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CONNECTING THE UNCONNECTED VALUER'S BULLETIN

Valuer's Bulletin is a peer-reviewed journal whose principal aim is to foster dialogue and innovation among valuers in the relative field. Since day one, Assessors and Registered Valuers Foundation has been at the forefront of the effort to bring fresh ideas and energy which can benefit our members and fellow valuers fraternity. This journal is one of such efforts.

The journal addresses a broad spectrum of concerns, suggestions and a wide range of perspectives, shared and proposed by the valuers and for the valuers.

Through this journal, we wish to reach out and connect with the valuers in India, and all over the world to exchange their thoughts and work together towards the betterment of the valuers fraternity.

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DEAR VALUERS

We invite you to share valuation-related articles, current valuation news, any interesting case study, sample of your valuation report, or maybe a short write-up about your experience during any assignment that can be of interest to valuers/readers. Your submission will be shared with your name, qualification details, photo, and email id.

Registered Valuers can also share their profile, or the details of your firm/entity, explaining the nature of work, to connect as a reference to the readers for any assignment(s) in future.

BASIC PARAMETER FOR A SUBMISSION INCLUDES

- The article should be original, and not published elsewhere before submitting to AaRVF.
- The article is mandatorily to be focussed on valuation/valuers/current challenges faced by valuers/solution or suggestion//benefiting information for aspirants or professionals.
- The length of an article can vary between one to four pages of editable Word file, in Arial font, font size nine (9).
- The images/graphs are to be shared separately in good resolution, JPEG format or PNG and properly named in coordination to the title given in the article.
- In suitable cases, a detailed list of Reference must be shared as a 'source' of the article.
- A passport size photograph in JPEG format; along with a short profile and email id is to be shared along with the article, by the writer.
- The article published in 'Valuer's Bulletin' will be a copyright of the author and the AaRVF.

Submission, queries Or suggestions can be emailed to us on:

editor@aarvf.org

INNOVATE. STAY CREATIVE.

"March's birth flower is the daffodil.

*It's all too appropriate
that cheerful yellow flowers
represent the first month of spring"*

CREDITS

COMPILATION, THEME & DESIGNING
- MANASI MEWARI

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"If you really look closely,
most overnight successes
took a long time."
- Steve Jobs

Dr. Vikram Gupta
Director, G&G Skills Developers Pvt. Ltd.
Director, AaRVF

This quotation shows the journey of AaRVF in the past year. Standing among other prestigious Registered Valuer Organisations, it gives me great satisfaction to share that the Assessors and Registered Valuers Foundation has carved a specialty for itself. Incorporated on 31st March 2021, as a not-for-profit private limited company under section 8 of the Companies Act, 2013 and registered with IBBI. Intended to enroll, educate, train, and promote the profession of Registered Valuers as per the Companies (Registered Valuers and Valuation) Rules, 2017, AaRVF has been undertaking its defined tasks with utmost diligent devotion.

Started our 50 Hour Educational Course through online mode on 18th of June 2021, and we have overcome all the challenges and have matched pace with them. Within a span of 9+ months of conducting online training, we have been appreciated by our members who have cleared the examination conducted by IBBI and have now become Registered Valuers. Valuation requires both objectivity and subjectivity and most vitally proficient judgment by the Valuers. Knowing fully well the fact that Valuation is yet an untapped field, a reservoir of endless opportunities, we at Aarvf are committed to providing any and every support possible to keep

intact the professional allegiance of the members.

I would like to congratulate not just the Team but each and every professional who has connected with us through this venture for supporting us, standing by us, and holding our hands as we tread on the path of achieving greater feats.

This monthly newsletter, 'Valuers Bulletin' is indeed a step towards connecting with all Valuers Members and shall definitely play the role of a game-changer in strengthening the existing brigade of professionals and adding many more on the way. It is the beginning of a lasting commitment of spreading knowledge; sharing its initiation with the Valuers Fraternity.

I am confident that the Aarvf goes on to play a pivotal role in defining and strengthening the valuation culture in the nation and beyond.



Ms. Namami Barua
Managing Director, AaRVF

LETTERS FROM THE DIRECTORS

The economic environment is ever changing, and it has been our primary goal to assist the Valuers in this changing environment. In today's competitive environment, we're pleased to see that valuation is moving on apace. We are seeing a rise in the number of valuation assignments being offered by various stakeholders like Banks, Insurance Companies & other regulators etc. The profession of Registered Valuers (RVs) has advanced significantly in a brief span of four years. Valuation is the process of determining the monetary value of an asset. It relies on several factors, such as the local market, economy and other conditions. While it may seem easy to assign a price tag to an item, ascertaining its exact monetary value requires an investment in time and expertise on the part of a Valuer. Therefore we make sure each aspiring Valuer receives the best possible training in India. Our objective is to make it affordable for every Valuer in India irrespective of their economic background to become our member and to practice Valuation as a Registered Valuer.

On our first foundation anniversary day, I feel immense pleasure & pride to launch our very first edition of the newsletter; "Valuer's Bulletin". It will be a quarterly newsletter which will keep you posted on our activities, upcoming events and much more. It is a great source of knowledge and provides in-depth information on valuation concepts, theories, principles and practical applications. It also gives Valuers an opportunity to share their valuable knowledge. I thank you wholeheartedly for your continued support and would like to keep getting in touch with you to bring you the most desired content from our end.



A NEW ERA OF UNCERTAINTY IN VALUATION

DR. ASHOK NAIN, PH.D.

FIE, FIV, FIS, FRICS
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SURVEYOR & VALUER

PAST PRESIDENT AND
FELLOW EMERITUS,
INSTITUTION OF SURVEYORS
A VISITING PROFESSOR
AT SEVERAL UNIVERSITIES

AUTHOR OF THE BOOK
"VALUATION PRINCIPLES AND
PROCEDURES"



**"We are in a world where we
don't know the value of any
asset"**

*– Raghuram Rajan, Former Governor of
India's Reserve Bank.*

As professional Valuers, let us examine the validity of this statement in today's business context. In the present world of business where a global revolution is taking place, no business is immune to change. The structure of companies is changing, relation between companies is changing, the nature of business is changing and therefore too the definition of success or failure. The result is an unparalleled opportunity and also an uncertainty.

Organizations that are creating value in this new economy are doing so in totally new ways, previously unthought or unheard of by using assets or a combination of assets which in the old economy were to a large extent unrecognized and hence unmeasured. The realization of the enormous economic value of people with new ideas and concepts and rewarding such people has changed the entire business scenario. Today's economy is built on a foundation of new technologies with a new set of young people entering the work force. They bring in a new work culture whereby the importance of intangible assets, previously not even fully understood is exploited to the fullest.

Assets that constitute the business, whether tangible or intangible contribute to the income stream. In the new economy however it appears that intangible assets are playing a more prominent part than ever before. The combination of various assets and their possible interaction decide the final outcome of the organization. Traditional boundaries are now seen to take a back seat in the new business model developed

for the new economy. The new economy has of course brought prosperity but simultaneously added an element of risk.

It is not only the tangible assets that matter in a company, but intangible assets previously seen as unimportant, have gained importance commanding a very successful rate. What traditional accounting ignored in the past is the value of intangible assets for growth. It is a fact that most key factors that determine the future prospects of a company cannot be seen in a balance sheet. Knowledge base of employees which adds up to the ultimate success of an organization is not measured or represented in any financial statement. Besides this there are many key factors such as results of research and development which create value in a new economy, not available or shown in a balance sheet.

Traditional systems include cash flow statements, income statements, etc. in the Balance Sheet. These only represent the physical or financial assets. This system has not kept pace with the new global economy measurements where the way value is created or realized. Value dynamics include those assets that are more suitable for new trends and times ahead. It includes both tangible and intangible assets and tapping both recorded and unrecorded assets in an intelligent manner by investing them in a manner so as to transform them into wealth generating houses benefitting the entire society.

The new economy transformed the business world with globalization, technology breakthrough and increased level of competition. Basically this has brought in new assets in the form of employee and supplier assets, customer assets, research and organizational assets. These assets may be tangible or intangible, owned or not owned, may or may not appear in the balance sheet, quantified or unquantified, real or imaginary but if utilized properly, do definitely create wealth.

Therefore, may we now comment on the validity of the statement that we do live in a world where we do not know the value of any asset. As Valuers let us accept this fact and be prepared that we are entering an era of uncertainty – a new era in valuation.





WRITING A VALUATION REPORT

CA (DR). GOPAL KRISHNA RAJU

IP, RV (SFA)

CA (ICAI), CS (ICSI)

AN ACTIVE FACULTY AND SPEAKER ■

A MOTIVATOR ■

AND A WRITER ■

24+ YEARS ■

OF EXPERIENCE IN VALUATION

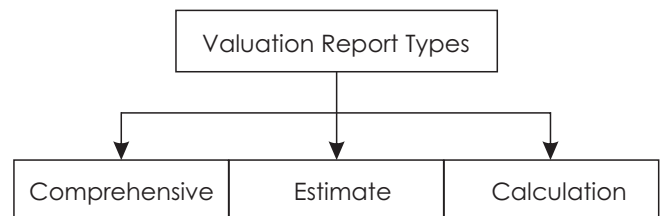


What is a Valuation Report?

- Is there any formal definition for a Valuation Report? Yes.
- CBV Institute Practice Standard No. 110 - VALUATION REPORTS – Para 2 prescribes the following: A Valuation Report is defined as **“any written communication containing a conclusion as to the value of shares, assets or an interest in a business, prepared by a Valuer acting independently.”**

Types of Valuation Reports

- In general practice, there are three types of Valuation Reports.
- These Reports are not only distinguished by the Valuer's scope of review and the amount of disclosure provided, but also by the level of assurance being provided in the conclusion, with a Comprehensive Valuation Report providing the highest assurance and the Calculation Valuation Report providing the lowest.



- **Comprehensive Valuation Report** - a Comprehensive Valuation Report contains a conclusion as to the value of shares, assets, or an interest in a business that is based on a comprehensive review and analysis of the business, its industry, and all other relevant factors, adequately corroborated and generally set out in a detailed Valuation Report.
- **Estimate Valuation Report** - an Estimate Valuation Report contains a conclusion as to the value of

shares, assets or an interest in a business that is based on limited review, analysis and corroboration of relevant information, and generally set out in a less detailed Valuation Report.

