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Some important changes happened in the Corporate and Legal world in the month of November 2018:

1. Amendment in the Companies (Registered Valuers and Valuation) Rules, 2017

Ministry of Corporate Affairs (MCA) vide notification dated on 13th November, 2018 has notified the Companies (Registered Valuers and Valuation) Rules, 2017 namely:

- 1) These rules may be called the Companies (Registered Valuers and Valuation) Fourth Amendment Rules, 2018. It shall come into force on the date of their publication in the Official Gazette.
- 2) (a) In rule 1, the marginal heading Short title and commencement shall be substituted with Short title, commencement and application.

(b) After rule 1(2), following sub-rule shall be inserted:

(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.

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."

- 3) (a) In rule 3(2), which refers to No partnership entity or company shall be eligible to be a registered valuer if:

Clause (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. In the given clause word '**not**' shall be omitted.

(b) In clause (c), after the brackets and letter (e), letter (f) shall be inserted.
- 4) In rule 4, which refers to Qualifications and experience of the valuer the following changes are made:

(a) In clause c, the words having qualification mentioned at clause (a) or (b) shall be omitted. Therefore now an individual has membership of a professional



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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 can act as valuer.

(b) Explanation II shall be substituted as Qualifying education and experience for various asset classes, is given in an indicative manner in Annexure-IV of these rules.

(c) After explanation II the following shall be inserted:

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.

- 5) In rule 10, which refers to functions of valuer the following shall be substituted as A valuer shall conduct valuation required under the Act as per these rules instead of 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.
- 6) Rule 11 which is Transitional Arrangement shall be **omitted**.
- 7) In rule 12(1) which refers to Eligibility for registered valuers organisations, in clause (ii), for the words 'a professional institute', the words 'it is a professional institute shall be substituted'.
- 8) For Annexure IV, the following Annexure shall be substituted, namely:

Eligibility Qualification and Experience for Registration as Valuer

Asset Class	Eligibility	Experience in specified discipline
	Qualification	
Plant and Machinery	(i) Graduate in Mechanical, Electrical, Electronic and Communication, Electronic and Instrumentation, Production, Chemical, Textiles, Leather,	(i) Five years



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	Metallurgy, or Aeronautical Engineering, or Graduate in Valuation of Plant and Machinery or equivalent; (ii) Post Graduate on above courses.	(ii) Three years
Land and Building	(i) Graduate in Civil Engineering, Architecture, or Town Planning or equivalent; (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).	(i) Five years (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: The eligibility qualification means qualification obtained from a recognised Indian University or equivalent Institute whether in India or abroad.

Impact: Various amendments were taken place in Companies (Registered Valuers and Valuation) Rules, 2017 to bring consistency and transparency.

2. Amendment in the Companies (Registered Valuers and Valuation) Rules, 2017

The Ministry of Corporate Affairs (MCA) vide its notification dated November 13, 2018, has notified National Financial Reporting Authority (NFRA) Rules, 2018 for



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determining the **applicability, function, duties, powers, punishment in case of non-compliance of NFRA**. It shall come into force on the date of their publication in the Official Gazette.

The Rules provide for submission of the details of the Auditors in Form NFRA-1 (Notice to the authority by a body corporate regarding its auditor) within thirty days from the date of implementation of the rules.

The National Financial Reporting Authority (NFRA) Rules, 2018 also mandated that every auditor shall file a return with the Authority on or before 30th April every year in such form as may be specified by the Central Government.

Impact: The above rules have a far reaching implication with the ease of doing business.

3. Companies (Amendment) Ordinance, 2018

The Companies (Amendment) Ordinance, 2018 promulgated on November 02, 2018 thereby amending some of the sections of the Companies Act, 2013. The objective of the Ordinance is to facilitate ease of doing business and to enhance scope of corporate compliance.

The highlights of the Companies (Amendment) Ordinance, 2018 have been attached to this newsletter for ready reference and understanding.

Disclaimer:

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We suggest readers to draw their conclusions after taking into consideration various other relevant sections, rules to be notified from time to time and applicable Secretarial Standards, Accounting Standards and Guidance notes and other notifications, circulars and amendments notified from time to time.



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