

## **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./29/2025

01.10.2025

### **ORDER**

**This Order disposes the Show Cause Notice (SCN) No. RV-13012/3/2024-IBBI/403/714, dated 07.05.2025 issued to Mr. Chandran R (RV) under rule 17 read with rule 15 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules). Mr. Chandran R is registered with IBBI as a valuer of Land and Building with the Registration number IBBI/RV/04/2019/10668.**

#### **1. Issuance of Show Cause Notice (SCN) and hearing before the Authority**

- 1.1 Rule 17(1) of the Valuation Rules provides that based on findings of an inspection, if the authorised officer is of the prima facie opinion that sufficient cause exists to cancel or suspend the registration of a valuer, it shall issue a SCN to the valuer.
- 1.2 In this regard, an Inspecting Authority (IA) was appointed to conduct inspection of Mr. Chandran R in respect of the valuation report dated 29.05.2019 and further revised valuation report dated 28.10.2019 submitted by him during the Corporate Insolvency Resolution Process and valuation report dated 30.10.2020 submitted by him in the liquidation proceeding of M/s. Jeypore Sugar Company Limited (Corporate Debtor/CD).
- 1.3 Based on the findings in the inspection report, a prima facie opinion was formed that sufficient cause exists to consider actions under sub-rule (5) of rule 17 of the Valuation Rules and accordingly SCN dated 07.05.2025 was issued to Mr. Chandran R alleging contravention of Sub-regulation (3) of Regulation 35 of Liquidation Regulations and Rule 7(g) of the Rules read with clauses 6, 12 and 14 of Model Code of conduct for Registered Valuers provided in Annexure I of the Rules.
- 1.4 Mr. Chandran R submitted reply to the SCN on 21.05.2025. The matter was referred to this Authority for disposal of the SCN where Mr. Chandran R availed the opportunity of

personal hearing through virtual mode on 22.08.2025. Post-hearing, Mr. Chandran submitted additional submissions and documents on 28.08.2025.

## 2. Examination of contraventions alleged in the SCN

The contravention alleged in the SCN, the response of RV and the findings of the Authority are summarised as follows:

### **Issue regarding Valuation of assets situated at Rayagada Asset of the CD:**

2.1 It was observed that Mr. Chandran R was appointed as valuer vide letter of appointment dated 18.04.2019 and 06.06.2020 during CIRP and Liquidation process of the CD respectively. In page 15 at point 7. Conclusion, in the valuation report dated 29.05.2019 during CIRP, the following is mentioned regarding the valuation of the CD:

#### **Valuation of M/s Jeypore Sugars Company Ltd.**

S. No	Location	Value of Land (Crore)	Value of Building (Crore)	Total value / FMV (Crore)	Remarks
1	Chagallu Sugars + Yernagudem	81.63	8.00	89.63	Yernagudam land for Agricultural use
2	Chagallu Distillery	49.25	1.75	51.00	--
3.	Pothavaram	75.33	22.51	97.84	--
4	Jangareddigudam+Narasannapalem	38.23	1.54	39.77	Narasannapalem land for SSI use
5.	Rayagada assets (5 Places)	1087.98	2.56	1090.54	--
	<b>Total</b>	<b>1332.42</b>	<b>36.36</b>	<b>1368.78</b>	--

*“Hence, The Fair market Value of all the immovable assets of "The Jeypore Sugars Company Ltd", as per the list of properties (in Andhra Pradesh & Odisha) given by Resolution professional is Rs 1368.78 Crore. (In words, One thousand three hundred and sixty eight Crores and seventy eight Lakhs only)”*

2.2 Thus, it was observed from the valuation of the CD during CIRP that Mr. Chandran R has valued the “Rayagada assets” at fair market value of ₹ 1090.54 crore initially.

2.3 However, pursuant to the initial report, Mr. Chandran R has submitted a revised valuation report on 28.10.2019 for the CD. In the revised valuation report, in page No. 4 at point 11, the following is mentioned regarding the valuation of the CD:

**Valuation of assets of M/s Jeypore Sugars Company Ltd.**

S. No	Name of location	Land Value (Cr)	Building Value (Cr)	Total Value (Cr)	Fair Market Value (Cr)
1a	Chagallu Sugar	76.03	8.00	84.03	89.63
1b	Yernagudam	5.60	-	5.60	
2	Chagallu Distillery	49.25	1.75	51.00	51.00
3	Pothavaram	75.33	22.51	97.84	97.84
4a	Jangareddigudam	34.76	1.54	39.77	39.77
4b	Narasannapalem	3.47			
5a	Rayagada Nagar <sup>#</sup>	---	---	---	---
5b	Rayagada Village <sup>#</sup>	---	---	---	
5c	Jayaramguda <sup>#</sup>	---	---	---	
5d	Barijholla <sup>#</sup>	---	---	---	
5e	Komatiapeta <sup>#</sup>	---	---	---	
	<b>Grand Total<sup>#</sup></b>	<b>244.44<sup>#</sup></b>	<b>33.80<sup>#</sup></b>	<b>278.24<sup>#</sup></b>	<b>278.24<sup>#</sup></b>

**# - Assets superscribed with this # symbol are in the court of law & under dispute. Hence, Value can not be determined now.**

**\* - This value is not the final figure. It could possibly change based on the final court verdict, because value of some of the assets could not be decided / determined now, due to complex legal issues.**