- Calculation Valuation Report - a Calculation Valuation Report contains a conclusion as to the value of shares, assets or an interest in a business that is based on minimal review and analysis and little or no corroboration of relevant information, and generally set out in a brief Valuation Report.

Contents of Valuation Reports

- Considering the interests of stakeholders and the need for transparency and principles of good

corporate governance, the under noted matters should compulsorily be covered in the Valuation Report, in a clear, unambiguous and non-misleading manner, consistent with the need to maintain confidentiality. The below-given table compares the minimum contents of the valuation reports prescribed by the Insolvency & Bankruptcy Board of India (IBBI), International Valuation Standards Council (IVSC), Canadian Business Valuators (CBV) Institute, The Institute of Chartered Accountants of India (ICAI), and The Companies (Registered Valuers and Valuation) Rules, 2017

No.	IBBI Guidelines	Rule 8(3)	IVS	ICAI VS	CBV Institute
	Background Information of the asset being valued;	Background information of the asset being valued;	NA	background information of the asset being valued;	A description of the shares, assets or interest in a business being valued
	Purpose of valuation and appointing authority	Purpose of valuation and appointing authority	The purpose	purpose of the valuation and appointing authority	The purpose for which the Valuation Report is being prepared
	Bases of Value;	NA	NA	NA	NA
	Premise of Value;	NA	NA	NA	NA
	Identity of the RV and any other experts involved in the valuation;	identity of the valuer and any other experts involved in the valuation;		the identity of the valuer and any other experts involved in the valuation	The name of the firm responsible for preparing the Valuation Report, as well as the name of the Valuator
	Intended Users of the Valuation;	NA	Intended users	NA	To whom the Valuation Report is being provided
	Disclosure of RV interest or conflict, if any;	Disclosure of valuer interest or conflict, if any;	NA	disclosure of the valuer's interest or conflict, if any	A statement that the Valuation Report was prepared by the

No.	IBBI Guidelines	Rule 8(3)	IVS	ICAI VS	CBV Institute
					Valuator acting independently and objectively
	Date of appointment, valuation date and date of report;	Date of appointment, valuation date and date of report;	The date of the report (which may differ from the valuation date).	date of appointment, valuation date and date of the valuation report	The effective date of the valuation; The date of the Valuation Report;
	Inspections and /or investigations undertaken;	Inspections and/or investigations undertaken;	NA	inspections and/or investigations undertaken;	NA
	Business interest, ownership characteristics;	NA	NA	NA	NA
	Nature and sources of information;	Nature and sources of the information used or relied upon;	NA	nature and sources of the information used or relied upon;	NA
	Significant Assumptions, if any;	NA	The assumptions made,	NA	NA
	Procedures adopted in carrying out the valuation and valuation standards followed;	Procedures adopted in carrying out the valuation and valuation standards followed;	NA	Procedures adopted in carrying out valuation and valuation standards followed;	A statement that the Valuation Report has been prepared in conformity with the Practice Standards of The Canadian Institute of Chartered Business Valuers
	Restrictions on use of report, if any;	Restrictions on use of the report, if any;	Intended use,	Restrictions on use of the valuation report, if any;	NA
	Major factors that were taken into account during valuation;	Major factors that were taken into account during the valuation;	NA	Major factors that were taken into account during the valuation	The Valuation Report shall contain a scope of review that clearly identifies the specific information on which the Valuator

No.	IBBI Guidelines	Rule 8(3)	IVS	ICAI VS	CBV Institute
	Conclusion;	Conclusion;	The conclusion(s) of value and principal reasons for any conclusions reached	Conclusion;	relied to arrive at a conclusion
	Caveats, limitations and disclaimers.	Caveats, limitations and disclaimers	NA	caveats, limitation and disclaimers.	A statement that the Valuator's compensation is not contingent on an action or event resulting from the use of the Valuation Report
	NA	NA	the approach or approaches adopted, the method or methods applied, the key inputs used,	valuation methodology used;	NA
	NA	NA	The scope of the work performed	NA	NA
	NA	NA	NA	NA	The type of Valuation Report being provided (i.e. Comprehensive, Estimate or Calculation Valuation Report)

Comprehensive: all-inclusive, broad, complete, encyclopaedic, exhaustive, extensive, far-reaching, full, global, overall, sweeping, thorough, absolute, blanket, catholic, general, infinite, umbrella, whole, across the board.

In addition to the minimum contents required for all Valuation Reports as noted above, Comprehensive and Estimate Valuation Reports shall also include the following information:

1. A description of the valuation calculations, explaining how the significant components of the valuation calculations were developed, the rationale for each component and the matters considered;
2. Where relevant to the valuation assignment, a full description of the classes of shares and rights attached thereto, where interests other than common shares have to be valued either directly or as part of the overall valuation, the details of any shareholder agreements, voting trust agreements, or other contractual obligations affecting the shareholders should be provided
3. A summary of relevant financial information. This would comprise the most current balance sheet, as

- well as historic income/cash-flow statement information leading up to the valuation date
4. A description of the business being valued, sufficient for the reader to understand the valuation basis and approach adopted, as well as the various earnings/cash flow risk factors present. This would include a narrative description of the business activities, a brief history and a discussion of factors influencing value and
 5. A reference to trading volumes and price ranges, in the case of publicly traded securities.
 6. A Comprehensive Valuation Report shall include in addition to the above A description of the economic context and industry outlook bearing on the shares, assets or interest in a business being valued, taking into account the past and foreseeable future, as well as conditions at the valuation date.

Conclusion:

To arrive at a single conclusion of value, we weighted the multiple valuation methods applied as follows:

Valuation Approach	Valuation Method	Indication of Value	Weight	Weighted Average
Market	Guideline Publicly-Traded	42,00,000	10%	4,20,000
Market	Transactions	45,00,000	10%	4,50,000
Income	DCF	75,00,000	80%	60,00,000
Cost	Summation	17,50,000	0%	0
Total				68,70,000

The Valuation Report shall contain a conclusion as to the value of the shares, assets, or interest in a business being valued. The conclusion of value may be expressed as a single value or a range of values. The conclusion should include a reference to the type of Valuation Report being provided, the Valuer's scope of review, key assumptions relied upon, and any restrictions and/or qualifications in the Valuation Report.





PARALLEL ECONOMY AND VALUER'S ROLE

KUMAR P R

CHARTERED ENGINEER
REGISTERED VALUER
(CIRP AND LIQUIDATION CASES)

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35+ YEARS (INDIA & ABROAD)
VALUATION EXPERIENCE OF 15+ YEARS ■
EMPANELED VALUER ■
WITH VARIOUS BANKS
ACTIVE FACULTY SINCE 2018 ■
(COUNTLESS SESSIONS OF
MEP AND CEP)



This article is based on the government recent measures to bring back the black money stockpiled in foreign countries 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015'. This can be viewed in conjunction with "Prevention money laundering act 2002" (Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and for matters connected therewith or incidental thereto). To be precise, the former act mainly focussed into foreign income whereas the later one concentrated into ill-effect on economy of country. The presence of uncontrolled growing black money in our economy has grave and devastating distresses. The major effects of black money are discussed below:

1. Dual Economy

The upsurge in the amount of black money in India over a period of time lead to the longlasting growth of economic dualism which consists of Parallel economy. The black economy represents not less than one fifth of the aggregate economic transactions. There is also interaction between the reported and unreported activities such that it is difficult to identify black money from the white money economy. Such a Parallel Economy will wreck the entire economic development of the country.

Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering

2. Under-estimation

Since unreported economy is apparently excluded from the official records of the Gross National Product, the estimates of savings and consumption of nations to

the national income and measurement of other macroeconomic variables would be biased and misleading for accurate policy making and planning considerations.

3. Widening the Gap between the Rich and the Poor

Growth of the black economy causes regressive distribution of income in the society. When the black money grows faster, rich becomes richer and the poor become poorer. By way of concentration of income and wealth in few hands, the black money widens the gap between the rich and the poor.

The above concerns are some of the damaging consequences and there are more parameters affected by the money landing/black money circulation.

The major objectives of these acts are:

1. To prevent and control money laundering.
2. To confiscate and seize the property obtained from the laundered money, and
3. To deal with any other issue connected with money laundering in India.

Any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Appellate Tribunal to him on any question of law or fact arising out of such order:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal with. (CHAPTER VI APPELLATE TRIBUNAL)

The Directorate of enforcement responsible for enforcing economic laws and fighting economic crime in India. It is part of the Department of Revenue, Ministry of Finance, Government of India. It is a specialised financial investigation agency.

Valuers Role:

Competent valuers known for their integrity will be requested by the Enforcement Directorate to carry out valuation of certain properties for investigation under the Provisions of the Prevention of Money Laundering Act, 2002 (PMLA).

When the Enforcement Directorate has reason to believe that any person is in possession of any proceeds of crime, it may attach a property.

The property has to be valued by a competent person (a registered valuer of CBDT) who is knowledgeable, honest and known for his integrity and capable of defending his report when questioned. As the government plans to bring IBBI registered valuers to bring in one umbrella, it is expected that they may also be allowed to take up such assignments in near future. However the criteria of such empanelment is "knowledgeable, honest, experienced and known for his integrity".

Purpose valuation under the act:
(Exerts taken from Shi K. Sabapathy Study materials)

1. To estimate the cost invested in the building or land or property.
2. To estimate the fair market value of the property for "as is where is" condition.
3. To certify the auction value if directed by the enforcement directorate.

The exact purpose depends upon the specific requirement as directed by the ED.

What is the procedure of valuation if the ED directs the valuer to certify the cost of vacant land?

1. The purpose is: What would be the probable amount that the accused might have spent on the day of acquiring?
2. Ascertain the characteristics of the subject land.
3. Collect sale instances for a similar property held in the nearby area considering 'at an arms length transaction'.

4. Compare with the guideline rate prevailing on that date.
5. Certify suitable value.

What is the procedure of valuation if the ED directs the valuer to certify the cost of newly constructed buildings?

