

# Insolvency and Bankruptcy Board of India

30<sup>th</sup> December, 2017

## Sub: Educational Courses for asset class: Securities or Financial Assets

In pursuance of the first proviso to rule 5 (1) of the Companies (Registered Valuers and Valuation) Rules, 2017, the Insolvency and Bankruptcy Board of India, being the Authority, hereby specifies the details of educational courses for the Asset Class of Securities or Financial Assets as under:

i. The curriculum for the educational course shall be as under:

### Asset Class: Securities or Financial Assets

Sl. No.	Topics	Hours of Training
a.	<b>Macro Economics</b> <ul style="list-style-type: none"><li>- National Income Accounting</li><li>- Basics of Fiscal Policy</li><li>- Basics of Monetary Policy</li><li>- Understanding Business cycles</li></ul>	2
b.	<b>Finance</b> <ul style="list-style-type: none"><li>- Basic Concepts of Finance</li><li>- Decisions in Finance</li><li>- Financial Markets and Securities Markets</li></ul>	1
c.	<b>Professional Ethics and Standards</b> <ul style="list-style-type: none"><li>- Model Code of Conduct as notified by MCA</li><li>- Other Engagement Considerations</li></ul>	1.5
d.	<b>Financial Statement Analysis</b> <ul style="list-style-type: none"><li>- Assets, Liabilities, Income and Expenses</li><li>- Performance Analysis, Capital Structure Analysis</li><li>- Credit Analysis</li><li>- Cash Flow Analysis</li></ul>	2
e.	<b>General laws and Judicial Pronouncements</b> <ul style="list-style-type: none"><li>• Registered Valuers and Valuation Rules, 2017<ul style="list-style-type: none"><li>- Valuation Standards</li><li>- Registered Valuers Organisation</li><li>- Registration of Valuers</li><li>- Asset Classes</li></ul></li><li>• <b>Indian Contract Act, 1872</b><ul style="list-style-type: none"><li>- Offer, Acceptance and Revocation</li><li>- Legal Contract, Void and Voidable Contracts</li><li>- Contingent Contracts</li><li>- Performance of Contracts</li><li>- Consequences of Breach of Contract</li><li>- Agency Agreements</li></ul></li><li>• <b>The Sale of Goods Act, 1930</b><ul style="list-style-type: none"><li>- Contract of Sale</li><li>- Definition of Goods</li><li>- Price of Goods</li></ul></li></ul>	9.5

	<ul style="list-style-type: none"> <li>- Conditions and Warranties</li> <li>- Unpaid Seller</li> <li>• <b>The Transfer of Property Act, 1882</b> <ul style="list-style-type: none"> <li>- Definition of Immovable Property</li> <li>- Transfer and Sale of Property</li> <li>- Rights and Liabilities of Buyer and Seller</li> <li>- Mortgage of Property</li> <li>- Rights and Liabilities of Mortgager and Mortgagee</li> <li>- Gift of Immovable Property</li> <li>- Lease</li> </ul> </li> <li>• <b>Indian Stamps Act, 1899</b> <ul style="list-style-type: none"> <li>- Basics of Indian Stamp Act</li> <li>- Valuation for Duty</li> <li>- Instruments on which duty is levied</li> </ul> </li> <li>• <b>Income Tax Act, 1961</b> <ul style="list-style-type: none"> <li>- Taxes on Individuals</li> <li>- Taxes on Companies and other entities</li> <li>- Heads of Income- Salary, House Property, Business Income, Capital gain and Income from other sources</li> <li>- Clubbing and Set off provisions</li> </ul> </li> <li>• <b>Insolvency and Bankruptcy Code, 2016</b> <ul style="list-style-type: none"> <li>- Corporate Insolvency Resolution</li> <li>- Corporate Liquidation</li> </ul> </li> <li>• <b>Judicial pronouncements</b> <ul style="list-style-type: none"> <li>- Important Judicial Precedents of Valuation</li> </ul> </li> </ul>	
f.	<b>Overview of Valuation</b> <ul style="list-style-type: none"> <li>- Meaning of Value</li> <li>- Premise of Valuation</li> <li>- Purpose of Valuation</li> <li>- Valuation Engagements</li> <li>- Valuation Process</li> <li>- Valuation Report</li> <li>- Documentation</li> </ul>	2
g.	<b>Valuation Approaches and Methodologies</b> <ul style="list-style-type: none"> <li>- Income Approach</li> <li>- Market Approach</li> <li>- Cost Approach</li> </ul>	2
h.	<b>Valuation Application</b> <ul style="list-style-type: none"> <li>• <b>Equity / Business Valuation –</b> <ul style="list-style-type: none"> <li>- Analysis of Business Environment</li> <li>- Entity’s Business Strategy Analysis</li> <li>- Business Combination- Amalgamation, Merger, Demerger, Arrangement &amp; Restructuring</li> <li>- Forecasting</li> <li>- Cash flow Analysis</li> <li>- Appropriate Cost of Capital / Rate of Return</li> <li>- Valuation Adjustments</li> </ul> </li> <li>• <b>Fixed Income Securities</b> <ul style="list-style-type: none"> <li>- Types of Fixed Income Securities</li> </ul> </li> </ul>	18

