

VOL. 2 | No. 3 | March 2019

RVO CONNECT

Newsletter for
Valuation Professionals



REGISTERED VALUERS ORGANISATION
(A Wholly owned subsidiary of ICSI and registered with IBBI)

CONTENTS

March, 2019

From the President.....	3
Articles	
• Valuation and Recognition of Goodwill.....	4
• Valuation Processes.....	8
Glimpses Of ICSI RVO Educational Course.....	15
Members Admitted.....	16
About ICSI RVO.....	17

Copyright 2019 with the ICSI Registered Valuers Organisation

Printed and Published by
Samir Raheja on behalf of ICSI Registered Valuers Organisation

Correspondence: ICSI Registered Valuers Organisation
4th Floor, ICSI House, 22 Institutional Area,
Lodi Road, New Delhi - 110 003 Ph.: 011-45351028

Disclaimer: The views and opinions expressed in the Journal are those of the author alone and should not be taken to reflect either the views or the policy of the organisation to which they belong to or employed, publisher, editor or the ICSI Registered Valuers Organisation. The publisher, editor/s, authors and ICSI Registered Valuers Organisation will not at all be responsible in respect of anything and the consequences of anything done or omitted to be done by any person in reliance upon the contents of this Newsletter. This disclaimer applies to all, whether subscriber to the Newsletter or not. Material in this Newsletter should not be reproduced whether in part or whole without the written consent of the publisher.



From the President

“It is not what you are that is holding you back. It's what you think you are not.”

Dear Professional Colleague,

This newsletter is indeed one of the ways through which I can word my thoughts, articulate them well and communicate with all the Registered Valuers sitting across the length and breadth of the nation and making a mark as the first few leaders who shall pave the way for the future Valuers to follow. It goes without saying that the stumbling stones in your path shall prove to be lessons of learning and maybe make for great stories of accomplishment later on...

For as former American President, John F. Kennedy puts it, “Leadership and Learning are indispensable to each other”. Undergoing the mandatory classroom training, clearing the requisite examination, the COP training so on and so forth; akin to any other qualification are just the gate pass into the valuation ring. However, what is more importantly needed to succeed and even more sustain in this arena is not just patience, grit and hard work but most importantly an unceasing zeal for continuous learning.

The ICSI recently celebrated the International Women's Day, 2019 in full zest and gusto... Having women of inspiration amongst us was indeed an enlightening and enthralling experience. Through their words and shared experiences, the realisation of the strength of womankind was both reiterated and reinstated. Focussing on the Institute and its proud members, all we need is the female members of the ICSI brigade to comprehend and recognize the opportunities available to them to realise their true potential and contribute their bit in national growth.

Valuation, as yet, is an untapped field, a reservoir of endless opportunities. While we at ICSI are committed at providing any and every support possible to keep intact the professional allegiance of the members, I would urge the members themselves, especially the female members to consider this arena with greater hope and fervour.

While the field or the arena may seem arduous at the outset, but then as they say and I quote:

“Knowledge will bring you the opportunity to make a difference.”

Happy Reading!!!

CS Ranjeet Pandey

President

The Institute of Company Secretaries of India



Rajesh Mittal

FCS, ACA, Insolvency Professional, Registered Valuer

E-mail: rajesh@alamakcapital.com

VALUATION AND RECOGNITION OF GOODWILL

1. What are Intangible Assets?

An intangible asset is a non-monetary asset. It does not have physical substance but grants rights or economic benefits to its owner. It could be identifiable or unidentifiable. Identifiable criteria is met when an intangible item (a) either arises from contractual or other legal rights or (b) is capable of being separated or divided from the entity and sold, transferred, rented or licensed.

Intangible assets could fall in one or more of the following categories:-

- Market related, such as trademarks and trade names
- Customer related, such as customer lists and customer contracts
- Artistic related, such as right to benefit from artistic work such as plays, books and music
- Contract related, such as licensing or royalty agreements, broadcast rights and natural resources rights
- Technology based, such as patented technology, designs, processes, recipes and software.

2. What is Goodwill?

As the name implies, goodwill represents the reputation of the business which is not captured in any other bucket of tangible or intangible assets. Goodwill could be transferable (that can be transferred to third parties) and non-transferable or personal goodwill. It is a hidden asset which forces acquirer to pay more for acquiring the business. The value of goodwill is typically measured as the residual amount remaining after the values of all identifiable tangible, intangible and monetary assets (adjusted for liabilities) have been deducted from the value of a business.

