

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

[Authority delegated by the Central Government under section 458 of the Companies Act, 2013 read with rule 2(1)(b) of the Companies (Registered Valuers and Valuation) Rules, 2017.]

No. IBBI/Valuation/RVO/02/2022

22nd September, 2022

ORDER

This Order disposes the Show Cause Notice (SCN) No. RVO-14014/3/2020-IBBI/3584, dated 26.05.2020 issued to Ms. Chetna Agarwal, who is Managing Director of the All India Valuers Association (AIVA) under rule 17 of the Company (Registered Valuers and Valuation) Rules, 2017 (Valuer Rules). The Insolvency and Bankruptcy Board of India (IBBI) has been delegated authority by the Central Government to perform the functions of the Authority under Valuer Rules. The IBBI has recognized AIVA as a Registered Valuer Organisation (RVO) under the Valuer Rules read with section 247 and section 458 of the Companies Act, 2013 in all the three asset classes *vide* recognition number IBBI/RV/2021/015 on 15.02.2021.

1. Issuance of Show Cause Notice (SCN) and hearing before DC

- 1.1 The RVOs are required to submit various compliance reports to the Authority from time to time, namely Half Yearly Reports, Complaints and Grievances status, Findings of Peer Review Policy, disclosures on the website of the RVOs, details of Registered valuers on the website of RVOs and Review by Committee of Experts on valuation formed by the RVOs (2021-22) etc.
- 1.2 Upon consideration of the material available on record, the Board was of the prima facie opinion that sufficient cause existed to take actions under the rule 17 of the Valuer Rules and accordingly issued SCN to AIVA, addressed to Managing Director of AIVA, Ms. Chetna Agarwal on 26.05.2022, seeking her written reply within 15 days of its receipt. The SCN alleged contravention of sub-rules (a), (b), (d), (e), (g), (h) and (i) of rule 14, clauses 6(2)(a), (f) and (g) and clause 20 of Model Bye-Laws of a RVO under Part-II of Annexure -III of Valuer Rules.
- 1.3 AIVA did not reply to the SCN. Ms. Chetna Agarwal *vide* email dated 28.06.2022 requested the Board to surrender their recognition as due to lack of registration of members they are not able to continue as an RVO. The RVO availed opportunity of personal hearing through virtual mode on 20.09.2022 where it was represented by Mr. Prashant Bharti, one of the directors of the RVO.

2. Alleged contraventions and submissions of the IP

Contraventions alleged in the SCN and RVO's submissions are summarised as follows:

2.1 Contraventions

- 2.1.1 Rule 14(d), 14(e) and 14(i) of Valuer Rules read with clause 6(2)(g) of the Model Bye-Laws obliged the RVO to comply with directions and the requirements of the Board and provide information about its activities. The Board had issued directions to the RVO *vide* circulation of minutes of the monthly meetings with the MDs/CEOs of RVOs to comply with the compliances such as dissemination of information about important decisions taken in the monthly meetings, status of complaints and grievances, submission of half yearly reports, details of registered valuers on the website of the RVOs, peer review of RVs to be conducted by the RVOs. AIVA has not complied with the directions of the Board with respect to the above-stated status of compliances.
- 2.1.2 Rule 14(h) of Valuer Rules provides that the RVO should display on its website, the status and specified details of every registered valuer being its valuer member. However, the website of the AIVA is non-responsive.
- 2.1.3 Clause 6(2)(g) of the Model Bye-Laws provides that RVO shall provide information about its activities to the Board. The Board has issued meeting notice to the AIVA for along with agenda. However, AIVA has been absent from the monthly monitoring meetings conducted by the Board. Minutes of 48th and 49th monthly meeting enclosing attendance sheet indicates the continuous absence of AIVA.
- 2.1.4 The monthly report is required to be submitted by the AIVA to the Board informing about the activities undertaken during the month. However, it was noticed that even after repeated reminders, AIVA did not submit monthly MIS to the Board.

2.2 Submissions made by RVO

- 2.2.1 RVO did not submit reply to SCN nor did it submit any written submissions after the personal hearing. During the personal hearing, Mr. Bharti submitted that due to operational difficulties and financial crunch, the activities in RVO could not be continued. Hence, he was not able to make monthly compliances. He submitted to make regulatory compliance within a period of 10 days.

2.3 Findings

- 2.3.1 The RVO admits the non-compliances by RVO due to inactivity. Hence contravention of sub-rules (a), (b), (d), (e), (g), (h) and (i) of rule 14, clauses 6(2)(a), (f) and (g) and clause 20 of Model Bye-Laws of a RVO under Part-II of Annexure -III of Valuer Rules is made out.

3. Order

- 3.1 In view of the above, there is a strong case to suspend the recognition of AIVA by the Authority, in exercise of powers conferred *vide* notification of Central Government no. GSR 1316(E) dated 23.10.2017 under Section 458 of the Companies Act, 2013 and in

pursuance of rule 15 and rule 17 of the Valuer Rules. However, given the submissions made during the hearing, I am inclined to hereby grant AIVA, an opportunity for completion of mandatory compliances under the Valuer Rules within 15 days from the date of issuance of this order.

3.2 Failing to comply with the directions as contained in para 3.1 above, the recognition of AIVA with recognition number IBBI/RV/2021/015 will stand cancelled under Rule 5(c) of Valuer Rules on 16th day from the date of issue of this order that is **with effect from 8th October 2022** in accordance with provisions of Rule 17(8) of the Valuer Rules.

3.3 Accordingly, the show cause notice is disposed of.

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Dated: 22nd September, 2022
Place: New Delhi

(Sudhaker Shukla)
Whole Time Member, IBBI