mentioned in the report.
- General lack of understanding about applicability of concepts & definitions.
- Justification for ignoring certain approaches/methods need to be incorporated.
- Financial projection was not a part in the sources of information.
- While using DCF method, it was not clarified whether projection used were solely provided by management or were rationalized subsequently.
- For plant & machinery technical specification of machinery found incomplete as also extent & type of investigations done not mentioned/elaborated.
- For S&FA valuation reports weightage to covid 19 crises ignored & steady growth of business was presumed. Also, method of valuation of subsidiaries not provided.
- For L&B valuation there still is a general lack of evidence for market survey of price and non-authentications of physical measurements & factors on site.
- Tenure of land lease or free hold as well as encumbrance's need to be mentioned/elaborated
- The assumptions, limitations caveats disclaimers are in some cases mentioned even though some are irrelevant and, in some cases, inadequately mentioned.

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- Other important details such as
 - Date of Appointment
 - Date of Valuation & date of reporting not mentioned in some reports.
- Specific Due diligence done, if any, was not separately described belittling valuer's efforts.
- The Valuers shall not disclaim his liability for data and compilation done by him and should mention about the assumptions based on data / documents received from the company or its representative/s which is not generated by the valuer.
- Declaration on restriction of use, distributions & publication of reports was missing.
- Disclosure about Conflict of Interest, if any, not properly & clearly mentioned.
- The Executive summary & separate Conclusions were missing in some reports.
- Any Material uncertainty or deviation required in relation to the valuation, if any, was not commented upon.
- Terms of engagement of Valuer has to be more elaborative on all terms and not just fees and duties.

For PVAI Valuation Professional Organisation

Umesh Narendra Kandade.
C.E.O & M.D.