Goodwill may include one or more of the following elements:-

- Synergies arising from a combination of two or more businesses; such as reduction in operating expenses.
- Access to new or different markets
- The benefit of human resources (assembled work force)
- The benefit from future assets, such as new customers and future technologies
- Going concern value

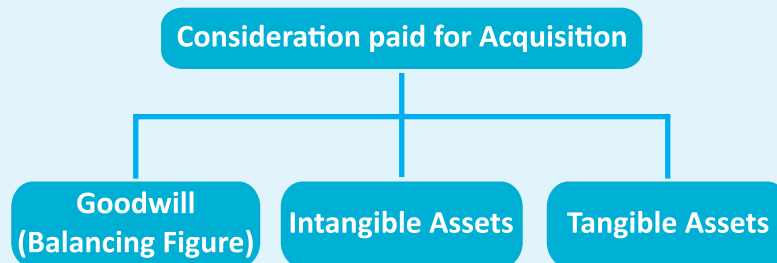
3. Accounting and Valuation of goodwill

Goodwill is one of the most commonly reported intangible asset in a balance sheet. It is reflected only after acquisitions and is designed to capture the difference between what is paid for a target company and the book value of its assets. Thus it is a balancing figure and to that extent a variable number. Accordingly, the value of goodwill will be impacted by :-

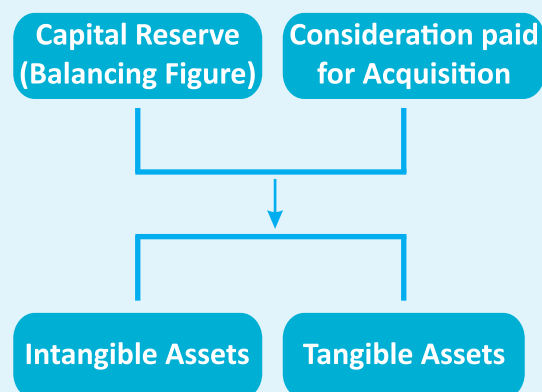
- **Measurement of book value** – If the book value of assets is understated because of accounting reasons, the value of goodwill will be overstated and vice versa
- **Overpayment or underpayment on acquisition** – If the acquiring company overpays on an acquisition, its goodwill will increase by the overpayment or vice versa

Consideration paid for acquisition

Situation One: Paying more than the value of assets

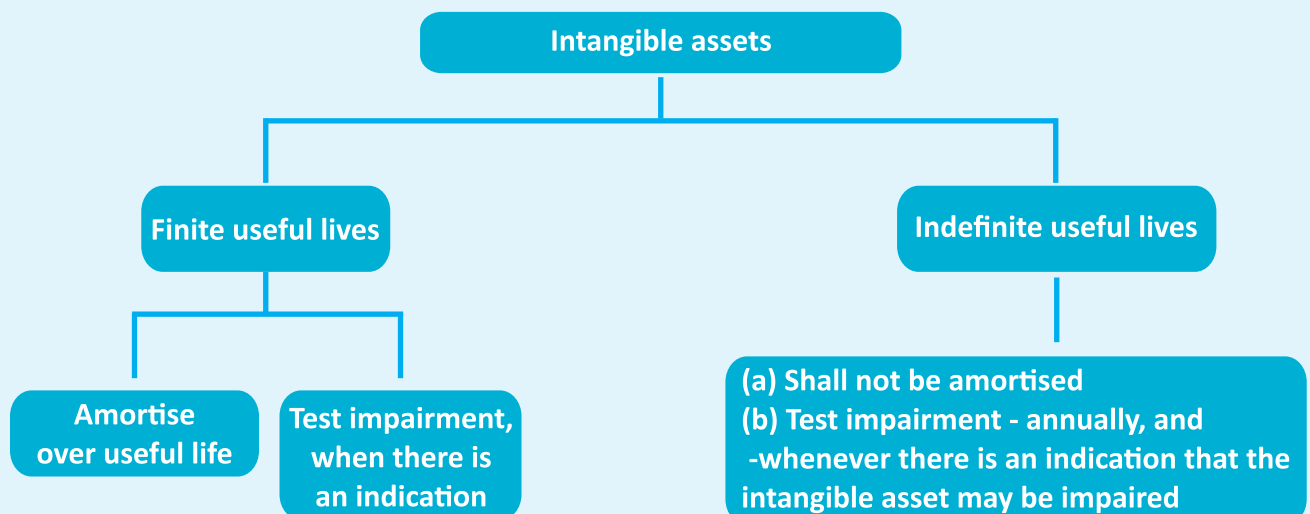


Situation Two: Bargain Purchase



Ind AS 38 prescribes the accounting treatment of intangible assets. However, accounting treatment and valuation for goodwill acquired in business combination is governed by Ind AS 103.

Amortization and impairment of intangible assets as per Ind AS 38 is illustrated in the following diagram:-



4. Internally Generated Goodwill

Goodwill is continuously generated as the entity continues its growth journey in business. However, the recognition of self-generated goodwill is not permitted under Ind AS 38; and hence, there is no requirement of valuation for this purpose. The relevant portion of Ind AS 38 is reproduced below:-

“Internally generated goodwill shall not be recognized as an asset.

In some cases, expenditure is incurred to generate future economic benefits, but it does not result in the creation of an intangible asset that meets the recognition criteria in this Standard. Such expenditure is often described as contributing to internally generated goodwill. Internally generated goodwill is not recognized as an asset because it is not an identifiable resource (i.e., it is not separable nor does it arise from contractual or other legal rights) controlled by the entity that can be measured reliably at cost.”

