

## 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)/07/2025

07.01.2026

### ORDER

**This Order disposes of the appeal preferred by Mr. R Vaidyanathan against the Order dated 27.11.2025 passed by Insolvency and Bankruptcy Board of India (IBBI). Mr. R Vaidyanathan is registered under Companies (Registered Valuers and Valuation) Rules, 2017 (“Valuation Rules”) as a valuer of Securities or Financial Assets (SFA) with the Registration number IBBI/RV/03/2018/10049.**

#### 1. Brief Background.

- 1.1 The Show Cause Notice (SCN) No. RV-13012/3/2024-IBBI/401 dated 06.05.2025 was issued to Mr. R Vaidyanathan in respect of his valuation assignment in the Corporate Insolvency Resolution Process (CIRP) of M/s Uniply Industries Limited (Corporate Debtor/CD). The IBBI, in accordance with Rule 15 read with Rule 17 of the Valuation Rules, had suspended the registration of Mr. R Vaidyanathan for a period of three months vide its Order dated 27.11.2025 (hereinafter referred as “Order”).
- 1.2 In terms of Rule 17(9) of the Valuation Rules, Mr. R Vaidyanathan has now preferred an appeal against the Order dated 27.11.2025. He availed the opportunity of personal hearing through virtual mode before the Appellate Authority on 17.12.2025.

#### 2. Grounds of Appeal

##### **Issue regarding assigning Fair Value and Liquidation value for the assets of the CD as ‘0/not determinable’**

- 2.1 The SCN alleged that despite acknowledging availability of certain information and the existence of substantial current and non-current financial assets of the Corporate Debtor amounting to ₹960.45 crore, Mr. R. Vaidyanathan assigned ‘zero’ or ‘not determinable’ fair and liquidation values, including for trade receivables, thereby causing undervaluation and violating Clauses 3 and 6 of the Code of Conduct for Registered Valuers by failing to exercise due diligence and independent professional judgment. Mr. R. Vaidyanathan in his response to the SCN submitted that the valuation was conducted strictly within the defined scope as per the appointment and engagement letters, using recognised valuation approaches, and that severe constraints arose due to non-availability of critical information and lack of cooperation from the Resolution Professional, which was duly disclosed in the valuation report in line with applicable valuation standards. The impugned order dated 27.11.2025 *inter alia* found it was

inappropriate and inconsistent to assign ‘zero’ value to trade receivables when such receivables were admittedly within the limitation period.

**Appeal by Mr. R. Vaidyanathan.**

- 2.2 In his appeal, Mr. R. Vaidyanathan submitted that the order of the Authority dated 27.11.2025 is unsustainable both in law and on facts, as the Disciplinary Committee failed to adjudicate his preliminary objection that the SCN itself was vitiated for non-disclosure of the material and reasoning forming the basis of the *prima facie* opinion under Rule 17(1) of the Valuation Rules, thereby violating principles of natural justice and Article 14 of the Constitution.
- 2.3 With respect to the issue of assigning Fair Value and Liquidation value for the assets of the CD as ‘0/not determinable’, Mr. R. Vaidyanathan submitted that the SCN alleging “undervaluation of assets” was neither confirmed nor quantified in the Order dated 27.11.2025, which shifted focus solely to the assignment of ‘zero’ value to trade receivables, resulting in a clear misalignment between the allegation and the findings. Mr. R. Vaidyanathan further submitted that the valuation was conducted strictly within the defined scope of appointment, with repeated and documented efforts to obtain critical information from the RP, and that due to complete non-availability of ageing, recoverability, and collection of data, confirmed by the RP’s own management, the assignment of ‘zero’ value was a *bona-fide* exercise of independent professional judgment consistent with valuation standards and Clause 6 of the Code of Conduct. Mr. R. Vaidyanathan also relied on parity with the order of the Authority of the IBBI in the matter of *Nitin Ashok Garg*, asserting that where information is unavailable despite due diligence, no misconduct can be imputed merely because ‘zero’ or ‘not determinable’ values were adopted.
- 2.4 Mr. R Vaidyanathan, in his additional submissions submitted on 22.12.2025, contended that the Order dated 27.11.2025 of the Authority of the IBBI proceeded on an erroneous understanding of valuation principles by treating the law of limitation as determinative of economic value and by misconstruing the exercise of independent professional judgment as misconduct. Mr. R. Vaidyanathan emphasized that valuation is concerned with commercial reality and recoverability, not mere legal enforceability, and that a receivable may be legally enforceable yet economically worthless. Mr. R Vaidyanathan submitted that the expression “not less than 26/27 months” was consciously used due to the RP’s failure to provide ageing schedules, confirmations, invoices, or recovery details, and that the receivables could in fact be significantly older than reflected in the last audited balance sheet. Relying on objective indicators such as complete absence of collections since FY 2019–20, zero movement in receivables throughout CIRP, lack of recovery efforts, absence of continuing business relationships, and subsequent non-recovery even up to liquidation, Mr. R Vaidyanathan submitted that assigning a ‘zero’ value was the only prudent, standards-compliant outcome, whereas any positive or ‘not determinable’ value would have been speculative and misleading.

