

Fast Track Webinar Series

for

IBBI Valuation Exam (2024 Syllabus)

Day 1

Professional / Business Ethics and Standards

Phase 5 of IBBI Valuation Examinations w.e.f. 1st MAY 2024

**18th
Batch**



भारतीय दिवाला और शोधन अक्षमता बोर्ड

Insolvency and Bankruptcy Board of India



Monday ♦ 29th JAN 2024 ♦ 08:30 AM to 09:30 AM ♦ www.3spro.blogspot.com

CA Dr GOPAL KRISHNA RAJU

Chartered Accountant, Insolvency Professional, Registered Valuer & Arbitrator

Visiting Faculty, Indian Institute of Management

Reduction of cooling-off period between two consecutive attempts in IBBI Valuation Examinations

- IBBI, as the designated Authority, conducts Valuation Examinations in terms of rule 5 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules). The said rule inter alia empowers IBBI to determine the syllabus, format, and frequency of the examination including qualifying marks, to be published at least three months before the examination.
- To improve the effectiveness of the exams, it has been decided to reduce the time period between two consecutive attempts **from 2 months to 21 days** for the examination. This adjustment provides candidates with greater flexibility and opportunities to improve, thereby establishing a more dynamic and responsive examination system.
- You are, therefore, advised to implement/ follow the above requirements in Valuation Examinations conducted/ attempted after the expiry of 3 months from the date of this circular.
- This circular is being issued in exercise of the powers conferred under the provisions of the Valuation Rules.

<https://certifications.nism.ac.in/nismaol/>

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Table 28: Registration of RVs till September 30, 2023 (Number)

Year / Quarter	Land & Building	Plant & Machinery	Securities or Financial Assets	Total
2017–2018	0	0	0	0
2018–2019	781	121	284	1186
2019–2020	848	204	792	1844
2020–2021	409	82	446	937
2021–2022	302	67	303	672
2022–2023	311	57	275	643
Apr - Jun, 2023	40	5	29	74
Jul – Sep, 2023	36	2	24	62
Total	2727	538	2153	5418

Total Registered Valuers : **5495** (as of 25th Jan 2024)

Table 33: Valuation Examinations

Phase	Period	Number of Attempts (some candidates made more than one attempt) in Asset Class			Number of Successful Attempts in Asset Class		
		Land & Building	Plant & Machi- nery	Securities or Financial Assets	Land & Building	Plant & Machi- nery	Securities or Financial Assets
First	Mar, 2018 – Mar, 2019	9469	1665	4496	1748	324	707
Second	Apr, 2019 – May, 2020	3780	757	4795	380	95	656
Third	Jun, 2020 – Jun, 2022	8370	2015	8377	620	139	781
Fourth	Jul, 2022 – Sep, 2022	2487	504	1478	211	38	128
	Oct, 2022 – Dec, 2022	165	27	81	19	3	9
	Jan, 2023 – Mar, 2023	205	39	177	21	5	24
	Apr, 2023 – Jun, 2023	248	41	207	29	4	22
	Jul, 2023 – Sep, 2023	264	43	144	37	7	27
Total		24988	5091	19755	3065	615	2354

Success Rate

L&B - 12.3%

P&M - 12.1%

S/FA - 11.9%

L I E - 17.7%

Format and Frequency of **Valuation Examination**

- a) The examination is conducted online (computer-based in a proctored environment) with objective multiple-choice questions;
- b) The examination centres are available at various locations across the country;
- c) The examination is available on every working day;
- d) A candidate is expected to thoroughly read the relevant FAQ on Valuation Exam placed on IBBI website before registering/enrolling for exam
- e) A candidate may choose the time, the date and the Examination Centre of his choice for taking the Examination. For this purpose, he needs to enrol and register at <https://certifications.nism.ac.in/nismaol/>;
- f) A fee of **Rs.5,900** (Five Thousand and Nine Hundred rupees) is applicable on every enrolment;

[https://ibbi.gov.in/uploads/faqs/FAQs for Valuation examination.pdf](https://ibbi.gov.in/uploads/faqs/FAQs%20for%20Valuation%20examination.pdf)

Format and Frequency of Valuation Examination

- g) The duration of the examination is **2 hours**;
- h) A candidate is required to answer all questions;
- i) A wrong answer attracts a negative mark of **25%** of the marks assigned for the question;
- j) A candidate needs to secure **60%** of marks for passing;
- k) A successful candidate is awarded a certificate by the Authority;
- l) A candidate is issued a temporary mark sheet on submission of answer paper;
- m) **No workbook or study material is allowed or provided;**
- n) **No electronic devices including mobile phones and smart watches are allowed; and**
- o) Use of only a non-memory-based calculator is permitted. **Scientific Calculators (memory based or otherwise) are not allowed.**

IBBI Valuation Exam - 2024 Syllabus – 74:26

S No	Topic (Asset Class – Land & Building)	Weightage
1	Principles of Economics – Microeconomics & Macroeconomics	6
2	Book-Keeping and Accountancy	3
3	Laws - General	9
4	Introduction to Statistics	2
5	Environmental Issues in Valuation	3
6	Professional / Business Ethics and Standards	3
7	Laws - Real Estate	7
8	Valuation of Real Estate (Including Ind AS)	26
9	Principles of Insurance and Loss Assessment	3
10	Report Writing	3
11	Important Case laws on principles of valuation of Real Estate	2
12	Three Case Studies (6x2 + 4x2 + 3x2)	26

Note: Wherever any Law, Act of Parliament or any Rule/Regulation is referred in the syllabus, the same shall be taken as updated as on **31st March 2023**

