

DC/IOVRVF/2024-25/ 4587

DATE: 23/12/2024

[AUTHORITY DELEGATED BY THE MINISTRY OF CORPORATE AFFAIRS UNDER CLAUSE X, SUB CLAUSE-24(2) OF THE PART-II OF ANNEXURE III OF THE COMPANIES (REGISTERED VALUERS AND VALUATION) RULES, 2017]

ORDER

This Order disposes the Show Cause Notice (SCN) No. DC/IOV-RVF/2023-24/4698 dated 03.10.2023 issued to Mr. Muthiah Soundararajan Selvarajan who is a member of the IOV Registered Valuer Foundation ("IOV RVF"), a Registered Valuer Organization having Membership No. IOVRVF/VM/L&B/2250 and registered with the Insolvency and Bankruptcy Board of India ("IBBI"/"Authority"), as valuer in asset class Land & Building with the registration no. IBBI/RV/02/2019/11254.

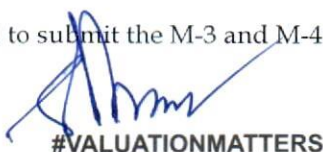
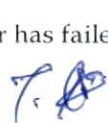
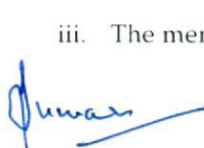
**1. Background**

- 1.1. It has come to the notice of the Monitoring Committee of IOVRVF that Mr. Muthiah Soundararajan Selvarajan is/was falling under the category of 'non-Compliant' from the last three years as he has failed to adhere to compliances procedure/framework laid down by IBBI and IOV RVF. In this regard, matter was referred by Monitoring Committee to the Disciplinary Committee of IOVRVF.
- 1.2. Respondent was given ample opportunities to put forth his defense/reply and along with a personal hearing keeping in mind the principles of Natural Justice.

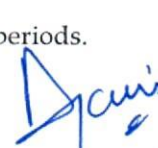
**2. Examination of contraventions alleged in the SCN**

2.1. The contravention alleged in the SCN is summarized as under: -

- i. **Non-payment of Annual Membership Fee:** As per Rule 11 of Annexure III of Companies (Registered Valuers and Valuation) Rules, 2017 ("Rules"), an organization may require the members to pay a fixed sum of money as its annual membership fee. Respondent was given ample opportunities to put forth his defense/reply and along with a personal hearing keeping in mind the principles of Natural Justice. Despite repeated reminders, the member has not paid the annual membership fee for the relevant year(s).
- ii. **Non-filing of M3 i.e. CEP Annual Data and M-4 i.e. Valuation Activity Data:** - As per Rule 16 of Annexure III of Rules, a member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organisation, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment and valuation report. Further, IOV-RVF also provides procedural framework comprising of collection of the information, record(s) and document(s) both from the Valuer Member(s) and from independent sources to monitor the performance of Valuer Member(s) in form of M-3 i.e. CEP Annual Data and M-4 i.e. Valuation Activity Data.
- iii. The member has failed to submit the M-3 and M-4 for the relevant periods.



#VALUATIONMATTERS



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- iv. **Non-attendance of CPE Programs:** The member has not attended the required number of Continuing Professional Education (CPE) programs for the relevant periods.

2.2. A summary Chart is also re-produced as under: -

**COMPLIANCE STATUS FOR F.Y. 2019 - 2024**

Financial Year	Annual Membership Fee	M3 Status	M4 (Apr-Sep) Status	M4 (Oct-Mar) Status	CEP Status	Compliance Status
2023-24	Pending	Not filled	Not filled	Not filled	Pending	Non-Compliant
2022-23	Pending	Not filled	Not filled	Not filled	Pending	Non-Compliant
2021-22	Pending	Not filled	Not filled	Not filled	Pending	Non-Compliant
2020-21	Pending	Not filled	Not filled	Not filled	Pending	Non-Compliant
2019-20	Success	filled	filled	filled	Complete	Compliant

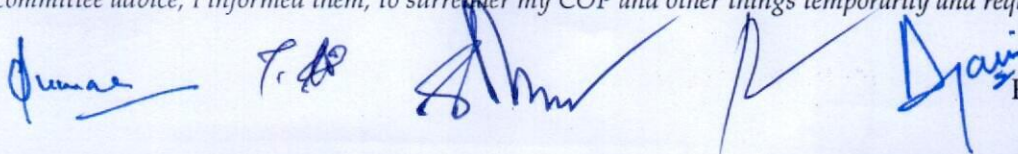

**CEP STATUS FOR F.Y.2019 - 2024**

Financial Year	Maximum CEP Required	Minimum CEP Required	CEP Earned	Pending/Extra
2019-20	13	13	13	0
2020-21	16	10	1	15
2021-22	16+15=31	10	0	31
2022-23	16+31=47	10	0	47
2023-24	16+47=63	10	0	63

**3. Reply from the Registered Valuer**

Registered Valuer replied via letter dated October 25,2023 by stating that "I was new entrant to this valuation field and I didn't have any prior experience in any banks or financial institutions I saw advertisements/ notifications and attended many IOV meetings. There I was projected our country needs a large number of Valuers and there is going to be wide bright scope for IBBI empanelled Valuers. Inspired by such ads, with my hard and sincere work, of course with your 50 hrs valuable training program after spending considerable money, I passed out IBBI Valuation examination conducted on 15TH Nov 2018 and enlisted in IBBI approved panel valuers on 17th Dec 2018. With this valuable qualification and ambition, I searched and approached several firms, banks and financial institutions for empanelment by showing IOVRVF & IBBI certificates. Yet I could not succeed in any empanelment due to lack of prior valuation experience.