1. The purpose of valuation is to ascertain the cost invested by the accused in the building at the time of construction.
2. Inspect the buildings physically.
3. Observe the specifications.
4. Measure the building accurately.
5. Ascertain the period of construction.
6. One may adopt CPWD plinth area rates or state PWD rates after making adjustments suitably for the specifications adopted.
7. For special buildings where any specific plinth area rates cannot be applied, one may go for detailed estimate method. Remember, the schedule of rates on the date of construction are to be applied.
8. The depreciation is not to be applied if cost is to be certified. It is worthwhile to quote the OFFENCE UNDER THE CUSTOMS ACT, 1962 The offence of wilful attempt to evade any tax, penalty or interest referred to in section 51 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015).

However there other measures shall be implemented by the government to curb Parallel Economy:

- The tax system should be credible in nature. High rates of taxes will only force the people to evade their income from taxes whether it is income tax, capital gains tax or any other tax which will further lead to a generation of black money.
- The authority which is accountable for the collection of taxes should be honest, without any corruption. All the officials should be more focussed and more efficient in their work.
- Various different incentives should be given so that

people voluntarily agree to disclose their real income.

- Economic Intelligence unit must be maintained thoroughly and should be looked after. Honest officials and staff must be rewarded to encourage honest staff in the department.
- Corruption in the administration at all levels must be stopped at any cost.

Note:

1. The procedure for approval of a valuer by the Principal Commissioner or the Commissioner under section 77;
2. The educational qualifications required, to be an authorised representative under clause (f) of sub-section (3) of section 78;
3. The tax authority under clause (c) of sub-section (4) of section 78;
4. The method of rounding off of the amount referred to in sub-section (1) or subsection (2) of section 79

The readers are advised to read "Application for registration as an approved valuer under sub-section (1) of section 77 of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015".





TRULY ETHICAL

NEHA BHANDARI

REGISTERED VALUER (SFA),
B. COM, FCA, L.L.B.
ACTIVE FACULTY FOR MEP
WITH VARIOUS INSTITUTIONS



The literal meaning of Ethics is very simple i.e. principles that govern a person's behavior to decide what's right or wrong. The irony is that such a simple thing is very difficult to be followed and a majority of people tend to change their principles according to their convenience. The success achieved by unethical means will be lived shortly whereas success achieved with principles will last longer.

When we talk of ethics, the most ethical person who comes to my mind is Kautilya or popularly known as Chanakya. In ancient Indian history during the Mauryan empire, Chanakya was a royal advisor to King, philosopher, economist, jurist, author and was considered the most ethical person of that era.

The following anecdotes will give you a glimpse of his ethical character which is hard to find in present times.

He was famous for his political strategies and various foreign ministers used to visit him to consult on important matters. One day, Vishwadutta, the ambassador of Takshila came to meet him for bilateral talks. Vishwadutta presented jewels, diamonds, and precious stones to Chanakya.

Chanakya thanked him and called his servants to take them to the treasury. Vishwadutta said that these gifts are for you and gifts for your King will be handed over to his Majesty separately. Chanakya replied that these gifts are for Chanakya – the Prime Minister. Since they are given to me due to the post I hold at the grace of my King, they belong to my king and I cannot keep it. Vishwadutta said your king is lucky to have an ethical person like you in his kingdom.

After the formalities got over, they started discussing important matters and did not realize that time flew from morning to late evening. Chanakya asked him if you want to continue the discussion we can have it at my home. Vishwadutta agreed to come to Chanakya's home after getting refreshed.



When he reached Chanakya's home, he saw 12 lamps in the room which were lit with fragrance oil and besides next to each lighted lamp was an unlit lamp. It looks a little weird to him but then he thought it might be 'Probably stand by lamps'. Twice, he thought of asking about the second set of lamps but refrained from doing so. He was not familiar with the customs, nor was he privy to the behavior of people of this part of the country. He was a guest here and he resolved to maintain his profile as a guest.

Their official discussion went over an hour and after the discussion got over, Chanakya said now we can talk about personal things and relax. Chanakya got up and blew out the lit lamp and lighted the lamp that stood next to it. He then moved to the next lamp, he put out the lit lamp and lit the unlit lamp. Chanakya went around the room putting out the lamps one by one and lighting the unlit lamps.

Vishwadutta got puzzled and asked why you put out the lamps which were giving us light and you lighted the other set of unlit lamps. Chanakya smiled at him and responded "When you came to my house, we first discussed matters of the State. After completing our discussion now we are sitting as friends and you are my guest."

"The first set of lamps consumes oil that is provided to me by the State for official purposes. The second set of lamps carries the oil that I have purchased from my income. So as long as we were discussing matters of the State, it is ethical to use oil provided by the State. But when we are sitting as friends, there is no reason why the State should be burdened with the expense of the oil." Hearing this Vishwadutta was spellbound and said he has never seen such an ethical person like Chanakya in the entire country.

Chanakya laid down the foundations of economics and diplomacy. The area in Delhi where foreign embassies are located is known as Chanakypuri and diplomacy is

known as Chanakyaniti. Chanakya's integrity, honesty, and practice of ethics have unfortunately been conveniently forgotten by rulers, ministers, professionals, and common man too.

We all may not be 100% ethical like Chanakya, but we can make an attempt to be ethical in our lives as far as possible.

Today, all professional bodies (doctors, engineers, accountants, etc.) across the world have developed a code of ethics which are to be followed by all members of the respective organizations. A professional is respected only & only when he is ethical. Are we really following our code of ethics in letter and spirit?

Remember when it comes down to your ethics versus a job, choose ethics.

You can always find another job.





UNION BUDGET 2022

EXPECTATIONS FROM REAL ESTATE SECTOR

SUNIL AGARWAL

REGISTERED VALUER
FOUNDER & MANAGING PARTNER
BLACK OLIVE VENTURES



Having been part of the Real Estate sector for the past 28 years now, I have witnessed its growth from a fairly unorganized sector to reaching a market size of up to \$200 Billion in 2021. Over the years, Fiscal incentives for the housing sector provided in successive budgets together with liberal investment and credit policies and reforms brought the housing and real estate sector to the center stage of the Indian economy. Various initiatives to push the growth of affordable housing segment over the last 5 years, have helped the industry keeping afloat, amid the impact of various structural reforms like RERA and GST.

The real estate and construction industry are vital parts of the Indian economy, in terms of employment generation and their induced impact on large manufacturing sectors like steel, cement and other building materials. Therefore, it is essential that the upcoming budget understands the needs of the industry, and deliver on this front.

The recent downfall real estate sector witnessed due to the look-down measures announced in 2020, made the developers and investors skeptical on how the sector would make a comeback from this. But, the real estate industry, especially the residential real estate has shown signs of recovery, and is reaching back to pre-COVID 19 levels. The main reason for this can be attributed to historically low home loan interest rates, and various tax sops.

To continue this momentum of growth in 2022 and beyond, it is of paramount importance that the government keeps on with its policies of boosting demand. Some of the key expectations from the budget 2022, for the real estate sector are as follows:

1. Extension of Credit Linked Subsidy for all income categories: The benefit this scheme provided by lowering the housing loan EMI's. Extending this scheme for another year, can create further demand from the affordable and mid-income category buyers. Also, government can consider to increase the limit for the

carpet area and the ticket size of the unit, especially for the mid-income segment.

2. Increasing Ticket size limit for Affordable Housing based on location: For affordable housing the limit for the ticket size of the unit to be eligible for the category of affordable housing, should be dependent on the location, especially for metro cities. A ticket size of 45 lakhs in a city like Mumbai, does not do justice.

3. Raising limit for deduction under Section 24 of the Income Tax act: At present under section 24 of the IT act, a buyer who has purchased the unit for self-use can claim a deduction up to 2lakhs on home loan interest. If this limit is increased to around 5 and at least to 3 lakhs, then it would further give a push to the demand for residential real estate in the country.

4. Extension of benefits under section 80EEA: This section was added to give additional deduction of 1.5 lakhs, on home loan interest over and above the 2 lakhs limit as prescribed under section 24 of the IT act. This benefit was given to first time home buyers, for houses up to 45 lakhs ticket size. An extension of this benefit for another year can further boost the demand for the affordable housing segment.

5. Separate provision for deduction of principal repayment of home loan, over and above the 1.5 lakh limit under section 80C of the Income tax, is an essential requirement. All the benefits for deduction of interest paid on home loan is appreciated, but unless a provision is made for deduction of a portion of principal payment made, affordability for a large section of the buyer segment would not increase. Moreover, I believe that for the first-time home buyers entire amount paid as EMI for home loans should be deductible from their annual income.

6. No GST should be charged from the rental income from commercial property: At present, for all commercial spaces that are on rent, GST is applicable at 18% on the taxable value and rent would be treated as a taxable supply of service. This is not correct, as this is not a service but an investment property.

7. Waiver of GST from under construction Property: AT present GST is charged from the buyers of under construction properties, at a rate of 1% for affordable housing projects and 5% for other projects. This GST on under construction projects should also be waived off. This will increase a demand for under construction projects, which are more affordable than ready to move projects. Bring more liquidity for the developers.

8. Creating a reduced common GST slab for all major construction materials: A common reduced slab of about 12% GST rate for all major building materials, would be of great help to the developer community, struggling for funding of their projects.

9. Incentives for Rental Housing: Governments push for the development of Rental Housing in the country is an excellent initiative, by bringing in model tenancy act, 2021. This year's budget should announce further provisions for its implementation and announce incentives for its development. Opening Rental housing as a segment of REIT by SEBI, can give a definite boost to this segment, which has the potential to reduce housing shortage in Indian cities substantially.

10. Difference between Circle rate and Transaction rate: Extending the benefit offered due to difference between the circle rate value and transaction value of the property.

11. And the last expectation will be the regular demand for an Industry status to the real estate sector: AN industry status would be of greatly benefit the sector, by means of lower interest rates debt, and can bring the single window clearance system for real estate a reality.