<b>Market value of freehold Land assets of JSCo</b>	<b>244.44 Cr</b>
<b>Market value of freehold Building assets of JSCo</b>	<b>33.80 Cr</b>
<b>Total combined value of JSCo as per this Valuation</b>	<b>278.24* Cr</b>

\* - This Fair market value, is of all realisable assets as of today

Hence, The Fair market Value of the current realisable immovable assets of "The Jeypore Sugars Company Ltd", as per the recent legal opinion is **Rs 278.24 Crore**. (In words, **Two hundred and seventy eight Crores and Twenty four Lakh rupees** only)

2.4 Further, the following was mentioned in the revised valuation report dated 28.10.2019 during the CIRP in page 4 at point 9:

*"...Hence, in my considered view, the decision on valuation of the said to be disputed land cannot be done. A final verdict in this OLR case, from the court alone can help in deciding the value of the said land, which are now both – not marketable and also cannot be taken over by the Bank – as per the legal opinions given to me, in addition, both the above said advocates, also say that the said assets cannot be mortgaged too. Hence, these assets cannot be expected to get any return as rental lease rent also. So, the value attributed to such lands, in the earlier valuation report also does not hold good & remains withdrawn. The current situation turns more complex and hence court verdict alone can help resolve the issue."*

2.5 Accordingly, Mr. Chandran R has withdrawn his valuation given for the 'RAYAGADA Assets' in the revised report, mentioning that 'value cannot be determined'.

2.6 Mr. Chandran R in his valuation report dated 30.10.2020 which was conducted during the liquidation process of the CD, the following is mentioned in page 26 at point 27.1 Conclusion, by him with respect to the Rayagada Unit of CD:

**Valuation of M/s The Jeypore Sugars Company Ltd.,  
for Liquidation of Land & Building assets  
Consolidated values of each asset with details**

Sr. No.	Asset	Location	Value of Land Rs. (Crore)	Value of Building Rs. (Crore)	Realisable/ Liquidation Value Rs. (Crore)	Remarks
1	VV Sugars	Chagallu	48.281	10.83	59.111	-
2	Distillery	Chagallu	32.78	0.583	33.363	-
3	VRK Sugars	Pothavaram	25.606	11.83	37.436	-
4	Distillery	Jangareddigudam	35.067	1.11	36.177	-
5	E M Division@	Rayagada	NV	NV	NV	-

6	Distillery@	Rayagada	NV	NV	NV	-
<b>Total</b>			Rs. 141.734	Rs.24.353	Rs.166.087	-
Say, Total Value of all the assets listed above are Rs. 166 Crore only						

Note: @= These assets in Rayagada, Odisha – are not valued, refer item 16.19 of this report for more info.

NV – refers to asset not valued.

2.7 In the said valuation report during liquidation, Mr. Chandran R has mentioned the value of the ‘Rayagada assets’ as ‘NV’, which he has explained as ‘refers to asset not valued’.

2.8 In reply to the draft inspection report dated 19.09.2024, it was submitted by Mr. Chandran R as below:

*“...According to the information shared by Mr. K V Raiasekar, DGM (Accounts) of JSCo, all the land possessed by this company in Odisha are under OLR (Orissa land reforms) proceedings now. Hence. they can't be considered or taken up for valuation. as the dispute between the company & the State Govt. of Odisha is still pending in the court of law. So, the inspection of these land & valuation of those assets were not taken up now.”*

.....

*“kindly appreciate sir, that this is an act of IRP/RP CA Shri V VenrkartaSivakumar, who had clearly decided to exclude these assets of Rayagada, Odisha and I have never excluded them.”*

2.9 Considering the above facts into account, it is observed that based on a legal opinion regarding pending litigation and OLR proceedings referred above, Mr. Chandran R has decided not to value the Rayagada assets during CIRP and also in liquidation process of the CD.

2.10 As per Section 36 of Insolvency and Bankruptcy Code, 2016 (“Code”):

*“36. Liquidation estate. - (1) For the purposes of liquidation, the liquidator shall form an estate of the assets mentioned in sub-section (3), which will be called the liquidation estate in relation to the corporate debtor.*

.....

*(3) Subject to sub-section (4), the liquidation estate shall comprise all liquidation estate assets which shall include the following:*

...

*(e) assets subject to the determination of ownership by the court or authority;”*

As per the referred Clause (e) of Sub-section (3) of Section 36, the assets subject to ownership determination by courts remain part of the Liquidation Estate and require valuation. Thus, Mr. Chandran R reasoning that there is all the land possessed by the CD in Odisha are under OLR (Orissa land reforms) proceedings thereof does not justify the complete exclusion of the assets from valuation considerations of the CD.

2.11 Thus, the exclusion of the Rayagada assets from valuation during CIRP and Liquidation period of the CD on the pretext of the pending litigation and OLR proceedings is in violation of Clause (e) of Sub-section (3) of section 36 of the Code.

2.12 On perusal of the material available on record, it is also noticed that Mr. Chandran R had assigned “Land Value” of the CD at ₹ 244.44 crore during CIRP and reduced the same to ₹141.73 crore during liquidation process. Such depletion in the value to the tune of ₹ 102.71 crore resulting in the undervaluation of the CD has not been justified in the valuation report during the liquidation process.

