



## **AAA VALUATION PROFESSIONALS (I) LLP**

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### **Detailed analysis of Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018 notified on 13<sup>th</sup> November, 2018.**

#### **Key Amendments**

1. Extending the eligibility for plant and machinery asset class to persons who are Graduate or Post-Graduates in Electronic and Communication, Electronic and Instrumentation, Production, Chemical, Textiles, Leather, Metallurgy, or Aeronautical Engineering. Before amendment only Mechanical & Electrical Engineers and Graduates in Valuation of Plant & Machinery were eligible.
2. Requirement for persons with Professional qualifications to have Graduate or Post-Graduate degree have been done away with.
3. Drafting errors have been corrected which include removal or amendment of provisions in the rules which were Ultra Vires The Companies Act, 2013

#### **Detailed note on amendments**

##### **1. Changes in Rule 1 (Short title, commencement and application)**

The amendment in Rule 1 seeks to clarify the application of the said rules.

The rules as per newly inserted Sub-Rule (3) of Rule 1 shall apply for valuation in respect of any:

- a. property,
- b. stocks,
- c. shares,
- d. debentures,
- e. securities or
- f. goodwill or
- g. any other assets or net worth of a company or
- h. its liabilities

under the provision of the Act or these rules.

Further the amendment Rules have inserted an explanation to Rule 1 (modified and moved from Rule 11). The explanation clarifies that the rules will not affect the conduct of valuation under any other law other than the Companies Act, 2013. The explanation added reads as under:

**“Explanation.- It is hereby clarified that conduct of valuation under any other law other than the Act or these rules by any person shall not be affected by virtue of coming into effect of these rules.”**



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### **2. Changes in Rule 3 (Eligibility for registered valuers)**

Sub-rule (2) of Rule 3 provides for certain disqualifications for a partnership entity or company to be eligible to be a registered valuer. The amendment corrects certain drafting errors in clause (a) and (c) of the said Sub-rule. The amended sub-rule now reads as under:

(2) No partnership entity or company shall be eligible to be a registered valuer if-

- (a) it has been set up for objects other than for rendering professional or financial services, including valuation services and that in the case of a company, it is ~~not~~ a subsidiary, joint venture or associate of another company or body corporate;
- (b) it is undergoing an insolvency resolution or is an undischarged bankrupt;
- (c) all the partners or directors, as the case may be, are not ineligible under clauses (c), (d), (e), **(f)**, (g), (h), (i), (j) and (k) of sub-rule (1);
- (d) three or all the partners or directors, whichever is lower, of the partnership entity or company, as the case may be, are not registered valuers; or
- (e) none of its partners or directors, as the case may be, is a registered valuer for the asset class, for the valuation of which it seeks to be a registered valuer.

### **3. Changes in Rule 4 (Qualification and experience)**

Amendments in Rule 4 include the following:

- a. Amendment in clause (c) to enable individuals who have membership of a professional institute but do not have a Post-graduate or Bachelors degree to qualify for registration as valuers.
- b. Amendment in Explanation II to allow for simplification of qualifying education and experience stated in Annexure IV.
- c. Insertion of Explanation III to clarify the scope of 'equivalent'

Amended Rule 4 is reproduced hereunder:

4. An individual shall have the following qualifications and experience to be eligible for registration under rule 3, namely:-

- (a) post-graduate degree or post-graduate diploma, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least three years of experience in the specified discipline thereafter; or
- (b) a Bachelor's degree or equivalent, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least five years of experience in the specified discipline thereafter; or



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(c) membership of a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession with at least three years' experience after such membership and having qualification mentioned at clause (a) or (b).

Explanation-I– For the purposes of this clause the 'specified discipline' shall mean the specific discipline which is relevant for valuation of an asset class for which the registration as a valuer or recognition as a registered valuers organisation is sought under these rules.

Explanation-II.– Qualifying education and experience and examination or training for various asset classes, is given in an indicative manner in Annexure-IV of these rules.

**Explanation III.- For the purposes of this rule and Annexure IV, 'equivalent' shall mean professional and technical qualifications which are recognised by the Ministry of Human Resources and Development as equivalent to professional and technical degree.**

#### **4. Changes in Rule 10 (Functions of a valuer)**

Rule 10 now reads as under:

A valuer shall conduct valuation required under the Act as per these rules and he may ~~conduct valuation as per these rules if required under any other law or by any other regulatory authority.~~

The amendment seems to have been made to restrict the rules to apply for Companies Act, 2013 as the deleted part of the rule was ultra-vires the Act.

#### **5. Changes in Rule 11 (Transitional Arrangement)**

The Amendment act has deleted Explanation to Rule 11. The said Explanation in its modified form has now been inserted as explanation to Rule 1.

#### **6. Change in Rule 12 (Eligibility for registered valuers organisations)**

The amendment corrects a drafting error. The harmonious interpretation of the section remains unchanged.

#### **7. Change in Annexure IV (Eligibility qualification and experience for Registration as Valuer)**

Annexure IV has been replaced by a fresh Annexure IV. The key change in the said annexure include the following:

- a) Extending the eligibility for plant and machinery asset class to persons who are Graduate or Post-Graduates in Electronic and Communication, Electronic and Instrumentation, Production, Chemical, Textiles, Leather, Metallurgy, or Aeronautical Engineering. Before amendment only Mechanical & Electrical Engineers and Graduates in Valuation of Plant & Machinery were eligible.



