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Exposure Draft
of
ICAI Valuation Standard 202
Reporting and Documentation



Issued by Insolvency, Bankruptcy and Valuation Standards Board

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up under an Act of Parliament)

Exposure Draft

ICAI Valuation Standard 202 *Reporting and Documentation*

Following is the Exposure Draft of the ICAI Valuation Standard 202 Reporting and Documentation issued by the Insolvency, Bankruptcy and Valuation Standards Board of the Institute of Chartered Accountants of India, for comments.

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide suggestions for alternative wording.

Comments can be submitted using one of the following methods, to be received not later than ***22nd November 2026.***

1. *Electronically: Click on* ***https://forms.gle/zXb9ngcRjJNiSWTi6*** *to submit comments online. (Preferred method)*
2. *Email: Comments can be sent to* ***commentsvsb@icai.in***
3. *Postal: Secretary, Insolvency, Bankruptcy and Valuation Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, A- 29, Sector- 62, Noida - 201309.*

Further clarifications on any aspect of this Exposure Draft may be sought by e-mail to ivsb@icai.in.

Draft

ICAI Valuation Standard 202
Reporting and Documentation

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*The ICAI Valuation Standard includes paragraphs set in **bold** type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles. (This ICAI Valuation Standard should be read in the context of Framework for the Preparation of Valuation Report in accordance with the ICAI Valuation Standards)*

Objective

1. **This Standard provides the:**

   (a) minimum content of the valuation report;

   (b) basis for preparation of the valuation report; and

   (c) basis for maintaining sufficient and appropriate documentation.

2. The objective of this Standard is to prescribe the minimum contents of the valuation report depending upon the nature of the engagement and specify the responsibility of a *valuer* in preparing the relevant documentation for arriving at a value.

3. **The principles enunciated in this Standard shall be applied in conjunction with the principles prescribed and contained in the *Framework for the Preparation of Valuation Report in accordance with the ICAI Valuation Standards*.**

Scope

4. **A *valuer* shall follow all requirements of this Standard in preparation of the valuation report.**

5. This Standard provides guidance on the documentation to be maintained for the preparation of a valuation report. Relevant valuation documentation that meets the requirements of this Standard provides evidence of the *valuer's* basis for arriving at the value and that the valuation was planned and performed in accordance with the relevant ICAI Valuation Standards.

6. The contents of the valuation report specified in this Standard are in addition to the requirements a *valuer* is required to follow as prescribed by any law, regulations, rules or directions of any Government or regulatory authority, or Court order. Sometimes, a *valuer*, as required by law or otherwise, may review a valuation undertaken by another valuer. Such review may be called by any other term such as opinion, valuation review engagement, etc. This valuation standard shall also apply to the reports of such reviews undertaken.

Significant Elements

7. **The form and content of the valuation report depends on the-**

   (a) nature of the engagement; and

   (b) purpose of the valuation.

8. A *valuer* shall document matters which are significant in providing evidence that the valuation assignment was carried out in accordance with the ICAI Valuation Standards and support his assessment or the valuation report submitted by him.

9. A *valuer* shall prepare the valuation report with due professional care.

Contents of the Valuation Report

10. **The contents of the valuation report are selected by the *valuer*, based on the specifics of the engagement, in particular, the nature of the engagement, and the purpose of valuation.**

11. **A *valuer* shall at a minimum include the following in the valuation report:**

    a. Background Information of the asset being valued;
    b. Purpose of valuation and Scope of Work;
    c. Identity of Client/appointing authority
    d. Bases of Value;
    e. Premise of Value;
    f. Identity of the Valuer and any other experts involved in the valuation;
    g. Intended Use and Intended Users of the Valuation;
    h. Disclosure of Valuer's interest or conflict, if any;
    i. Date of appointment, valuation date and date of report;
    j. Inspections and /or investigations undertaken;
    k. Nature and sources of information used or relied upon;
    l. Findings of any other experts involved in the valuation, if any
    m. Significant Assumptions, if any;
    n. Procedures adopted in carrying out the valuation and valuation standards followed;
    o. Valuation Approaches and Methodology used
    p. Restrictions on use of report, if any;
    q. Major factors that were taken into account during valuation;
    r. Conclusion; and
    s. Caveats, limitations and disclaimers to **the extent they explain or elucidate the limitations faced by *valuer*, which shall not be for the purpose of limiting his responsibility for the valuation report**.
    t. Statement that the valuation is carried out as per the Valuation Standards

12. Where a *valuer* uses the work of an expert during the process of valuation, he shall disclose the identity of such expert and the reliance placed on the valuation report of such expert.

13. A *valuer* may decide to include the valuation report issued by such expert as an annexure to his valuation report.

14. It is normally presumed by the users of the valuation report that the *valuer* is independent of the asset to be valued and the client for whom the valuation is being done. Where the valuation is being

undertaken for a client and is to be used for the purpose of any transaction or otherwise by another identified specific party at the time of engagement, the *valuer* shall evaluate independence with reference to the other specific party also.

15. A *valuer* shall appropriately disclose his interest/conflict of interest, if any, in the assets to be valued in the valuation report.

16. If the valuer concludes that any limitation or restriction or conflict of interest will impact compliance with the Valuation Standards, the value must not state that the report is compliant with the Valuation Standards

17. *The valuation assignment concludes with the valuer providing an estimate of value. Such an estimate of value may be an exact number or a range of values.*

18. In certain cases, the law or regulatory orders may require the *valuer* to report a specific amount, which may be a number or some other specific unit. In such cases, the *valuer* shall clearly describe the specific exchange or swap ratio based on the value arrived at.