IBBI Valuation Exam - 2024 Syllabus – 74:26

S No	Topic (Asset Class – Plant & Machinery)	Weightage
1	Principles of Economics – Microeconomics & Macroeconomics	6
2	Book-Keeping and Accountancy	3
3	Laws - General	9
4	Introduction to Statistics	2
5	Environmental Issues in Valuation	3
6	Professional / Business Ethics and Standards	3
7	Laws – Plant & Machinery	2
8	Valuation of Plant & Machinery (including Ind AS)	31
9	Machinery Tools, Factory, Utility Equipment & Electrical Installation	2
10	Industrial Processes	6
11	Principles of Insurance and Loss Assessment	3
12	Report Writing	3
13	Important Case laws on principles of valuation of Plant & Machinery	1
14	Three Case Studies (6x2 + 4x2 + 3x2)	26

Note: Wherever any Law, Act of Parliament or any Rule/Regulation is referred in the syllabus, the same shall be taken as updated as on **31st March 2023**

IBBI Valuation Exam - 2024 Syllabus – 74:26

S No	Topic (Asset Class – Securities or Financial Assets)	Weightage
1	Macroeconomics	3
2	Finance and Financial Statement Analysis	6
3	Professional / Business Ethics & Standards	3
4	General Laws	18
5	Financial Reporting under IND AS (36, 103, 109, 113)	3
6	Overview of Valuation	4
7	Valuation Approaches	3
8	Valuation Application	33
9	Judicial Pronouncements (6 cases)	1
10	Three Case Studies (6x2 + 4x2 + 3x2)	26

Note: Wherever any Law, Act of Parliament or any Rule/Regulation is referred in the syllabus, the same shall be taken as updated as on **31st March 2023**

Professional Ethics and Standards (3 Marks)

General Laws (2 Marks)

Model Code of Conduct	Professional competence and due care, independence and disclosure of interest
	Confidentiality, information management, gifts and hospitality
	Integrity and fairness, remuneration and costs, occupation, employability and restrictions Business ethics
Ethical considerations under terms of engagements	Engagement letter, management representation, Guidance on use of work of experts, Independence and conflict of interest, Quality review process of valuers, Rights and responsibilities of valuers
The Companies Act, 2013	Chapter XVII - Registered Valuers; Section 247 The Companies (Registered Valuers and Valuation) Rules, 2017

Model Code of Conduct

Section	Para
Integrity & Fairness	1 - 5
Professional Competence & Due Care	6 - 11
Independence & Disclosure of Interest	12 - 18
Confidentiality	20
Information & Management	21 – 24
Gifts & Hospitality	25 – 26
Remuneration & Costs	27 - 28
Occupation, Employability & Restrictions	29 - 30

Pointers

- Professional Ethics & Model Code of Conduct carries 4 Marks
- Annexure I – Model Code of Conduct – 30 Points have to be thoroughgoing
- Questions will be focused on Code of Conduct and relevant rules
- ✓ **Tip:** Write minimum once the entire 30 points of model code
- The Companies (Registered Valuers and Valuation) **Fourth Amendment** Rules, 2018, w.e.f. **22-11-2022**
- Rules | 21 rules | 5 Annexures | 5 Forms | carry 2 Marks

[https://ibbi.gov.in/webadmin/pdf/legalframework/2018/Nov/The%20Companies%20\(Registered%20Valuers%20and%20Valuation\)%20Rules,%202017%20\(Upto%2013.11.2018\) 2018-11-19%2016:13:01.pdf](https://ibbi.gov.in/webadmin/pdf/legalframework/2018/Nov/The%20Companies%20(Registered%20Valuers%20and%20Valuation)%20Rules,%202017%20(Upto%2013.11.2018) 2018-11-19%2016:13:01.pdf)

Annexure

MODEL CODE OF CONDUCT FOR REGISTERED VALUERS	I
FORMS – RV & RVO	II
Governance Structure and Model Bye Laws for registered valuers organisation (Part I & Part II)	III
Eligibility qualification and Experience for Registration as Valuer	IV
Fees to be paid by RV and RVO	V

Forms

Application for registration as a valuer by an individual	A
Application for registration as a valuer by a partnership entity/Company	B
CERTIFICATE OF REGISTRATION	C
APPLICATION FOR RECOGNITION	D
CERTIFICATE OF RECOGNITION REGISTERED VALUERS ORGANISATION	E

22[ANNEXURE-IV]

Eligibility qualification and Experience for Registration as Valuer (See Explanation II to rule 4)

Asset Class	Eligibility	Experience in specified discipline.
	Qualifications	
Plant and Machinery	(i) Graduate in Mechanical, Electrical, Electronic and Communication, Electronic and Instrumentation, Production, Chemical, Textiles, Leather, Metallurgy, or Aeronautical Engineering, or Graduate in Valuation of Plant and Machinery or equivalent;	(i) Five Years
	(ii) Post Graduate on above courses.	(ii) Three years
Land and Building	(i) Graduate in Civil Engineering, Architecture, or Town Planning or equivalent;	(i) Five years
	(ii) Post Graduate on above courses and also in valuation of land and building or Real Estate Valuation (a two-year full time post-graduation course)	(ii) Three years.

Securities or Financial Assets	(i) Member of Institute of Chartered Accountants of India, Member of Institute of Company Secretaries of India, Member of the Institute of Cost Accountants of India, Master of Business Administration or Post Graduate Diploma in Business Management (specialisation in finance). (ii) Post Graduate in Finance	Three years
Any other asset class along with corresponding qualifications and experience in accordance with rule 4 as may be specified by the Central Government.		

Note ²³[1]: The eligibility qualification means qualification obtained from a recognised Indian University or equivalent whether in India or abroad.

