

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

**CIRCULAR**

No. IBBI/RVO/033/2020

23<sup>rd</sup> April, 2020

To

All Recognised Registered Valuer Organisations (RVOs)  
(By mail to registered email addresses and on website of the IBBI)

Dear Madam / Sir,

**Subject: Governance Structure of the Registered Valuers Organisation**

The Companies (Registered Valuers and Valuation) Rules, 2017 (Rules) envisage Registered Valuer Organisations (RVOs) to act as front-line regulators for development and regulation of the valuation profession. The RVOs have the responsibility to admit, develop, monitor and discipline the members of the profession. Keeping their powers and responsibilities in view, the Rules have prescribed minimum norms of governance befitting a regulatory State. The Rules, inter alia, prescribe the composition of Governing Board of an RVO, and manner of discharge of its powers and functions.

2. Recognition of RVOs is subject to other conditions as may be specified by the Insolvency and Bankruptcy Board of India, being the Authority, in terms of rule 14 of the Rules. Clause 4 of Part - I of Annexure - III of the Rules provides for the composition of the Governing Board of an RVO. Sub-clause (5) of clause (4) mandates that an independent director shall be an individual:

- (a) who has expertise in the field of finance, law, management or valuation;*
- (b) who is not a registered valuer;*
- (c) who is not a shareholder of the registered valuers organisation; and*
- (d) who fulfils the requirements under sub-section (6) of section 149 of the Companies Act, 2013.*

Further, as per sub-clause (6), the Chairperson of the Governing Board of an RVO shall be an independent director.

3. In the meetings with MDs/CEOs of the RVOs, the issue of eligibility to be an independent director has been discussed a few times, in view of the likely conflict of interests. It has been clarified that a member of the promoter organisation, which has promoted an RVO, shall not be an independent director in the RVO.

4. A promoter organisation may have its members - share holder member in case the promoter is a company, a trustee in case the promoter is an association of persons/ trust, or a professional member in case the promoter is a professional body - as directors on the Governing Board of the RVO. However, such directors shall not be appointed as independent directors. Illustratively, a share-holder / professional member of the Institution of Valuers (IOV), who is a director on the Governing Board of the IOV RVO or a professional member of the ICAI, who is a director on the Governing Board of the ICAI RVO shall not be considered as an independent director for the purposes of sub-clause (5) of clause (4) of Part -

I of Annexure - III of the Rules. It is further advised that if any RVO does not have composition of its Governing Board taking this clarification into account shall reconstitute the Governing Board within three months from the date of issue of this Circular to meet this requirement.

5. This is issued in exercise of the powers under clauses (e), (g) and (i) of rule 14 of the Companies (Registered Valuers and Valuation) Rules, 2017.

Yours faithfully,  
Sd/-  
(Debajyoti Ray Chaudhuri)  
Chief General Manager  
Email: dr.chaudhuri@ibbi.gov.in