5. Business Combination

Ind AS 103 defines business combination as a transaction or event whereby the acquirer obtains the control of one or more business. The following events would lead to 'business combination':-

- Acquisition of majority stake
- Combination by contract
- Unincorporated business
- Legal merger

Ind AS 103 defines goodwill as an asset representing the future economic benefits arising from other assets acquired in a 'business combination' that are not individually identified and separately recognized. The acquirer subsumes into goodwill; (a) value of an acquired intangible asset that is not identifiable (e.g. assembled workforce), and (b) value attributed to items that do not qualify as assets (e.g. potential contracts).

A more common business combination is where the acquirer does not own the acquired entity fully instead has a third party non-controlling interest (NCI). It is viewed as equity participant (NCI) providing finance to the acquired business. Ind AS 103 provides two choices (full or partial goodwill method) :-

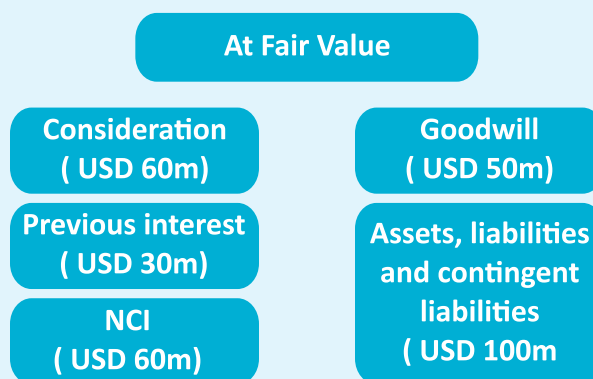
- Measure NCI at fair value; or
- Measure NCI at its share of fair value of acquired net assets

Example

- XYZ Limited bought a 40% stake in ABC Limited for USD 60 m.
- It already holds a 20% interest in ABC Limited.
- 100% of the FV of assets, liabilities and contingent liabilities of ABC Limited on the date of acquisition is USD 100m.

Value of Goodwill under the two methods:-

At Proportionate Value	
Consideration (USD 60m)	Goodwill (USD 30m)
Previous interest (USD 30m)	Assets, liabilities and contingent liabilities (USD 100m)
NCI (40%) (USD 40m)	



6. Tax deductibility of depreciation under Income Tax Act

Under section 32(1)(ii) of the Income Tax Act, deduction of depreciation is allowed on tangible as well as intangible assets while computing income under the head 'profit and gains of business and profession'.

Intangible assets eligible for depreciation as per the above provision are:- "know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998." As on date, the asset 'goodwill' is not mentioned in the list of intangible assets for depreciation.

The Supreme Court has held that goodwill acquired on amalgamation (being difference between cost of assets and consideration paid) was a capital right which would fall under the expression 'any other business or commercial right of a similar nature' and hence, eligible for depreciation while computing business income. As per the decision of the Supreme Court depreciation would be allowed on the goodwill recognized as per Ind AS 103 discussed above in a business combination.

7. Impairment of Goodwill and 'Reversal of an Impairment Loss'

Ind AS 36 – Impairment of Assets states that a cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognise the impairment loss.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period. Reverse of impairment loss in subsequent years is akin to recognizing internally generated goodwill which is not permitted under Ind AS 38.

Suggested Reading

1. International Valuation Standards – IVS 210 Intangible Assets
2. Indian Accounting Standard (Ind AS) 36 – Impairment of Assets
3. Indian Accounting Standard (Ind AS) 38 – Intangible Assets
4. Indian Accounting Standard (Ind AS) 103 – Business Combinations



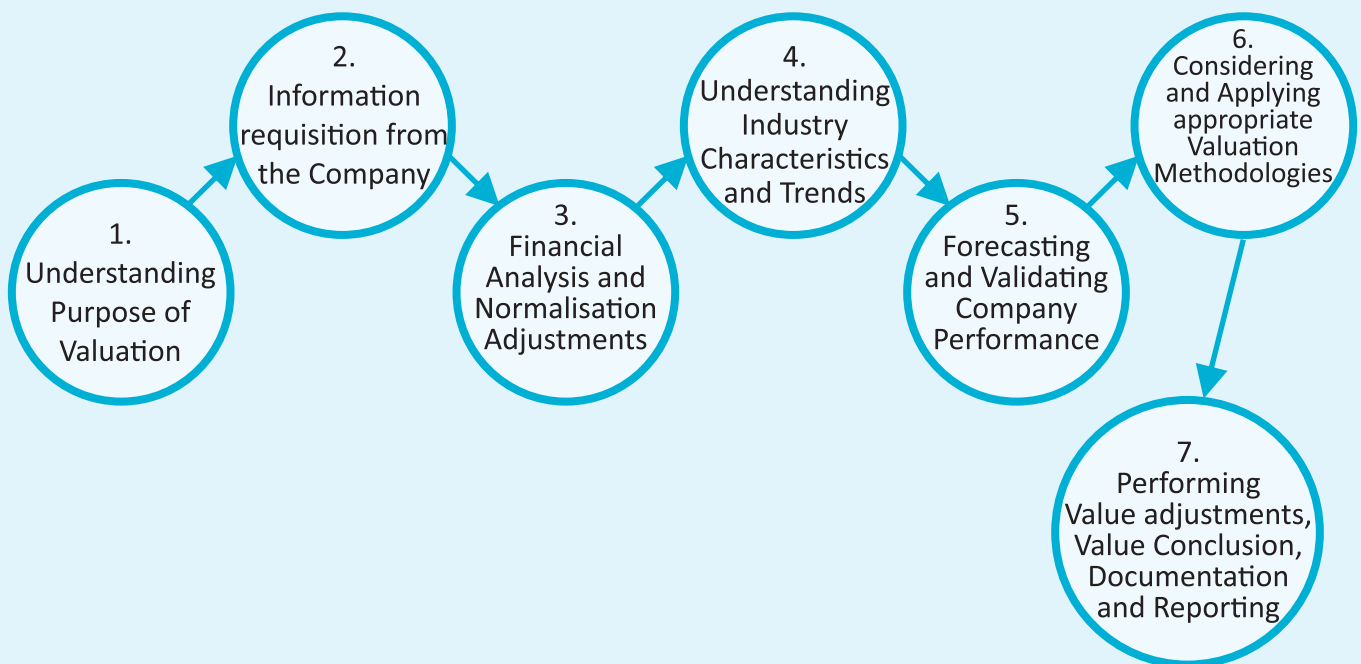
Chander Sawhney
ACS, FCA, Registered Valuer
E-mail: chander@indiacp.com