²⁴[Note 2: In case of asset classes namely, the ‘plant and machinery’ and ‘land and building’ the corresponding relevant nomenclature for the branches of the engineering and technology of graduate and post-graduate courses referred to in the notification number F. No. 27/RIFD/Pay/01/2017-18, dated the 28th April, 2017, issued by the All India Council for Technical Education, shall also be considered.]



3. Professional Ethics and Standards (3 Marks)

4. General Laws – Chapter XVII – Registered Valuer (2 Marks)

3(a). Model Code of Conduct as notified by MCA	Professional competence and due care, independence and disclosure of interest
	Confidentiality, information management, Gifts and hospitality
	Integrity and fairness, remuneration and costs, occupation, employability and restrictions Business ethics

Model Code of Conduct

1. Professional competence & due care
2. independence & disclosure of interest
3. Confidentiality
4. information management
5. Gifts & hospitality
6. Integrity and fairness
7. remuneration and costs,
8. occupation,
9. employability and restrictions
10. Business ethics

1. A valuer shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent judgment.

- a) Professional
- b) Correct
- c) Adept
- d) Natural

2. A valuer **shall carry out professional services in accordance with the relevant and professional standards that may be specified from time to time.**

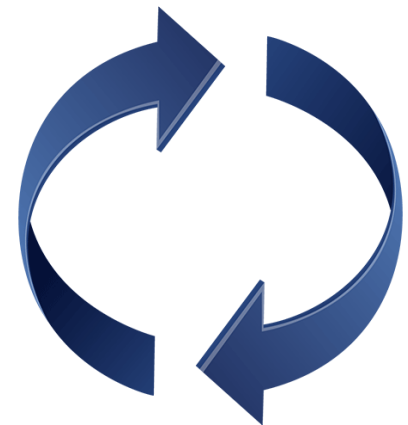
- a) Regulation
- b) Technical
- c) Accounting
- d) Valuation

3. In the preparation of a valuation report, the valuer shall not disclaim liability for his/its expertise or deny his/its duty of care, except to the extent that the assumptions are based on statements of fact provided by the and not generated by the valuer.

- a) Company
- b) Consultants
- c) Information available in public domain
- d) AOTA

4. A valuer **shall** act with objectivity in his/its professional dealings by ensuring that his/its decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the valuation assignment or not. Identify which **SECTION** of Model Code of Conduct

- a) Integrity & Fairness
- b) Professional Competence & Due Care
- c) Independence & Disclosure of Interest
- d) Confidentiality



5. A valuer **shall maintain complete independence in his/its professional relationships and shall conduct the valuation independent of influences**

- a) Internal**
- b) External**
- c) Authorities**
- d) Client**

6. A valuer shall endeavour to ensure that he/it provides true and information and shall not misrepresent any facts or situations.

- a) Relevant**
- b) Fair**
- c) Adequate**
- d) Correct**

7. A valuer shall keep foremost while delivering his services.

- a) Client Interest**
- b) Private Interest**
- c) Public Interest**
- d) Bankers Interest**

8. A valuer shall maintain integrity by being honest, straightforward, and forthright in all relationship

- a) Business**
- b) Professional**
- c) Client**
- d) Legal**

**9. A valuer shall maintain integrity by being
straightforward, and forthright in all professional
relationship**

- a) Loyal**
- b) Honest**
- c) Responsible**
- d) Disciplined**

10. A valuer shall from being involved in any action that would bring disrepute to the profession.

- a) Ignore**
- b) Avoid**
- c) Refrain**
- d) Sojourn**

11. A valuer shall ensure that he/ it maintains written contemporaneous for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his/its decisions and actions.

- a) Records**
- b) Documents**
- c) Reports**
- d) Proofs**

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- ✓ A valuer while respecting the **confidentiality** of information acquired during the course of performing professional services, shall **maintain proper working papers for a period of three years** or such longer period as required in its contract for a specific valuation, for production before a regulatory authority or for a peer review.
- ✓ *In the event of a pending case before the Tribunal or Appellate Tribunal, the record shall be maintained till the disposal of the case.*

12. A valuer while respecting the confidentiality of information acquired during the course of performing professional services, shall maintain proper working papers for a period of years or such longer period as required in its contract for a specific valuation, for production before a regulatory authority or for a peer review.

- a) FIVE**
- b) THREE**
- c) EIGHT**
- d) TEN**

Rule 7(f)

Gifts & Hospitality



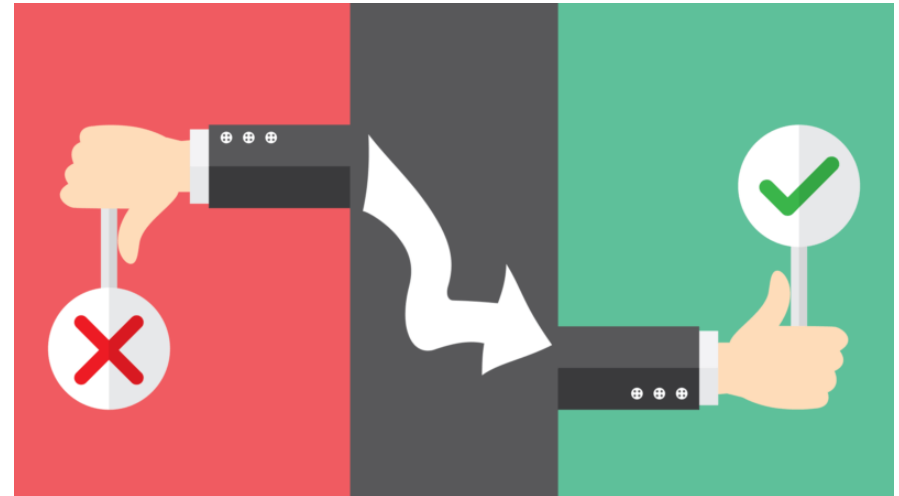
25

- A valuer or his/its relative **shall not accept gifts or hospitality** which undermines or affects his independence as a valuer.

