

**SPECIFIC PROVISIONS UNDER
THE COMPANIES ACT, 2013
WHICH REQUIRE VALUATION
REPORT FROM A REGISTERED
VALUER:**

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S. No.	Section	Purpose	Details
1	62(1)C	Issue of Shares / convertible securities on preferential basis by unlisted company for cash or for consideration other than cash	Where at any time, a company having share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause 62 (a) or clause 62 (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.
2	177 (4) (vi)	Terms of Reference of Audit Committee	Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include, — valuation of undertakings or assets of the company, wherever it is necessary.
3	192(2)	Noncash transactions with Directors for acquiring assets from the company	Restriction on noncash transactions involving directors. The notice for approval of the resolution by the company or holding company in general meeting under subsection 192 (1) shall include the particulars of the arrangement along with the value of the assets involved in such arrangement duly calculated by a registered valuer.
4	230(2)(c)(v)	Power to compromise or make arrangements with creditors and members.	In case of

5	230(3)	Power to compromise or make arrangements with creditors and members.	a) a compromise or arrangement between members (such as in mergers or amalgamations) b) or with creditors (such as in corporate debt restructuring),
6	232(2)(d)	Merger and amalgamation of companies.	a valuation report in respect of shares, property or assets, tangible and intangible, movable and immovable of the company, or a swap ratio report by a Registered Valuer is required.
7	232(3)(h)	Merger and amalgamation of companies.	
8	236(2)	Purchase of minority shareholding.	The acquirer, person or group of persons under sub-section 236 (1) shall offer to the minority shareholders of the company for buying the equity shares held by such shareholders at a price determined on the basis of valuation by a registered valuer in accordance with such rules as may be prescribed.
9	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 [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. (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;

			<p>(c)make the valuation in accordance with such rules as may be prescribed; and</p> <p>(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.]</p> <p>(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:</p> <p>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.</p> <p>(4)Where a valuer has been convicted under sub-section (3), he shall be liable to—</p> <p>(i)refund the remuneration received by him to the company; and</p> <p>(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.</p>
10	281(1) (a)	Submission of report by Company Liquidator in case of winding up Order by NCLT	The nature and details of the assets of the company including their location and value, stating separately the cash balance in hand and in the bank, if any, and the negotiable securities, if any, held by the company: Provided that the valuation of the assets shall be

			obtained from registered valuers for this purpose.
11	Rule 2 (c) (ix) of Companies (Acceptance of deposit) Rules, 2014	Exclusions from Deposits.	by issue of debentures secured by a charge on company's assets. The amount of such debentures shall not exceed the market value of the assets as determined by a Registered Valuer.
12	Rule 8 (6), (7), (9) & (12) of Companies (Share capital and Debentures) Rules, 2014	Issue of Sweat Equity Shares	<p>This rule applies to all companies except listed companies issuing sweat equity shares to its directors or employees.</p> <p>a) The rule prescribes that the sweat equity shares shall be issued at a price determined by a registered valuer as the fair price giving justification for such valuation.</p> <p>b) the value of the intellectual property or know-how or any other value additions, for which the sweat equity shares have been issued to its directors or employees shall be determined by a valuation report of a registered valuer.</p> <p>c) If the sweat equity shares are issued for a non-cash consideration, the value of such non-cash consideration shall be based on a valuation report by a registered valuer.</p> <p>d) Additionally, if the sweat equity shares are issued pursuant to acquisition of an asset, the value of such asset shall also be determined based on a valuation report by a registered valuer.</p>
13	Rule 12 (5) of the Companies	Return of Allotment	A report of a registered valuer in respect of valuation of the consideration shall also be attached

	(Prospectus and Allotment of Securities) Rules, 2014		along with the contract as mentioned in sub-rule (3) and sub-rule (4)
14	Rule 13 (1) of the Companies (Share Capital and Debentures) Rules, 2014	Issue of shares on preferential basis	Provided further that the price of shares to be issued on a preferential basis by a listed company shall not be required to be determined by the valuation report of a registered valuer.
15	Rule 16 (1) (c) of the Companies (Share Capital and Debentures) Rules, 2014	Provision of Money by Company for Purchase of its Own Shares by Employees or by Trustees for the Benefit of Employees	Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees – where shares of a company are not listed on a recognized stock exchange, the valuation at which shares are to be purchased shall be made by a registered valuer;
16	<u>Rule 6 of Companies (Acceptance of deposit) Rules, 2014</u>	Creation of Security	Provided that in the case of deposits which are secured by the charge on the assets referred to in Schedule III of the Act excluding intangible assets, the amount of such deposits and the interest payable thereon shall not exceed the market value of such assets as assessed by a registered valuer.