2.13 Sub-regulation (3) of Regulation 35 of IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations), states:

*“...The Registered Valuers appointed under sub-regulation (2) shall independently submit to the liquidator the estimates of realisable value of the assets or businesses, as the case may be, computed in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017, after physical verification of the assets of the corporate debtor.”*

2.14 Further, clause 6, 12 and 14 of Model Code of Conduct for Registered Valuers provided in Annexure I of Rules state as under:

*“6. A valuer shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment.”*

*“12. A valuer shall act with objectivity in his/its professional dealings by ensuring that his/its decisions are made without the presence of any bias, conflict of interest, coercion, or undue influence of any party, whether directly connected to the valuation assignment or not.”*

*“14. A valuer shall maintain complete independence in his/its professional relationships and shall conduct the valuation independent of external influences.”*

2.15 The depletion in the value of Land asset in the valuation report during the liquidation process of the CD and the exclusion of the Rayagada assets from valuation is in violation

of Sub-regulation (3) of Regulation 35 of Liquidation Regulations and Rule 7(g) of the Rules read with clauses 6, 12 and 14 of Model Code of conduct for Registered Valuers provided in Annexure I of the Rules.

### **Submissions of Mr. Chandran R.**

- 2.16 Mr. Chandran R has submitted in his response that during his initial valuation report dated 29.05.2019, he was given only a copy of letter from Adv. Maheswara Rao of Rayagada on the extent of land said to be held by the CD. It was not a legal opinion and he was told that getting legal opinion was not possible because of a pending case related to those land - under OLR proceedings. This was recorded both in his initial report dated 29.05.2019 and also in his revised report dated 28.10.2019. Mr. Chandran further submitted that he had then decided that all the assets said to be under CD have to be valued, as inspected by him, immaterial of the court case - including those said to be held by JSCo in Rayagada, Odisha and he had done so too.
- 2.17 However, later, in the CoC meeting held on 21.10.2019, he was asked/advised to remove (or) revisit and give a revised opinion on the value of assets of JSCo - in the light of fresh legal opinions, about the assets held by CD in Rayagada, Odisha. Mr. Chandran has submitted that he did his analysis again for due-diligence based on the two new and latest legal opinions from 2 different advocates. He further stressed that "Fair value" is the realisable amount on sale of the asset, on the date of valuation. But, as per the legal opinions given, Rayagada assets were caught in OLR proceedings and are held in court and they can't be either sold, or mortgaged, on the insolvency commencement date, which is the date of valuation. Mr. Chandran R submitted that therefore, he was unable to decide as to how much should be the value of assets as it is non-marketable as on that particular date also because he could not get any similar cases for doing a comparable case study.
- 2.18 Mr. Chandran R has further submitted that owing to these situations he decided that he shall include and list all the related assets in the valuation report and mention that they are not valued at the moment and shall be done at material time.
- 2.19 Mr. Chandran R, in his response to the SCN, submitted that the requirements of clause (e) of sub-section (3) of section 36 of the Code, regarding inclusion of all assets including those subject to ownership determination by a court or authority in the liquidation estate, were duly followed. The RV clarified that in his initial valuation report dated 29.05.2019,

he had included the assets at Rayagada, Odisha, after conducting independent due diligence and a site inspection, despite the lack of legal clarity due to ongoing OLR proceedings. However, pursuant to the CoC meeting held on 21.10.2019, where the CoC, led by IDBI Bank, raised further queries on the marketability of the Rayagada land in view of the OLR proceedings and consequently asked him to revisit the values assigned by him.

- 2.20 Mr. Chandran R also submitted that, in light of two new legal opinions received from independent advocates, including that of Mr. Nrushinga Nath Panda, who stated that the land assets of the company could neither be sold (i.e., not marketable) nor mortgaged due to the ongoing litigation, there was a complete reconsideration of the earlier valuation approach. The earlier legal opinion did not raise such concerns since the earlier obtained legal opinions were for some other needs of the company. Consequently, he concluded that the Rayagada assets could not be assigned a value as on the valuation date. However, the assets were still included in the report for completeness. Taking into account the legal opinion of the independent advocate, a fresh and revised valuation report was subsequently prepared and submitted to the Resolution Professional on 28.10.2019.
- 2.21 Mr. Chandran R in his response to the SCN submitted that assigning any assumed or speculative value would be arbitrary and indefensible in the absence of comparable precedents and therefore, presented these assets as part of the liquidation estate while stating that their valuation would depend on the final court verdict.
- 2.22 Mr. Chandran R in his response to the SCN also addressed the issue of discrepancy between the values of assets under the CIRP and liquidation processes. He submitted that the valuation date for liquidation i.e, 29.05.2020 falls within the national COVID-19 lockdown period, which severely impacted the real estate market. Mr. Chandran had justified the lower land value during liquidation by highlighting factors such as distress sale nature, difficulty in large parcel sales, stigma of liquidation, and specific COVID-19 impacts.
- 2.23 The RV in his response to the SCN emphasized his adherence to the Model Code of Conduct for Registered Valuers, the IBC provisions, and valuation regulations, and asserted that all decisions were taken independently, diligently, and without external influence. He expressed willingness to explain any remaining queries in a virtual hearing

and requested that the explanations provided be considered sympathetically, stating that any errors, if found, were unintentional and arose from a possible misinterpretation of legal provisions.