Explanation.— For the purposes of this code the term ‘relative’ shall have the same meaning as defined in clause (77) of Section 2 of the Companies Act, 2013 (18 of 2013).

13. A valuer or his/its relative shall not accept gifts or which undermines or affects his independence as a valuer.

- a) Money
- b) Perquisites
- c) Hospitality
- d) AOTA



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- A valuer shall not accept any fees or charges **other than those which are disclosed in a written contract** with the person to whom he would be rendering service.

14. A valuer shall not accept any fees or charges other than those which are in a written contract with the person to whom he would be rendering service.

- a) Approved**
- b) Agreed**
- c) Confirmed**
- d) Disclosed**

Occupation, Employability & Restrictions



EMPLOYABILITY SKILLS



29

- A valuer shall refrain from accepting too many assignments, if he/it is unlikely to be able to devote adequate time to each of his/ its assignments.

30

- A valuer shall not conduct business which in the opinion of the authority or the registered valuer organisation **discredits the profession.**

15. A valuer shall not conduct business which in the opinion of the authority or the registered valuer organisation the profession.

- a) Damages**
- b) Enhances**
- c) Discredits**
- d) Dilutes**



3. Professional Ethics and Standards (4 Marks)

4. General Laws – Chapter XVII – Registered Valuer (2 Marks)

3(b). Ethical considerations under terms of engagements	Engagement letter, management representation, Guidance on use of work of experts, Independence and conflict of interest, Quality review process of valuers, Rights and responsibilities of valuers
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16. A Valuation engagement letter :

- a) Is a written agreement**
- b) Defines the legal relationship between a Client and Valuation Professional**
- c) Does not include Professional Fees**
- d) Both (a) and (b)**

17. A management representation letter (MRL) would ordinarily be signed by the who have primary responsibility for the entity and its financial aspects based on the best of their knowledge and belief.

- a) Senior Executive Officer**
- b) Senior Financial Officer**
- c) Members of management**
- d) AOTA**

Refer : IAASB - ISA 580, Management Representations – Para 14

18. When a potential **conflict of interest may exist, a Valuer should make the in the Report**

- a) Disclaimer**
- b) Notes**
- c) Disclosures**
- d) Comments**

Rule 8(3)(d)

Terms of Engagement





IVS 101: Section 10 : Introduction

Para 10.1 – Scope aka Terms of Engagement

- A scope of work (sometimes referred to as terms of engagement) describes the fundamental terms of a valuation engagement, such as the asset(s) being valued, the purpose of the valuation and the responsibilities of parties involved in the valuation

Where? Valuations are widely used and relied upon in financial and other markets, whether for inclusion in financial statements, for regulatory compliance or to support secured lending and transactional activity [Introduction to IVS – Page 1 – Para 2]



19. A/An describes the fundamental terms of a valuation engagement, such as the asset(s) being valued, the purpose of the valuation and the responsibilities of parties involved in the valuation

- a) Appointment Letter**
- b) Scope of Work**
- c) Engagement Letter**
- d) Expression of Interest**

Rule 7(f)

The Companies (Registered Valuers & Valuation) Rules

- (f) maintain records of each assignment undertaken by him for at least three years from the completion of such assignment;

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Valuation Report & Documentation

- A *valuer* shall retain the information obtained, as well as his analyses, 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.

20. A valuer shall retain the information obtained, as well as his analyses, 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 years from the date of the valuation report.

- a) FIVE**
- b) THREE**
- c) EIGHT**
- d) TEN**

IVS : 102 : Para 30 Valuation Record



Para 30.1 – Reasonable Period

- A record **must** be kept of the work performed during the valuation process and the basis for the work on which the conclusions were reached **for a reasonable period** after completion of the assignment, having regard to any relevant statutory, legal or regulatory requirements.
- Subject to any such requirements, this record **should** include the key inputs, all calculations, investigations and analyses relevant to the final conclusion, and a copy of any draft or final report(s) provided to the *client*.

Guidance on use of work of experts



2(38) – Expert includes Valuer

- According to Section 2(38) of Companies Act, 2013, a Valuer is an expert and his civil and criminal liability is the liability of an expert.
- “Expert includes an Engineer, a Valuer, a Chartered Accountant, a Company Secretary, a Cost and Works Accountant and any other person who has the power or authority to issue a certificate in pursuance of any law for the time being in force.”



IVS Framework : Para 50 - Competence

Para 50.1

- *Valuations* **must** be prepared by an individual or firm having the appropriate technical skills, experience and knowledge of the subject of the *valuation*, the market(s) in which it trades and the *purpose of the valuation*.

Para 50.2

- If a *valuer* **does not** possess all of the necessary technical skills, experience and knowledge to perform all aspects of a *valuation*, it is **acceptable** for the *valuer* to seek assistance from specialists in certain aspects of the overall assignment, providing this is disclosed in the scope of work (see IVS 101 *Scope of Work*) and the report (see IVS 103 *Reporting*).

Para 50.3

- The *valuer* **must** have the technical skills, experience and knowledge to understand, interpret and utilise the work of any specialists.

21. If a *valuer* does not possess all of the necessary technical skills, experience and knowledge to perform all aspects of a *valuation*, it is acceptable for the *valuer* to seek assistance from in certain aspects of the overall assignment

- a) Professionals**
- b) Valuers**
- c) Specialists**
- d) Experts**

Rule 8. Conduct of Valuation

(1) The registered valuer **shall**, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18:

Provided that until the valuation standards are notified or modified by the Central Government, a valuer **shall** make valuations as per-

(a) internationally accepted valuation standards;

(b) valuation standards adopted by any registered valuers organisation.

