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Companies (Registered Valuers and Valuation) Rules, 2017.

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Companies (Registered Valuers and Valuation) Rules, 2017.

Property
Value



Ministry of Corporate Affairs issues Notification for commencement of Section 247 of the Companies Act, 2013 relating to Valuation by Registered Valuers ;

The Companies (Registered Valuers and Valuation) Rules, 2017, finalized after public consultation and detailed deliberations with stakeholders, have also been issued simultaneously.

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

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CHAPTER I PRELIMINARY

➤ 1. Short title and commencement.—

- (1) These rules may be called the Companies (Registered Valuers and Valuation) Rules, 2017.
- (2) They shall come into force on the date of their publication in the Official Gazette.

➤ 2. Definitions.— (1) In these rules, unless the context otherwise requires —

- (a) “Act” means the Companies Act, 2013 (18 of 2013);
- (b) “authority” means an authority specified by the Central Government under section 458 of the Companies Act, 2013 to perform the functions under these rules;
- (c) “asset class” means a distinct group of assets, such as land and building, machinery and equipment, displaying similar characteristics, that can be classified and requires separate set of valuers for valuation;
- (d) “certificate of recognition” means the certificate of recognition granted to a registered valuers organisation under sub-rule (5) of rule 13 and the term “recognition” shall be construed accordingly;
- (e) “certificate of registration” means the certificate of registration granted to a valuer under sub-rule (6) of rule 6 and the term “registration” shall be construed accordingly;

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- (f) “partnership entity” means a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a limited liability partnership registered under the Limited Liability Partnership Act, 2008 (6 of 2009);
 - (g) “Annexure” means an annexure to these rules;
 - (h) “registered valuers organisation” means a registered valuers organisation recognised under sub-rule (5) of rule 13;
 - (i) “valuation standards” means the standards on valuation referred to in rule 18; and
 - (j) “valuer” means a person registered with the authority in accordance with these rules and the term “registered valuer” shall be construed accordingly.
- (2) Words and expressions used but not defined in these rules, and defined in the Act or in the Companies (Specification of Definitions Details) Rules, 2014, shall have the same meanings respectively assigned to them in the Act or in the said rules.

CHAPTER II ELIGIBILITY, QUALIFICATIONS AND REGISTRATION OF VALUERS

- ▶ **3. Eligibility for registered valuers.**— (1) A person shall be eligible to be a registered valuer if he-
- ▶ (a) is a valuer member of a registered valuers organisation;

Explanation.— For the purposes of this clause, “a valuer member” is a member of a registered valuers organisation who possesses the requisite educational qualifications and experience for being registered as a valuer;

- ▶ (b) is recommended by the registered valuers organisation of which he is a valuer member for registration as a valuer;
- ▶ (c) has passed the valuation examination under rule 5 within three years preceding the date of making an application for registration under rule 6;
- ▶ (d) possesses the qualifications and experience as specified in rule 4;
- ▶ (e) is not a minor;
- ▶ (f) has not been declared to be of unsound mind;
- ▶ (g) is not an undischarged bankrupt, or has not applied to be adjudicated as a bankrupt;
- ▶ (h) is a person resident in India;

Explanation.— For the purposes of these rules ‘person resident in India’ shall have the same meaning as defined in clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999) as far as it is applicable to an individual;

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- ▶ (i) has not been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

- ▶ (j) has not been levied a penalty under section 271J of Income-tax Act, 1961 (43 of 1961) and time limit for filing appeal before Commissioner of Income-tax (Appeals) or Income-tax Appellate Tribunal, as the case may be has expired, or such penalty has been confirmed by Income-tax Appellate Tribunal, and five years have not elapsed after levy of such penalty; and
- ▶ (k) is a fit and proper person:
- ▶ *Explanation.*— For determining whether an individual is a fit and proper person under these rules, the authority may take account of any relevant consideration, including but not limited to the following criteria-
 - ▶ (i) integrity, reputation and character,
 - ▶ (ii) absence of convictions and restraint orders, and
 - ▶ (iii) competence and financial solvency.