### **Findings of the Authority.**

2.24 The Authority has considered the allegations mentioned in the SCN and the submissions of Mr. Chandran and has also perused the records related to the issuance of valuation report dated 29.05.2019 and further revised report dated 28.10.2019 submitted during the CIRP and valuation report dated 30.10.2020 submitted during the liquidation of the CD. Based on the examination of the records, it is observed that Mr. Chandran in his valuation report dated 29.05.2019 had valued the assets situated at Rayagada to the tune of Rs.1090.54 crores. It is observed that in the said valuation report, Mr. Chandran had mentioned that he has perused copy of the letter from Adv. Maheswara Rao, of Rayagada dt 13.05.2019, having details related to land possessed by JSCo. in & around Rayagada of Odisha which is as follows:

*“I hereby certify that the following lands are owned by M/s. Jeypore Sugar Company Limited. Since there is a legal proceeding against us in court we could not provide latest Legal Opinion [Land ownership extract ] as required by you for getting valuation report.*

*The following is the list of land owned by us with present status:-*

<i>Sl. No</i>	<i>Name of the village</i>	<i>Total Land Extent in acres</i>	<i>Company Land in Possession in acres</i>	<i>Vested Land in acres</i>	<i>Other Possession in acres</i>	<i>Remarks</i>
<i>1</i>	<i>Chekkaguda</i>	<i>6.090</i>		<i>6.090</i>		
<i>2</i>	<i>Jayaramguda</i>	<i>22.190</i>	<i>10.450</i>		<i>11.740</i>	
<i>3</i>	<i>Rayagada Nagar</i>	<i>67.777</i>	<i>67.480</i>		<i>0.290</i>	
<i>4</i>	<i>Sirigona</i>	<i>10.180</i>		<i>10.180</i>	<i>—</i>	
<i>5</i>	<i>Rayagada Village</i>	<i>15.780</i>	<i>15.780</i>			
<i>6</i>	<i>Pita mahal</i>	<i>2.380</i>		<i>2.380</i>		
<i>7</i>	<i>Seriguda</i>	<i>11.640</i>		<i>11.640</i>		

8	<i>Kholliguda</i>	<i>7.840</i>		<i>7.840</i>		
9	<i>Kothapeta</i>	<i>7.030</i>		<i>7.030</i>		
10	<i>Tumbiguda</i>	<i>15.090</i>		<i>15.090</i>		
11	<i>Komatalpeta</i>	<i>286.75C</i>	<i>257.61</i>	<i>17.740</i>	<i>11.400</i>	
12	<i>Barijholla</i>	<i>276.43C</i>	<i>214.430</i>		<i>62.00</i>	
13	<i>Raniguda</i>	<i>55.730</i>		<i>39.97</i>	<i>16.76</i>	
	<i>Total</i>	<i>784.900</i>	<i>565.750</i>	<i>117.96</i>	<i>101.19</i>	

*The above list is certified by us for the ownership as on date and status mentioned above.”*

2.25 Based on the same, he had noted that certain lands in Rayagada area (around 565.75 acres) are in possession of the Corporate Debtor and accordingly, he has valued only those lands and has ascribed value of Rs. 1087.98 crores. The relevant excerpts from the valuation report is as under:

*“3.7.5.5. Large tracts of land are said to be owned by JSCo in Odisha. They are spread across few villages around Rayagada plant. There is also a court case, relating to some of the land - said to be in possession of the JSCo earlier. Hence, we have asked for a latest legal opinion, to give a clear picture on the land owned & now in possession of this company. It is being said now that a formal legal opinion could not be obtained, as there is a case in the court. Hence, we were given a letter dt. 13th May 2019, from Adv. Maheswara Rao of Rayagada, which speaks about the possession some of the land, by M/s The Jeypore Sugars Company Ltd. Hence, those land alone is included in the current valuation. If the final verdict in the above said court case, goes against JSCo & its claim of the said land is lost, a fresh valuation may be needed. This should be kept in mind before any decision is taken based on this valuation report.”*

2.26 Thereafter, as submitted by Mr. Chandran R, on request of the Resolution Professional, he attended the CoC meeting for the purpose of explaining the process of conducting valuation. As per Mr. Chandran, after the meeting, he was contacted by the Resolution Professional to give a fresh valuation report revisiting the value of assets of Rayagada in the new emerging situation. Mr. Chandran has submitted that he had conveyed to the Resolution Professional that he sees no new situation which would require revised valuation report, to which he was told that new legal opinion on recent date will be obtained and provided to him. Thereafter, he was provided with legal opinions of Adv.

Mr. Maheshwar Rao dated 11.05.2019 and another from Adv. Nrushinga Nath Pandey which was undated. The said legal opinion dated 11.05.2019 stated as follows:

*“Presently a writ is pending in the hon'ble high court of Odisha WP(C) No.4490/2015 in respect of all the lands of the Jeypore sugar company Ltd, Rayagada. On dated 02.04.2015 the hon'ble high court has stayed operation of the judgment by order in WP (C) No.4490/2015 and MC 4456 of 2015.*

*All the lands of The Jeypore Sugar Company Ltd, are lands purchased from several individuals since more than 45 to 60 years and the company is possessing regd. sale deeds in respect of all the lands.*

*No land is acquired or leased from the government*

*Since the OLR case is pending, the lands of JSCO Rayagada can neither be sold nor mortgaged to any Bank / individuals.*

