

**Indian Institute of Insolvency Professionals of ICAI**

**(Disciplinary Committee)**

**DC. No. - IIIPI/DC/18/2020-21**

**ORDER**

In the matter of Mr. Abhay Narayan Manudhane (Respondent) under Clause 15(2) of the Disciplinary Policy of IIIPI read with Clause 24(1)(c) of IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, (2016)

**1.0** This order disposes of the Show Cause Notice dated 31-08-2020 (SCN) issued to the respondent, 201, Shubh Ashish, 129, Model Town, Four Bungalows, Andheri West, Mumbai (Maharashtra) 400053. Respondent is a professional member of the Indian Institute of Insolvency Professionals of ICAI and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (Board) with Registration No. IBBI/IPA-001/IP-P00054/2017-2018/10128. The Disciplinary Committee of IIIPI (DC) issued SCN to respondent, based on the reference received from the Monitoring Committee in respect of taking up assignment without holding valid Authorization for Assignment (AFA), as a Resolution Professional (RP) in corporate insolvency resolution process (CIRP) of Housing Development & Infrastructure Limited. Respondent submitted his contention to the SCN vide letter dated 09-09-2020. An opportunity for personal hearing was provided to the respondent on 14-10-2020 by the Disciplinary Committee (DC). Accordingly, he appeared before the DC of IIIPI through video conferencing and made oral submissions.

**2.0** The allegation against the respondent is that in spite of insertion of Regulation 7A in the IP Regulations, vide notification dated 23-07-2019, which requires for any IP to procure a valid AFA before undertaking any assignment after 31-12-2019, he accepted the assignment as RP in the CIRP of Housing Development & Infrastructure Limited, without holding a valid AFA. The appointment of the respondent as RP was ratified by the CoC in their meeting held on 08-01-2020 and was confirmed by the NCLT vide order dated 15-01-2020.

**3.0** Committee noted that the Respondent in his written submission dated 09-09-2020 stated that he had accepted the assignment to act as Interim Resolution Professional (IRP) by signing Form 2 on 10-12-2018 and his appointment was confirmed as Interim Resolution Professional on 20-08-2019. Due to stay given by Hon'ble NCLAT, confirmation of his appointment as RP was delayed and ultimately, he was confirmed as RP by members of CoC in their meeting held on 08-01-2020 and confirmed by NCLT on 15.01.2020. During the course of personal hearing the respondent made following two submissions:

- i. The Regulation 7A of the IP Regulation is a newly introduced regulation, and the ratification of his appointment as RP was made within 8 days of introduction of the new provision, therefore, the same was overlooked by him, which may be considered as his genuine error.
- ii. He has been confirmed from IRP to RP and there is a change of role which does not amount to “acceptance” or “commencement” of new assignment. If at all, this learned committee opines otherwise, this non-compliance by him may be considered as error of interpretation.

**4.0** The DC after taking into consideration the SCN, the reply to SCN, the oral and written submission of the respondent and also the provisions of the Code, Rules and the Regulations made thereunder noted that the Regulation 7A of IP regulations requires every IP to have AFA before undertaking any assignment after 31st December 2019. Regulation 7A reads as follows:

*“7A. An insolvency professional shall not accept or undertake an assignment after 31st December, 2019 unless he holds a valid authorisation for assignment on the date of such acceptance or commencement of such assignment, as the case maybe:*

*Provided that provisions of this regulation shall not apply to an assignment which an insolvency professional is undertaking as on-*

*(a) 31st December, 2019; or*

*(b) the date of expiry of his authorisation for assignment.”*

**5.0** Thus, it is apparent from the said Regulation that one of the essential conditions for undertaking any assignment by an IP is that he should have a valid AFA after 31-12-2019. “Assignment’ is defined under regulation 2(a) of the IP Regulations as “any assignment of an insolvency professional as interim resolution professional, resolution professional, liquidator, bankruptcy trustee, authorised representative or in any other role under the Code”.

**6.0** DC noted both the submission given by the respondent. Pursuant to the second submission made by the respondent, DC considered the provisions which have been laid down and is of the view that the assignment as an IRP and assignment as RP are the two stand-alone assignments. Though at times the same Insolvency Professional (IP) may be appointed as an IRP and RP. However, it is not compulsory that an IP appointed as IRP in any assignment will always continue as an RP and therefore IRP and RP could be two different persons, and hence these are two different assignments.

**7.0** In view of the foregoing, the DC noted that since the change of role of an IP from IRP to RP is a separate and stand-alone assignment and in the present case the assignment as RP got confirmed on 15-01-2020, which is beyond the prescribed threshold date i.e. 31-12-2019. Therefore, this tantamounts to the non- compliance of the regulatory provisions.

**8.0** Taking an overall view of the aforesaid, the Disciplinary Committee is of the view that Respondent is guilty of Professional Misconduct. At the same time, the DC also took note of the fact that the regulation was newly introduced and thus inclined to take a lenient view.

**9.0** Accordingly, in exercise of the powers conferred under Regulation 24(1) (c) of the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 read with clause 15(A) of the Disciplinary Policy of IIPPI, DC hereby decides to impose a penalty of Rs 10,000/- on the respondent, to be deposited by way of demand draft payable in favour of the Indian Institute of Insolvency Professionals of ICAI (IIPPI) within 30 days of the issue of this order. IIPPI shall in turn deposit the said penalty amount in the Insolvency and Bankruptcy Fund. Accordingly, the show cause notice is disposed of.

**10.0** This order shall come into force from the date of its issue.

**11.0** A copy of this order shall be forwarded to the Insolvency and Bankruptcy Board of India.

**Date: 01-12-2020**

**Place: Delhi**

**CERTIFIED TRUE COPY**

**Sd/-**

**Mr. Satish Marathe, (Chairman)**

**CA. Atul Gupta, (Member)**

**Mr. Satpal Narang, (Member)**

**CA. Rahul Madan, (Member)**

Copy to:

1. Insolvency and Bankruptcy Board of India.

2. Indian Institute of Insolvency Professionals of ICAI- Members Record