

DEPARTMENT – TECHNOLOGY

GENERAL TERMS OF REFERENCE OF THE VALUATION SERVICES

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1. Valuation Process will broadly follows in the order below:
 - (a) Sharing the specific Requirement & Purpose of the Valuation by the client
 - (b) Fees negotiation & scope of work determination stage
 - (c) Work Order release by the client
 - (d) Information gathering phase - Email from R.K Associates for documents requirement
 - (e) Movement of technical team for the site Survey
 - (f) Preparation of the report
 - (g) Sharing of the draft report
 - (h) Corrections & changes – Only limited to typographical errors, name mistakes and information missed to become part of the report if shared earlier
 - (i) Dispatch of the signed hard copy of the report
2. Valuation report depends on the purpose of the report.
3. Valuation methodology adopted in the report is influenced by the purpose of the report.
4. Valuation methodologies available for use are – Market Approach, Cost Approach, Income approach.
5. Type of service includes - Plain Fixed Asset Valuation, Detailed Fixed Asset Valuation, Fixed Assets + Project Enterprise Valuation, DCF methodology
6. Type of service chosen will depend on the requirement of the client and the fees paid.
7. In plain fixed asset valuation case, general sales approach & assessment is adopted of key items like Land, Building, P&M without going into detail of the asset. Also miscellaneous fixed assets & value added items (STP/ ETP/ Firefighting arrangement, HVAC etc.) will not be considered in this type of reporting service.

8. In detailed valuation case, valuation of each item is minutely studied and other miscellaneous assets & value added items (STP/ ETP/ Firefighting arrangement, HVAC etc.) will be included in order to get the maximum value of the asset.
9. Valuer adopts the right methodology as per his professional expertise depending on the type & nature of assets, purpose of the valuation, customer requirement and scope of the work agreed with the customer and also depending on the category of the fees options.
10. Fixed Asset Valuation will be carried out as per the norms & guidelines of International Valuation Standards of the Fixed Assets and fair professional practices.
11. In case of the Fixed Asset Valuation (Plain or Detailed), valuation calculation for each head (Land, Building, P&M) will be shown separately.
12. In case of large asset Valuation, it is expected from the customer to provide detailed approved sanction plan to us, which should necessarily include Building Area measurement chart and site plan from where Building Built-up Area/ FAR details can be referred and cross checked during survey. In case this information is not available with the customer then separate site measurement charges will be levied.
13. A contiguous land parcel made by joining different Plots/ land parcels allotted or approved by any authority separately for setting up different Project/ Unit/ Purpose or allotted to different associated companies of a same group will be considered as one in respect of the Valuation and only single Valuation Report will be prepared for it.
14. Valuation report will have the justification and basis of the Valuation. Customer can provide additional information in regard to their asset/ Project. However in regard to the final value, no pressure or influence would be entertained to manipulate the value unreasonably which is against the fair professional practices and ethics and the Valuation & Engineering team of R.K Associates reserves right to have the final say in this regard to the final value.
15. Fees quoted will be exclusive of any taxes (service tax, sales tax, any state tax, etc.).
16. Out of pocket expenses incurred for travel, stay, lodging & boarding during site survey will have to be borne by the client.
17. To start the work, original work order will be required from institutional and non-institutional clients to start the work.
18. In case of private customers (non-institutional) 50% advance payments has to be paid upfront in order to start the job and balance payment has to be paid at the time of delivery of the final report. We have a very simple policy that no delivery without payment.
19. Any re-work done on the draft valuation report due to the additional information provided by the customer which was not shared with us during the course of information gathering phase will have the extra re-work charges.
20. After end of the work & successful delivery of the required deliverables, a formal completion certificate has to be issued by the customer on the company's letter head.
21. The Valuation report will have limited scope as per its fields & format to provide only the general basic idea of the value of the property prevailing in the market based on the documents/ data/ information provided by the client. The suggested indicative prospective estimated value should be considered only if transaction is happened as free market transaction.
22. Verification of authenticity of documents from originals or cross checking from any Govt. depts. will not be done at our end.