2.27 Further, the other legal opinion from Mr. Nrushinga Nath Pandey was undated and had mentioned the following:

*“It is revealed from the records of J.S.Co. Ltd. that, the J.S.Co. Ltd. is in possession of lands as per the R.O.R to an extent of Ac. 784.90 in 13 numbers of Mouza (Revenue Villages). But they are in physical possession of Ac. 565.75. They have already surrendered the lands to the state of Odisha to an extent of Ac 117.96 and others (Raygada People) have occupied to an extent of Ac 101.19.*

*There are numbers of cases relating to the lands of J.S.Co. Ltd. from 1974. At present situation no Sugar Company and ferrow-manganese factory is running on the land of J.S.Co. Ltd. and no lands are used for raising sugarcane for J.S.Co. Ltd. except few members to watch and ward the waste materials of J.S.Co. Ltd. Nobody are Working for J.S.Co.(Sugar Factory) and ferrow-manganese factory. There is a dispute between the State & J.S.Co. Ltd. for no cause. So it can be sorted out, if J.S.Co.Ltd. will take a decision to mitigate the litigation.*

*I have gone through all the documents of the J.S.Co.Ltd. and found that except few lands there are recorded in Rayagada Nagar all are agricultural lands. In view of that these lands cannot be enforceable under SARFAESI Act.*

*The lands are in dispute with the Government of Orissa. The property is involved in OLR Proceedings with the Govt. under OLR Case No.60/74 which is still*

*pending before the Revenue Officer, Rayagada as the OLR Proceedings are stayed by the Hon'ble High Court of Orissa in W.P.C. No. 4490/2015 by the J.S.Co.Ltd....”*

- 2.28 The Authority has perused the legal opinion of Adv Mr. Maheshwar Rao dated 13.05.2019 where the list of the land in possession of the Corporate Debtor has been provided which is 565.750 acres. It is very surprising that Mr. Chandran had then decided to revise his valuation report based on an even earlier legal opinion of Adv Maheshwar Rao dated 11.05.2019 instead of a legal opinion of a more recent date which was being sought by him and is even so mentioned in his valuation report dated 28.10.2019.
- 2.29 During the personal hearing, Mr. Chandran was also asked as to what were the improvements and further developments in the two legal opinions received by him after he had submitted his valuation report on 29.05.2019, which prompted him to revise his valuation report. Mr. Chandran admitted that there was no developments/ improvement in the legal opinions given by the advocates at different point of time.
- 2.30 It is seen from the legal opinion of Mr. Nrushinga Nath Pandey that the Corporate Debtor was in possession of 565.76 acres of land out of total land of around 785 acres. The legal opinion does not specify as to whether the legal dispute encompasses some or all the land assets of the company. Further, it is also opined in the legal opinion that the legal dispute on the land could have been sorted out by the Corporate Debtor. Furthermore, this legal opinion also brings out that the stay was on the Orissa Land Reforms (OLR) proceedings initiated by revenue authorities which is in fact in favour of the company. The facts mentioned in the legal opinions were not very clear and the valuer should have conducted more due diligence while revising his earlier valuation report. However, there was no due diligence done on the part of Mr. Chandran to ascertain the true factual position while conducting the valuation and he has gone for revising his valuation report, as desired by the Resolution Professional, without any justification for revaluation.
- 2.31 So, it is seen that Mr. Chandran went on to revise the valuation report by not valuing the land which were valued in the earlier valuation report based on
- (a) an even earlier legal opinion instead of a later opinion
  - (b) legal opinions which did not bring any clarity in the matter

(c) legal opinion which stated legal dispute on the land could have been sorted out by the Corporate Debtor

2.32 Therefore, the DC finds his conduct of revising his valuation report by not valuing the land which were previously valued, as improper.

2.33 The Authority notes that the SCN has mentioned that in the valuation reports submitted by Mr. Chandran during CIRP and Liquidation period, there is a depletion in the value to the tune of ₹ 102.71 crore resulting in the undervaluation of the CD. The Authority has done a comparative analysis of the valuation done at both the times. It is observed that Mr. Chandran in his first valuation report dated 29.05.2019 had ascribed a fair value of 244.44 crores for the land of the Corporate Debtor, sans the land situated at Rayagada, Odisha. However, in his valuation report dated 30.10.2020 conducted at the time of liquidation of the Corporate Debtor, the liquidation value has been estimated as Rs. 166 crores after applying 55% discount on the fair market value of the land estimated at Rs. 314.96 crores. The major difference between the valuations conducted at these two times (excluding the lands situated at Rayagada, Odisha) are as follows:

Name of location	CIRP Valuation						Revised CIRP Valuation		Liquidation Valuation	
	Area	price factor	Market rate (Cr /acre)	Assumed rate (Cr/acre)	Area factor	Value (Cr)	Area	Land Value	Area	Land Value
Chagallu Sugar factory	136.21	0.725	1.1	0.79	0.7	76.03	136.21	76.03	136.18	101.683
Yernagudam	14	1	0.4	0.4	--	5.6	14	5.6	14.02	5.608
Chagallu Distillery	97.04	0.725	1	0.72	0.7	49.25	97.04	49.25	96.49	72.845
Pothavaram	123.7	0.725	1.2	0.87	0.7	75.33	123.7	75.33	123.7	56.902
Jangareddigudam	76.11	0.725	0.9	0.65	0.7	34.76	76.11	34.76	76.11	74.838
Narasannapalem	3.86	1	0.9	0.9	--	3.47	3.86	3.47	3.86	3.088
<b>Total</b>						<b>244.44</b>		<b>244.44</b>		<b>314.96</b>