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- ▶ (2) No partnership entity or company shall be eligible to be a registered valuer if-
 - (a) it has been set up for objects other than for rendering professional or financial services, including valuation services and that in the case of a company, it is not a subsidiary, joint venture or associate of another company or body corporate;
 - (b) it is undergoing an insolvency resolution or is an undischarged bankrupt;
 - (c) all the partners or directors, as the case may be, are not ineligible under clauses (c), (d), (e), (g), (h), (i), (j) and (k) of sub-rule (1);
 - (d) three or all the partners or directors, whichever is lower, of the partnership entity or company, as the case may be, are not registered valuers; or
 - (e) none of its partners or directors, as the case may be, is a registered valuer for the asset class, for the valuation of which it seeks to be a registered valuer.

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- ▶ **4. Qualifications and experience.**— An individual shall have the following qualifications and experience to be eligible for registration under rule 3, namely:-
 - (a) post-graduate degree or post-graduate diploma, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least three years of experience in the specified discipline thereafter; or
 - (b) a Bachelor's degree or equivalent, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least five years of experience in the specified discipline thereafter; or
 - (c) membership of a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession with at least three years' experience after such membership and having qualification mentioned at clause (a) or (b).
 - ▶ *Explanation-I.*— For the purposes of this clause the 'specified discipline' shall mean the specific discipline which is relevant for valuation of an asset class for which the registration as a valuer or recognition as a registered valuers organisation is sought under these rules.
 - ▶ *Explanation-II.*— Qualifying education and experience and examination or training for various asset classes, is given in an indicative manner in **Annexure-IV** of these rules.

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5. Valuation Examination.—

(1) The authority shall, either on its own or through a designated agency, conduct valuation examination for one or more asset classes, for individuals, who possess the qualifications and experience as specified in rule 4, and have completed their educational courses as member of a registered valuers organisation, to test their professional knowledge, skills, values and ethics in respect of valuation:

Provided that the authority may recognise an educational course conducted by a registered valuers organization before its recognition as adequate for the purpose of appearing for valuation examination:

Provided also that the authority may recognise an examination conducted as part of a master's or post graduate degree course conducted by a University which is equivalent to the valuation examination.

- (2) The authority shall determine the syllabus for various valuation specific subjects or assets classes for the valuation examination on the recommendation of one or more Committee of experts constituted by the authority in this regard.
- (3) The syllabus, format and frequency of the valuation examination, including qualifying marks, shall be published on the website of the authority at least three months before the examination.
- (4) An individual who passes the valuation examination, shall receive acknowledgement of passing the examination.
- (5) An individual may appear for the valuation examination any number of times.

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6. Application for certificate of registration.—

- ▶ (1) An individual eligible for registration as a registered valuer under rule 3 may make an application to the authority in Form-A of Annexure-II along with a non-refundable application fee of five thousand rupees in favour of the authority.
- ▶ (2) A partnership entity or company eligible for registration as a registered valuer under rule 3 may make an application to the authority in **Form-B** of **Annexure-II** along with a non-refundable application fee of ten thousand rupees in favour of the authority .
- ▶ (3) The authority shall examine the application, and may grant twenty one days to the applicant to remove the deficiencies, if any, in the application.
- ▶ (4) The authority may require the applicant to submit additional documents or clarification within twenty- one days.
- ▶ (5) The authority may require the applicant to appear, within twenty one days, before the authority in person, or through its authorized representative for explanation or clarifications required for processing the application.
- ▶ (6) If the authority is satisfied, after such scrutiny, inspection or inquiry as it deems necessary, that the applicant is eligible under these rules, it may grant a certificate of registration to the applicant to carry on the activities of a registered valuer for the relevant asset class or classes in **Form-C** of the **Annexure-II** within sixty days of receipt of the application, excluding the time given by the authority for presenting additional documents, information or clarification, or appearing in person, as the case may be.