### **3. Analysis and findings.**

3.1. Mr. R. Vaidyanathan has challenged the Order of the Authority dated 27.11.2025 on technical grounds as well as on merits. It is his contention that the said Order dated 27.11.2025 is vitiated because he was not furnished with the inspection findings and other material relied upon for the issuance of the SCN and also that he was not provided with the basis for forming *prima facie* satisfaction before issuance of the SCN. In this regard, it may be noted that in terms of Rule 17(1) of the Valuation Rules and as also mentioned in the SCN dated 06.05.2025 that the *prima facie* opinion was formed on the basis of the material available on record. Further, the SCN succinctly mentions the factual statements from the valuation report dated 12.09.2022 submitted by Mr. R. Vaidyanathan in the CIRP of the Uniply Industries Limited. Basis the statements and valuation estimates provided in the valuation report, the contraventions were alleged in the SCN and therefore there is nothing else left to be disclosed to Mr. R. Vaidyanathan which would have caused prejudice to him. Further, it is observed that the SCN complied with the requirements mentioned in Rule 17(2) of the Valuation Rules. Therefore, this Appellate Authority finds no infirmity with the procedure of issuance of SCN dated 06.05.2025 to Mr. R. Vaidyanathan.

3.2. Mr. R. Vaidyanathan has submitted his clarification on the third contravention mentioned in the SCN which relates to assigning fair value and liquidation value for the financial assets of the Corporate Debtor as zero or not determinable. It is his contention that there is misalignment between the SCN and the impugned Order as there is no quantification of the assets in the impugned order. On perusal of the impugned Order, it is observed that the impugned order has examined the submissions made by Mr. R. Vaidyanathan regarding assignment of zero and not determinable to various financial assets of the CD *vis-à-vis* the statements mentioned in his valuation report. After such examination, the impugned order has found discrepancy in assignment of zero and not determinable to several assets which gave impression of arbitrary assignment of values by Mr. R. Vaidyanathan without any justifiable reason. The valuation report is required to be a reasoned report comprising therewith necessary justifications for the estimates of value provided by him. Such transparency is quintessential to engender trust of the stakeholders and give them comfort in taking important economic decision of revival or liquidation of the corporate debtor. Accordingly, this Appellate Authority finds no case of misalignment of any findings in the impugned order regarding insufficient justification provided by Mr. R. Vaidyanathan in his valuation report and the contraventions alleged in the SCN.

3.3. Further, this Appellate Authority has examined the documents related to the instant appeal, including the valuation report dated 12.09.2022 and the SCN dated 06.05.2025. It is not out of place to mention that the conduct of valuer in estimating values of the assets of the CD is disturbing and reflects his lack of appropriate due diligence in according values to various financial assets of the CD. The valuation report also reflects the valuer's ignorance to the provisions of the Code and the regulations made thereunder. Under Regulation 27 read with Regulation 35 of the IBBI (CIRP) Regulations, 2016, the registered valuers are expected to determine the fair value and liquidation value of the assets of the CD which should comprise

all assets of the CD including intangible assets. The valuer cannot shirk off his duty to conduct a full and complete valuation of all assets of the CD merely on the ground that intangibles were probably not part of the scope of work communicated by the Resolution Professional which in any case cannot be contrary to the statutory requirements.

3.4. It is noted that the book value of the financial assets of the CD was around Rs. 960 crores, which was communicated by the Resolution Professional to Mr. R. Vaidyanathan through the appointment letter as follows:

<i>Asset to be Valued (Financial Assets)</i>	<i>Book Value as on 4<sup>th</sup> Oct 2021 (in INR)</i>
<i>Current assets</i>	
(i) <i>Trade receivables</i>	2,72,15,15,107.00
(c) <i>Other current assets</i>	43,70,48,817.00
(ii) <i>Cash and cash equivalents</i>	1,06,15,631.00
<i>Non Current Assets</i>	
(i) <i>Investments</i>	1,72,79,22,555.00
(f) <i>Other non-current assets</i>	67,13,05,816.00
(ii) <i>Other financial Assets</i>	4,03,61,30,038.00
<i>Total Book Value</i>	9,60,45,37,964.00

3.5. It is observed that Mr. R. Vaidyanathan in his estimation of financial assets of the CD completely decimated its value by assigning zero value which otherwise had a book value of around Rs.960 crores. Even the value of cash and cash equivalents which had a book value of around Rs. 1.06 crores have been stated to be 'Not Determinable' citing reasons of lack of availability of information. It should have called for greater scrutiny and independent due diligence by any valuer. Mr. R. Vaidyanathan cannot shrug off his duty and responsibility of due diligence by giving a plain statement that the information related to such assets were not available. This conduct of valuer falls short of the reasonable expectation from a professional whose expertise and skills are most required in challenging circumstances. It may be noted that during the insolvency resolution process, the CD is already in stressed condition, the management of which is taken by an independent Resolution Professional, and therefore it would require greater professional expertise and higher level of due diligence by a valuer to efficiently carry on his duties. This Appellate Authority finds that in the present case, Mr. R. Vaidyanathan has grossly fallen short of his expected professional duties.