2.34 The Authority notes that in the valuation report dated 30.10.2020 conducted during the liquidation of the Corporate Debtor, Mr. Chandran has mentioned various factors affecting the fair value of the lands, which is as follows:

<b>No.</b>	<b>Factors</b>	<b>Impact %</b>
1	<i>Normal case of distress sale value (%) from a valuer</i>	20% (For land prices)
2	<i>Difficulty in selling large land parcels/Islands of land</i>	10% (see 19.9)
3	<i>Stigma of post CIRP Liquidation</i>	10% (see 19.10)
4	<i>Impact of Covid on Land prices alone</i>	10% (see 19.11 & 25.2)
5	<i>Additional Gloom during Date of Valuation (25th May)</i>	05% (see 19.13)
	<b>Total sum of all the negative impact on land price</b>	<b>55%</b>

**Hence, balance 45% of the FV is taken as realisable/Liquidation value for land.**

2.35 It is noted that Mr. Chandran has provided following justification with respect to the discounting factor of ‘Difficulty in selling large land parcels/Islands of land’ –

*“19.9. Land which is smaller in size and can be sold with comparative ease, is a universal fact. Out of the total land possessed by JSCo in different locations, many are - in 'bits and pieces' of smaller sizes too. This land can be sold individually & easily. But, on the other side - finding a buyer for large areas of land, which are together is always difficult. Even if we find a few interested people, their expectations related to sale price will be comparatively low. The huge cost involved/ budget related may be one of the reasons. But beyond that, the buyer also knows the fact that there will not be too many takers for such large land parcels. Hence, they will bargain for the lowest possible price. So, steep discounts from current market price are unavoidable in similar situations.”*

2.36 It is observed that this factor is independent of the fact that whether the CD is undergoing CIRP or Liquidation proceedings. However, in his valuation report dated 29.05.2019 conducted during the CIRP period, this factor has not been mentioned to be considered while arriving at the fair value. Large size of the land was a constant factor at the time of both the CIRP as well as Liquidation proceedings. So, discounting based on the same during Liquidation proceedings alone makes the methodology questionable.

2.37 Further, with respect to the factor of ‘Stigma of post CIRP Liquidation’, based on which 10% discount has been considered, following justification is provided –

*“19.10. Another important element related to sale of land of JSCo now - is the fact that the company is now under liquidation. The expectation of a possible buyer in CIRP/ resolution process of similar cases is different from the one now. Having understood that there are no more takers or very few players in the ground, the possible bidder in the*

*liquidation exercise may look for bottom most. The realisable / Liquidation value or distress sale value of assets in valuation for a normal bank loan like housing loan or mortgage loan is itself around 25 - 30% now. Because, most of the Valuers have pressed "caution" button now, based on the uncertainty. Hence, Liquidation of still larger land assets of JSCo is not going to be that easy. It might have to see much steep discount from the current market price."*

2.38 However, it is observed that Mr. Chandran has applied another discount of 20% on account of factor of 'Normal case of distress sale value (%) which is a factor similar to the above factor. No further details about this factor accounting for a discount of 20% have been given by Mr. Chandran. Methodology adopted for discounting is therefore questionable as he has applied 20% discount and then another 10% discount based on the same factor.

2.39 Further, with respect to the discounting of 10% on account of the factor -'*Impact of Covid on Land prices alone*, following justification is provided –

*"19.11. Another most important factor which needs attention is that - it is not only the common man, who is worried now. Industry stalwarts too are now in alert mode. One of the most renowned finance wizards of India, Mr Deepak Parekh - Chairman of HDFC has also. expressed his view on this. A PTI report related to this is as follows: I think the prices of real estate have to come down and will come down. I believe Naredco's estimate is between 10-15 percent. I feel one must be prepared for even 20 percent. " Parekh said while addressing representatives from the real estate sector through video conferencing. organised by real estate developers associations - Naredco and Credai."*

*(The following web link leads you to the related page of popular News portal "First Post", which has carried that News. <https://www.firstpost.com/health/coronavirusoutbreak-hdfc-chairman-deepak-parekh-sees-20-drop-in-property-prices-8259701.html>)*

*If the wisdom and experience of such senior & experienced person is taken into account the distress on JSCo's land is going to be still more.*

.....

*25.2. The current sentiment related to land is seen affected considerably after Covid 19, in most of the markets. Many people in the related villages/ towns have postponed their selling decisions made earlier - as they feel that this market would not fetch them the right price now. No of transactions have come down. Only those under stress like EMI*

*of bank loan & similar other factors come forward to sell, get relieved and get peace of mind. They look for early recovery from the current glum of fear. It is being said that it might last for one more year”*

2.40 It is also observed that additional 5% discounting is done on account of *Additional Gloom during Date of Valuation (25th May)* with following justification –

*“19.13. But, to adapt to the legal requirements of IBC code and relevant provisions – the Valuation of the assets of JSCo has to be done keeping in mind the date on which this liquidation was announced - which happens to be 29th May 2020. This is the time when the gloom of fear about the COVID was at its peak. An unprecedented nationwide total lockdown in the eyes of common man was being extended month after month, even during May 2020. A totally dark picture about the future was staring everyone. Hence, real estate prices were at the lowest and purchase of property was not at all in the minds of people.”*

2.41 It is observed that both the above discounting factors related to COVID 19 are inter-related and have overlapping effect. In such a scenario, it is not clear from the valuation report as to how both these factors are treated differently by the valuer which led to incremental decrease in valuer of the land property.