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- ▶ (7) If, after considering an application made under this rule, the authority is of the *prima facie* opinion that the registration ought not be granted, it shall communicate the reasons for forming such an opinion within forty-five days of or clarifications, or appearing in person, as the case may be.
- ▶ (8) The applicant shall submit an explanation as to why his/its application should be accepted within fifteen days of the receipt of the communication under sub- rule (7), to enable the authority to form a final opinion.
- ▶ (9) After considering the explanation, if any, given by the applicant under sub-rule (8), the authority shall either -
 - ▶ (a) accept the application and grant the certificate of registration; or
 - ▶ (b) reject the application by an order, giving reasons thereof.
- ▶ (10) The authority shall communicate its decision to the applicant within thirty days of receipt of explanation.

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- **7. Conditions of Registration.**— The registration granted under rule 6 shall be subject to the conditions that the valuer shall –
- (a) at all times possess the eligibility and qualification and experience criteria as specified under rule 3 and rule 4;
- (b) at all times comply with the provisions of the Act , these rules and the Bye-laws or internal regulations, as the case may be, of the respective registered valuers organisation;
- (c) in his capacity as a registered valuer, not conduct valuation of the assets or class(es) of assets other than for which he/it has been registered by the authority;
- (d) take prior permission of the authority for shifting his/ its membership from one registered valuers organisation to another;
- (e) take adequate steps for redressal of grievances;
- (f) maintain records of each assignment undertaken by him for at least three years from the completion of such assignment;

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- ▶ (g) comply with the Code of Conduct (as per **Annexure-I** of these rules) of the registered valuers organisation of which he is a member;
- ▶ (h) in case a partnership entity or company is the registered valuer, allow only the partner or director who is a registered valuer for the asset class(es) that is being valued to sign and act on behalf of it;
- ▶ (i) in case a partnership entity or company is the registered valuer, it shall disclose to the company concerned, the extent of capital employed or contributed in the partnership entity or the company by the partner or director, as the case may be, who would sign and act in respect of relevant valuation assignment for the company;
- ▶ (j) in case a partnership entity is the registered valuer, be liable jointly and severally along with the partner who signs and acts in respect of a valuation assignment on behalf of the partnership entity;
- ▶ (k) in case a company is the registered valuer, be liable alongwith director who signs and acts in respect of a valuation assignment on behalf of the company;
- ▶ (l) in case a partnership entity or company is the registered valuer, immediately inform the authority on the removal of a partner or director, as the case may be, who is a registered valuer along with detailed reasons for such removal; and

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► 8. Conduct of Valuation.—

(1) The registered valuer shall, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18:

Provided that until the valuation standards are notified or modified by the Central Government, a valuer shall make valuations as per-

- (a) internationally accepted valuation standards;
- (b) valuation standards adopted by any registered valuers organisation.

(2) The registered valuer may obtain inputs for his valuation report or get a separate valuation for an asset class conducted from another registered valuer, in which case he shall fully disclose the details of the inputs and the particulars etc. of the other registered valuer in his report and the liabilities against the resultant valuation, irrespective of the nature of inputs or valuation by the other registered valuer, shall remain of the first mentioned registered valuer.

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(3) The valuer shall, in his report, state the following:-

- (a) background information of the asset being valued;
- (b) purpose of valuation and appointing authority;
- (c) identity of the valuer and any other experts involved in the valuation;
- (d) disclosure of valuer interest or conflict, if any;
- (e) date of appointment, valuation date and date of report;
- (f) inspections and/or investigations undertaken;
- (g) nature and sources of the information used or relied upon;
- (h) procedures adopted in carrying out the valuation and valuation standards followed;
- (i) restrictions on use of the report, if any;
- (j) major factors that were taken into account during the valuation;
- (k) conclusion; and
- (l) caveats, limitations and disclaimers to the extent they explain or elucidate the limitations faced by valuer, which shall not be for the purpose of limiting his responsibility for the valuation report.

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9. Temporary surrender.—

(1) A registered valuer may temporarily surrender his registration certificate in accordance with the bye-laws or regulations, as the case may be, of the registered valuers organisation and on such surrender, the valuer shall inform the authority for taking such information on record.

(2) A registered valuers organisation shall inform the authority if any valuer member has temporarily surrendered his/its membership or revived his/ its membership after temporary surrender, not later than seven days from approval of the application for temporary surrender or revival, as the case may be.

(3) Every registered valuers organisation shall place, on its website, in a searchable format, the names and other details of its valuers members who have surrendered or revived their memberships.