	<ul style="list-style-type: none"> <li>- Types of Different Debt Instruments</li> <li>- Terms used in Fixed Income Securities</li> <li>- Credit Rating of Bonds</li> <li>- Embedded Options</li> <li>- Interest Rate Derivative Products</li> <li>- Related FIMMDA Circulars</li> <li>• <b>Option valuation</b> <ul style="list-style-type: none"> <li>- General Principles</li> <li>- Option Valuation Models – Black and Scholes Valuation Methodology, Black and Scholes Merton Option Pricing Method</li> <li>- Binomial Tree Method, Monte Carlo Simulation</li> </ul> </li> <li>• <b>Valuation of other Financial Assets and Liabilities</b></li> <li>• <b>Intangible Assets –</b> <ul style="list-style-type: none"> <li>- Nature and Classification of Intangibles</li> <li>- Identification of Nature of Intangible Assets</li> <li>- Purpose of Intangibles Valuation</li> <li>- Valuation Approaches</li> </ul> </li> <li>• <b>Valuation Application: Situation Specific Valuation</b> <ul style="list-style-type: none"> <li>- Business Combination – Amalgamation, Merger, Demerger, Arrangement &amp; Restructuring</li> <li>- Distressed Asset Valuation</li> <li>- Start-up Entities Valuation</li> <li>- Valuation of Small and Medium Enterprises</li> <li>- Valuation of Cyclical Firms</li> <li>- Valuation of Investment Entities</li> <li>- Valuation for Insurance Coverage</li> </ul> </li> </ul>	
i.	<p><b>Laws and Regulations relevant to Financial Assets Valuation</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Reporting</b> <ul style="list-style-type: none"> <li>- Financial Reporting (Indian Accounting Standards), Ind AS 113</li> </ul> </li> <li>• <b>The Companies Act, 2013</b> <ul style="list-style-type: none"> <li>- Chapter IV - Share Capital and Debenture</li> <li>- Chapter XV - Compromise Arrangements and Amalgamation and Relevant Rules</li> <li>- Chapter XX - Winding Up</li> </ul> </li> <li>• <b>SEBI Regulations</b> <ul style="list-style-type: none"> <li>- SEBI (ICDR), 2009</li> <li>- SEBI (LODR), 2015</li> <li>- SEBI (Mutual Fund) Regulations, 1996</li> <li>- SEBI (Share based Employee Benefits) Regulation, 2014</li> <li>- SEBI (SAST) Regulations, 2011,</li> <li>- SEBI(Delisting) Regulations</li> <li>- ESOP Valuation</li> </ul> </li> <li>• <b>RBI and FEMA Regulations</b> <ul style="list-style-type: none"> <li>- FEMA (Transfer or Issue of Security by a Person Resident Outside India), Regulations, 2017</li> <li>- Foreign Direct Investment (Pricing Guidelines)</li> </ul> </li> </ul>	9

	<ul style="list-style-type: none"> <li>- Direct Investment by Residents in Joint Venture/ Wholly Owned Subsidiary abroad.</li> <li>- Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks.</li> <li>- Guidelines on Sale of Stressed Assets by Banks</li> <li>- SARFESI Act, 2002</li> <li>• <b>Income Tax and Other Statues</b> <ul style="list-style-type: none"> <li>- Capital Gain on Transfer of Assets</li> <li>- Taxation on Income of Corporate Entities, Partnership</li> <li>- Carry Forward of Losses</li> <li>- Compliance of DTAA Agreements</li> </ul> </li> </ul>	
j.	Case Studies on application of valuation techniques.	3
<b>Total</b>		<b>50</b>

ii. The educational course for the asset class shall be delivered by the registered valuer organisation in not less than 50 hours.

iii. A candidate having the required qualification and experience and having completed the education course specified above shall be eligible for registration as a valuer on passing the valuation examination of the asset class conducted by the Authority.

2. The educational course will be reviewed on a yearly basis.

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