

DC/IOVRVF/2024-25/ 5021

DATE: 20.03.2025

[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/2023-24/4634** dated **03.10.2023** issued **Krishnarajan Damodaran** who is a member of the IOV Registered Valuer Foundation ("IOV RVF"), having Membership No. IOVRVF/VM/L&B/3348 and registered with the Insolvency and Bankruptcy Board of India ("IBBI"/" Authority"), as valuer in asset class Land and Building with the registration no. **IBBI/RV/02/2019/10534**.

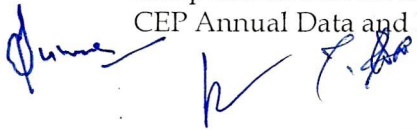
1. Background

- 1.1. It has come to the notice of the Monitoring Committee of IOVRVF **Krishnarajan Damodaran** 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. Krishnarajan Damodaran 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.



#VALUATIONMATTERS



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- iii. The member has failed to submit the M-3 and M-4 for the relevant periods.
- 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	NO	Not Filled	Not Filled	Not Filled	Pending	Non-Compliant
2022-23	NO	Not Filled	Not Filled	Not Filled	Pending	Non-Compliant
2021-22	NO	Not Filled	Not Filled	Not Filled	Pending	Non-Compliant
2020-21	YES	Not Filled	Not Filled	Not Filled	Complete	Semi- Compliant
2019-20	YES	Filled	Filled	Filled	Complete	Compliant

CEP STATUS FOR F.Y.2019-2024

Year	Maximum CEP Required	Minimum CEP Required	CEP Earned	Pending
2019-20	16	19	19	0
2020-21	16	10	0	16
2021-22	16+16= 32	10	0	32
2022-23	32+16= 48	10	0	48
2023-24	48+16= 64	64	0	64

3. Reply from the Registered Valuer

A. Member in his reply via letter dt. 27.10.2023 to the SCN submitted as under

I have received the above Show Cause Notice on 15/10/2023 by Regd. Post. In this connection, I would like to reply in defence as follows

1. I was enrolled by IBBI on 01/02/2019 under Registration No. IBBI/RV/02/2019/10534, also with membership of IOVRVF No. IOVRVF/VM/L&B/3348
2. I have been submitting the M3 & M4 Forms and the annual membership fee for the year 2019-2020 & 2020-2021. From 01/02/2019, I have completed nearly 4 years & 10 months after the Registration with IBBI. So far, I have not carried out a single valuation for Companies under Valuation Rules 2017,



because I have not got any opportunity to do the same. I do not have any tie up with RP to obtain the Valuation for Companies, as I know that there is a coterie around each RP and they do not distribute their work to any Valuer other than the coterie.

3. Without having any Valuation of Companies under rules 2017, I have been paying annual membership of Rs 11,800/- and regularly attending Seminars to achieve the required credit.
4. The total expenditure per year comprising annual membership and the expenditure for Seminars approximately works out to Rs 30,000/-. In order to continue the above expenditure, I should have the earnings from the Valuation of Companies more than the above amount. This only is fair in having passed examinations and become as Registered Valuer (IBBI).
5. Whereas, I have been the Government Registered Valuer for the last 40 years and successfully carried out nearly 12,000 nos of Valuation works in various Banks & Finance Institutions. My rich experience as a Valuer had been utilized by IOVRVF by adopting my paper in IOV Journal as one of the Case Study. I have been a Faculty for conducting 50 Hrs Educational Course in the year 2019 & 2020.
6. I am the fellow member of IOV with Membership No. F2568.
7. I have been awarded the Silver Medal at the National Level in 2002.
8. With the earning obtained from Valuations other than the Company Valuation. I have to spend Rs 30,000 for the simple maintenance of my Registered Valuer with IOVRVF. Therefore, I was discouraged from complying the Rules & Regulations from the year 2012-2022 onwards.
9. This is the state of affairs of roughly 100 out of 120 Registered Valuers in Coimbatore Centre.
10. Therefore, my sincere request is that the annual fee may be reduced to Rs 5,000/- and the corresponding fees for Seminars also to be considerably reduced. Otherwise the IOVRVF should have one time or life time payment as IBBI.

I hope I have given you my explanation as one of the Senior Most Valuers of IOV and earlier officer bearer of IOV.

B. Member in his further response vide email date 25.11.2023, expressed his view of temporary surrender of Registration.

C. 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, considering Registered Valuers concern and age, as a gesture of goodwill, a 70% discount on his total outstanding dues was offered to ease the financial pressure and to encourage him to regularize his valuation practice via email dated September 09, 2024 was given. However, despite this concession, the dues remain unpaid, and no further action has been taken from his end to complete the pending compliances. Again, on December 13, 2024 he was given one more opportunity to complete his pending compliances till December 31, 2024, however, it was all in vain and no further communication received from the Registered Valuer.
- 4.1. **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.**

D. 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 Krishnarajan Damodaran till the time he completes his pending compliances; and
- b) Refer the matter to the Authority for further appropriate actions as deemed fit.

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

F. Appeal

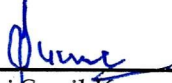
In case the Registered Valuer is aggrieved by the order passed by the Disciplinary Committee, he may prefer an appeal before the Appellate Authority of IOV RVF within thirty days from the receipt of the order.

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G. IBBI

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

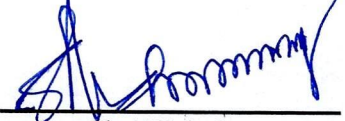
Given under seal of the Disciplinary Committee of IOV-RVF, this the day of
20th March, 2025



Shri Sunil 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. Registered Valuer, Krishnarajan Damodaran
3. IOV RVF- Record