

## INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

[Authority delegated by the Central Government vide notification no. GSR 1316(E) dated 18.10.2017 under section 458 of the Companies Act, 2013 read with rule 2(1)(b) of the Companies (Registered Valuers and Valuation) Rules, 2017]

IBBI/Valuation/Disc.(A)/06/2025

02 June 2025

### ORDER

This Order disposes the appeal preferred by Mr. Vipin Kumar against the Order dated 26.03.2025 passed by Insolvency and Bankruptcy Board of India (IBBI). Mr. Vipin Kumar (RV) is registered under Companies (Registered Valuers and Valuation) Rules, 2017 (“Valuation Rules”) as a valuer of Land and Building (L&B), with the Registration number IBBI/RV/06/2019/11215.

#### 1. Brief Background

- 1.1 The IBBI, in accordance with rule 15 read with rule 17 of the Valuation Rules, had suspended the registration of Mr. Vipin Kumar for a period of three months vide its Order dated 26.03.2025 (hereinafter referred as “Order”). The said Order disposed of the Show Cause Notice (SCN) No.RV-13012/1/2023-IBBI/375/709, dated 20.09.2024, issued to Mr. Vipin Kumar in respect of his valuation assignment in the Corporate Insolvency Resolution Process of M/s. Base Corporation Limited (Corporate Debtor/CD).
- 1.2 In terms of Rule 17(9) of the Valuation Rules, Mr. Vipin Kumar has now preferred an appeal against the Order dated 26.03.2025. He availed the opportunity of personal hearing before the appellate authority on 08.05.2025.

#### 2. IBBI Order dated 26.03.2025.

- 2.1 The IBBI in its Order dated 26.03.2025 examined the allegations mentioned in the SCN dated 20.09.2024 and the reply of Mr. Vipin Kumar on such allegations, which is presented here in brief as follows-
  - 2.1.1 **Issue regarding valuation of land situated at Hosur and Solan unit** – It was alleged in the SCN alleged that Mr. Vipin Kumar has assigned land valuations without citing concrete sources, circle rates, or market comparables in the valuation report. The RV in his response to the SCN had stated that that neither IBBI nor RVOs mandate inclusion of circle rates or market evidence in valuation reports, and due to lack of transparency and unavailability of updated registry data during Covid it was not feasible to rely on such sources. The Authority on perusal of the materials available on record had concluded that Mr. Vipin Kumar violated Rule 8(3)(g) of the Valuation Rules by failing to disclose specific details of the sources and comparable plots relied upon by the RV to arrive at the market value, and thereby rendering the valuation report non-transparent and non-compliant with the Valuation Rules.

**2.1.2 Issue regarding discounting while calculating fair value and liquidation value** – It was noted in the SCN that Mr. Vipin Kumar had considered a lower market value of Rs. 17,50,000/- acre (applicable to inner road) as against Rs. 33,33,333/- acre (applicable for main road) for assessing the value of land of CD situated at Hosur unit. Further, Mr. Vipin Kumar had again applied an additional discount of 40% on the said lower value for arriving at fair value of the land of CD. Furthermore, an additional discount of 30% was applied on fair value to arrive at liquidation value. It was alleged in the SCN that the application of cumulative discounting factor has significantly reduced the fair value and liquidation value of the land unit of the CD without any clear justification for each layer of reduction. The RV in his response to the SCN had stated that the discount rates are not fixed by any authority and were applied based on site-specific assessment, professional judgment, market surveys, valuation literature, and documented in working papers. The Authority found that although Mr. Vipin Kumar has not completely mentioned the source of information for the market value considered by him, he has mentioned the factors considered by him for applying the discount of 40% on the market value to arrive at the fair value of the property.

### **3. Appeal by Mr. Vipin Kumar.**

3.1 In his appeal, Mr. Vipin Kumar with respect to valuation of land situated at Hosur and Solan unit has submitted that the nature and sources of information used in the valuation report were duly disclosed and previously accepted by the inspection authorities. The Order's insistence on "verifiable data" is impractical in the context of the Indian real estate market, where transparent data is scarce. The non-inclusion of circle rates, though not mandated by any regulation, was wrongly treated as a compliance failure, despite most valuers in the same assignment have not included it either. The RV further submitted that professional judgment, market surveys, and disclaimers were appropriately applied, especially given COVID-related limitations on accessing property records. Also, neither the Resolution Professional nor the Committee of Creditors raised any objection to the valuation report at the time of submission.

### **4. Analysis and findings**

4.1 On perusal of the Order dated 26.03.2025, it is observed that mainly the violation made out against Mr. Vipin Kumar is on the account of his failure to disclose the specific details of the nature and sources of the information upon which he has relied on for assessing the value of land of CD situated at Hosur and Solan unit rendering the valuation report non-transparent and non-compliant with the provisions of the Valuation Rules.

4.2 It is pertinent to note that Rule 8 of the Valuation Rules explicitly provides as to what all mandatory contents should be there in a valuation report submitted by a Registered Valuer. These mandatory contents help in enhancing the credibility of the valuation report and the consequently the trust of the stakeholders. This is essential as the critical decision in a

CIRP/Liquidation process under the Code is taken on the basis of the valuation estimates provided in the valuation report.

- 4.3 In the present matter, it is observed that the RV has failed to demonstrate in his valuation report, the details of the source of information for the rate taken by him in valuation of the land of the CD situated at Hosur and Solan unit. Further, in absence of the details of the comparable plots, the value of which has been considered by the RV to ascertain the value of the land units of CD, it is not clear as to how such plots are actually comparable to the land units of the CD. Therefore, the valuation report does not disclose the complete source of information regarding valuation of CDs property.
- 4.4 Therefore, this Authority agrees with the findings in the Order dated 26.03.2025, that the valuation report falls short of having all the mandatory contents as required under Rule 8(3)(g) of the Valuation Rules.

## **5. Order**

- 5.1 In view of the foregoing, this Authority does not find any reason to interfere with the Order dated 26.03.2025. Accordingly, the Authority in exercise of powers conferred vide notification of Central Government no. GSR 1316(E) dated 18th October 2017, under Section 458 of the Companies Act, 2013 and in pursuance of Rule 17(9) of the Valuation Rules, dismisses the appeal.

Dated: 02.06.2025  
Place: New Delhi

Sd/-  
(Ravi Mital)  
Chairperson  
Insolvency and Bankruptcy Board of India