2.42 The Authority finds that the valuation report of Mr. Chandran is deficient of necessary justifications which affect the credibility and integrity of the valuation reports submitted by him.

2.43 Further, it is also observed that the valuation report dated 28.05.2019 and the revised valuation report dated 28.10.2019 by Mr. Chandran had only mentioned the Fair Market Value of the property. The liquidation value could not be found in these valuation reports. In terms of Regulation 27 r/w Regulation 35 (1)(a) of the CIRP Regulations, the registered valuers appointed are supposed to determine the ‘fair value’ and ‘liquidation value’ of the CD. It is appropriate at this juncture to refer the matter to the Board to examine whether he was required to determine both Fair Value and Liquidation value as per the extant regulations and if so, the same has been done by him.

2.44 It is also important to note that there are various questionable conducts of Mr. Chandran in the whole valuation exercise which raises doubt on his independence and the integrity of the valuation report. It is observed that the NCLT in its order dated 17.11.2021 had

observed that Mr. Chandran R had ascribed zero value to the property situated at Rayagada, Orissa. The relevant excerpts from the order is as under:

*“32. Thus, it is seen the Advocate has given the opinion that the lands in question are indulged in OLR Proceedings and hence it is not marketable and it cannot be disposed of and also cannot be mortgaged. Based on the said Legal Opinion one of the Registered Valuer viz. Mr. R. Chandran has ascribed the value as 'zero' for the property situated at Rayagada, Orissa.....”*

2.45 Further, Hon’ble NCLAT in its order dated 16.01.2024 had also observed the following:

*“126. The valuation of the Raygada Property with a market value of more than Rs. 1000 crore as mentioned by the Liquidator / 7th Respondent was valued at Rs. Zero by the erstwhile liquidator without adhering to the mandatory requirement of Regulation 35 of IBBI (liquidation process) Regulations, 2016. Even the second value report secured by the 7<sup>th</sup> Respondent / liquidator does not exhibit the compliance of the Regulations because of the fact that in the instant case the liquidator / 7th Respondent had only obtained one Report on the plant and machinery and another report on the land and building which is in negation of the procedure as specified under the Regulations. In short, the said valuation was made, without including a vital asset of the Corporate Debtor.”*

2.46 The above observation of NCLT and NCLAT regarding ascribing zero value to the Rayagada property of the Corporate Debtor is unusual as neither of the valuation reports by Mr. Chandran had ascribed zero value to the Rayagada property. In the valuation report dated 29.05.2019 the Rayagada property was valued for Rs. 1,090.54 crores while in the valuation report dated 28.10.2019 the same was not valued. There lies stark difference between ascribing ‘zero’ value and property being ‘Not Valued’ which has wider connotations. While the former reflect that the property has been valued and there is zero value to such property while the latter reflect that the property cannot be valued because of certain reasons, which in the instant case is the pendency of legal dispute.

2.47 It was found that the figure ‘zero’ for valuation had its genesis in a letter dated 01.11.2020 issued by Mr. Chandran to the liquidator where it was written that the Odisha assets (including Land & Buildings) were valued as zero. The relevant excerpt is hereunder:

*“Hence, you have asked us to revisit the report and submit a revised report based on a new Legal opinion received from Advocate Nrushinga Nath Panda, of Rayagada. This*

*Advocate has given a different opinion that the lands said to be owned by JSCo in Odisha can neither be sold nor be mortgaged now. This opinion completely changes the background and the values we have arrived at in the earlier exercise. Hence, I have given you a new report on 28<sup>th</sup> Oct 2019. According to the said report the Odisha assets (including Land & Buildings) were valued as zero. So, the new value I arrived at for the L&B assets of JSCo have come down 278.24 Crore (Fair value) and the Liquidation value was 212.80 Crore.”*

2.48 Accordingly, during the personal hearing Mr. Chandran was shown the above-said letter and asked to confirm whether he had issued the letter to which he replied in affirmative. Thereafter he was also asked the reasons which prompted him to issue the said letter dated 01.11.2020 to the Liquidator and whether there was any communication from the Liquidator to him in this regard. Mr. Chandran has replied as follows:

*“I don’t have any specific / special reasons for issuing the refereed letter dated 01/11/2020. I remember that RP has asked for such a letter citing some development in the said case & I have given him. I don’t remember & recall any other reasons.”*

2.49 Further, it was also observed from the said letter dated 01.11.2020 that Mr. Chandran had mentioned that the NCLT had declined to accept the valuation of assets in Odisha/Rayagada basis the pending legal dispute. The relevant excerpts are as follows:

*“During the process of valuation, I have asked for latest legal opinion about all land owned /possessed by JSCo. But I was provided with one, which the company seems to have received earlier for some other purpose. We did our valuation based on the information provided to us. But later, the NCLT bench at Chennai declined to accept the valuation of assets in Odisha / Rayagada, stating the legal dispute related to the land claimed to be owned by JSCo.”*

2.50 The Authority could not find any such NCLT order where the valuation was declined by it. Therefore, Mr. Chandran was asked to provide the copy of the NCLT Order referred above where NCLT had refused to accept the valuation of assets in Odisha/Rayagada. Mr. Chandran has replied as follows:

*“As already briefed in opening episode, I don’t have any direct assess, connect or interaction to NCLT or its records & developments going on there on a day-to-day basis. I hear about certain developments, only as secondary sources from either RP or his team. Hence, I am not in a position to provide you the detail (or) copy being asked for now. I*

*have written this above statement based on my understanding of what was said & discussed to me over phone either by the RP (or) his team, before asking for such a letter.”*

2.51 The above replies of Mr. Chandran regarding the purpose for issuance of the letter i.e. NCLT not accepting the valuation and the reason why he has issued the letter stating that the Odisha assets are valued at zero are completely unsatisfactory and require further investigation by the Board regarding the facts and circumstances which have led to issuance of such letter and its effect thereto.