23. Legal aspects of the property will be out-of-scope of the Valuation Report.
24. Identification of the property will only be limited to cross verification from its boundaries at site if mentioned in the provided documents.
25. Getting cizra map or coordination with revenue officers for site identification is not done at our end.
26. Measurement is only limited upto sample random measurement.
27. Measurement of the property as a whole will not be done at our end.
28. Drawing Map & design of the property is out of scope of the work.
29. Inventorization of P&M will be out of scope of work.
30. Componentization of Plant & Machinery will be out of scope of the Valuation services.
31. Identification of the P&M is only limited to cross verification of major machines & production lines.
32. Technical/ mechanical/ operational testing of the machines will be out-of-scope of the Valuation Services.
33. Comment/ determination on technological aspect will be out of scope of the Valuation Services.
34. Any kind of machine/ process design will be out of scope of the Valuation Services.
35. Valuation report will be prepared based on the copies of the documents/ information which interested organization or customer could provide to us out of the standard checklist of documents sought from them and further based on our assumptions and limiting conditions. All such information provided to us will be relied upon in good faith and we will assume that these will be true and correct. Verification or cross checking of the documents provided to us from the originals will not be done at our end. If at any time in future it is found or came to our knowledge that misrepresentation of facts or incomplete or distorted information has been provided to us then this report will automatically become null & void.
36. Investigation of title of the property and its legal right will be beyond the scope of the Valuation services. If this property is offered as collateral security, then the concerned financial institution is requested to verify & satisfy themselves on the ownership & legality of the property shown in this valuation report with respect to the latest legal opinion.
37. Legal aspects for eg. ownership rights, lien, charge, mortgage, lease, etc. will not be considered in the Valuation Report. It will be assumed and will be taken into account that the concerned Bank/ Financial Institution has got the legal verification cleared by the competent Advocate while requesting for the Valuation report. In case Valuation is obtained before taking legal scrutiny or opinion then it is expected from the Bank to inform back the Valuer timely about such change of rights on the property as soon as it comes into the notice of the Bank/ Financer which may affect their charge on the mortgage asset so that accordingly Valuation modification can be done only for that portion for which the Bank has complete charge/ rights.
38. Analysis and conclusions adopted in the report will be limited to the reported assumptions, conditions and information came to our knowledge during the course of the work.
39. Value varies with the Purpose/ Date/ Condition prevailing in the market. We recommend not to refer the Value of the asset given in this report if any of these points are different from the one mentioned in the Valuation Report submitted. We also recommend that the indicative estimated Value in the Valuation Report holds good only upto the period of 3 months from the date of Valuation.
40. Valuation report will be prepared based on the facts of the property on the date of the survey. It is a well-known fact that the market value of any asset varies with time & socio-economic conditions prevailing in the country. In future, property market may go down, property conditions may change or

may go worse, property reputation may differ, property vicinity conditions may go down or become worse, property market may change due to impact of Govt. policies or effect of World economy, usability prospects of the property may change, etc. Hence before financing, Banker/ FI should take into consideration all such future risk and should loan conservatively to keep the advanced money safe in case of the downward trend of the property value.

41. Valuation of the same asset/ property can fetch different values in different situations. For eg. Valuation of a running/ operational shop/ hotel/ factory will fetch better value and in case of closed shop/ hotel/ factory it will have considerable lower value. Similarly an asset sold directly by an owner in the market will fetch better value and if the same asset/ property is sold by any financier due to encumbrance on it will fetch lower value. Hence before financing, Banker/ FI should take into consideration all such future risks and should loan conservatively to keep the advanced money safe in case of any such situation.
42. Valuation is done for the property identified to us by the owner/ owner representative. Responsibility of identifying the correct property to the Valuer/ its authorized surveyor is solely of the client/ owner for which Valuation has to be carried out. At our end we can just cross verify the identification of the property with reference to the documents produced for perusal. Method by which identification of the property is carried out is also mentioned in the report clearly. It is requested from the Bank to cross check from their own records/ information if this is the same property for which Valuation has to be carried out to ensure that owner has not misled the Valuer company or misrepresented the property due to any vested interest.
43. In India more than 70% of the geographical area is lying under rural/ remote/ non municipal/ unplanned area where the subject property is surrounded by vacant lands having no physical demarcation or having any display of property survey or municipal number / name plate on the property clearly. Even in old locations of towns, small cities & districts where property number is either not assigned or not displayed on the properties clearly and also due to the presence of multiple/ parallel departments due to which ownership/ rights/ illegal possession/ encroachment issues are rampant across India and due to these limitations at many occasions it becomes tough to identify the property with 100% surety from the available documents, information & site whereabouts and thus chances of error, misrepresentation by the borrower and margin of chances of error always persists in such cases. To avoid any such chances of error it is advised to the Bank to engage municipal/ revenue department officials to get the confirmation of the property to ensure that the property shown to Valuer/ Banker is the same as for which documents are provided.
44. If this Valuation Report is prepared for the Flat/ dwelling unit situated in a Group Housing Society or Integrated Township then it is assumed that the Banker or the concerned organization has satisfied themselves with the approval of the Group Housing Society/ particular floor & building before allotting the Valuation case to the Valuer company.
45. Due to fragmented & frequent change in building/ urban planning laws/ guidelines from time to time, different laws/ guidelines between regions/ states and no strict enforceability of Building Bye-Laws in India specially in non-metro and scale b & c cities & Industrial areas, property owners many times extend or make changes in the covered area/ layout from the approved/ applicable limits. There are also situations where properties are decades old when there was no formal Building Bye-Laws applicable when the construction must have been done. Due to such discrete/ unplanned development in many regions sometimes it becomes tough to determine the exact lawful situation on ground for the Valuer.