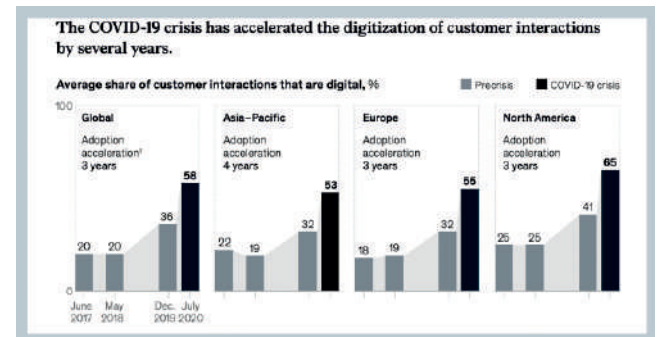
HOW TECHNOLOGY IS CHANGING THE VALUATION INDUSTRY

SUDHAKAR VIJAYASARATHY
FOUNDER AND CEO - EVALO

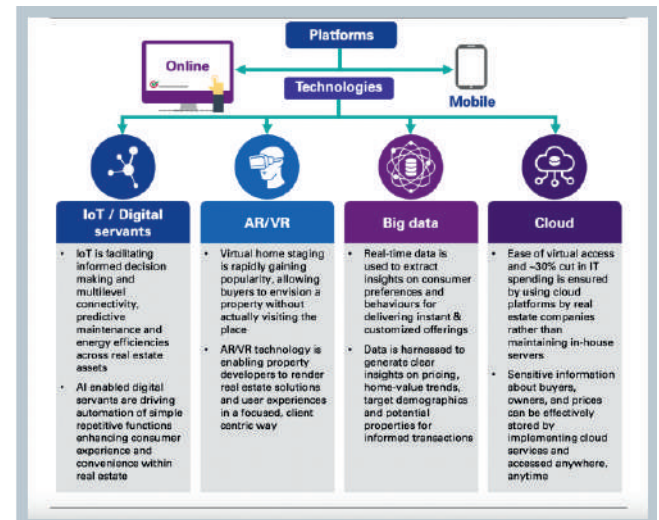


THE QUANTUM LEAP

The appraisal industry has evolved over recent years as enhancements in technology have continued to change the landscape. In recent years, data and technology have been changing the way valuations are performed, validated, and delivered. Adding to this the COVID-19 pandemic has accelerated change at an unprecedented pace.



REAL ESTATE TECHNOLOGIES AND PLATFORM



REAL ESTATE ECOSYSTEM IS GETTING TRANSFORMED

The Real estate industry is in the midst of exciting change. Prior to 2020, it was already in the evolutionary process of

*Om Thatpurushaaya Vidhmahe
Swarna Pakshaya Dheemahi
Thanno Garuda Prajodhayaadhu*

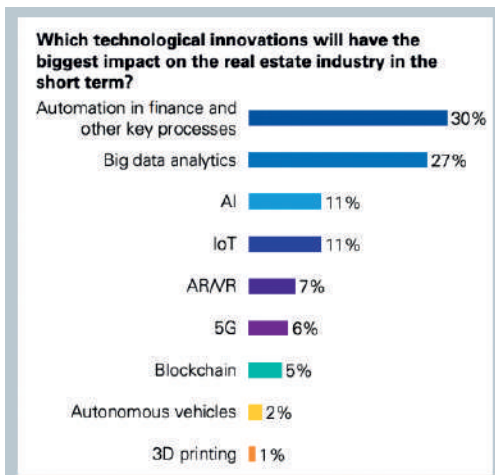
redefining systems and operations for a new generation of technological advancement.

Then COVID-19 hit, forcing the industry to focus on the need for technology solutions to better address a more flexible work experience in addition to improving efficiency and reducing costs through automation.

Indian Real Estate has undergone a massive Digital Transformation, all major physical property transactions have rapidly digitalized. COVID-19 has accelerated the awareness of tech's importance in operations and accelerated the "Disruption". Companies have pushed the limits of their current technologies, and the prolonged crisis has highlighted the opportunity for further progress.

By combining CRM and marketplace data, AI can help real estate agents and brokers predict the future value of a property in a specific market. This way, AI can provide a competitive edge in the real estate market without remitting extra costs on your company's infrastructure or resources.

TECHNOLOGY INNOVATION IN REAL ESTATE



AUGMENTED REALITY / VIRTUAL REALITY

Augmented reality has opened an endless array of opportunities for realtors in providing a unique buying experience for their customers. Using AR, potential buyers can do a virtual tour of the apartment or property in 3D before travelling to the actual location. Augmented reality empowers consumers to go on a virtual walk-through of their new backyard or basement from the comfort of their sofa.

BLOCKCHAIN IN INDIAN REAL ESTATE

Blockchain technology is slowly making its appearance in India with the Digital India campaign picking up fast as one of the focus areas of the current government. India's first Blockchain exploration consortium was launched for the banking industry in 2017. Now after the experience of Aadhaar card implementation, blockchain technology is being explored in other non-financial service industries such as telecoms, healthcare life sciences, hospitality, energy, and real estate.



A major reason for blockchain adoption in real estate is the role it could play in streamlining the conveyancing process. It could also reduce the time and resources channeled into valuation, verification, and the preparation of contracts and other legal documents.

The application of blockchain in real estate can range from property search to signing smart contracts. In India, the use of blockchain technology is still at a nascent stage of development. A few state governments are exploring the digitization of land records and some start-up companies have started offering fractional ownership services via the blockchain.

SMART CONTRACT

Smart contracts, or computer protocols that facilitate, verify or enforce the negotiation of performance of a contract, could replace negotiation of the terms of engagement. This will automate the process based on protocols and standards, saving time and costs.

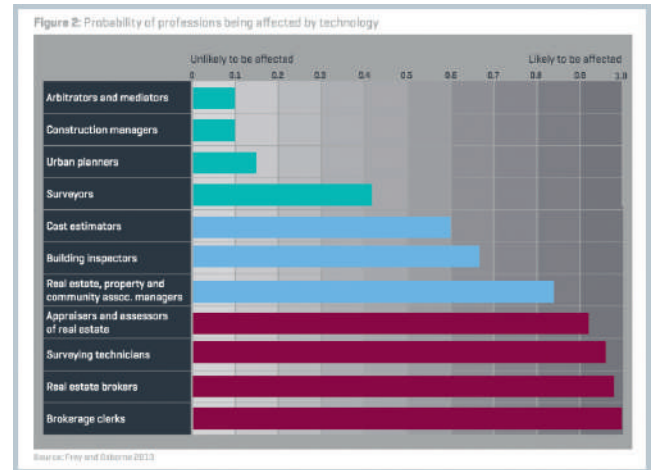
CLOUD TECHNOLOGY

As real estate agents are always on the move, accessing essential files and data from their mobile devices is vital. Cloud computing allows you to access your files from any device, no matter where you are. Cloud technology gives companies in the real estate market to store and access all business data and documentation in one place.

MACHINE LED INSPECTION

On-site inspection and property analysis may in the future be partially or entirely replaced once certain technologies become mature and registering/storing.

PROBABILITY OF PROFESSION BEING AFFECTED BY TECHNOLOGY



COST TO ADAPT THE CHANGE VS THE COST FOR NOT

It is clear that the industry is in the early stages of this technology shift. While 61% have adopted a technology solution, only 28% have adopted multiple products. The most common tools are management tools and system automation. Thirty-three percent have integrated one or two technology solutions, but 35% are still piloting, evaluating, or assessing the market. A slim margin of 4% has not started thinking about how technology can be applied.

There are multiple reasons for this lag in adoption, be they real or perceived. Not surprisingly, the cost is a major consideration, as is the ROI — the return on the technology investment. Also holding back potential users are the skill sets of staff members (53% of the survey respondents recognize that they do not have the required tech talent), and the traditional “if-it-isn’t-broken-don’t-fix-it” culture toward legacy systems that continue to function, though not as effective as currently available technology.

Real estate firms and Valuers are now realizing they need to shift to the changing technology landscape to stay relevant and gain an edge on their competitiveness.

CONCLUSION

The advent of the internet, social media, DNA mapping, shapeshifting robots, AI lip-reading, alternative fuels, electric self-driving vehicles as well as other advances in biotechnology and medicine, energy, transportation, urban planning, and civil engineering are all examples of just how dramatically our world has changed in a very short period of time.

By Embracing Technology, basic data collection will play a decreasing role in the work of the valuer. Developments in Big Data and AI will change the valuation process, improve valuations and increase the importance and effectiveness of automated valuation models (AVM).

Technology will improve and speed up the valuation process, but the human element will remain in tasks such as gathering the data, performing an initial assessment, assessing the information that comes out of the automated process, and presenting the report in simple words.

DISCLAIMER

Any views or opinions represented in this article are personal and are not intended to malign any religion, ethnic group, club, organization, company, or individual.

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THAI REAL ESTATE MARKETS EXPECTED TO GROW BY 15-20% IN 2022

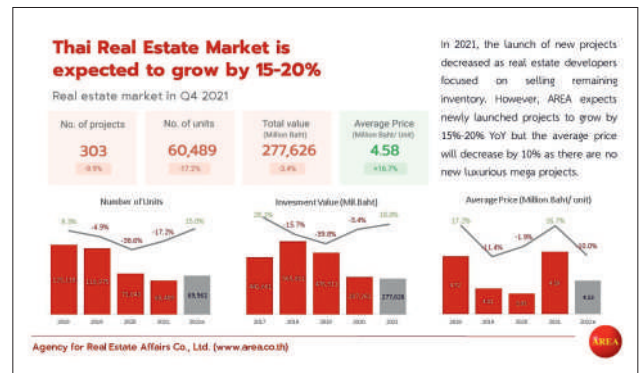
DR. SOPON PORNOCHOKCHAI

PHD D.FIABCI MRICS
PRESIDENT, THAI APPRAISAL &
ESTATE AGENTS FOUNDATION



Real estate markets in Thailand passed the lowest point last year. AREA expects the market to grow by 15% - 20% in 2022. Besides condominiums, housing properties are likely to recover faster than condominiums. The valuation profession is still on the rise.

Dr. Sapon Pornchokchai, President of the Thai Appraisal & Estate Agents Foundation organized a "Real Estate Market" Seminar, a big annual event to present the latest real estate survey and research to the public on 21st January 2022. This is an event to analyze properties and foresee price and valuation in Thailand.



