



Team IVCA <info@ivca.in>

IVCA's Valuation Guidance Note

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To: Info <info@ivca.in>

Dear Esteemed IVCA Members,

We hope this message finds you well.

We are writing to share a significant milestone in our collective journey towards fostering transparency and best practices within the industry.

After months of meticulous collaboration and dedication, we are delighted to announce the finalization of the IVCA Valuation Guidance Note. This comprehensive document represents a pivotal step forward in standardizing valuation practices and enhancing clarity within the alternative investment sector.

You may all be aware that The Alternative Investment Policy Advisory Committee (AIPAC) of SEBI has endorsed the IPEV valuation framework, recognising its importance in ensuring integrity and efficiency. Accordingly, IVCA, as required under clause 3.2 of SEBI's circular of June 2023 related to valuation, has also officially endorsed the IPEV framework. However, it was felt that IPEV is not comprehensive enough to cover all securities and assets. To address this and provide clarity, IVCA is now issuing a Guidance Note amplifying and clarifying some of the valuation principles enumerated in the IPEV valuation framework. For easy reference, the link to the latest IPEV Valuation Framework dated December 2022 and IVCA Guidance Note is provided: <https://www.ivca.in/sebiupdates/valuation-of-afis-investments>

Leveraging insights from industry experts and taking inputs from AIF managers, we have diligently crafted this guidance note to provide comprehensive direction on the application of the IPEV framework in valuing AIF portfolios. The guidance note encompasses a wide array of asset categories, including real estate, venture debt, performing credit, stressed assets, and infrastructure, ensuring its relevance across diverse investment strategies inherent within AIFs.

We extend our sincere appreciation to the team at Houlihan Lokey, led by Mr. Rishi Aswani, Managing Director, and Mr. Sarvesh Palekar, Senior Vice President, for their invaluable contributions to the creation of the IVCA Valuation Guidance Note. Their expertise and dedication have been instrumental in ensuring the accuracy and relevance of the guidance note to the AIF industry landscape. We are particularly grateful for their adept handling of regulatory nuances and their assistance in incorporating feedback from industry stakeholders.

Furthermore, as per our discussion with SEBI, the endorsement of valuation guidelines by AIF industry associations shall be effectively applicable for the valuation of investment portfolios based on March 31st, 2024, data, which has to be reported by AIF managers to Performance Benchmarking Agencies.

In addition to the above, IVCA has taken up with SEBI other teething issues relating to the June 2023 circular and have had discussions with them. The status on the same is attached herewith for your perusal.

IVCA has also submitted to SEBI to clarify the issue of conflicts with valuation principles under Mutual Fund Guidelines.

We encourage all members to familiarize themselves with the finalized IPEV Guidance Note, which is attached herewith for your reference. Should you have any questions or require further clarification, please do not hesitate to reach out to us at advocacy@ivca.in

Thank you for your continued support and commitment to excellence. Together, we will continue to drive positive change and innovation within the alternative investment community.

Warm regards,
IVCA Advocacy

3 attachments



Issues raised by IVCA and awaiting clarity.pdf

488K



IVCA' Guidance Note on IPEV.pdf

3581K



IPEV Valuation Guidelines - December 2022.pdf

1009K