2.52 Further, on perusal of the records, the Authority finds it imperative to mention that it has observed that Adv. Maheshwar Rao had issued two legal opinions dated 11.05.2019 and 13.05.2019 which are inconsistent. Further, the Authority while examining the conduct of other valuer Mr. Poovannan A has come across copy of another legal opinion from Adv Maheshwar Rao which was dated 24.06.2019 which is reproduced below:

*“This is reference to your telephone talk on dtd. 18.06.2019 in this regard I am to say that the company is in possession of 784.900 acres of land (with both wet and dry) as per Revenue Records.*

*In O.L.R Case bearing No.60/74 the hon'ble high court of Odisha, Cuttack Vide W.P. (c).No.4490/2015 covered the entire land of the company. Stay order had been granted by the hon'ble High Court Vide W.P. (c).4490 of 2015 and Misc. Case No.4455 and 4456 of 2015 which runs as follows.*

*“There shall be stay of operation of the impugned order under annexures 7 to 9 until further orders”*

*In view of the said stay order no part of the land of the company can be sold”*

2.53 It is observed from the examination of the contents of these three legal opinions that there are several inconsistencies and also incorrect facts and opinions have been framed by Adv. Maheshwar Rao. The same are summarised below:

<b>Correct facts appear to be</b>	<b>Content in legal opinion dated 11.05.2019</b>	<b>Content in legal opinion dated 13.05.2019</b>	<b>Content in legal opinion dated 24.06.2019</b>
Company possession in acres is 565.750 acres	the company is possessing regd. sale deeds in respect of all the lands	Company possession in acres is 565.750 acres.	the company is in possession of 784.900 acres of land
HC has stayed impugned orders of revenue authorities	Hon'ble high court has stayed operation of the judgment by order in WP (C) No.4490/2015 and MC 4456 of 2015		There shall be stay of operation of the impugned order under annexures 7 to 9 until further orders
Since the HC order has stayed orders of revenue authorities, it can not be the reason for the ability of the company to sell the land.	Since the OLR case is pending, the lands of JSCO Rayagada can neither be sold nor mortgaged to any Bank / individuals		There shall be stay of operation of the impugned order under annexures 7 to 9 until further orders" In view of the said stay order no part of the land of the company can be sold.
Since the WP is against the orders of revenue authorities, it is covering only the land considered excess by revenue authorities	Presently a writ is pending in the Hon'ble High Court of Odisha WP(C) No.4490/2015 in respect of all the lands of the Jeypore Sugar Company Ltd, Rayagada.		In O.L.R Case bearing No.60/74 the Hon'ble High Court of Odisha, Cuttack Vide WP (C) No. 4490/2015 covered the entire land of the company.

2.54 The fact that these three opinion were given one after the another in a short span of time, on the request of the Resolution Professional with incorrect and inconsistent facts and also drawing incorrect conclusions calls for examination of his conduct by the concerned regulatory authority. The Board may examine the same for making a reference for appropriate action.

### **3. Order.**

3.1 In view of the foregoing, after considering the allegations made in the SCN, the detailed reply provided by the RV and the materials available on record, the Authority finds that

there was complete lack of due-diligence on the part of the Registered Valuer – Mr. Chandran as he decided to revise his valuation report without valuing the lands of Corporate Debtor situated at Rayagada, even though there was no material change in facts / legal opinion from the time of original valuation when he had valued these lands. Further, as brought above, methodology used by the RV for estimating the liquidation value by discounting the value of land from fair market value of land in his valuation report dated 30.10.2020 has been found deficient.

- 3.2 Accordingly, the Authority suspends the registration of Mr. Chandran R (IBBI/RV/04/2019/10668) as a Registered valuer for a period of two years.
- 3.3 Further, the Authority has found the replies of Mr. Chandran regarding the purpose for issuance of the letter dated 01.11.2020 i.e. NCLT not accepting the valuation and the reason why he has issued the letter stating that the Odisha assets are valued at zero as completely unsatisfactory and refers the matter to the Board for further investigation by the Board regarding the facts and circumstances which have led to issuance of such letter and its effect thereto. Board shall also examine whether he was required to determine both Fair Value and Liquidation value as per the extant regulations and if so, why the same has not been done by him. The Authority had not taken into account these issues while issuing direction in para3.2, as these issues have been referred to the Board for examination.
- 3.4 In accordance with provisions of Rule 17(8) of the Valuation Rules, this Order shall come into force after 30 days from the date of issue of this order.
- 3.5 A copy of this order shall be forwarded to IIV India Registered Valuers Foundation where the RV is enrolled as a member.
- 3.6 Accordingly, the show cause notice is disposed of.

Sd/-  
(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 01.10.2025

Place: New Delhi