10. Functions of a Valuer.— A valuer shall conduct valuation required under the Act as per these rules and he may conduct valuation as per these rules if required under any other law or by any other regulatory authority.

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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 31st March, 2018:

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 31st March, 2018, 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.

CHAPTER III RECOGNITION OF REGISTERED VALUERS ORGANISATIONS

- ▶ **12. Eligibility for registered valuers organisations.**— (1) An organisation that meets requirements under sub-rule (2) may be recognised as a registered valuers organisation for valuation of a specific asset class or asset classes if —
 - (i) it has been registered under section 25 of the Companies Act, 1956 (1 of 1956) or section 8 of the Companies Act, 2013 (18 of 2013) with the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes and has in its bye laws the requirements specified in **Annexure-III**;
 - (ii) a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession;
- Provided that, subject to sub-rule (3), the following organisations may also be recognised as a registered valuers organisation for valuation of a specific asset class or asset classes, namely:-
- ▶ (a) an organisation registered as a society under the Societies Registration Act, 1860 (21 of 1860) or any relevant state law, or;
 - ▶ (b) an organisation set up as a trust governed by the Indian Trust Act, 1882 (2 of 1882).

CHAPTER III RECOGNITION OF REGISTERED VALUERS ORGANISATIONS

- ▶ (2) The organisation referred to in sub-rule (1) shall be recognised if it –
 - (a) conducts educational courses in valuation, in accordance with the syllabus determined by the authority, under rule 5, for individuals who may be its valuers members, and delivered in class room or through distance education modules and which includes practical training;
 - (b) grants membership or certificate of practice to individuals, who possess the qualifications and experience as specified in rule 4, in respect of valuation of asset class for which it is recognised as a registered valuers organisation ;
 - (c) conducts training for the individual members before a certificate of practice is issued to them;
 - (d) lays down and enforces a code of conduct for valuers who are its members, which includes all the provisions specified in **Annexure-I**;
 - (e) provides for continuing education of individuals who are its members;
 - (f) monitors and reviews the functioning, including quality of service, of valuers who are its members; and
 - (g) has a mechanism to address grievances and conduct disciplinary proceedings against valuers who are its members.

- ▶ (3) A registered valuers organisation, being an entity under proviso to sub-rule (1), shall convert into or register itself as a company under section 8 of the Companies Act, 2013 (18 of 2013), and include in its bye laws the requirements specified in **Annexure- III**, within one year from the date of commencement of these rules.

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► 13. Application for recognition.—

- (1) An eligible organisation which meets the conditions specified in rule 12 may make an application for recognition as a registered valuers organisation for asset class or classes to the authority in **Form-D** of the **Annexure-II** along with a non-refundable application fee of rupees one lakh in favour of the authority.
- (2) The authority shall examine the application, and may grant twenty-one days to the applicant to remove the deficiencies, if any, in the application.
- (3) The authority may require the applicant to submit additional documents or clarification within twenty-one days.
- (4) The authority may require the applicant to appear, within twenty-one days, before the Authority through its authorised representative for explanation or clarifications required for processing the application.
- (5) If the authority is satisfied, after such scrutiny, inspection or inquiry as it deems necessary that the applicant is eligible under these rules, it may grant a certificate of recognition as a registered valuers organisation in **Form-E** of **Annexure-II**.
- (6) If, after considering an application made under sub-rule (1), the authority is of the *prima facie* opinion that recognition ought not to be granted, it shall communicate the reasons for forming such an opinion within forty-five days of receipt of the application, excluding the time given by it for removing the deficiencies, presenting additional documents or clarifications, or appearing through authorised representative, as the case may be.

CHAPTER III RECOGNITION OF REGISTERED VALUERS ORGANISATIONS

- ▶ (7) The applicant shall submit an explanation as to why its application should be accepted within fifteen days of the receipt of the communication under sub- rule (6), to enable the authority to form a final opinion.

- ▶ (8) After considering the explanation, if any, given by the applicant under sub- rule (7), the authority shall either -
 - (a) accept the application and grant the certificate of recognition; or
 - (b) reject the application by an order, giving reasons thereof.