VALUATION PROCESS

(including guidance under International Valuation Standards)

Valuation is the process of determining the “**Economic Worth**” of an Asset or Liability under certain “**Assumptions and Limiting Conditions**” and subject to the “**Data**” available on the “**Valuation Date**”.

The valuation process involves the following steps:



1. Understanding Purpose Of Valuation

Understanding the purpose of valuation is the first step of the valuation process. Proper analysis of the valuation engagement will assist the valuer in considering, evaluating, and applying the appropriate valuation approaches and methods to the subject interest. Is the valuation required for Minority or Controlling Shareholders? Is it for Regulatory purposes? Is it Equity or Enterprise Valuation?

In case valuation is for regulatory or financial reporting purpose, emphasis is to be given on the legal and regulatory

aspects which may prescribe a particular valuation methodology and also a particular standard and premise of valuation in some cases. In such a case, the valuer has to undertake the valuation within the defined framework.

Enterprise valuation is the total of equity value (or market cap) and debt (net of cash and cash equivalents). Enterprise Value is also called as the Value of Company or business and it includes value of tangible and intangible assets. The value of Equity is a sub-set of the Enterprise Valuation.

Even when the value of Equity is derived, it needs to be allocated it to its various shareholders. Some of the shareholders may be minority shareholders and some controlling shareholders with differential / preferred rights as to liquidation, voting rights, management control etc. Obviously, the value of all shareholders would be different and needs to be apportioned based on the exact contractual terms and complex valuation methodologies.

Determination of Standard of Value and Premise of Valuation is important before undertaking any Valuation engagement.

“Standard of Value” is the fundamental condition under which a business is valued.

Types of Standard of Value:

➤ **Fair Market Value**

The OECD defines Fair Market Value as the price a **willing buyer** would pay a **willing seller** in a transaction on the **open market**.

➤ **Fair Value**

Ind AS 113 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

➤ **Investment Value**

Investment value can be defined as the **value to a particular investor** based on the investor's investment requirements and expectations.

“Premise of value” relates to the assumptions upon which the valuation is based.

Types of Premise of Value:

➤ **Going Concern**

Value as an ongoing operating business enterprise.

➤ **Liquidation**

Value when business is terminated.

International Valuation Standards (IVS) 104, para 80.1 defines Liquidation Value as the amount that would be realised when an asset or group of assets are sold on a piecemeal basis.

It further states that Liquidation Value can be determined under two different premises of value:

- (a) an orderly transaction with a typical marketing period,
or
- (b) a forced transaction with a shortened marketing period.

2. Information Requisition From Company

The nature and extent of the information needed to perform the analysis will depend on the following:

- Nature of the valuation engagement
- Scope of the valuation engagement

- Valuation date
- Intended use of the valuation
- Applicable standard and premise of value
- Assumptions and limiting conditions; and
- Applicable laws, regulations and professional standards

Such information includes:

- **Non-financial information** (Promoters, Management, Products, Industry, Competition, Strategy)
- **Shareholders information** (Equity Shares v. Preferred Shares with contractual rights, Minority v. Control)
- **Financial information** (Historical Annual Reports, Future Projections, Non-Operating Assets)

3. Financial Analysis And Normalisation Adjustments

Analysis of the past financial performance of a company is necessary for forecasting its future performance.

Besides financial statements, the annual report of a company includes a lot of information considered important for analysis of the company. This includes -

- Management discussion and analysis report (MDA)
- Independent auditor's report
- Accounting policies and disclosures
- Related party transactions
- Segment reporting and
- Other aspects.