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- b) Persons having eligible graduate degree and five years of experience are eligible for Plant & Machinery and Land & Building asset classes. Persons having eligible Post Graduate or Professional qualifications and three years of experience are eligible for 'Plant & Machinery', 'Land & Building' & 'Securities & Financial Assets' asset classes.

Annexure IV after and before amendment are enclosed for easy reference.

Disclaimer: The article includes personal opinion and interpretation of the author, CA Ankit Goel. The firm is not responsible for any error in the said article. Feedback or suggestions are welcome and may be sent to [ankitgoel@akgindia.in](mailto:ankitgoel@akgindia.in)



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### Annexure IV

(As inserted by Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018 w.e.f. 13<sup>th</sup> November, 2018

### 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).<br>(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.-** The eligibility qualification means qualification obtained from a recognised Indian University or equivalent Institute whether in India or abroad.



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### **Brief Profile of the Firm**

#### **About us**

AAA Valuation Professionals (I) LLP was incorporated on 6<sup>th</sup> December, 2018 vide LLP Identification Number (LIN) AAN-6462 for the dedicated objective of conducting Valuation Business. The Firm is member of IOV Registered Valuers Foundation vide the following Membership Nos:

| <b>Asset Class</b>            | <b>Membership No. with IOV Registered Valuers Foundation</b> | <b>Membership No. with IBBI</b> |
|-------------------------------|--|---------------------------------|
| Land & Building               | IOVRV02E1002LB   | Applied for                     |
| Plant & Machinery             | IOVRV02E1002PM   | Applied for                     |
| Securities & Financial Assets | IOVRV02E1002SFA  | Applied for                     |

While the firm awaits its registration as a registered valuer with IBBI, it proposes to take up this assignment in name of one of the Partners, Mr. Ankit Goel.

All the Partners of the firm are Registered Valuers with IBBI for different Segments and have more than 30 years of experience in conducting Valuation Assignments.

The presence of our staff in more than 50 Cities across India, enables us to take up any Valuation Assignment and provide a Comprehensive Valuation Report as per International and Domestic Valuation Standards.

We are a process oriented organisation and use technology in all aspects of our practise to deliver Quick, Accurate and Independent Opinion on Valuation of Assets and Businesses. Our in house software helps us prepare reports without missing any important or material detail.

#### **Details of Partners/ registered valuers who will be conducting the assignment**

| <b>Name of Registered Valuer Partner</b> | <b>Asset Class of registration</b> | <b>Registered Number with IBBI</b> |
|--|------------------------------------|------------------------------------|
| Mr Veer Singh                            | Land & Building                    | IBBI/RV/02/2019/10554              |
| Mr Anil Sharma                           | Plant & Machinery                  | IBBI/RV/05/2018/10100              |
| Mr Ankit Goel                            | Securities & Financial Assets      | IBBI/RV/06/2018/10150              |

#### **CA. Ankit Goel**

B.Com(H), L.L.B., F.C.A., DISA (ICAI), Registered Valuer (IBBI) (SFA)



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CA. Ankit Goel is a Fellow Member of The Institute of Chartered Accountants of India (ICAI) and an Alumni of Delhi University and has more than 8 years of experience in valuing Securities and Financial Assets.

### **Engr. Anil Kumar Sharma**

B. Tech (Electrical Engineering), DIBF (ICFAI), PRINCE 2, Chartered Engineer, Registered Valuer (IBBI) (PM)

Anil finished his high school at Delhi and completed studies in engineering (BTech Electrical Engineering) from IIT Delhi in 1980 and later secured a Diploma in Business Finance from ICFAI in 1995. He is a certified Prince 2 Project Practitioner, a Certified Management Consultant, a Chartered Engineer and a Registered Valuer Plant & Machinery, IBBI.

### **Engr. Veer Singh**

B. E. (Civil), MBA, FIB, Registered Valuer (IBBI) (LB)

Registered Valuer for Land & Building Asset Class vide Valuer Registration Number:

IBBI/RV/02/2019/10554

Mr Veer Singh retired as Sub Divisional Engineer (Civil) from Bharat Sanchar Nigam Limited in 2017 and has been conducting valuation for various projects of BSNL for the past 35 years. He is engaged in the profession of Valuation of Land & Building since the past one year.

### **About our Group**

AAA Valuation Professionals (I) LLP is promoted by the same team of professionals who are behind AAA Insolvency Professionals LLP, AAA Capital Services Pvt Ltd and AKG & Co., Chartered Accountants.

AAA Insolvency Professionals LLP, is the second IPE to get registered with IBBI and the largest Insolvency Professional Entity (IPE) in the country with experience of more than 47 cases. The IPE has more than 25 partners located in across 13 States across India and they are empanelled with most banks in India as Resolution Professionals (IPs) and Liquidators.

AAA Capital Services Pvt Ltd, is the largest Enforcement Agent under SARFAESI Act in India with experience of handling over 18500 SARFAESI Cases. The company is empanelled as Enforcement Agents with all public sector and private banks and various Financial Institutions across India. Its



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more than 150 Employees located across more than 50 Cities in India are experts in Identification of Mortgaged Land & Building and Plant and Machinery and estimating their fair Value for maximum realisation from the sale of the assets for Banks and Financial Institutions enforcing their security interest.