



## Indian Banks' Association

Dy. Chief Executive

No. OPR/Valuers/CIR/6855

14<sup>th</sup> February, 2019

To:

**The Chief Executives of all Member Banks**

Dear Sirs / Madam,

### **Notification by Ministry of Corporate Affairs for the Companies (Registered Valuers and Valuation) Rules, 2017**

Please refer to our circular No. OPR/Valuers/CIR/5199 dated 21<sup>st</sup> May, 2018 regarding notification by Ministry of Corporate Affairs for the Companies (Registered Valuers and Valuation) Rules, 2017 wherein we had advised Member Banks the following:

- i) The valuation as per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs on 18/10/2017 would be applicable for valuation required under Companies Act 2013, from the date on which the rules become effective
- ii) Our existing guidelines shall continue to be applicable for valuations which are not mandatorily required to be done under Companies Act, 2013.

The Companies (Registered Valuers and Valuation) Rules, 2017, as amended, require that only a person registered with the IBBI as a registered valuer can conduct valuations required under the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016 with effect from 1<sup>st</sup> February, 2019.

The IBBI has now published a list of approved Valuers on their website which Member Banks must please refer while awarding valuation job.

Member Banks may take note of the same.

Yours faithfully,

**BRAJ KUMAR**

- Encl: 1. Our Circular No. OPR/Valuers/CIR/5199 dated 21<sup>st</sup> May, 2018  
2. Copy of IBBI's Press Release dated 31<sup>st</sup> December, 2018



Dy. Chief Executive **Indian Banks' Association**

No. OPR/Valuers/CIR/5199

21<sup>st</sup> May, 2018

To:

**The Chief Executives of all Member Banks**

Dear Sirs / Madam,

**Notification by Ministry of Corporate Affairs for the Companies (Registered Valuers and Valuation) Rules, 2017**

Pursuant to a reference from the Reserve Bank of India in August, 2014, IBA had set up a Working Group of Senior Executives of Banks to deliberate and formalize a Standard Procedure to be followed by the Member Banks for Empanelment of Valuers. After the Working Group submitted its report, detailed guidelines regarding empanelment of Valuers by Member Banks were issued vide our circular No. OPR/CIR/2043 dated 4<sup>th</sup> February, 2017.

Meanwhile, the Ministry of Corporate Affairs (MCA) issued a Gazette Notification for the Companies (Registered Valuers and Valuation) Rules, 2017 on 18<sup>th</sup> October, 2017. The aforesaid Rules also lay down the mechanism for valuation standards and syllabus for conduct of valuation education courses as well as specify the requirements with regard to the contents of the valuation report. The notification was to be effective from 1<sup>st</sup> April, 2018 but now will be effective from 30.09.2018.

After the release of the Notification by MCA, IBA started getting queries from Member Banks regarding the validity of procedural guidelines issued by IBA under RBI's guidance visa vis the provision for registration of Valuers as per Government's notification. However, some of the Member Banks, Valuers' Associations and Valuers have been enquiring with IBA repeatedly and were of the opinion that present system of Valuers needs to be continued since the Valuers are registered under Section 34AB of the Wealth Tax Act, 1957 and since the Valuers are required to value properties / assets other than that of Companies. To have a clarity, we sought legal opinion in the matter from our Legal Retainer and the relevant portion of the opinion is reproduced as under:

*"It is pertinent to mention that 'Approved Valuer' has been defined in the SARFAESI Rules to mean a person registered as a Valuer under Section 34AB of the Wealth Tax Act, 1957 and approved by the Board of Directors or Board of Trustees of the Secured Creditor as the case may be. Thus, for the purposes of the valuation of the properties belonging to a person which is not a company under the Companies Act, 2013, valuation by person who is registered under the Wealth Tax Act and approved by the Board of the Secured Creditor would continue to remain valid. The Valuation under the captioned Rules would be applicable for valuations required under the Companies Act, 2013.*

*Thus two parallel systems of valuation and Valuers would continue at least for some time unless uniformity is brought by amendment of other laws and/or issuance of directions/*

*guidelines by the concerned Regulators, making it mandatory to follow the captioned rules."*

The above mentioned legal opinion was approved by the IBA Managing Committee which opined that the present guidelines regarding valuation will be in vogue.

We therefore, advise Member Banks as follows:

- i. The Valuation as per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs on 18/10/2017 would be applicable for valuation required under Companies Act 2013, from the date on which the rules become effective.
- ii. Our existing guidelines shall continue to be applicable for valuations which are not mandatorily required to be done under Companies Act. 2013.

Meanwhile in as much as the new valuation procedure under Companies Act. 2013 is to be effective from 1<sup>st</sup> October, 2018 as per Ministry's Notification, IBA guidelines may be followed if need be upto that date or as notified by any future announcements in this regard.

Member Banks may take necessary action for implementation of the same.

Yours faithfully

  
BRAJ KUMAR



## Insolvency and Bankruptcy Board of India

No. IBBI/PR/2018/39

31<sup>st</sup> December, 2018

### Press Release

The Central Government notified the commencement of section 247 (relating to valuers) of the Companies Act, 2013 with effect from 18<sup>th</sup> October, 2017. It also notified the Companies (Registered Valuers and Valuation) Rules, 2017 on 18<sup>th</sup> October, 2017.

2. The Central Government, vide a notification dated 23<sup>rd</sup> October, 2017, 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 the Insolvency and Bankruptcy Board of India (IBBI) and specified the IBBI as the Authority under the Companies (Registered Valuers and Valuation) Rules, 2017.

3. The Companies (Registered Valuers and Valuation) Rules, 2017, as amended, require that only a person registered with the IBBI as a registered valuer can conduct valuations required under the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016 with effect from 1<sup>st</sup> February, 2019. Subject to meeting other requirements, an individual is eligible to be a registered valuer, if he (i) is a fit and proper person, (ii) has the necessary qualification and experience, (iii) is a valuer member of a RVO, (iv) has completed a recognised educational course as member of a RVO, and (v) has passed the valuation examination conducted by the IBBI, and (vi) is recommended by the RVO for registration as a valuer. A partnership entity or a company is also eligible for registration subject to meeting the requirements. A person, who is rendering valuation services under the Companies Act, 2013, may continue to do so without a certificate of registration up to 31<sup>st</sup> January, 2019.

4. In pursuance of the rule 5 (3) of the Companies (Registered Valuers and Valuation) Rules, 2017, the IBBI, being the Authority, had published the syllabus, format and frequency of the valuation examination for the Asset Class of 'Securities or Financial Assets' on 30<sup>th</sup> December, 2017 and for the Asset Classes of (a) Land and Building, and (b) Plant and Machinery on 31<sup>st</sup> December, 2017 and has been conducting examination since 31<sup>st</sup> March, 2018.

5. In pursuance of the said rule, the IBBI, being the Authority, hereby publishes the syllabus, format and frequency of the 'Valuation Examination' to be conducted from 1<sup>st</sup> April, 2019 for the asset classes as under:

- a. **Plant and Machinery:** Annexure I
- b. **Land and Building:** Annexure II
- c. **Securities or Financial Assets:** Annexure III

6. The details of examination are available on IBBI website [www.ibbi.gov.in](http://www.ibbi.gov.in).

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