Closely held companies require significant adjustments to estimate the normalised earnings of the company due to presence of related party transactions and the non-recurring and non-operating items also need segregation from the financial statements.

4. Understanding Industry Characteristics And Trends

Knowledge of industry is necessary and essential for preparation and review of financial forecasts of any company as different Industries have different risk and return characteristics and competitive advantages.

While forecasting, past data does provide a basis. However, newer technology and changing government regulations could have a significant impact on changing the business models of companies.

Understanding basis of classification of industries is important based on the principal products & services of the companies and their revenue contribution.

Internationally, for industry classification reliance is given upon Global Industry Classification Standard (GICS) developed by Standard & Poor's and Morgan Stanley. The GICS combines the companies in a sector, industry group, industry and sub-industry. The S&P BSE indices in India have also made an industry classification system in line with GICS. The National Industrial Classification, 2008 (NIC) also provide a basis for the standardised collection, analysis and dissemination of industry (economic activity) wise economic data for India.

5. Forecasting And Validating Company Performance

Industry and competitive analysis, together with an analysis of the company's financial performance , provide a basis for

forecasting performance. Forecasts of sales, expenses, profits (EBIT, EBITDA and PAT), capex and working capital provide the inputs for most valuation models.

It is the work and responsibility of a company's management to make financial projections of its business. The role of a valuer is to validate it and make necessary adjustments, wherever required.

Guidance under IVS on reasonableness of Assumptions and information received from Management

As required by IVS 105 Valuation Approaches and Methods, para 10.7, a valuer must assess the reasonableness of information received from management, representatives of management or other experts and evaluate whether it is appropriate to rely on that information for the valuation purpose.

Guidance under IVS on Investigations and Compliance

As per IVS 102 (Para 20.2), Sufficient evidence must be assembled by means such as inspection, inquiry, computation and analysis to ensure that the valuation is properly supported, adequate for the purpose of the valuation.

6. Considering And Applying Appropriate Valuation Approach

Purpose of valuation (regulatory or transaction), size of transaction (minority or control), stage of business, and business model determine valuation approaches to be applied in different circumstances.

Globally, there are three approaches to Valuation. Income, Asset and Market approaches.

While the Income and Asset approaches result in fundamental valuation, the Market approach results in relative value of business.

➤ Income Approach

The income-based methods of valuations are based on the premise that the current value of any business is a function of the future value that an investor can expect to receive from purchasing all or part of the business.

- **Capitalization of earning Method**

The capitalisation method basically divides the expected earnings of a business by the capitalisation rate.

- **Discounted Cash Flow Method**

Discounted Cash Flow (DCF) expresses the present value of the business as a function of its future cash earnings capacity. In this method, the valuer estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and capital expenditure is being met. DCF method can result in either Enterprise value or Equity value based on the type of cash flows considered i.e. Free cash flow to firm (FCFF) or Free cash flow to equity (FCFE). The FCFF is discounted at the Weighted Average Cost of Capital (WACC) and the FCFE at the Cost of Equity (Ke). DCF method is most widely applied method for valuation of shares or business in practice for valuation

➤ Asset Approach

Another type of fundamental valuation approach is asset-based valuation that values a company on the basis of its underlying assets or resources it controls. Generally, the Net Asset Value (NAV) reflected in books does not usually include intangible assets enjoyed by the business and are also impacted by accounting policies which may be discretionary at times. NAV is thus not perceived as a true indicator of the fair business value. However, it is used to evaluate the entry barrier that exists in a business and is considered viable for companies having reached the mature or declining growth cycle and also for property and investment companies having strong asset base.

➤ Market Approach

In this model, value is determined by comparing the subject, company or assets with identical or comparable assets or transactions for which price information is available. Comparable assets are generally happening in the same industry and preferably of the same size and region. This is also known as market approach to valuation.

- **Comparable (or guideline) companies multiples (CCM) method**

Market multiples of comparable listed companies are computed and applied to the company being valued to arrive at a multiple-based valuation. Finding comparable is a big task in itself and must be done after thorough scanning of the sector. It results in minority valuation. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors.

- **Comparable (or guideline) transaction multiples (CTM) method**

This technique is mostly used for valuing a company for M&A/investments. Valuation multiples are derived from the investment transactions that have taken place in the same industry (private companies) and applied to the company being valued to arrive at a transaction-based valuation. The biggest challenge in this method is that as most of the investments happen in closely held companies and only limited information about the transactions (including the year to date financials and valuation multiples) is available in public domain, it results in control valuation.

- **Market value method**

The market value method is generally the most preferred method in case of frequently traded shares of companies listed on stock exchanges having nationwide trading as it is perceived that the market value takes into account the inherent potential of the company.

Choice of Valuation approaches

In selecting a model, data availability and quality/accuracy of data can be limiting factors and require suitable adjustments considering industry trends and valuer's experience.