(2) The registered valuer **may** obtain inputs for his valuation report or get a separate valuation for an asset class conducted from another registered valuer, in which case he shall fully disclose the details of the inputs and the particulars etc. of the other registered valuer in his report and the liabilities against the resultant valuation, irrespective of the nature of inputs or valuation by the other registered valuer, shall remain of the first mentioned registered valuer.

Companies (Registered Valuers and Valuation) Rules, 2017

18th October, 2017



Is the Valuation Examination mandated under any law and for what purpose?

Yes.

- The Companies (Registered Valuers and Valuation) Rules, 2017 was notified on **October 18, 2017**.
- The Ministry of Corporate Affairs (MCA) has delegated the powers and functions pertaining to Registered Valuers, as mentioned in Section 247 of the Companies Act, 2013, to the IBBI, vide notification dated October 23, 2017.
- The Valuation Examination is mandated under Section 247 read with sections 458 and 469 of the Companies Act, 2013 (18 of 2013).
- It is one of the mandatory conditions for registration as a Registered Valuer with IBBI.

CHAPTER XVII

REGISTERED VALUERS

Section 247 : Valuation by registered valuers



(1) Where a valuation is required to be made in respect of **any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities** under the provision of this Act, it **shall** be valued by a person having such **qualifications and experience and registered as a valuer** in such manner, on such terms and conditions as may be **prescribed** and appointed by the audit committee or in its absence by the Board of Directors of that company.

Rule 1(3) These rules shall apply for valuation in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities under the provision of the Act or these rules.

(2) The valuer appointed under sub-section (1) **shall**,—

- ✓ (a) make an impartial, true and fair valuation of any assets which may be required to be valued;
- ✓ (b) exercise due diligence while performing the functions as valuer;
- ✓ (c) make the valuation in accordance with such rules as may be prescribed; and
- × (d) not undertake valuation of any assets in which he has a **direct or indirect interest** or becomes so interested at any time *during a period of **three years** **prior** to his appointment as valuer or three years **after** the valuation of assets was conducted by him*

(3) If a valuer contravenes the provisions of this section or the rules made thereunder, the valuer **shall** be punishable with fine which shall not be less than **twenty-five thousand rupees** but which may extend to **one lakh rupees**:

*Provided that if the valuer has contravened such provisions with the **intention to defraud the company** or its members, he **shall** be punishable with imprisonment for a term which may extend to **one year** **and** with fine which shall not be less than **one lakh rupees** but which may extend to **five lakh rupees**.*

(4) Where a valuer has been convicted under sub-section (3), he **shall** be liable to—

(i) **refund the remuneration** received by him to the company; **and**

(ii) **pay for damages** to the company or to any other person for loss arising out of incorrect or misleading statements of particulars made in his report.

22. In the Composition of the Governing Board for registered valuers organisation; not more than of the directors shall be registered valuers.

- a) One half**
- b) One third**
- c) One fourth**
- d) One fifth**

23. Who is the **authority** responsible for the registration and supervision of registered valuers

- a) Ministry of Corporate Affairs
- b) The Insolvency and Bankruptcy Board of India
- c) Central Government
- d) Any other authority

Rule 2(b) “authority” means an authority specified by the Central Government under section 458 of the Companies Act, 2013 to perform the functions under these rules;

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 23rd October, 2017

S.O. 3401 (E).—In exercise of the powers conferred by section 458 of the Companies Act, 2013 (18 of 2013), the Central Government hereby delegates the powers and functions vested in it under section 247 of the said Act to the Insolvency and Bankruptcy Board of India, subject to the condition that the Central Government may revoke such delegation of powers or it may exercise the powers under the said section, if in its opinion such a course of action is necessary in the public interest.

2. This notification shall come into force with effect from the date of its publication in the Official Gazette.

[F. No. 1/27/2013-CL-V(Part-I)]

AMARDEEP SINGH BHATIA, Jt. Secy.

24. The registered valuer shall not undertake valuation of any assets in which he has a direct or indirect interest or becomes so interested at any time during the period of years prior to his appointment as valuer

- a) 2**
- b) 3**
- c) 4**
- d) 5**

Section 247(2)

25. Under Rule 19, the Committee to advice on Valuation matters shall comprise of 17 (14 + 3) members out of which up to members who are representatives of Registered Valuers Organisations, nominated by Central Government.

- a) 2**
- b) 3**
- c) 4**
- d) 5**

26. Who amongst the following is **not eligible to be registered as the registered valuer as per companies rules,2017**

- a) Is a valuer member of a registered valuers association**
- b) Is recommended by the registered valuers organization of which he is a valuer member for registration as a valuer**
- c) Has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months**
- d) Is a fit and proper person**

27. The partnership firm shall be eligible to be a registered valuer if,

- a) It has been set up for objects other than for rendering professional and financial services, including valuation services**
- b) It has been set up for objects for rendering professional and financial services including valuation service**
- c) It is undergoing an insolvency resolution or is an undischarged insolvent**
- d) None of the partners is a registered valuer for the asset class for the valuation of which it seeks to be a registered valuer**

28. A company shall make an application for registration as a registered valuer in

- a) Form A**
- b) Form B**
- c) Form C**
- d) Form D**

29. The authority grants certificate of registration as a registered valuer in

- a) Form A**
- b) Form B**
- c) Form C**
- d) Form D**

30. The shall notify and may modify (from time to time) the valuation standards on the recommendations of the Committee set up under rule 19 of Valuation Rules.