19. The identity of the *valuer* shall be clearly mentioned in the valuation report.

20. The valuation report shall include the signature of *valuer* along with the name of entity (in case an entity is appointed) appointed for the valuation assignment.

21. The signature shall (to the extent applicable) contain the name of the *valuer* vested with signing authority, entity name, individual and entity's registration number along with the date and place where the valuation report is signed.

22. A *valuer* considers various factors while undertaking the valuation. These include assumptions in respect of information received, information not available, as well as information which are not capable of being independently verified.

23. A *valuer* shall disclose the major factors considered by him in the valuation report to assist the readers to have a complete understanding of the valuation.

24. Valuation analysis and results are specific to the purpose of valuation, the client requirements and the valuation date. The caveats, limitations or disclaimers which are considered while arriving at the value shall be clearly disclosed in the valuation report.

25. A *valuer* shall exercise reasonable restraint in using caveats while writing the valuation report.

26. ICAI Valuation Standards pertaining to certain classes of assets may prescribe additional information to be reported. In such cases, the valuation report shall include such additional information as specified in the relevant ICAI Valuation Standard pertaining to such class of assets.

27. In addition to the minimum contents as given above, if the *valuer* believes that certain additional information will be useful to the user for a better understanding of the valuation, the *valuer* may include such additional information in the valuation report.

Changes, Revisions and Withdrawal of Reports

28. A valuation report shall not be altered after issue without clearly identifying the change.

29. Where an error / material information existing as at the valuation date is identified after issuance of the valuation report, the valuer shall consider its significance and determine whether:
    (a) no action is necessary;
    (b) clarification is required;
    (c) an addendum to main report is appropriate;
    (d) the original report should be withdrawn;

(e) Amended report should be issued.

30. An amended report shall clearly identify:
    (a) that it replaces an earlier report;
    (b) the date of the earlier report;
    (c) the reason for the revision; and
    (d) the nature of material changes.

31. Where a valuation conclusion changes, the basis for the change shall be documented.

32. Where the valuation report is withdrawn by the valuer, the same shall be promptly informed to the client / appointing authority.

Management Representations

33. A *valuer* may obtain written representations from the management/client regarding information for performing the valuation assignment. The decision to obtain a representation letter is a matter of judgment by the *valuer*. A written representation obtained from the management or those charged with governance becomes part of the evidence obtained by the *valuer* which forms a basis for his valuation report.

34. Management representations may interalia include the following as applicable:

- Ownership of subject matter;
- completeness of liabilities;
- business plans;
- contingent matters;
- legal or regulatory matters;
- condition of assets;
- contracts;
- intellectual property; and
- other relevant matters.

35. Wherever a *valuer* obtains written representations from the management/client regarding information, which is the base for the valuation assignment, the *valuer* shall mention the fact of such representation and the reliance placed on the same.

36. The existence of a management representation letter shall not preclude the *valuer* from exercising reasonable skill and care with respect to the information obtained regarding the valuation. The *valuer* shall carry required procedures in the performance of his valuation assignment in respect of the information included in the management representation Letter A refusal by management to provide a representation that is necessary for the valuation shall be evaluated as a scope limitation.

Documentation

37. **Documentation includes the record of valuation procedures performed, relevant information obtained,** analyses undertaken, significant judgements exercised **and conclusions that the *valuer* has reached**.

38. A *valuer* shall maintain documentation which provides sufficient and appropriate record of the basis of the valuation report; and

39. A *valuer* shall document the valuation information obtained on a timely basis. Documentation shall be prepared at the time the valuation assignment is performed. The extent of documentation is a matter of professional judgement.

40. A *valuer* shall retain the information obtained, as well as his analyses, significant assumptions, and workings to arrive at the valuation for a period of time sufficient to meet the needs of applicable legal, regulatory or other professional requirements for records retention. This retention period for valuation documentation is ordinarily not shorter than eight years from the date of the valuation report. The *valuer* may maintain documentation in either physical or electronic format.

41. A valuer shall ensure that the documentation is maintained in a form that is sufficient to enable another professional having no connection with the engagement or a reviewer appointed by any relevant professional body, to review the valuation process and conclusions.

42. The information received and relied upon, as well as analyses thereon differ for every valuation engagement, However, the following documents/information/analyses shall, at the minimum, be documented:

    (a) engagement or appointment letter which appoints the *valuer* to undertake the valuation;

    (b) tabulation of data obtained during the course of valuation;

    (c) workings undertaken to arrive at the value;

    (d) copies of relevant circulars, extracts of legal provisions;

    (e) the base/s, approach/es, and method/s, or a combination thereof, used to arrive at the value;

    (f) assumptions, a change in which, may materially affect the value;

    (g) basis for significant professional judgement

    (h) report of the expert appointed if any, whose report is considered in the valuer's report

    (i) a copy of the signed valuation report issued; and

    (j) management/client representation letter or such communication received, if any.

43. The valuation documentation is not limited to records prepared by the valuer but may include appropriate records such as minutes of meetings, reports issued by other experts, and other independent industry/sector or other such data provided to the valuer by the client, if any.

44. Unless otherwise specified by law or regulation, valuation documentation is the property of the valuer.

45. A valuer or his organisation shall establish policies and procedures designed to maintain confidentiality, safe custody, integrity, accessibility and retrievability of the documentation.

46. Where a subsequent event is considered relevant to determine the value, its nature and treatment shall be disclosed.

47. Where a subsequent event indicates that information available at the valuation date was materially inaccurate, the valuer shall consider such event in determining the valuation and disclosing the same in valuation report.

Effective Date

48. ICAI Valuation Standard 202 *Reporting and Documentation* shall be applied for the valuation reports issued on or after [].