In 2021, the launch of new housing projects shrank due to decreased purchasing power from local buyers and a lack of international investors. Therefore, real estate developers focused on remaining inventory and slowed down plans to launch new real estate projects.

The newly launched projects in 2021 have dropped significantly from the previous year. In 2021, The number of newly launched real estate projects dropped by -9.9%, the number of newly launched units dropped by -7.4%, and the value of newly launched units dropped by -17.2% YoY. However, the average price of newly launched units jumped up by +16.6% YoY.

The drop of newly launched units caused the remaining inventory to decrease by -2.5%, from 213,728 units in 2020 to 211,770 units in 2021. At this rate, it needs 40.4 months to sell all the remaining inventory without newly launched projects.

Although the remaining inventory reduced only -2.5% as there are newly launched projects in the market, it is a good sign as the number of 75,364 sold units is higher than the number of 60,489 newly launched units last year. In 2022, AREA expects newly launched units to grow by 15%-20%, and the value will increase by 10%. However, the average price of newly launched units is likely to drop by -10%, considering there are no newly launched luxurious mega projects in 2022.

An average price jumps up due to one project

Interestingly, the average price of newly launched units significantly grew by +16.7%, from 3.93 million Baht/unit in 2020 to 4.59 million Baht/unit in 2021. It may seem like real estate developers tend to launch high-end properties into the market. However, this spike growth of an average price per unit is highly affected by one project. The Forestias by MQDC is a mega project worth 45,892 million Baht (considering only residential units from 6 sub-projects already launched in 2021, excluding other projects in the pipeline). The value of only this one mega-project makes up 16% of the total newly launched value in 2021.

If we exclude the Forestias from the data, the average price of newly launched units in 2021 will drop to 3.9 million Baht/unit, which is close to the average price in the previous year. There is a surge of newly launched condominium units with a selling price lower than 1.2 million Baht/unit (due to the Thailand Board of Investment's policy to support low-medium income housing). Real estate developers will be exempt from paying corporate income tax if they launch low-medium income housing in Bangkok Metropolitan Region (BMR). The condition for the BOI low-medium condominium is the minimum area of 24 sq.m./units and the maximum selling price of 1.2 million Baht/unit.

Real estate markets passed the lowest point.

The real estate market in Thailand in 2020-2021 shrunk significantly since the Covid-19 outbreak at the end of

2019. The number and value of newly launched projects dropped considerably due to declining purchasing power from local buyers and international investors. Real estate developers delayed plans to launch new projects, especially high-end condominiums in the CBD, targeting high-income local and international investors. Nonetheless, the real estate market may regain its pace in 2022 after the Covid-19 pandemic recovers. Therefore, many real estate developers will launch new projects in the pipeline.

The shift in demand for condominiums to others

Despite the drop of newly launched residential projects in every type of property during the past two years since the Covid-19 outbreak (between 2020 - 2021), the absorption rate of housing properties despite condominiums are relatively stable, while the absorption rate of condominiums dropped by half. The different absorption rate trends indicate a shift in demand from condominiums to other housing properties. The absorption rate of other properties was merely affected by the Covid-19 pandemic; hence it will recover faster than condominiums.

Condominium's absorption rate dropped by half

The absorption rate of condominiums dropped sharply from 46% in 2018 to 25% in 2021. At the same time, the absorption rate of townhouses and detached houses dropped slightly from 33% and 26%, respectively, in 2018 to 25% in 2021. The differences indicate that other residential properties, despite condominiums, were merely affected by the Covid-19 pandemic as homebuyers are looking for houses rather than condominiums. Most of the absorbed supply is from the remaining inventory as real estate developers focus on selling the remaining inventory in their hands. As a result, the remaining inventory decreased as the number of sold units exceeded the number of newly launched units this year.

Over the past four years, the launch of new residential properties has declined. In 2021, the newly launched

units decreased by -7.4% YoY to 60,489 units, while the value dropped by -17.2% YoY to 277,626 million Baht. However, the AREA forecasts the growth of newly launched projects. The number of newly launched units may spike 15% - 20%, or approximately 70,000 - 80,000 units in 2022. The value of newly launched units may increase by +10% or about 305,389 million Baht. In contrast, the average price of newly launched units may decrease by -10% to 4.19 million Baht/unit since there is no new luxurious mega project like the Forestias in 2022.

The shrink of newly launched projects in the past 2-3 years results in a higher absorption rate. The remaining inventory decreased by -2.5% YoY in 2021. At this rate, it needs 40.4 months to sell all the remaining stocks without newly launched units in the market. However, if real estate developers decide to spill new supply into the market, the situation might turn upside down.

Positive and negative factors in 2022

Many interesting factors could affect the real estate market in 2022, as presented by many gurus in the seminar. Ms.Kanyarat Kanjanavisut, the Senior Analyst at Economic Intelligence Center, Siam Commercial Bank (SCB), expects the real estate market to recover slowly as the Thai economy rebounds. SCB forecasts a GDP growth of approximately 3% in 2022. However, due to the decrease of the remaining inventory and the shrink of newly launched projects in 2021, real estate developers may delay launching new projects in Mid 2022 with the main focus on other residential properties despite condominiums since it is a popular trend in the New Normal era.

Mr. Prapansak Rakchaiwan, Managing Director at LPN Wisdom and Solution Co., Ltd. (LWS), expects real estate markets in 2022 to grow by 5% - 20% depending on the global economic recovery and the government measures to support economic recovery.

The positive factors

- An economic recovery with roughly 3% growth in 2022
- The government offers policies and measures to boost economic recovery, such as LTV relief, property transfer tax, and mortgage fee reduction to 0.01% until the end of this year, high potential international investors attraction.
- Inoculation progress and the vaccination rate are going in a good direction. However, we still have to be aware of the omicron variant spread.

The negative factors

- The inflation rates index may rise from 1.2 to 1.7 in 2022, which leads to increasing prices for consumer goods.
- An increase in household debt affects low-income home buyers. Mr. Rongrit Thamsatit, executive vice president-residential business support 1, Frasers Property Industrial (Thailand) Co., Ltd., experienced a higher loan rejection rate for buyers who plan to purchase townhouses and semi-detached houses in 2021 compared to the previous year. The lower rate occurred due to the LTV ratio as home buyers cannot get a 100% loan to buy their house. Besides, many homebuyers suffer from a decrease in household income.
- The unemployment rate will continue to rise in 2022.
- The high restriction of housing loans from financial institutes may affect home buyers.
- The real estate development cost rises as land prices and metal prices continue to increase. Therefore, many real estate developers decided to launch smaller projects with fewer units to sell the whole project quickly. However, building smaller projects results in higher development costs per unit.

Interesting trends in 2022

According to the Agency for Real Estate Affairs, the remaining real estate units in BMR decreased by 2.5% to

211,770 units in Q4 2021. At this rate, it will take 40.4 months to sell all the remaining inventory if there are no newly launched units. Ms. Kanyarat indicates the oversupply risk in BMR, especially for condominiums and townhouses, which have more supply from newly launched projects in the market. However, the remaining inventory slightly decreased as real estate developers delayed the launch of new projects and focused on the remaining supply. In 2022, the remaining units may continue to decrease slightly.

However, it is still considered high due to the launch of new projects. The slowdown in China real estate markets. Ms. Kanyarat pointed out that Chinese wealth declined due to the Evergrande crisis last year. Therefore, Chinese investors might consider investing in domestic properties and delay their investing plan in Thailand. Demand in residential real estate changed after the Covid-19 pandemic.

Mr. Prapansak presents three mega-trends in residential real estate developments in 2022, i.e.

- Well-Being. There is a trend to develop residents who support health and environmental well-being. Many projects focus on public space, pet-friendly condominiums, and universal design.
- Smart Living. As people need to Work from Home more, consumers want residents who support many living aspects with smart home technology.
- Virtual Connecting Nowadays, online meetings and communication are widely accepted. Metaverse technology will have more effects in the new normal era, which will offer new experiences to users.

Some Remarks

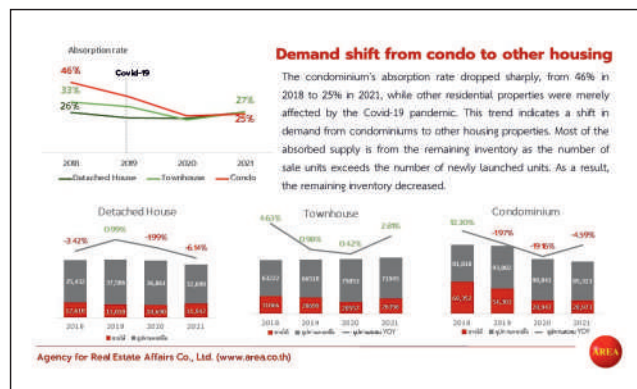
After facing a slowdown for two years since the Covid-19 pandemic, the real estate markets are turning positive this year. As there were lower numbers of newly launched real estate in the past two years, the markets absorbed the remaining units, which lowered the risk of oversupply. Although some negative factors might affect the

markets, such as inflation rate, household debt rate, development cost, and loan restriction protocols, there are many positive factors to look forward to in 2022, such as government policy and economic recovery. However, we need constantly monitor the Covid-19 situation and the changes in housing demand in the new normal era. Besides, there are still concerns about oversupply risk. Despite the decrease of remaining units by -2.5% YoY, the situation might turn upside down if real estate developers decide to spill new supply into the market.

Implication to Valuation

The valuation profession of properties particularly housing in Thailand is still on the rise. Since the number of newly launching units is growing, there would be more and more valuation works to be done by our valuers. On the other hand, due to Covid-19, there are some distressed properties for sale particularly hotels in tourist destinations such as Phuket, Pattaya, Had Yai, Chiang Mai, and the like.

On the whole, land prices in Bangkok are still growing over time; whereas, the economies are recovered quite slowly. This is a special condition. Right now, there is a massive construction of mass transit systems in Bangkok. Therefore, land parcels adjacent to train stations have significant increases in prices because of the higher potentials resulting in mass transit systems.