In General, for Business Valuation on going concern basis, Income Approach is preferred;

- The **dominance of profits for valuation of share was emphasised** by the Indian Courts in Commissioner of Wealth Tax v. **Mahadeo Jalan's case (S.C.)** (86 ITR 621) and Additional Commissioner of Gift Tax v. Kusumben D. Mahadevia (S.C.) (122 ITR 38) where it was said that “the real value of shares in a company will depend more on the profits which the company **has been making and should be capable of making**, having regard to the nature of its business, than upon the amount which the shares would realise on liquidation”.
- In accordance with “Fair Value” standard for Financial Reporting i.e. Ind AS 113, preference should be given to valuation methods relying on Observable inputs. Thus, where the price information of an asset is available in an active market, it is generally considered to be the strongest evidence of value.

Guidance under IVS 105, Valuation Approaches and Methods on choice of valuation methodologies

Para 10.3, the goal in selecting valuation approaches and methods for an asset is to find the most appropriate method under the particular circumstances. No one method is suitable in every possible situation.

Para 10.4, Valuers are not required to use more than one method for the valuation of an asset, particularly when the valuer has a high degree of confidence in the accuracy and reliability of a single method, given the facts and circumstances of the valuation engagement.

However, valuers should consider the use of multiple approaches and methods and more than one valuation approach or method should be considered and may be used to arrive at an indication of value, particularly when there are insufficient factual or observable inputs for a single method to produce a reliable conclusion. Where more than one approach and method is used, or even multiple methods within a single approach, the conclusion of value based on those multiple approaches and/or methods should be reasonable and the process of analysing and reconciling the differing values into a single conclusion, without averaging, should be described by the valuer in the report.

Para 10.5, It is the valuer's responsibility to choose the appropriate method(s) for each valuation engagement.

Para 10.7, Valuers should maximise the use of relevant observable market information in all three approaches.

7. Performing Scenario Analysis, Value Adjustments, Documentation And Reporting

➤ Scenario Analysis

As different valuation methods result in different value conclusions and achievement of forecast cannot be guaranteed as it is dependent on future industry trends and government policies which cannot be fully predicted, it is advisable to perform valuation under different scenarios.

➤ Value Adjustments

The purpose, applicable standard of value, or other circumstances of an engagement may indicate the need to account for differences between the base value derived through a particular valuation methodology and the value of the subject interest. If so, appropriate discounts or premiums should be applied. Two such types of valuation adjustments in case of valuation of a business or shares include a **discount for lack of marketability (DLOM)** and a **discount for lack of control (DLOC)**.

Non - Operating Assets

While the valuing of operating assets is generally reflected in the cash flow generated by the business, there are Non - Operating Assets which are not used in the operations including excess cash balances, and assets held for investment purposes.

Investors generally do not give much value to such assets and demerger or hive off may be required for optimum value creation. However while valuing a company, the value of such non-operating asset should be added separately to arrive at the enterprise value.

➤ Documentation

Documentation is the principal record of information obtained and analysed, procedures performed, valuation approaches and methods considered and used, and the conclusion of value. The quantity, type and content of documentation are matters of the valuer's professional judgment. Sufficient documentation should be retained for information relied upon in the valuation process. Inclusion of such information in the report satisfies this standard.

The Companies (Registered Valuers and Valuation) Rules, 2017 states that the documentation should be maintained by the valuer for a minimum period of 3 years.

➤ Reporting

One of the final stages in the valuation process is the communication of the results of the valuation to the client or other user of the report. The form of any particular report will depend on the nature of the engagement, its purpose, its findings and the needs of the decision-makers who receive and rely upon it.

As per the Companies (Registered Valuers and Valuation) Rules, 2017, the valuer shall state the following in his valuation report:

- Background information of the asset being valued;
- Purpose of valuation and appointing authority;
- Identity of valuer and any other experts involved in valuation;
- Disclosure of valuer interest/conflict, if any;
- Date of appointment, valuation date and date of report;
- Inspections and/or investigations undertaken;
- Nature and sources of the information used or relied upon;
- Procedures adopted in carrying out the valuation and the valuation standards followed;
- Restrictions on use of the report, if any;
- Major factors that were taken into account during the valuation;
- Conclusion; and
- Caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by the valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.

Concluding Thoughts

The valuation of securities or financial assets is done best when the complete process is followed beginning with understanding purpose of valuation, making information requisition to company considering the purpose of valuation, doing financial analysis and normalisation adjustments, understanding industry characteristics and trends, forecasting and validating company performance, considering and applying appropriate valuation approach and performing scenario analysis, value adjustments, documentation and reporting. It would be prudent to say that the valuation of securities or financial assets is beyond the numbers and a successful valuer is one who follows the complete valuation process in true spirits. Needless to say, merely following the process in full and asking the right questions from the subject company/client would through useful information to guide the valuer in presenting a true and fair view of the valuation of the Asset/Company.

Valuation in itself is evolving in India and is an inexact science. Professional judgement of valuer is thus critical in any valuation exercise. However, till now due to lack of Indian Valuation Standards and absence of any Regulatory Authority to control, guide and develop the practice of valuation in India, different valuers have been taking different assumptions leading to drastic differences in value conclusion. In many cases, the valuation also lacks uniformity and generally accepted global valuation practices.