- a) Registered Valuer Organization**
- b) IBBI**
- c) Ministry of Corporate Affairs**
- d) Central Government**

IVS: 106 : Section 30 : Valuation Reports

Para 30.6 Valuation reports *must* convey the following, at a minimum:

- (a) agreed scope of the work;
- (b) *assets* and/or *liabilities* being valued;
- (c) the identity of the *valuer*;
- (d) *client*;
- (e) *intended use*;
- (f) *intended users*;
- (g) valuation currency(ies) used;
- (h) *valuation date(s)*;

IVS: 106 : Section 30 : Valuation Reports

Para 30.6 Valuation reports must convey the following, at a minimum:

- (i) basis (bases) of value adopted;
- (j) approach or approaches adopted;
- (k) method or valuation models applied;
- (l) significant data and inputs used;
- (m) environmental, social and governance inputs used and considered;
- (n) significant or special assumptions and/or limiting conditions;
- (o) findings of a specialist or service organisation;
- (p) value and rationale for valuation;
- (r) IVS compliance statement;
- (s) date of the report (which may differ from the valuation date).

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

- ✓ (a) background information of the asset being valued;
- ✓ (b) purpose of the valuation and appointing authority;
- ✓ (c) the identity of the *valuer* and any other experts involved in the valuation;
- ✓ (d) disclosure of the *valuer's* interest or conflict, if any;
- ✓ (e) date of appointment, valuation date and date of the valuation report;
- ✓ (f) inspections and/or investigations undertaken;
- ✓ (g) nature and sources of the information used or relied upon;
- ✓ (h) procedures adopted in carrying out valuation and valuation standards followed;
- ❑ (i) **valuation methodology used**;
- ❖ (j) **restrictions on use of the valuation report**, if any;
- ❖ (k) **major factors that were taken into account during the valuation**;
- ❖ (l) **conclusion**; and
- ❖ (m) **caveats, limitation 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.**

2

Rule 8(3) : The Companies (Registered Valuers and Valuation) Rules, 2017

8(3) The valuer shall, in his report, state the following:-

- ✓ (a) background information of the asset being valued;
- ✓ (b) purpose of valuation and appointing authority;
- ✓ (c) identity of the valuer and any other experts involved in the valuation;
- ✓ (d) disclosure of valuer interest or conflict, if any;
- ✓ (e) date of appointment, valuation date and date of report;
- ✓ (f) inspections and/or investigations undertaken;
- ✓ (g) nature and sources of the information used or relied upon;
- ✓ (h) procedures adopted in carrying out the valuation and valuation standard followed;
- ❖ (i) **restrictions on use of the report**, if any;
- ❖ (j) **major factors that were taken into account during the valuation**;
- ❖ (k) **conclusion**; and
- ❖ (l) **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.**



30A. The Valuer's report shall not contain,

- a) Information of the assets being valued**
- b) Disclosure of valuer interest or conflict, if any**
- c) Major factors that were taken into account during the valuation**
- d) Professional Fees**

Rule 12

Eligibility for registered valuers organisations.

Provided that, subject to sub-rule (3), the following organisations may also be recognised as a registered valuers organisation for valuation of a specific asset class or asset classes, namely:-

- (a) an organisation registered as a society under the Societies Registration Act, 1860 (21 of 1860) or any relevant state law, or;
- (b) an organisation set up as a trust governed by the Indian Trust Act, 1882 (2 of 1882).

(3) A registered valuers organisation, being an entity under proviso to sub-rule (1), shall convert into or register itself as a company under section 8 of the Companies Act, 2013 (18 of 2013), and include in its bye laws the requirements specified in **Annexure- III, within one year from the date of commencement of these rules.**

30B. For an organization to be registered as a registered-valuers organization;

- a) it has been registered under section 25 of the Companies Act, 1956 or section 8 of the Companies Act, 2013 with the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes and has in its bye laws the requirements specified in Annexure-III**
- b) It is a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession;**
- c) Both (a) and (b)**
- d) Either (a) or (b)**



31. If IBBI is satisfied, after such scrutiny, inspection or inquiry as it deems necessary, that the applicant is eligible under valuation rules, it **may** grant a certificate of registration to the applicant to carry on the activities of a registered valuer for the relevant asset class or classes in Form C of the Annexure II within of receipt of the application, excluding the time given by the authority for presenting additional documents, information or clarification, or appearing in person, as the case may be.

- a) 30 Days
- b) 45 Days
- c) 60 Days
- d) 75 Days

Rule 6(6)

#	RVO Recognition #	Name of RVO	Asset Class
1	IBBI/RVO/2017/001	<i>Institution of Estate Managers and Appraisers</i>	L&B, P&M, S/FA
2	IBBI/RVO/2017/002	<i>IOV Registered Valuers Foundation</i>	L&B, P&M, S/FA
3	IBBI/RVO/2018/003	<i>ICSI Registered Valuers Organisation</i>	L&B, P&M, S/FA
4	IBBI/RVO/2018/004	<i>The Indian Institution of Valuers</i>	L&B, P&M, S/FA
5	IBBI/RVO/2018/005	<i>ICMAI Registered Valuers Organisation</i>	L&B, P&M, S/FA
6	IBBI/RVO/2018/006	<i>ICAI Registered Valuers Organisation</i>	S/FA
7	IBBI/RVO/2018/007	<i>PVAI Valuation Professional Organisation</i>	L&B, P&M, S/FA
8	IBBI/RVO/2018/008	<i>CVSRTA Registered Valuers Association</i>	L&B, P&M
9	IBBI/RVO/2018/009	<i>Association of Certified Valuators and Analysts</i>	S/FA
10	IBBI/RVO/2018/010	<i>CEV Integral Appraisers Foundation</i>	L&B
11	IBBI/RVO/2018/011	<i>Divya Jyoti Foundation</i>	L&B, P&M, S/FA
12	IBBI/RVO/2020/012	<i>Nandadeep VALUERS Foundation</i>	L&B, P&M, S/FA
13	IBBI/RVO/2020/013	<i>All India Institute of Valuers Foundation</i>	L&B, P&M, S/FA
14	IBBI/RVO/2020/014	<i>International Business Valuers Association</i>	L&B, P&M, S/FA
15	IBBI/RVO/2020/015	<i>All India Valuers Association</i>	L&B, P&M, S/FA
16	IBBI/RVO/2021/016	<i>Assessors and Registered Valuers Foundation</i>	L&B, P&M, S/FA