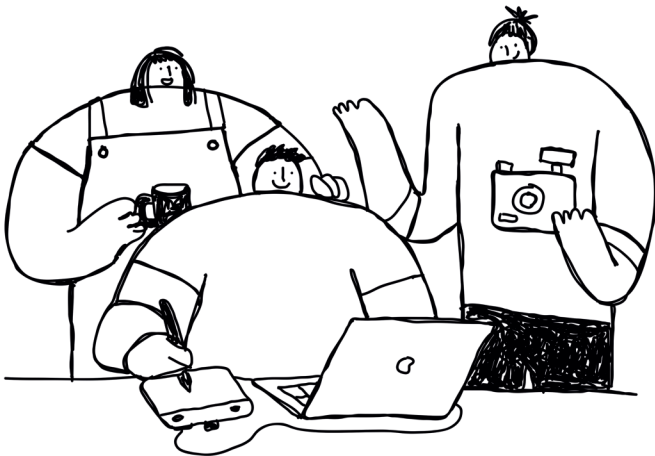
VALUATION FOR INSURANCE PURPOSES

ER. & VR. K.PANNEERCHELVAM

B.E (MECHANICAL), PG. DIP.SQC & OR
REGISTERED VALUER (P&M)
CHARTERED ENGINEER
INSURANCE SURVEYOR & LOSS ASSESSOR



FACULTY PPT



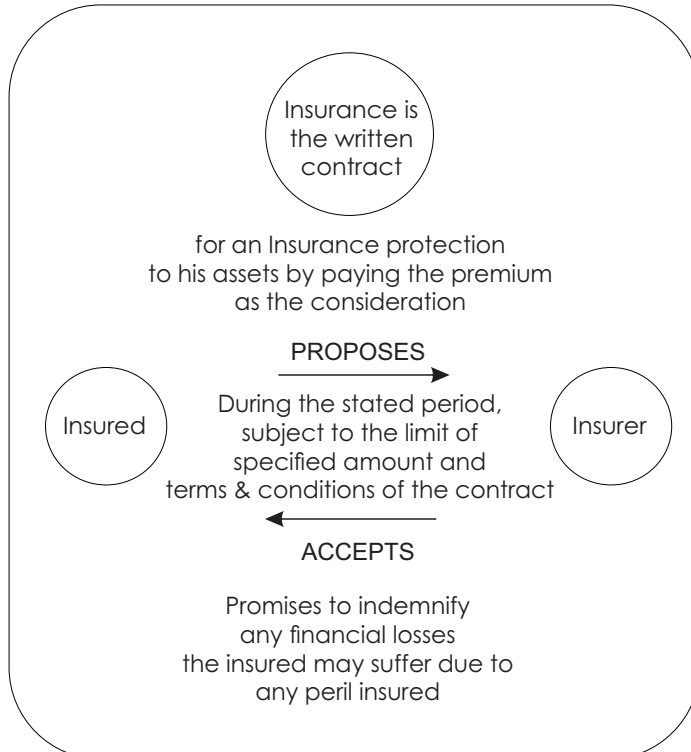
What is insurance ?

Insurance is the solution to deal with pure risk & it's financial consequences.

Insurance is a process

- of Shifting of a risk from individual to a group.
- of Sharing of losses on some equitable basis by the all the members of the group.

Insurance is a protection bought by an individual by payment of small amount for the uncertain large loss he is exposed to.



Type of assets that could be insured

Buildings

- Residential,
- Industrial,
- Commercial

Plant & Equipments

- Machineries, accessories etc.
- Utilities associated with industrial process- WTP, ETP, DG sets, Boiler house etc.
- Electrical Installation in the buildings
- Pipelines located in the manufacturing units

Others

- Furniture, Fixture and Fittings
- Contents in dwellings, shop, hotels etc.

Stocks

- Raw material, Stock in Process, Finished goods in factories and godowns etc.
- Stocks in open

Insurance Coverages

Insurance Covers losses against :

1. Fire
2. Explosion / Implosion
3. Aircraft Damage
4. Lighting
5. Riots, Strike, Malicious Damage
6. Storm, Cyclone, Flood and Inundation
7. Impact Damage
8. Subsidence, Landslide, Rock slide
9. Bursting and/or overflowing of Water Tanks, Apparatus and Pipes
10. Missile Testing operations
11. Leakage from Automatic Sprinkler Installations
12. Bush Fire

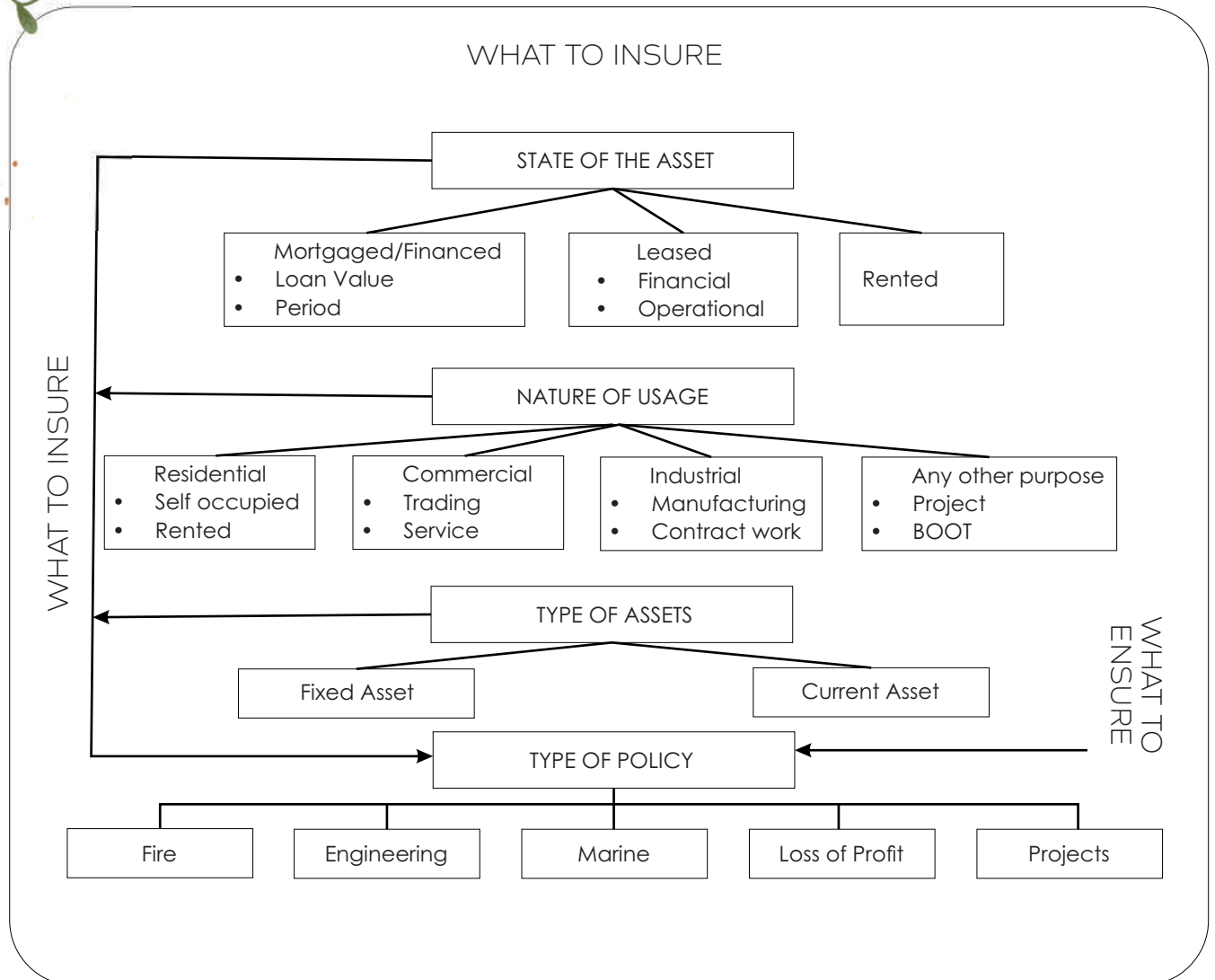
-
1. Project procurement & Execution
 2. Machinery Breakdown
 3. Contractors P&M
 4. Civil Engineering contracts
-

1. Loss of Profit
-

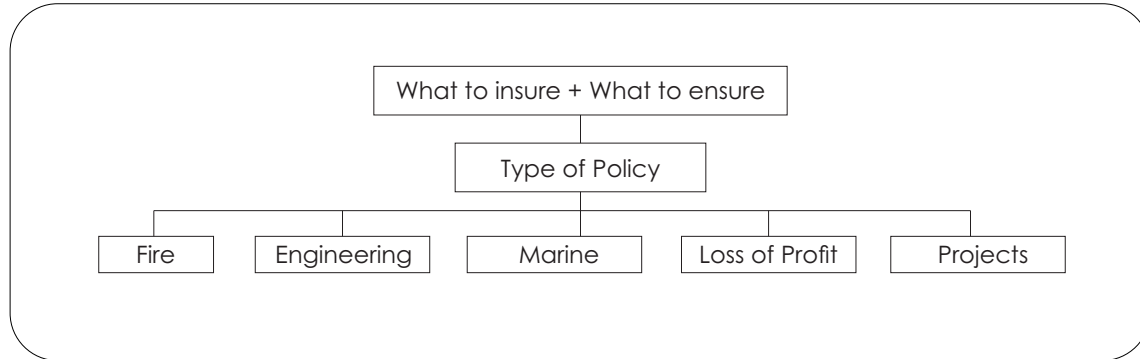
1. Marine Cargo
 2. Marine Hull
-

1. Burglary
-

1. Motor
-



- WHAT TO ENSURE**
- The insurance is to ensure protection against the Financial losses that arises consequent up on the operation of the **Potential Risks** that the assets are exposed to.
 - The assets are to be sufficiently covered taking into consideration of the general and specific exclusions stated in the policy / policies by means of **Add on Covers , Clauses** and
 - Adequacy of **Sum Insured**



FIXED-CURRENT CONSUMABLE ASSET

What is a FIXED ASSET ?

- Is a long-term part of a property that is possessed and utilised in the generation of its revenue.
- is not anticipated that it would be consumed into cash or sold in a current accounting year.
- Is not the property that an organisation sell to the customer.

What is a CURRENT ASSET ?