With above background, the Companies Act, 2013 had brought the concept of “Registered Valuers” to regulate the practice of valuation in India and to standardise the valuation through Companies (Registered Valuers and Valuation) Rules, 2017.

The MCA has formulated a “Committee to advise on Valuation matters” for making recommendations in formulation and laying down of valuation standards and policies for compliance by companies and registered valuers. The committee includes representatives of CBDT, RBI, SEBI, IBBI, MCA, IRDAI as well as the representatives/nominee of Industry and Registered Valuer Organisations (RVOs). Further it is clarified under the Rules that till the Indian Valuation Standards are made, the Registered Valuers are required to follow the Internationally accepted valuation standards.

Though a lot of guidance is available under the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC) on various aspects of the valuation process. However while applying these principles, the experience of the valuer plays a crucial role in validation of company's business model, selection of appropriate methodologies and value conclusion.

GLIMPSES OF ICSI RVO EDUCATIONAL COURSE

AHMEDABAD



CHANDIGARH



MEMBERS ADMITTED

S. No.	Registration No.	Name	Address	E-mail	Date of Registration
1	IBBI/RV/03/2019/10861	Shyam Arora	96,Aravali apartment , Alaknanda , New Delhi , South ,National Capital Territory Of Delhi - 110019	arora.shyaam@ yahoo.com	22 Feb, 2019

About ICSI RVO

The field of valuation, as an area of activity is still untapped, demanding the presence of experts possessing the right knowledge and capabilities which brings upon the realisation that we Company Secretaries as professionals in India can provide the much needed support both as members of ICSI as well as by forming a significantly strong army of Valuation members.

In order to enable the members of ICSI, as well as other professionals and eligible persons to register as Registered Valuers, the ICSI on November 22, 2017 incorporated a not-for-profit private limited company under Section 8 of the Companies Act, 2013, by the name **ICSI Registered Valuers Organisation (ICSI RVO)**.

ICSI RVO intends to enrol, educate, train and promote the profession of Registered Valuers as per the Companies (Registered Valuers and Valuation) Rules, 2017.



"You cannot connect dots looking forward, but you can connect dots looking backwards."

~ Steve Jobs

The concept of 'Registered Valuer' was introduced under section 247 of the Companies Act, 2013 to carry out 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, as per the Companies (Registered Valuers and Valuation) Rules, 2017 notified by MCA on 18th October, 2017. The Rules will lead to setting-up of Valuation Standards which will further improve transparency and governance and, while bringing about a clarity regarding various aspect of valuation will have a major impact on the industry, professionals, stakeholders and the government as well. Needless to say, the requirement of Registered Valuers will definitely enhance professional opportunities for both the Company Secretaries as well as other professionals.

Some of the areas under Companies Act, 2013 requiring valuation include:



About the Institute of Company Secretaries of India (ICSI):

ICSI is a statutory body constituted under the Company Secretaries Act, 1980 to regulate and develop the profession of Company Secretaries. The Institute has been contributing in all initiatives of Govt. of India having potential to excel socio-economic growth of the nation and in one such initiative has delved into developing Registered Valuers by establishing its wholly owned subsidiary **ICSI Registered Valuers Organisation (ICSI RVO)**.

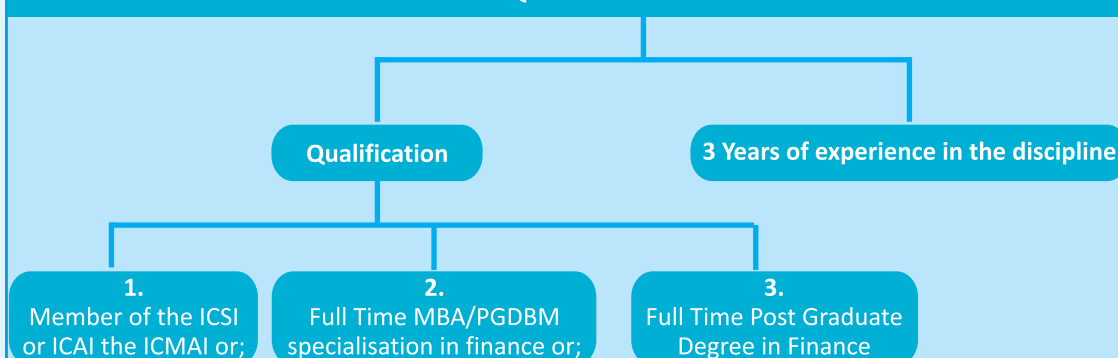


SYLLABUS FOR VALUATION OF SECURITIES OR FINANCIAL ASSETS

S. No.	COVERAGE
1.	Marco Economics
2.	Finance
3.	Professional Ethics and Standards
4.	Financial Statement Analysis
5.	General Laws and Judicial Pronouncements

S. No.	COVERAGE
6.	Overview of Valuation
7.	Valuation Approaches and Methodologies
8.	Valuation Application
9.	Law and Regulations relevant to Financial Assets Valuation
10.	Case Studies