- ▶ (9) The authority shall communicate its decision to the applicant within thirty days of receipt of explanation.

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- ▶ **14. Conditions of Recognition.**— The recognition granted under rule 13 shall be subject to the conditions that the registered valuers organisation shall-
 - (a) at all times continue to satisfy the eligibility requirements specified under rule 12;
 - (b) maintain a register of members who are registered valuers, which shall be publicly available;
 - (c) admits only individuals who possess the educational qualifications and experience requirements, in accordance with rule 4 and as specified in its recognition certificate, as members;
 - (d) make such reports to the authority as may be required by it;
 - (e) comply with any directions, including with regard to course to be conducted by valuation organisation under clause (a) of sub-rule (2) of rule 12, issued by the authority;
 - (f) be converted or registered as company under section 8 of the Act, with governance structure and bye laws specified in **Annexure-III**, within a period of one year from the date of commencement of these rules if it is an organisation referred to in proviso to sub-rule (1) of rule 12;
 - (g) shall have the governance structure and incorporate in its bye laws the requirements specified in **Annexure-III** within one year of commencement of these rules if it is an organisation referred to in clause (i) of sub-rule (1) of rule 12 and existing on the date of commencement of these rules;
 - (h) display on its website, the status and specified details of every registered valuer being its valuer members including action under rule 17 being taken against him; and
 - (i) comply with such other conditions as may be specified by authority.

CHAPTER IV

CANCELLATION OR SUSPENSION OF CERTIFICATE OF REGISTRATION OR RECOGNITION

15. Cancellation or suspension of certificate of registration or recognition.- The authority may cancel or suspend the registration of a valuer or recognition of a registered valuers organisation for violation of the provisions of the Act, any other law allowing him to perform valuation, these rules or any condition of registration or recognition, as the case may be in the manner specified in rule 17.

16. Complaint against a registered valuer or registered valuers organisation.- A complaint may be filed against a registered valuer or registered valuers organisation before the authority in person or by post or courier along with a non-refundable fees of rupees one thousand in favour of the authority and the authority shall examine the complaint and take such necessary action as it deems fit:

Provided that in case of a complaint against a registered valuer, who is a partner of a partnership entity or director of a company, the authority may refer the complaint to the relevant registered valuers organisation and such organisation shall handle the complaint in accordance with its bye laws.

17. Procedure to be followed for cancellation or suspension of registration or recognition certificate.— (1) Based on the findings of an inspection or investigation, or a complaint received or on material otherwise available on record, if the authorised officer is of the *prima facie* opinion that sufficient cause exists to cancel or suspend the registration of a valuer or cancel or suspend the recognition of a registered valuers organisation, it shall issue a show-cause notice to the valuer or registered valuers organisation,;

Provided that in case of an organisation referred to in clause (ii) of sub-rule (1) of rule 12 which has been granted recognition, the authorised officer shall, instead of carrying out inspection or investigation, seek the information required from the registered valuers organisation within the time specified therein and in the case of a default, give one more opportunity to provide the information within specified time failing which or in the absence of sufficient or satisfactory information provided, either initiate the process under this rule or refer the matter to the Central Government for appropriate directions.

CHAPTER IV CANCELLATION OR SUSPENSION OF CERTIFICATE OF REGISTRATION OR RECOGNITION

- ▶ (2) The show-cause notice shall be in writing and shall state-
 - (a) the provisions of the Act and rules under which it has been issued;
 - (b) the details of the alleged facts;
 - (c) the details of the evidence in support of the alleged facts;
 - (d) the provisions of the Act or rules or certificate of registration or recognition allegedly violated, or the manner in which the public interest has allegedly been affected;
 - (e) the actions or directions that the authority proposes to take or issue if the allegations are established;
 - (f) the manner in which the person is required to respond to the show-cause notice;
 - (g) consequences of failure to respond to the show-cause notice within the given time; and
 - (h) procedure to be followed for disposal of the show-cause notice.

- ▶ (3) The show-cause notice shall be served in the following manner by-
 - (a) sending it to the valuer or registered valuers organisation at its registered address by registered post with acknowledgment due; or
 - (b) an appropriate electronic means to the email address provided by the valuer or registered valuers organisation to the authority.