SPECIFIC PROVISIONS UNDER THE IBC AND THE REGULATIONS MADE THERE UNDER WHICH REQUIRE VALUATION REPORT FROM A REGISTERED VALUER:

S. No.	Section	Purpose	Details
1	Section 59(3)(b)(ii) of IBC, 2016	Report of Valuation - Voluntary Liquidation of Corporate Persons	A report of the valuation of assets of the company by a Registered Valuer shall be submitted by the company with the application for voluntary liquidation of the company.
2	Section 46 Valuation of avoidable transactions of IBC, 2016	Valuation of avoidable transactions	The adjudicating authority may require an independent expert to assess evidence relating to the value of the transactions.
3	Regulation 27 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016	Appointment of registered valuers.	The resolution professional shall within [seven days of his appointment, but not later than forty-seventh day from the insolvency commencement date], appoint two registered valuers to determine the fair value and the liquidation value of the corporate debtor in accordance with regulation 35: Provided that the following persons shall not be appointed as registered valuers, namely: (a) a relative of the resolution professional; (b) a related party of the corporate debtor; (c) an auditor of the corporate debtor at any time during the five years preceding the insolvency commencement date; or (d) a partner or director of the insolvency professional entity of which the resolution professional is a partner or director.
4	Regulation 35 of the Insolvency and	Fair value and liquidation	Fair value and liquidation value shall be determined in the following manner: -

	<p>Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</p>		<p>(a) the two registered valuers appointed under regulation 27 shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;</p> <p>(b) if in the opinion of the resolution professional, the two estimates of a value are significantly different, he may appoint another registered valuer who shall submit an estimate of the value computed in the same manner; and</p> <p>(c) the average of the two closest estimates of a value shall be considered the fair value or the liquidation value, as the case may be.</p> <p>(2) After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the fair value and the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the fair value and the liquidation value and shall not use such values to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29:</p> <p>(3) The resolution professional and registered valuers shall maintain confidentiality of the fair value and the liquidation value.”</p>
5	<p>Regulation 35 of the Insolvency</p>	<p>Valuation of assets intended to be sold.</p>	<p>Valuation of assets intended to be sold. (1) Where the valuation has been conducted under regulation 35 of the</p>

	<p>and Bankruptcy Board Of India (Liquidation Process) Regulations, 2016</p>		<p>Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or regulation 34 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017, as the case may be, the liquidator shall consider the average of the estimates of the values arrived under those provisions for the purposes of valuations under these regulations.</p> <p>(2) In cases not covered under sub-regulation (1), the liquidator shall within seven days of the liquidation commencement date, appoint two registered valuers to determine the realisable value of the assets or businesses under clauses (a) to (f) of regulation 32 of the corporate debtor: Provided that the following persons shall not be appointed as registered valuers, namely:-</p> <p>(a) a relative of the liquidator;</p> <p>(b) a related party of the corporate debtor;</p> <p>(c) an auditor of the corporate debtor at any time during the five years preceding the insolvency commencement date; or (d) a partner or director of the insolvency professional entity of which the liquidator is a partner or director.</p>
<p>6</p>	<p>Regulation 3(1)(b)(ii) of Insolvency and Bankruptcy Board of India (Voluntary Liquidation</p>	<p>Report of Valuation - Initiation of Liquidation</p>	<p>A report of the valuation of the assets of the corporate person prepared by a Registered Valuer is to be accompanied along with the declaration by the Directors of the company at the time of liquidation proceedings of such company.</p>

	Process) Regulations, 2017		
7	Regulation 38 (1) (c)(iv) of IBBI (Voluntary Liquidation Process) Regulations 2017	Final report prior to dissolution	The liquidator shall prepare a sale statement of assets showing the value realized lesser than the value assigned by the registered valuer.
8	Regulation 26 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017.	Appointment of registered valuers.	Regulation 26 of the said regulations provides for the appointment of Registered Valuer by the interim resolution professional (IRP) within seven days of his appointment to determine the liquidation value of the corporate debtor.
9	Regulation 34 of the Insolvency and Bankruptcy Board of India (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017	Fair value and Liquidation value	(1)The registered valuer appointed under regulation 26 shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor. (2)After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the fair value and the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the

			<p>member to the effect that such member shall maintain confidentiality of the fair value and the liquidation value and shall not use such values to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of the section 29.</p> <p>(3) The resolution professional and registered valuer shall maintain the confidentiality of the fair value and the liquidation value.</p>
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