

Valuation by Registered Valuers under section 247 & Rules relating thereto notified

The Ministry of Corporate Affairs has issued Notification for commencement of Section 247 of the Companies Act, 2013 [Valuation by Registered Valuers] with effect from 18th October, 2017. The Companies (Registered Valuers and Valuation) Rules, 2017 (Rules), which have been finalized after public consultation and detailed deliberations with stakeholders have also been issued simultaneously.

The Rules, inter alia, provide for Registration of Valuers for conduct of valuation under the Companies Act, 2013. The valuers, who may be individuals or partnership entities or companies, would be required to be registered with the authority specified by the Central Government. The Rules provide for registration of different category of valuers and lay down the requirements on their eligibility, qualifications and experience. The Registered Valuers are also required to be members of the Registered Valuers Organisations (RVOs), recognised by the authority under the Rules. The eligibility norms for RVOs to be recognised have also been provided in the Rules which, inter alia, include for an internal governance structure which should provide for enforcement of a code of conduct on the registered valuers, training and conduct of educational courses for the valuation of specific asset classes for which the RVO concerned is recognised.

The Rules also lay down the mechanism to prescribe 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 Rules provide for a transition period upto 31st March, 2018 for registration of valuers with the authority keeping in view the period which would be required by the valuers organisations and the valuers to fulfil the requirements under the law. During this transition period any person who may be rendering valuation services under the Companies Act, 2013 may continue to render such services without getting registered under the Rules.

The role and powers of the authority with regard to registration/recognition and ancillary matters have been provided in the Rules. It is proposed to specify Insolvency and Bankruptcy Board of India (IBBI) as the authority under the Rules. The relevant notification under section 458 of the Act in this regard is being issued separately.

The commencement notification and the Rules referred to are also placed on the Ministry's website at www.mca.gov.in