- is a money or any other resource that will swing to cash within a year from the date it was included in the organisation's books of account.
- If an organisation has a working cycle that is larger than one year, a resource that will turn to cash inside the length of its operation cycle is considered to be a current asset.
- Is the asset that is manufactured and sold to the customer.

What is a CONSUMABLE ASSET ?

Assets which, through use over a short period of time, become obsolete, worn out or otherwise became in need of being replaced.

WHAT EXTENT TO INSURE?

- The Purpose of Insurance is not only to protect the insured assets against the Potential Risks of exposure but also to adequately compensate for the Financial losses after the happening of an unforeseen event/events
- The Insurance policies are basically Indemnity policies, in the sense that after a loss, place the insured nearest to the pecuniary position, he was immediately before the loss.
- Alternatively the settlement can also be on Reinstatement Value or Agreed Value.

The sum insured under an insurance policy serves as:

- The amount on which premium is charged
- The maximum liability of the insurer in a policy
- The basis for the calculation of under insurance in the event of claim (Condition of Average)

* This emphasis the fact that the Sum Insured in a policy should be Adequate enough to cover the loss in accordance to the type of settlement opted by the insured.

Adequacy of the Sum Insured is to be ensured both at the time of a new purchase and at all times of its Renewals.



REPLACEMENT/REPRODUCTION/ RECONSTRUCTION/ REINSTATEMENT COST

Replacement cost new

- The amount required to reproduce the entire property in like utility and function. It is based on current market prices for materials, labour, overhead, profit and fees.
- It does not include provisions for overtime, bonuses, or premiums on materials.

Reproduction/ Reconstruction Cost New

- The amount required to reproduce / reconstruct a duplicate of the entire asset / property
- While Replacement Cost considers like utility and function, Reproduction Cost considers like kind and materials.

At times Reproduction / Reconstruction Cost can be higher than the replacement cost.

Reinstatement Cost for Insurance

Is the cost of replacing or reinstating on the same site, property / asset of the same kind or type but not superior to or more extensive than the insured property when new.

ASSET VALUATION FOR INSURANCE PURPOSE

The Purpose of Valuation for Insurance is to fix the Sum Insured in the policy.

The assets are to be valued for their Indemnity value or Reinstatement Value or Agreed Value, in accordance to the choice of the insured.

Indemnity Basis

The value here is related to the age, present condition and suitability for use of the asset and hence physical depreciation due of age and use is taken into account.

If opted and In case of claim, there will be financial strain on the insured.

Reinstatement value basis

No depreciation is applied and the settlement of claim is on "new for old" basis.

It will reflect the cost of replacing the existing asset by a new asset of similar type, capacity and utility.

If opted, the insured here will have least financial strain after a claim.

Agreed value

Under special circumstances, policies are issued on agreed value also e.g. residual value insurance.

CLASSIFICATION OF ASSETS

For the purpose of valuation of assets for fixing sum insured, the Assets can be classified into the following group owing to their nature and Usability.

- | | |
|-----------------------|--------------------|
| - Building | - Office Equipment |
| - Plant & Machinery | - Computers |
| - Furniture , Fixture | - Stocks |

VALUATION OF BUILDING - REINSTATEMENT VALUE BASIS (RIV)

Re instatement value Assessment

- The assessment are to be on the basis of Total Loss or Constructive Total Loss
- The usual requirement for a reinstatement cost assessment is that it is prepared on the basis of a 'day one reinstatement'
- If the insurance is not to be written on a day one RIV basis, sufficient allowance for Increase in Sum Insured need to be considered assuming that a total loss occurs on the last day of insurance and that on that date it should be sufficient to pay for reinstatement allowing for all the time that might take and the delays that could occur.
- This assessment of the reinstatement period should take into account:
 - a. The Redesign period,
 - b. Obtaining Statutory and Local Authority consents and
 - c. The Construction period.
- Insurance policy provides provision to compensate for the increase in Sum insured during the policy period as on Add on cover in the form Escalation Clause.
- Recommendations to be made in the report to the effect that the insured need to reassess the sum insured on a regular basis to compensate for the inflation effect and or significant alternations are made to the insured property.

Reinstatement Value of the whole property is to include

- The cost of rebuilding the whole of the building in its present design and materials, to its existing shape and size, including basements, foundations and Compound Wall.
- Allowance for modifications to the design and specification required to comply with current Building Regulations and statutory requirements
- All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings .
- 4. Allowances for
 - a. demolition and debris removal and
 - b. professional and statutory fees.
- 5. GST and Other Taxes (?)

VALUATION OF BUILDING FOR INSURANCE PURPOSES

VALUATION OF BUILDING - MARKET VALUE BASIS (INDEMNITY)

Market Value of the whole property is to include

- The cost of rebuilding the whole of the building in its present design and materials, to its existing shape and size, including basements, foundations and Compound Wall.
- Allowance for modifications to the design and specification required to comply with current Building Regulations and statutory requirements
- All external works and services such as drainage, manholes, water supply, electricity supply, boundary structures and outbuildings (if required by the policy).
- 4. Allowances for
 - a. demolition and debris removal and
 - b. professional and statutory fees.
- GST and Other Taxes (?)
- Allowances for application of Physical Depreciation for age and usage

VALUATION OF PLANT & MACHINERY - RIV BASIS

Facts to Factorize in the Reinstatement Value for P&M

- Manufacturer stopping production of such machines or gone out of existence
- Technological improvements taking place in the machines resulting
 - a. Higher output / productivity
 - b. Lesser manpower requirement
 - c. Lesser energy consumption and operating cost
 - d. Additional range of function / compactness of machine, etc.
- The machinery would have become obsolete due to:
 - a. Functional obsolescence: as against Improved and efficient new version of the machine the older
 - b. Economic obsolescence: External factors (such as government planning & industrial policy, legal environment, indigenous developments, etc.) resulting in lesser or no demand for products / machine.
- The current price of similar machine / plant is Available
- The current price of similar machine / plant is Not Available



VALUATION OF PLANT & MACHINERY FOR INSURANCE PURPOSES

ESTIMATION OF P&M RIV

When current price of similar machine is Available

- Allowances for Discounts on the Price when they are not indicated in the quote
- Allowances for Physical Depreciation, technological advancements
- Allowances for Dismantling and Debris removal Costs
- Allowances for Ordinary Cost of Freight, insurance, Installation and other associated cost incurred to Reinstall.
- GST to be considered as per the insured GST status. (?)

When current price of similar machine is Not Available

- The appropriate replacement cost of the machine can be computed by applying suitable index factor to the Original Purchase Cost.
- Allowances for Physical Depreciation, technological advancements
- Allowances for Dismantling and Debris removal Costs
- Allowances for Ordinary Cost of Freight, insurance, Installation and other associated cost incurred to Reinstall.
- GST to be considered as per the insured GST status. (?)

ESTIMATION OF AGREED VALUE

Agreed value

- Insurers will be reluctant to give Reinstatement Coverage for the Plant & Machinery assets that have lived their lives as per the manufacturer's prescription and or with a NIL Net Book Value.
- But due to appropriate and timely maintenance, they may perform either to their original designed level or at a lesser level that may be sufficient for other sub levels of production practices.
- In such situation the Insurance is done on the residual value, which may be at 25% to 50% of the actual and the major maintenance Cost that have been capitalised in the books of accounts, the balance being treated as Depreciation.

ESTIMATION OF SUM INSURED FOR STOCKS

Valuations of stock for insurance (RIV-NA)

Raw material

Raw materials are valued at Net Cost of Acquisition at which the raw material is available to the insured.

Stock in process (WIP)

Stock in process is valued at – the maximum value of stock in process - the cost of raw materials, other inputs and processing cost at any given time.

Finished goods - Stored

- Net manufacturing cost including factory overheads
- Profit margin are not to be considered..

Finished goods- Invoiced and kept ready for dispatch

- Net manufacturing cost including factory overheads
- Packing Charges
- Profit margin not to be considered

ABOUT US



OUR STORY

FROM START TILL TODAY



ASSESSORS AND REGISTERED VALUERS FOUNDATION

www.aarvf.org
info@aarvf.org (Email)
Call coordinators:
97116 32020
99992 33084

THE STORY BEHIND

Our story begins on 31st March 2021, when our RVO got registered with IBBI Recognition No: IBBI/RVO/2021/016 as 'Assessors and Registered Valuers Foundation', also called as 'AaRVF' in short.

THE BACKGROUND

As the world has experienced a pandemic that resulted in a great loss of life and economy. The economy continues to heal from the effects of COVID-19, including the subsequent lockdown which have a significant impact on the global market. As a result, there have been concerns that are raised about the fair value of companies, resulting in increased regulator and stakeholder scrutiny.

Here, the role of a valuer, as well as a front-line regulator or a monitoring body, becomes very important.

THE INSPIRATION

The idea to have an organization, delivering services for valuers in India was not new. But the idea to keep the services affordable; especially in the current scenario; was what inspired us to come into existence.

MISSION AND VISION

We strive to become resource positive, giving back more than we take. Our aspiration is to provide an unparalleled experience to valuers and aspirants as the most trusted, affordable, and professional RVO in India.

OUR GROWTH

Event detail	Mode	Count	Credit Point
MEP	Online	30	N/A
CEP	Online	7	9
COP	Online	3	N/A

The above count of batches/webinars is successfully conducted in a small span of 10 months since our very first MEP batch on 18.06.2021 for the Land and Building Asset class.

OUR SERVICES

- Regular MEP batches, starting every Friday; for all the three asset classes of Land and Building, Plant and Machinery, and Securities or Financial Assets.
- Regular CEP programs for registered valuers.
- Online enrolment for MEP and CEP; in a few easy steps at www.aarvf.org
- Best faculties with updated study material.
- Bankruptcy Board of India (IBBI) complaint RVO, following all mandates as instructed by the IBBI.

STANDING OUT AMONG THE REST

Our fee structure

- Lowest annual membership fees for Registered Valuers - Rs. 2,500
- Lowest fee for aspirants towards IBBI 50 hours MEP - Rs. 11,000
- Annual membership fees (Registered Valuers)
 1. First asset class - Rs. 25,000
 2. Second asset class - Rs. 10,000
- Lowest fee for Entity registration
One (1) time admission fees - Rs. 15,000

(Amounts mentioned here are without GST. For a detailed breakup, please visit our website)

THE TEAM

Our Governing Board includes professionals with different expertise, but one common mission.