IOV-RVF for renewal of COP for 2019-20. For annual subscription fee that I already paid on 07.02.2019. I sought your help and guidance thro' mails & phone conversation. But no positive response from your end. Meanwhile I got mail from COP IOV-RVF they observed Nil report they would like to know the reason for the same and sought my valuable suggestion /feedback about the current scenario of valuation profession and challenges in getting the valuation assignments. I wrote and talked to them and insisted to save beginner Valuers like me in addition to monitoring us and I informed them orally that I'm temporarily surrendering my COP as I appealed to them about my unwillingness and inability to incur any more expenditure in this regard, as I could not make a single paisa of revenue in this valuation profession. As per IOVRVF monitoring committee advice, I informed them, to surrender my COP and other things temporarily and requested them

to inform IBBI also. Whenever you asked about Annual membership fee, M3&M4 data & CEP Points from time to time this is what I had been saying since Dec 2020. I assure to revive my valuer profession if there is enough opportunity for non-panelled (in companies/ firms/banks/ financial institutions) beginner valuers like me who are not able to play in this valuation field in the present scenerio.

As per Rule 9 of chapter II of Companies (Registered valuers and Valuation) Rules 2017, I temporarily surrendered my registration and COP since Sep 2020. I promise and declare you once again that so far I have not undertaken any valuation assignment also I earned not even a single paisa of revenue by this valuation profession. Expecting my revival at the earliest".

#### 4. Findings of the Disciplinary Committee

Disciplinary committee has found that the Registered Valuer is in default of the following provisions of the Valuation Rules:

- 4.1. Rule 11 of Annexure III of Companies (Registered Valuers and Valuation) Rules, 2017 ("Rules"), an organization may require the members to pay a fixed sum of money as its annual membership fee.
- 4.2. Rule 16 of Annexure III of Rules, a member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Organization, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment and valuation report.
- 4.3. Rules 12(2)(e) of the Rules, an RVO is required to provide continuing education to its individual members. Also, as per IBBI directions on CEP requirement, The RV shall undertake a minimum of 10 CEP credit hours in each Financial Year (FY) and 48 credit hours of CEP in the rolling block of 3 years. The year pertains to the Financial Year i.e. 1st April to 31st March.
- 4.4. In the present case, The Disciplinary Committee considered the member's response regarding the temporary surrender of their Certificate of Practice (COP) since September 2020, citing reasons such as the inability to generate revenue from the valuation profession, lack of opportunities, and financial constraints.

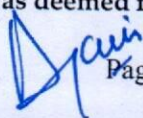

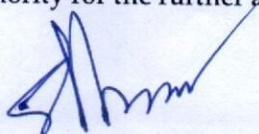
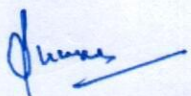
However, as per the Companies (Registered Valuers and Valuation) Rules, 2017, Rule 9, the procedure for temporary surrender requires the submission of a formal application along with the completion of all pending compliances, including payment of outstanding dues and updating of records with the authority. Despite multiple reminders from IOV-RVF, the member has failed to adhere to the regulatory requirements and provide evidence of compliance or formal approval for the surrender of their COP.

- 4.5. Based on the findings of the material on records, it has been observed from the conduct of the Registered Valuer that he does not have any plausible explanation for pendency of the compliances from his end.

#### 5. Decision

Based on the above finding, the Disciplinary Committee in exercise of power conferred under Clause 24 sub clause 2 (b) and (e) of the Para X of Part II (Model Bye-Laws of a Registered Valuers Organization) of Annexure III of the Companies (Registered Valuers and Valuation) Rules, 2017, hereby: -

- a) Suspend the membership of Respondent till the time Registered Valuers completes his pending compliances; and
- b) Refer the matter to the Authority for the further appropriate action as deemed fit



6. Show Cause Notice, accordingly, is disposed of.

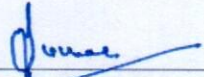
7. Appeal

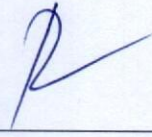
In case the Registered Valuer is aggrieved by the order passed by the Disciplinary Committee, he may prefer an appeal before the Appellate Authority within thirty days from the receipt of this order.

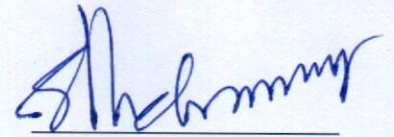
8. IBBI

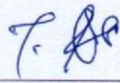
A copy of this order shall be forwarded to IBBI ("Authority") for future course of action.

Given under seal of the Disciplinary Committee of IOV-RVF, this the day of 23<sup>rd</sup> December, 2024.

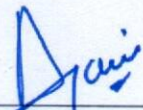
  
Shri Suhil Kumar  
Khosla  
Chairman

  
Shri Ramesh Kumar  
Meena  
Member-IBBI  
Representative

  
Shri Pichaiya Subramaniam  
Member

  
Shri Anand Raju  
Member



  
CS Deepali Jain  
Disciplinary Officer

CC :-

1. Insolvency and Bankruptcy Board of India
2. Muthiah Soundararajan Selvarajan, Registered Valuer
3. IOV RVF- Record