32. The IBBI has granted recognition to HOW MANY Registered Valuers Organizations

- a) 13
- b) 14
- c) 15
- d) 16

Forms

Application for registration as a valuer by an individual	A
Application for registration as a valuer by a partnership entity/Company	B
CERTIFICATE OF REGISTRATION	C
APPLICATION FOR RECOGNITION	D
CERTIFICATE OF RECOGNITION REGISTERED VALUERS ORGANISATION	E

33. The authority grants the certificate of recognition as a registered valuers organization

- a) Form A
- b) Form C
- c) Form E
- d) Form F

34. The authority **may cancel the registration of a registered valuer, if**

- a) He violates any condition of registration**
- b) He violates the provision of any other law for the time being in force**
- c) He violates the provision of the companies act, 2013 or any rules made thereunder**
- d) AOTA**

35. The order passed for cancellation or suspension of a registered valuer shall not become effective until days have elapsed from the date of issue of the order

- a) 15**
- b) 30**
- c) 45**
- d) 60**

The following are the earnings per share of Thermo Electron, a company that designs cogeneration and resource recovery plants, from 1997 to 2002

Year	EPS
1997	0.67
1998	0.77
1999	0.90
2000	1.10
2001	1.31
2002	1.51

- Estimate the arithmetic average growth rate in EPS from 1997 to 2002.
- Estimate the geometric average growth rate in EPS from 1997 to 2002.
- Estimate the compounded annual growth rate in EPS from 1997 to 2002.

36. Estimate the Arithmetic Average Growth Rate in earnings per share from 1997 to 2002.

- a) 15.68%**
- b) 16.68%**
- c) 17.68%**
- d) 11.68%**

37. Estimate the Geometric Average growth rate in earnings per share from 1997 to 2002.

- a) 15.65%**
- b) 16.65%**
- c) 17.48%**
- d) 11.65%**

38. A valuer shall not indulge in “mandate snatching” or offering in order to cater to a company or client’s needs.

- a) Appropriate Valuations
- b) Opportunity Valuations
- c) Convenience Valuations
- d) Ease Valuations

39. In any fairness opinion or independent expert opinion submitted by a valuer, if there has been a prior engagement in an unconnected transaction, **the valuer shall declare the association with the company during the lastyears.**

- a) THREE
- b) FIVE
- c) EIGHT
- d) TEN

40. Eligible qualification for Registration as Valuer

.....; **except**

- a) Member of ICAI, ICSI, ICoAI
- b) Qualified Final Examination of ICAI, ICSI, ICoAI
- c) Master of Business Administration (specialisation in finance)
- d) PGDBM (specialisation in finance)
- e) Post Graduate in Finance

41. Eligible years of experience for (S/FA Valuer) in specified discipline for Registration as Valuer;

- a) THREE Years
- b) FIVE Years
- c) FOUR Years
- d) SIX Years

42. Eligible years of experience for graduates (Land & Building) in specified discipline for Registration as Valuer;

- a) THREE Years
- b) FOUR Years
- c) SIX Years
- d) FIVE Years

43. In Which case contentions relating to valuation were put down as the exchange ratio worked out was accepted by majority of shareholders and value of brands, recognized as part of goodwill does not require separate mention:

- a) Brooke Bond Lipton India Ltd.**
- b) Dinesh Vrajlal Lakhani Vs. Parke Davis (India Ltd.)**
- c) Dr. Mrs. Renuka Datla Vs. Solvay Pharmaceutical B.V. and Ors.**
- d) Hindustan Lever Employees' Union Vs. Hindustan Lever Limited and Ors**

SULTANIA AND ANOTHER VS THE SECURITIES AND EXCHANGE BOARD OF INDIA

JUDGEMENT PASSED BY SUPREME COURT

- Unless it is shown that some well-accepted principle of valuation has been departed from without any reason, or that the approach adopted is patently erroneous or that relevant factors have not been considered by the valuer or that the valuation was done on a fundamentally erroneous basis or that the valuer adopted a demonstrably wrong approach or a fundamental error going to the root of the matter, this court would not interfere with the valuation of an expert.
- As noticed in Miheer H. Mafatlal (supra), valuation of shares is a technical and complex problem which can be appropriately left to the consideration of experts in the field of accountancy. So many imponderables enter the exercise of valuation of shares.
- Having considered all aspects of the matter, the court is satisfied that the valuer have not committed any such error which may justify court interference. They have considered all the factors relevant under Regulation 20(5)) of the Takeover Code and have adopted a reasonable approach



- a) **Brooke Bond Lipton India Ltd. (1999) 98 Comp Cas 496 (Cal)**
- b) **Dinesh Vrajlal Lakhani Vs. Parke Davis (India Ltd.) (2005) 124 Comp Case 728 (Bom HC)**
- c) **Dr. Mrs. Renuka Datla Vs. Solvay Pharmaceutical B.V. and Ors.**
- d) **G.L. Sultania and Another Vs. The Securities and Exchange Board of India**

45. Which of the following is **not** a condition for registration?

- a) The valuer shall take adequate steps for redressal of grievances
- b) The valuer shall maintain records of each assignment undertaken by him for the last 5 years from completion of such assignment
- c) The valuer shall in his capacity as registered valuer not conduct valuation of assets other than for which it has been granted by the authority
- d) NOTA