Mr. Baldev Raj **Chairman - Additional Director (Independent)**

An (EX) Director-General, Economics & Statistics, J&K Government; brings with him rich & varied experience of

more than 30 years in the field of evaluation & statistics, social welfare, finance, agriculture, education, rural development. He has held an esteem position in the 'Department of Planning & policy-making' as well.

Dr. Vikram Gupta **Director**

An Inspirational and crusader in the field of Skill Development in a wide array of sectors. He has also been imparting knowledge and training programs for industrial training under the 'Craftsmen Training Scheme'. He has been working intensively with faraway states of Meghalaya, Nagaland & Uttarakhand by providing Skill Development Initiatives. He is also a Doctorate degree holder & a General Physician.

Mr. Rajat Gupta **Additional Director (Independent)**

Mr. Gupta is an MBA in Finance & Marketing with a work experience of 11 years in the field of Skill Development projects. His input in strategic planning helps in identifying new streams for long-term revenue growth while maintaining relationships with the customer base.

Ms. Namami Barua **Managing Director**

Certified in Corporate Social Responsibilities from the Indian Institute of Corporate Affairs, leading various training programs by Skill India Projects under the Government of India. Ms. Barua is also a diploma holder in Post-Graduation from Symbiosis, Pune, and has provided her services in supervision and monitoring of financial activities with HDFC; which is one of the leading banks in India.

Mr. Akshay Agarwal **Additional Director (Independent)**

A young dynamic leader and an MBA from Welingkar's Institute, Mumbai; contributing his innovative ideas in various developing skills, training, and management.

Wish you the best for making presence felt in a crowded space.

- Anonymous,
RV and Faculty
(at some RVO)



TESTI MONIALS



I have the honour to complete 50 hours mandatory valuation training from the RVO AaRVF, who are having a very good professional and experienced faculty having a very good in-depth knowledge in all the subjects covering valuation syllabus for examination with 50 hours limited period at a very reasonable cost. They are also having a sound management who looks after our day to date difficulties and care. Wish you all the best. Thanking you,

- Subrata Ghosh, FCMA, IP (AARVF/M/SorFA/351)



Our batch had a great experience with all faculties, who shared tips to pass the examinations along with the amazing interactive session. I have gone through the study material shared with us, which is so easy to understand. I also want to mention and appreciate the efforts taken by faculties to prepare the same. Looking at the professionalism and 'on-time' process, I personally would recommend aspirants to join AaRVF.

Thanks a lot.

- Mangesh Ketkar (AARVF/M/P&M/303)



Many thanks to AaRVF for organising such wonderful 50 hours MEP. My heartfelt appreciation to the faculties who took and explained each of our queries with so much of patience. My small suggestion, if the training program can be designed in a way that the total hours in a day can be reduced, it will be great.

- Sashi Kumar KK (AARVF/M/L&B/370)



We are very much thankful to our RVO for arranging highly experienced faculty(s) for teaching. In my opinion, the students shall attend the classes as per the designed schedule as it helps wrap up our 50 hours in 6 days, after which we also get time to prepare through the faculty's study material. Once again I thank AaRVF for such prompt coordination throughout my first query till today.

- Venkata Subrahmanyam Vadlamani
AARVF/M/L&B/345



All sessions went really well. Faculties are very cooperative, and they keep the interaction very friendly. I enjoyed sessions of Darshana ma'am and Anbazhagan sir a lot. If there were queries, they did not think twice to stretch the session to resolve the queries.

It was overall a good experience with AaRVF, faculties, and our batchmates.

- Sethumurali Arumugam (AARVF/M/L&B/340)



I have been with Assessors and Registered Valuers Foundation (AaRVF) from the beginning, and I am truly delighted to see the continuous progress that AaRVF is making.

This gives me great inspiration with my personal knowledge upliftment and the motivation to work hard as a woman professional and contribute to the Institution, Society, and Nation as a whole, and inspire other women like me to look forward to this field.

I would also like to thank my father and mentor; Mr. Jagdishchandra Mistri, senior Govt. and IBBI Registered Valuer (P&M), an Insolvency Professional whose guidance helped me impart my knowledge as a faculty; through AaRVF's platform.

I thank AaRVF's management, my fellow professional valuers, and all the key personnel for their dedication and contribution to establishing this RVO in a short time span. I would like to continue in the same spirit with the Institution and look forward to future opportunities.

I am very glad to be a part of such an organization that gave me due respect for my efforts as a faculty and I wish them a great future ahead.

- Darshana Gajjar, RV and active Faculty



AaRVF is work friendly platform for a faculty. All the things are well managed and pre-scheduled to avoid last minute hassle.

It is the great opportunity to be a part of this institute and I wish AaRVF reaches greater height!

- Suvi Jain, Faculty



WE BELIEVE IN CONTINUOUS IMPROVEMENT

Your remark/opinion/suggestion help us to improvise our work in the interest of entire valuation fraternity.

For any query or concern, suggestion (or maybe a word of appreciation), please connect with us.

Because... YOUR VIEWS MATTER!



“you are valued.”

At 'Assessors And Registered Valuers Foundation (AaRVF)'

Share your views with us on:
communication.aarvf@gmail.com



DISCLAIMER!

THIS CAN ENTICE YOU TO JOIN US.

- Lowest fees* in comparison to other RVOS for Aspirants, Valuers, and Entities.
- Inspiring, knowledgeable, and dedicated faculty for MEP and CEP sessions.
- Interactive faculty sessions to help your queries
- RVO course material along with faculty material provided.
- Happy coordinators/admins to assist, support, and guide you whenever required.

**And not to be missed,
our motto
is to provide the 'best'
in the most affordable way
to the Valuers Fraternity.**

Join the most promising
'Not-For-Profit' RVO in India.

JOIN US.



* Check our fee details under 'courses' at www.aarvf.org



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www.aarvf.org

Share your queries with us on: info@aarvf.org | 99992 33081



OUR UPDATES

50 HOURS MANDATORY TRAINING PROGRAM (MEP) FOR REGISTRATION WITH IBBI AS A VALUER

- STARTS EVERY FRIDAY
- FOR TOTAL 6 DAYS
- DAYS: FRIDAY - SATURDAY - SUNDAY
- ASSET CLASSES:
 1. LAND & BUILDING (L&B)
 2. PLANT & MACHINERY (P&M)
 3. SECURITIES OR FINANCIAL ASSETS (SFA)

CONTINUING EDUCATION PROGRAM (CEP) FOR IBBI COMPLIANCE REQUIREMENT

DATE	TIME	CREDITS	FACULTY (RV)	FEES (+18%)
19.03.22	05:00-06:00 PM	ONE (1)	PRABHAKAR JHA	100/-
25.03.22	10:30-12:30 AM	TWO (2)	KUMAR PR	200/-
	04:00-06:00 PM	TWO (2)	VIMAL SHAH	200/-
26.03.22	10:30-11:30 AM	ONE (1)	DARSHANA GAJJAR	100/-
	01:30-02:30 PM	ONE (1)	HEMANTHA KUMAR	100/-
	04:00-06:00 PM	TWO (2)	NILESH SUCHDEV	200/-

* KEEP A CHECK ON 'EVENTS' TAB AT OUR WEBSITE. OR,
SUBSCRIBE OUR TELEGRAM CHANNEL FOR DETAILS.
CONNECT FOR THE LINK OR QUERIES. (CHECK RIGHT PAGE)

MS. DARSHANA GAJJAR
B.E. (Civil)
Registered Valuer (RB), F.I.V.
Master of Valuation (Real Estate)
Chartered Engineer - M.I.E.

More than one and half decade of experience in Engineering & Valuation.
Prepared more than 12000 Valuation Reports as Panel Valuer for various stakeholders for Public and Private Sector Banks, FIs, etc.

MS. NANDINI DHARNIDHARKA
Company Secretary
Registered Valuer (RB)

Core Strength are M&A Compliance & Legal Work
Having 8+ years of experience in relative field

MS. NEHA BHANDARI
Chartered Accountant
Registered Valuer (RB)
B.Com. FCA, LL.B.

15+ years of experience with MNCs/National firms, Statutory Audits, Valuations and ROC compliance.
Empowered RV with NBFCs.
Guest faculty in various colleges for CA/CS students.

MS. SUVI JAIN
M.A. (Economics)
Pursuing PhD in Economics

A young research scholar, working as a Visiting Faculty at School of Economics.

Created with different abilities,
you are creating a difference in the world
and making it an inspirational place to live.

Thank you our gorgeous ladies,
to be a part of our journey as an RVO.

You are valued by us; not just today. But everyday.

International Women's Day
8th March

www.aarvf.org

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AARVF wants to thank
CA (Dr.) G K RAJU, IP & RV
for being such an inspiring faculty in our CEP session on 15.01.2022

AARVF wants to thank
CAPRAMOD JAIN, RV
for being such an inspiring faculty in our CEP session on 05.02.2022

AARVF wants to thank
RV KUMAR P R
for being such an inspiring faculty in our CEP session on 10.02.2022

AARVF wants to thank
CA RAMMOHAN BHAVE
for being such an inspiring faculty in our CEP session on 26.02.2022

- CA CMA CS LL.B with 42 years of experience.
- 12+ years of experience as a Faculty & Consultant (startup in edutech)
- 30 years of global experience across diverse sectors viz. pharmaceutical, Steel, infrastructure, construction, IT, Telecom & Switcheer
- Last 12 years faculty and consultant in IFRS/IND AS/Valuation at the global level.
- Asia Pacific record holder on a biggest webinar on Valuation of startups in 2020
- 13 years of International leadership positions as a CFO/global head of finance
- Independent director and international valuer
- Handled senior-level assignments in Europe, Foundation software, US, USA, Singapore and Australia (2010-2015), Japan, Croatia, Thailand, Holland, S.

AARVF wants to thank
MR. VIMAL SHAR, RV
B.E. Civil, M.E. Civil, PG Construction Management, LL.B. Real Estate
for being such an inspiring faculty in our CEP session on 15.01.2022

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