CHAPTER IV

CANCELLATION OR SUSPENSION OF CERTIFICATE OF REGISTRATION OR RECOGNITION

(4) The authorised officer shall dispose of the show-cause notice by reasoned order in adherence to the principles of natural justice.

(5) The order in disposal of a show-cause notice may provide for-

- ▶ (a) no action;
- ▶ (b) warning; or
- ▶ (c) suspension or cancellation of the registration or recognition; or
- ▶ (d) change in any one or more partner or director or the governing board of the registered valuers organisation.

(6) An order passed under sub-rule (5) cancelling the recognition of a registered valuers organisation, shall specify the time within which its members may take membership of another registered valuers organisation recognised for valuation of relevant asset class without prejudice to their registration.

(7) The order passed under sub-rule (5) shall be issued to the concerned person immediately, and published on the website of the authority.

(8) The order passed under sub-rule (5) shall not become effective until thirty days have elapsed from the date of issue of the order unless stated otherwise.

(9) Any person aggrieved by an order of the authorised officer under sub-rule (5) may prefer an appeal before the authority.

- ▶ *Explanation.*— For the purposes of this rule, the authorised officer shall be an officer as may be specified by the authority.

CHAPTER V VALUATION STANDARDS

18. Valuation Standards.— The Central Government shall notify and may modify (from time to time) the valuation standards on the recommendations of the Committee set up under rule 19.

19. Committee to advise on valuation matters.—

(1) The Central Government may constitute a Committee to be known as “Committee to advise on valuation matters” to make recommendations on formulation and laying down of valuation standards and policies for compliance by companies and registered valuers.

(2) The Committee shall comprise of-

- (a) a Chairperson who shall be a person of eminence and well versed in valuation, accountancy, finance, business administration, business law, corporate law, economics;
- (b) one member nominated by the Ministry of Corporate Affairs;
- (c) one member nominated by the Insolvency and Bankruptcy Board of India;
- (d) one member nominated by the Legislative Department;
- (e) up to four members nominated by Central Government representing authorities which are allowing valuations by registered valuers;
- (f) up to four members who are representatives of registered valuers organisations, nominated by Central Government.
- (g) Up to two members to represent industry and other stakeholder nominated by the Central Government in consultation with the authority;

(3) The Chairperson and Members of the Committee shall have a tenure of three years and they shall not have more than two tenures.

CHAPTER VI MISCELLANEOUS

20. Punishment for contravention.- Without prejudice to any other liabilities where a person contravenes any of the provision of these rules he shall be punishable in accordance with sub-section (3) of section 469 of the Act.

21. Punishment for false statement.— If in any report, certificate or other document required by, or for, the purposes of any of the provisions of the Act or the rules made thereunder or these rules, any person makes a statement,—

- ▶ (a) which is false in any material particulars, knowing it to be false; or
- ▶ (b) which omits any material fact, knowing it to be material,
- ▶ he shall be liable under section 448 of the Act.

ANNEXURE-I MODEL CODE OF CONDUCT FOR REGISTERED VALUERS

[See clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12]

Integrity and Fairness

- ▶ 1. A valuer shall, in the conduct of his/its business, follow high standards of integrity and fairness in all his/its dealings with his/its clients and other valuers.
- ▶ 2. A valuer shall maintain integrity by being honest, straightforward, and forthright in all professional relationships.
- ▶ 3. A valuer shall endeavour to ensure that he/it provides true and adequate information and shall not misrepresent any facts or situations.
- ▶ 4. A valuer shall refrain from being involved in any action that would bring disrepute to the profession.
- ▶ 5. A valuer shall keep public interest foremost while delivering his services.