#### 4. Order.

4.1 In view of the foregoing, this Appellate Authority find that the conduct of Mr R. Vaidyanathan as a valuer in the CIRP of the Corporate Debtor - Uniply Industries Limited is deeply concerning as Mr. R Vaidyanathan prepared the valuation report in a casual manner which is unexpected from a registered valuer who is assigned the work of doing valuation of a stressed

corporate debtor. As a registered valuer, it was incumbent on him to take utmost care, exercise highest diligence, and maintain professional integrity in ascertaining the valuation of all the assets of the Corporate Debtor, in order to maximise its value, which is the very objective of the Insolvency and Bankruptcy Code, 2016 (IBC). This is not merely a procedural requirement but the very cornerstone of the IBC which seeks to preserve the asset value for the benefit of creditors, investors, and all stakeholders. Valuation plays a decisive role in resolution and liquidation processes, guiding economic decisions and ensuring fairness and transparency. Any lapse, negligence, casual approach or arbitrary assignment of values not only erode the economic worth of the Corporate Debtor but also derail the resolution process, and undermine the credibility of the IBC framework itself.

4.2 Mr. R. Vaidyanathan has indicated in his valuation report that he has adopted International Valuation Standards for the conduct of valuation. The relevant paragraph from his valuation report is as hereunder: ***“Valuation Standards Adopted: International Valuation Standards (as required by regulation 35 (1) (a) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process For Corporate Persons) Regulations, 2016 (herein after referred as 'CIRP Regulations');”*** IVS 103 of International Valuation Standards (IVS) provides standard on valuation reporting and states that

*Valuation Reports*

*30.1. Where the report is the result of an assignment involving the valuation of an asset or assets, the report must convey the following, at a minimum:*

- (a) the scope of the work performed, including the elements noted in para 20.3 of IVS 101 Scope of Work, to the extent that each is applicable to the assignment,*
- (b) the intended use,*
- (c) the approach or approaches adopted,*
- (d) the method or methods applied,*
- (e) the key inputs used,*
- (f) the assumptions made,*
- (g) the conclusion(s) of value and principal reasons for any conclusions reached, and*
- (h) the date of the report (which may differ from the valuation date).*

*30.2. Some of the above requirements may be explicitly included in a report or incorporated into a report through reference to other documents (engagement letters, scope of work documents, internal policies and procedures, etc).*

4.3 It is pertinent to note that the International Valuation Standards under IVS 210 Intangible Assets recognises ‘intangible asset’ as “*non-monetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and/or economic benefits to its owner*”. Further, IVS 200 Businesses and Business Interests stipulate that valuation of business includes “*the sum of the recorded and unrecorded net tangible and identifiable*

*intangible assets of the business”*”. Therefore, conjoint reading of IVS 200 and IVS 210 clarifies that intangible assets may derive value independently or in combination with other assets and must be considered where relevant. Consequently, this Appellate Authority finds that Mr. R. Vaidyanathan failed to adhere to the International Valuation Standards (IVS), despite his explicit assertion in his valuation report that such standards were adopted and followed by him. In the present case, the material available on record, Mr. R Vaidyanathan miserably failed to carry out his assigned duty. Mr. R. Vaidyanathan has failed to ensure compliance with Regulation 35 read with Regulation 27 of the IBBI (CIRP) Regulations and also failed to adhere the Valuation Standards which he has claimed to be adopted by him in his valuation report.

- 4.4 In view of the foregoing, considering the gross violation of his duties as a valuer, this Appellate Authority find that the punishment of suspension of three months accorded to Mr. R. Vaidyanathan in the Order dated 27.11.2025 is grossly insufficient given the gravity of the misconduct by him as valuer of the CD undergoing insolvency resolution process. A nominal punishment in the face of such gross professional negligence fails to serve as a sufficient deterrent and potentially undermines the integrity of the insolvency ecosystem. Therefore, this Appellate Authority finds compelling reasons to remand the matter back to the Authority for a fresh consideration of the contraventions alleged in the SCN at the stage of disposal of the SCN. It shall be open to Mr. R. Vaidyanathan to submit his explanations on the contraventions alleged in the SCN afresh before the Authority while disposal of the SCN. With regard to other issues though not raised by Mr. R. Vaidyanathan in this appeal, since the matter is being remanded, this Appellate Authority is not commenting upon them but requests the Authority to consider these issues afresh at the stage of disposal of the SCN.
- 4.5 Mr. R. Vaidyanathan would not be entitled to take any new assignment of valuation till disposal of the SCN.
- 4.6 With the above-said directions, this appeal is disposed of.

Dated: 07.01.2026  
Place: New Delhi

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