

**Insolvency and Bankruptcy Board of India**  
7<sup>th</sup> Floor, Mayur Bhawan, Connaught Place, New Delhi-110001

**CIRCULAR**

**No. IBBI/RV/019/2018**

**17<sup>th</sup> October, 2018**

To

All Registered Insolvency Professionals  
All Recognised Insolvency Professional Entities  
All Registered Insolvency Professional Agencies  
All Registered Valuers, and  
All Recognised Registered Valuer Organisations.  
(By mail to registered email addresses and on website of the IBBI)

Dear Madam /Sir,

**Subject: Valuation under the Insolvency and Bankruptcy Code, 2016**

The Companies (Registered Valuers and Valuation) Rules, 2017 notified under the Companies Act, 2013 provides a comprehensive framework for development and regulation of the profession of valuers. 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 Registered Valuer Organisation (RVO), (iv) has completed a recognised educational course as member of a RVO, and (v) has passed the valuation examination conducted by the Insolvency and Bankruptcy Board of India (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.

2. The Companies (Registered Valuers and Valuation) Rules, 2017, however, provides for a transitional arrangement as under:

*“11. Transitional Arrangement.— Any person who may be rendering valuation services under the Act, on the date of commencement of these rules, may continue to render valuation services without a certificate of registration under these rules upto 31<sup>st</sup> January, 2019:*

*Provided that if a company has appointed any valuer before such date and the valuation or any part of it has not been completed before 31<sup>st</sup> January, 2019, the valuer shall complete such valuation or such part within three months thereafter.*

*Explanation.— It is hereby clarified that conduct of valuation by any person under any law other than the Act, or these rules shall not be effected by virtue of coming into effect of these rules unless the relevant other laws or other regulatory bodies require valuation by such person in accordance with these rules in which case these rules shall apply for such valuation also from the date specified under the laws or by the regulatory bodies.”*

3. The IBBI performs the functions of the Authority under the Companies (Registered Valuers and Valuation) Rules, 2017. It conducts valuation examinations for all three asset classes, namely, Land and Building, Plant and Machinery, and Securities or Financial Assets. It also recognises RVOs and registers valuers. There are eight RVOs and 162 registered valuers as on date, the details of which are available at [www.ibbi.gov.in](http://www.ibbi.gov.in).

4. A key objective of the Insolvency and Bankruptcy Code, 2016 (Code) is maximisation of the value of assets of certain persons and consequently value for its stakeholders. A critical element towards achieving this objective is transparent and credible determination of value of the assets to facilitate comparison and informed decision making. The Code read with regulations made thereunder assign this responsibility to ‘Registered Valuers’.

5. The regulations made under the Code specify requirements of valuation and who can conduct such valuation. For example, the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 provide for valuation as under:

*“2(1)(m): “registered valuer” means a person registered as such in accordance with the Companies Act, 2013 (18 of 2013) and rules made thereunder.”*

*“27. The resolution professional shall within seven days of his appointment, but not later than forty-seventh day from the insolvency commencement date, appoint two registered valuers to determine the fair value and the liquidation value of the corporate debtor in accordance with regulation 35:*

*Provided.....”*

6. In view of the above, every valuation required under the Code or any of the regulations made thereunder is required to be conducted by a ‘registered valuer’, that is, a valuer registered with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017. It is hereby directed that with effect from 1<sup>st</sup> February, 2019, no insolvency professional shall appoint a person other than a registered valuer to conduct any valuation under the Code or any of the regulations made thereunder.

7. This is issued in exercise of the powers under clauses (aa), (g), (p) and (t) of sub-section (1) of section 196 of the Insolvency and Bankruptcy Code, 2016.

Yours faithfully,

-Sd-

(Amit Sahu)

Deputy General Manager

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