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ANNEXURE-I MODEL CODE OF CONDUCT FOR REGISTERED VALUERS

[See clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12]

Professional Competence and Due Care

- ▶ 6. A valuer shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.
- ▶ 7. A valuer shall carry out professional services in accordance with the relevant technical and professional standards that may be specified from time to time
- ▶ 8. A valuer shall continuously maintain professional knowledge and skill to provide competent professional service based on up-to-date developments in practice, prevailing regulations/guidelines and techniques.
- ▶ 9. In the preparation of a valuation report, the valuer shall not disclaim liability for his/its expertise or deny his/its duty of care, except to the extent that the assumptions are based on statements of fact provided by the company or its auditors or consultants or information available in public domain and not generated by the valuer.
- ▶ 10. A valuer shall not carry out any instruction of the client insofar as they are incompatible with the requirements of integrity, objectivity and independence.
- ▶ 11. A valuer shall clearly state to his client the services that he would be competent to provide and the services for which he would be relying on other valuers or professionals or for which the client can have a separate arrangement with other valuers.

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ANNEXURE-I MODEL CODE OF CONDUCT FOR REGISTERED VALUERS

[See clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12]

Independence and Disclosure of Interest

- 12. A valuer shall act with objectivity in his/its professional dealings by ensuring that his/its decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the valuation assignment or not.
- 13. A valuer shall not take up an assignment if he/it or any of his/its relatives or associates is not independent in terms of association to the company.
- 14. A valuer shall maintain complete independence in his/its professional relationships and shall conduct the valuation independent of external influences.
- 15. A valuer shall wherever necessary disclose to the clients, possible sources of conflicts of duties and interests, while providing unbiased services.
- 16. A valuer shall not deal in securities of any subject company after any time when he/it first becomes aware of the possibility of his/its association with the valuation, and in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or till the time the valuation report becomes public, whichever is earlier.
- 17. A valuer shall not indulge in “mandate snatching” or offering “convenience valuations” in order to cater to a company or client's needs.
- 18. As an independent valuer, the valuer shall not charge success fee.
- 19. In any fairness opinion or independent expert opinion submitted by a valuer, if there has been a prior engagement in an unconnected transaction, the valuer shall declare the association with the company during the last five years.
- 20. A valuer shall not use or divulge to other clients or any other party any confidential information about the subject company, which has come to his/its knowledge without proper and specific authority or unless there is a legal or professional right or duty to disclose.

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ANNEXURE-I MODEL CODE OF CONDUCT FOR REGISTERED VALUERS

[See clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12]

Information Management

- 21. A valuer shall ensure that he/ it maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his/its decisions and actions.
- 22. A valuer shall appear, co-operate and be available for inspections and investigations carried out by the authority, any person authorised by the authority, the registered valuers organisation with which he/it is registered or any other statutory regulatory body.
- 23. A valuer shall provide all information and records as may be required by the authority, the Tribunal, Appellate Tribunal, the registered valuers organisation with which he/it is registered, or any other statutory regulatory body.
- 24. A valuer while respecting the confidentiality of information acquired during the course of performing professional services, shall maintain proper working papers for a period of three years or such longer period as required in its contract for a specific valuation, for production before a regulatory authority or for a peer review. In the event of a pending case before the Tribunal or Appellate Tribunal, the record shall be maintained till the disposal of the case.

Gifts and hospitality.

- 25. A valuer or his/its relative shall not accept gifts or hospitality which undermines or affects his independence as a valuer.
 - *Explanation.*— For the purposes of this code the term 'relative' shall have the same meaning as defined in clause (77) of Section 2 of the Companies Act, 2013 (18 of 2013).
- 26. A valuer shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person with a view to obtain or retain work for himself/ itself, or to obtain or retain an advantage in the conduct of profession for himself/ itself.

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ANNEXURE-I **MODEL CODE OF CONDUCT FOR REGISTERED VALUERS**

[See clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12]

Remuneration and Costs.

- ▶ 27. A valuer shall provide services for remuneration which is charged in a transparent manner, is a reasonable reflection of the work necessarily and properly undertaken, and is not inconsistent with the applicable rules.
- ▶ 28. A valuer shall not accept any fees or charges other than those which are disclosed in a written contract with the person to whom he would be rendering service.

Occupation, employability and restrictions.

- ▶ 29. A valuer shall refrain from accepting too many assignments, if he/it is unlikely to be able to devote adequate time to each of his/ its assignments.
- ▶ 30. A valuer shall not conduct business which in the opinion of the authority or the registered valuer organisation discredits the profession.

