

Insolvency and Bankruptcy Board of India

Subject: Implementation of the Companies (Registered Valuers and Valuation) Rules, 2017

The Central Government notified the commencement of section 247 (relating to valuers) of the Companies Act, 2013 with effect from 18th October, 2017. It also notified the Companies (Registered Valuers and Valuation) Rules, 2017 on 18th October, 2017. Vide a notification dated 23rd October, 2017, the Central Government issued the Companies (Removal of Difficulties) Second Order, 2017 to provide that valuations required under the Companies Act, 2013 shall be undertaken by a person who, having the necessary qualifications and experience, and being a valuer member of a recognised valuer organisation, is registered as a valuer with the Authority. Vide another notification on the same date, the Central Government delegated its powers and functions under section 247 of the Companies Act, 2013 to IBBI and specified the IBBI as the Authority under the Companies (Registered Valuers and Valuation) Rules, 2017.

2. These notifications require that a person is to be registered with the IBBI as a registered valuer for conducting valuations required under the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016. For registering with the IBBI, a person must have necessary qualification and experience, has to be enrolled as a valuer member with a Registered Valuer Organisation (RVO), has to complete a recognised educational course conducted by the RVO, and pass valuation examination conducted by the IBBI. It may be mentioned that these provisions do not automatically apply to valuations required under any other law (like RBI, Income Tax, SEBI, etc.). The registered valuers can undertake other transactions but for taking up transactions under the Companies Act and the Code, they need to be registered with IBBI.

3. Rule 11 of the Companies (Registered Valuers and Valuation) Rules, 2011 provides for transitional arrangement. It provides that any person who may be rendering valuation services under the Companies Act, 2013 on the date of commencement of these rules, may continue to render valuation services without a certificate of registration under these rules up to 31st March, 2018. However, vide a notification dated 9th February, 2018, the Central Government has amended rule 11 to extend the time line to 30th September, 2018.

4. As the Authority, the IBBI has the following specific responsibilities:

- a. Grant recognition to Registered Valuers Organisation,

- b. Conduct of Valuation Examinations,
- c. Grant registration to Valuers, and
- d. Enforcement.

5. Recognition of RVO's

The IBBI has granted recognition to the following three RVO's:

- a. Institution of Estate Managers and Appraisers (Asset Class: Land and Building)
- b. IOV Registered Valuers Foundation (Asset Classes: Land and Building, Plant and Machinery, and Securities or Financial Assets), and
- c. ICSI Registered Valuers Organisation (Asset classes: Land and Building, Plant and Machinery, and Securities or Financial Assets).

6. Valuation Examinations

The IBBI has taken the following measures towards conducting examinations:

- a. constituted three Committees of Experts, one for each asset class, to help in determination of syllabus;
- b. published the syllabus, format and frequency of the Valuation Examination for all three asset classes;
- c. specified the details of educational courses for three asset classes to be conducted by RVOs; and
- d. engaged BSE for administration of examinations.

7. Registration of Valuers

A person shall be registered as a registered valuer, if he –

- a. has necessary qualification and experience,
- b. is enrolled as a valuer member with a RVO,
- c. has completed the recognised educational course conducted by an RVO, and
- d. has passed the valuation examination conducted by the IBBI.

The IBBI is working on developing online platform for registration of Registered Valuers.

- 8. It is submitted for information of the Governing Board.