EDUCATIONAL QUALIFICATION & EXPERIENCE



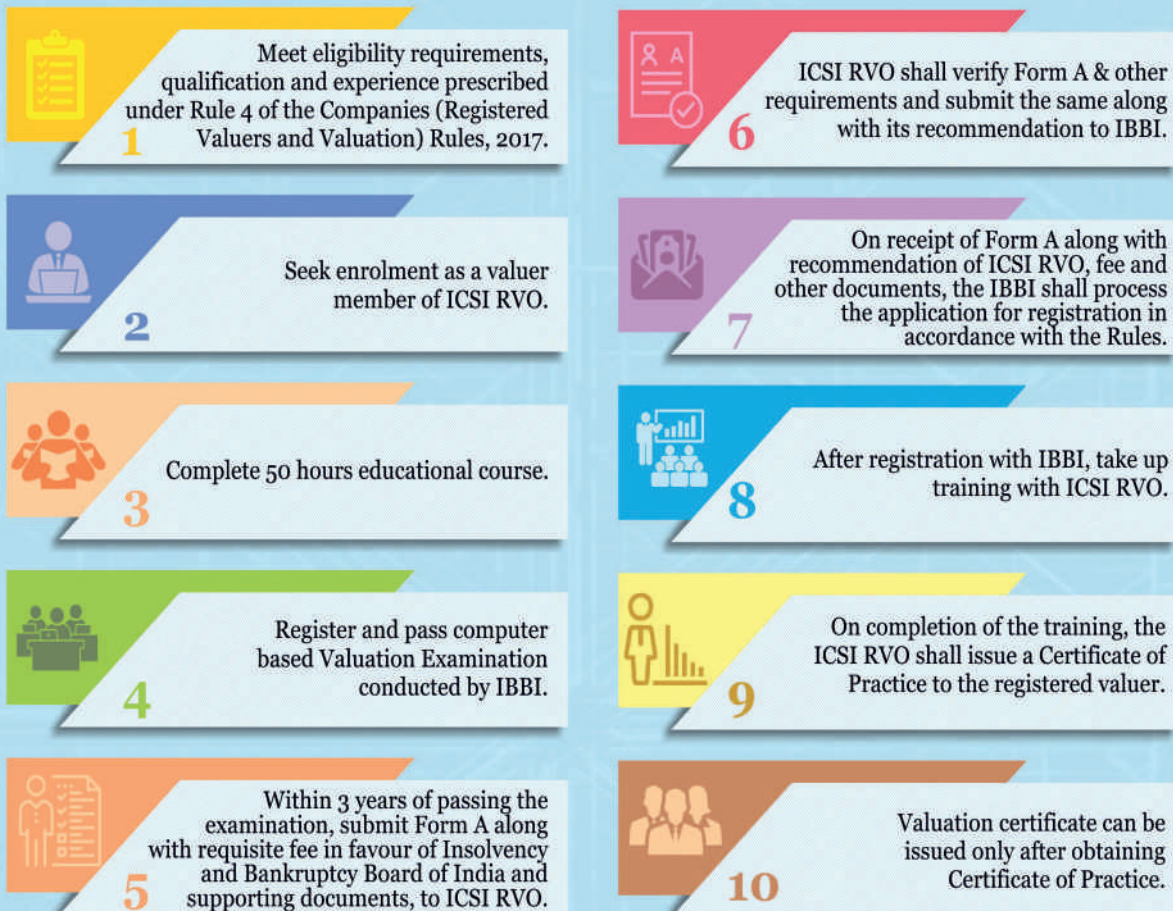
REGISTRATION

Any individual willing to register himself as a Valuer Member may send an application in the form available at the website: www.icsirvo.in

FEE FOR THE COURSE:

- Enrolment Fee: Rs. 8,850/- (Rs.7,500+GST@18%)
- Course Fee: Rs. 26,550/- (Rs. 22,500+GST@18%)
- Educational course Fee (for members who have successfully completed the online Course on Valuation conducted by ICSI): Rs.20,650/- (Rs. 17,500+GST@18%)

PROCEDURE TO BE FOLLOWED



IBBI EXAMINATION REQUIREMENTS

- The examination is conducted online (computer-based in a proctored environment) with objective multiple-choice questions by IBBI
- The duration of the examination is 2 hours
- A candidate is required to answer all questions
- Wrong answer attracts a negative mark of 25% of the marks assigned for the question
- A candidate needs to secure 60% of marks for passing

FEE FOR THE IBBI EXAMINATION: Rs. 1500/- for every enrolment.

For further information contact:

CS Samir Raheja, CEO (Designate), ICSI RVO
 4th Floor, ICSI-House, 22, Institutional Area, Lodi Road, New Delhi-110 003,
 Phone : +91-11-45341028, E-mail : rvo@icsi.edu, Website : www.icsirvo.in

Motto

सत्यं वद। धर्मं चर।

इष्टवार्ते तेन त्रुतिः श्रोतेर्येन तेन कियः।

Vision

"To be a global leader in promoting good corporate governance"

Mission

"To develop high calibre professionals facilitating good corporate governance"



REGISTERED VALUERS ORGANISATION

(A Wholly owned subsidiary of ICSI and registered with IBBI)