Rule 7(c); 7(f); 7(e)

46. Which amongst the following condition/s is/are eligible to be registered as the registered valuer as per the companies rules, 2017

- a) Has passed the valuation examination under rule 5 within TWO years preceding the date of making an application for registration under rule 6
- b) Possesses qualification and experience as specified in rule 4
- c) He is a minor
- d) Both (a) and (b)

Rule 3(c); 3(d); 3(e)

47. Which section of Companies Act, deals with the concept of registered Valuer?

- a) 234
- b) 237
- c) 247
- d) 242

48. A valuer shall in the conduct of his/its business follow Standards of integrity and fairness in all his/its dealings with his/its clients and other valuers:

- a) Reasonable
- b) High
- c) International
- d) Top

49. A valuer shall in the conduct of his/its business follow high Standards of integrity and fairness in all his/its dealings with his/its clients and other

- a) Professionals
- b) Valuers
- c) Authorities
- d) Regulators

50. A valuer shall maintain professional knowledge and skill to provide competent professional service based on up-to-date developments in practice, prevailing regulations/guidelines and techniques

- a) Periodically
- b) Continuously
- c) Sporadically
- d) Intermittently

51. A valuer shall refrain from accepting assignments, if he/it is unlikely to be able to devote adequate time to each of his/ its assignments.

- a) AS many**
- b) TOO many**
- c) More than TWO**
- d) More than THREE**



52. Mini Case

Find the Effective Annual Interest Rate at different frequencies of Compounding

	Frequency of Compounding				
Nominal Annual Rate	Semi-Annual	Quarterly	Monthly	Daily	Continuous
1%	?	?	?	?	?
5%	?	?	?	?	?
10%	?	?	?	?	?
15%	?	?	?	?	?
20%	?	?	?	?	?
25%	?	?	?	?	?
30%	?	?	?	?	?
35%	?	?	?	?	?

What is the Effective Annual Interest Rate?

- The Effective Annual Rate (EAR) is the interest rate that is adjusted for compounding over a given period.
- In simple terms, the effective annual interest rate is the rate of interest that an investor can earn (or pay) in a year after taking into consideration compounding.
- The Effective Annual Interest Rate is also known as the effective interest rate, effective rate, or the annual equivalent rate.
- Compare it to the Annual Percentage Rate (APR) which is based on simple interest.
- The EAR formula is given below:

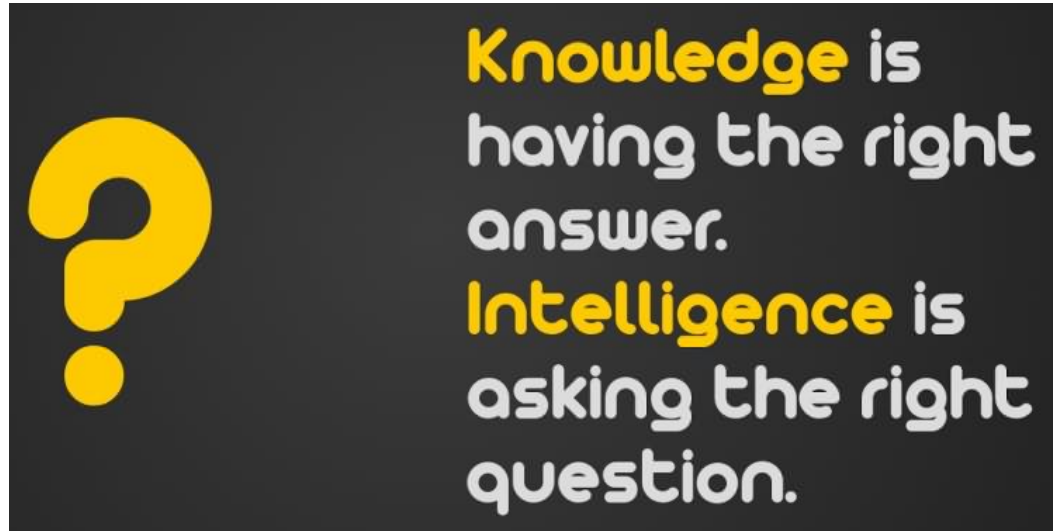
$$\text{EAR} = (1 + i/n)^n - 1$$

Continuous Compounding

- When the frequency of compounding is increased up to infinity we get "continuous compounding".
- By definition, as n approaches infinity in the term $(1 + (r / m))^m$ the value of this term approaches a limit equal to e^r .
- Where e is the constant [2.7182818284....] and r is the interest rate in decimal form equal to $R/100$. Therefore
- **$EAR = e^r - 1$**

What a company is worth depends on who wants to buy it

1	a	11	a	21	c	31	c	41	a	51	b
2	b	12	b	22	c	32	c	42	d	30A	d
3	d	13	c	23	b	33	c	43	a	30B	b
4	c	14	d	24	b	34	d	44	d		
5	b	15	c	25	c	35	b	45	b		
6	c	16	d	26	c	36	c	46	b		
7	c	17	d	27	b	37	c	47	c		
8	b	18	c	28	b	38	c	48	b		
9	b	19	b	29	c	39	b	49	b		
10	c	20	c	30	d	40	b	50	b		



CA Dr GOPAL KRISHNA RAJU

Chartered Accountant, Insolvency Professional, Registered Valuer & Arbitrator

Partner : K GOPAL RAO & CO | Chartered Accountants

Mumbai, Chennai, Bengaluru, Coimbatore, Hyderabad, Trichy, Madurai & Tiruvallur

Email: gkr@icai.org; gkr@kgrca.in Blog: www.3spro.blogspot.com

Mobile: 98400 63269 | 98401 63269