In case nothing specific is noted on the covered built-up area considered in the Valuation Report, the covered area present on the site as per site survey will be considered in the Valuation.

46. In case of Valuation of Plant & Machinery or equipment, condition of machines is evaluated by visual observation only. No technical/ mechanical testing of any kind will be carried out at our end to ascertain the condition and efficiency of the machines. Valuation of Plant & Machinery is done on the basis of physical existence of the assets rather than their technical expediency.
47. Valuation is a subjective field and opinion may differ from consultant to consultant. To check the right opinion, it is important to evaluate the methodology adopted and various data point/ information/ factors/ assumption considered by the consultant which became the basis for the Valuation report before reaching to any conclusion.
48. At the outset, it is to be noted that Value analysis of any asset cannot be regarded as an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions, which have to be made. Therefore, there can be no standard formula to establish an indisputable exchange ratio. In the event of a transaction, the actual transaction value achieved may be higher or lower than our indicative analysis of value depending upon the circumstances of the transaction. The knowledge, negotiability and motivations of the buyers and sellers and the applicability of a discount or premium for control will also affect actual price achieved. Accordingly, our indicative analysis of value will not necessarily be the price at which any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. However our Valuation analysis can definitely help the stakeholders to make them informed and wise decision about the Value of the asset and can help in facilitating the arm's length transaction.
49. Valuation report will be prepared on one of the RKA approved Valuation formats as per the client requirement, charges paid and the time allotted. Valuation report will be having limited scope as per its fields & format to provide only the general estimated & indicative basic idea of the value of the property prevailing in the market based on the information provided by the client. No detailed analysis, audit or verification has been carried out of the subject property.
50. Valuation Report will be an opinion report and will not hold any binding on anyone. It is requested from the concerned Client/ Bank/ Financial Institution which is using this report for mortgaging the property that they should consider all the different associated relevant & related factors & risks before taking any business decision based on the content of this report.
51. Our services will only have the opinion in its report based on the material facts came into our knowledge during the course of the assignment. Our services will not have any kind of recommendation.
52. All Pages of the report including annexures are signed and stamped from our office. In case any paper in the report is without stamp & signature then this should not be considered a valid paper issued from this office.
53. Defect Liability Period is **30 DAYS**. We request the concerned authorized reader/ client of this report to check the contents, data and calculations in the report within this period and intimate us in writing if any corrections are required or in case of any other concern with the contents or opinion mentioned in the report. Corrections only related to typographical, calculation, spelling mistakes will be entertained

within the defect liability period. No request for any illegitimate value revision, date change or any other change will be entertained other than the one mentioned above.

54. R.K Associates encourages its customers to give feedback or inform concerns over its services through proper channel at valuers@rkassociates.org in writing within 30 days of report delivery. After this period no concern/ complaint/ proceedings in connection with the Valuation Services can be entertained due to possible change in situation and condition of the property.
55. Our Data retention policy is of **ONE YEAR**. After this period we remove all the concerned records related to the assignment from our repository. No clarification or query can be answered after this period due to unavailability of the data.
56. This Valuation report is governed by our (1) Internal Policies, Processes & Standard Operating Procedures, (2) R.K Associates Quality Policy, (3) Valuation & Survey Best Practices Guidelines formulated by management of R.K Associates, (4) Information input given to us by the customer and (4) Information/ Data/ Facts given to us by our field/ office technical team. Management of R.K Associates never gives acceptance to any unethical or unprofessional practice which may affect fair, correct & impartial assessment and which is against any prevailing law. In case of any indication of any negligence, default, incorrect, misleading, misrepresentation or distortion of facts in the report then it is the responsibility of the user of this report to immediately or atleast within the defect liability period bring all such act into notice of R.K Associates management so that corrective measures can be taken instantly.
57. R.K Associates never releases any report doing alterations or modifications by pen. In case any information/ figure of this report is found altered with pen then this report will automatically become null & void.

By Order:

Management of R.K Associates Valuers & Techno Engineering Consultants (P) Ltd.