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Anneuxre - II

Form	Particular
FORM A	APPLICATION FOR REGISTRATION AS A VALUER BY AN INDIVIDUAL
FORM-B	APPLICATION FOR REGISTRATION AS A VALUER BY A PARTNERSHIP ENTITY/COMPANY
FORM - C	CERTIFICATE OF REGISTRATION
FORM - D	Application for recognition (part- i to v)
FORM- E	CERTIFICATE OF RECOGNITION REGISTERED VALUERS ORGANISATION

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Anneuxre - III

Sr. No	Particular
1	Governance Structure and Model Bye Laws for Registered Valuers Organization

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Indicative Matrix on requisite qualifications/experience in specified discipline

Asset Class	Educational qualification in specified discipline		Experience in specified discipline	Valuation Specific Education Course
	Graduate level	Post Graduate level		
(I)	(II)	(III)	(IV)	(V)
Land and Building	(A) Graduate in Civil Engineering, Architecture or town planning of a recognised University	-----	Five years of experience in the discipline after completing Graduation	Courses as per syllabus specified under rule 5
	(B) Graduate in Civil Engineering, Architecture or town planning of a recognised University	post-graduate in Civil Engineering, Architecture or town planning of a recognised University	three years of experience in the discipline after completing Post Graduation	Courses as per syllabus specified under rule 5
	(C) Graduate in a discipline specified by the Authority for a registered valuers organisation in its conditions of recognition	post-graduate in valuation of land and building or real estate from a recognised university	five years of experience in the discipline after completing Post Graduation	Courses as per syllabus specified under rule 5
	Any other graduate level qualification in accordance with rule 4 as may be specified by the Authority for a registered valuers organisation in its conditions of recognition.	Any other post graduate level qualification in accordance with rule 4 as may be specified by the authority for a registered valuers organisation in its conditions of recognition.	At least five years and three years of experience in case of graduate level degree and post graduate level degree respectively.	Courses as per syllabus specified under rule 5

Format of Examination

The format of examination is as under:

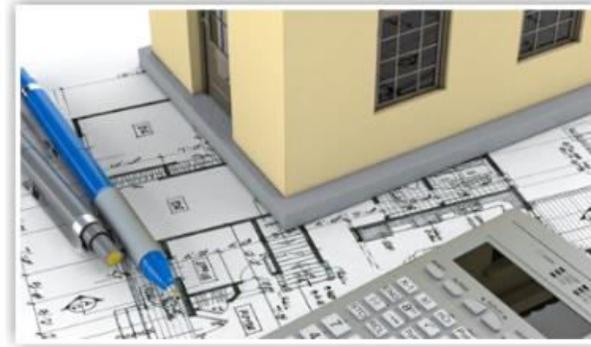
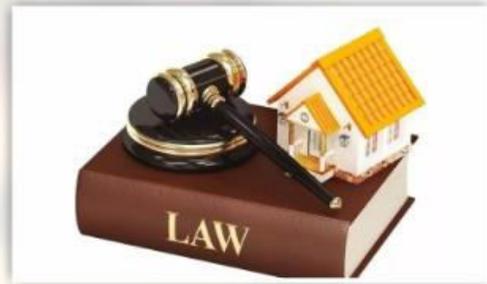
- a. The examination is conducted online (computer-based in a proctored environment) with objective multiple-choice questions;
- b. The duration of the examination is 2 hours;
- c. A candidate is required to answer all questions;
- d. A wrong answer attracts a negative mark of 25% of the marks assigned for the question;
- e. A candidate needs to secure 60% of marks for passing;
- f. A successful candidate is awarded a certificate by the Authority;
- g. A candidate is issued a temporary mark sheet on submission of answer paper; and
- h. No workbook or study material is allowed or provided.
- i. A candidate may use a non-memory based calculator. No mobile phone is allowed.

Format of Examination

The frequency of Examination is as under:

- a. The examination is available from a number of locations in the country;
- b. The examination is available on every working day;
- c. A candidate needs to provide PAN and Aadhaar to enroll for the examination.

THANK YOU



PARAG SHETH

FIE, FIV, MICA, MASCE, LL.B, DPM

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