

**Indian Institute of Insolvency Professionals of ICAI  
(Disciplinary Committee)**

**DC. No. IIIPI/DC/41/2021-22**

**ORDER**

In the matter of Mr. Mahender Kumar Khandelwal (Respondent) under Clause 15(1) 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 (SCN) dated 17<sup>th</sup> December 2021 issued to the respondent Mr. Mahender Kumar Khandelwal, B-2A, Sunny Valley C.G.H.S., Dwarka, Sector 12, New Delhi -110078. 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-P00033/2016-17/10086. The Disciplinary Committee of IIIPI (DC) issued SCN to respondent, based on the reference received from the Monitoring Committee (MC), for engaging related parties as professionals to assist/provide support services to him in total 9 CIRPs. Respondent submitted his contention to the SCN vide letter dated 30-12-2021 which was received by the office of IIIPI on 03-01-2022.
- 2.0** The allegation against the respondent was, that while analyzing the relation disclosure filed by the respondent, in terms of IBBI Circular No. IP/005/2018 dated 16th January, 2018, it has been observed that he appointed various sister concerns of Price Waterhouse Coopers (PWC) to provide him, assistance/support services in total 9 CIRPs, as mentioned in the below table. However, in terms of Section 5(24A), during the CIRP an IP cannot appoint related party for providing professional/support services unless such party is an IPE (Insolvency Professional Entities) where such IP is its partners or directors. Therefore, the entities, being related parties, are not eligible to provide professional/support service to the respondent. Also, appointment of same professionals in multiple CIRPs indicates that respondent have compromised his independence and his decisions are influenced.

<b>Name of professional appointed</b>	<b>PricewaterhouseCoopers Professional Services LLP</b>	<b>PricewaterhouseCoopers Private Limited</b>	<b>Price water house Chartered Accountant</b>
<b>Type of Engagement</b>	<b>Designated Partner of the LLP</b>	<b>Shareholder of more than 2% of Capital</b>	<b>Partner of the partnership firm</b>
CD 1	PE Electronics Limited	PE Electronics Limited	PE Electronics Limited
CD 2	PAYNE REALTORS PRIVATE LIMITED	Sky Appliances Ltd	Sky Appliances Ltd
CD 3	Techno Electronics Limited	Techno Electronics Limited	Techno Electronics Limited
CD 4	Techno Kart India Limited	Techno Kart India Limited	Techno Kart India Limited
CD 5	Value Industries Limited	Value Industries Limited	Value Industries Limited

CD 6	Videocon Telecommunications Limited	Videocon Telecommunications Limited	-
CD 7	Videocon Industries Limited	-	-
CD 8	SVIIT SOFTWARE PRIVATE LIMITED	-	-
CD 9	PRIUS COMMERCIAL PROJECTS PRIVATE LIMITED	-	-

- 3.0** Respondent submitted that he was partner only in Pricewaterhouse Coopers Professional Services LLP with effect from 23-04-2018 and had resigned from PwC PS LLP with effect from 13-08-2019 and hence ceased to be partner with PwC PS LLP.
- 4.0** Respondent submitted that in respect of appointment of PwC PS LLP in the CIRP of (CD 2) Payne Relators Private Limited, (CD 8) SVIIT Software Private Limited was made on 14-08-2019 and in the CIRP of (CD 9) Pirus Commercial Projects Private Limited the appointment was made on 28-08-2019, i.e., post resignation from Pricewaterhouse Coopers Professional Services LLP.
- 5.0** Respondent further submitted that in the 1<sup>st</sup> CoC meeting of the Videocon consolidated group held on 16-09-2019, the engagement of the PwC for its support services was discussed in the said CoC meeting and accordingly, PWC was engaged to provide its support services for all 13 companies by an engagement letter dated 16-09-2019. Respondent also clarified that the date of appointment of PwC PS LLP mentioned in the relationship disclosures i.e., 08-08-2019, in respect of CD 1, CD 3 CD 4, CD 5 CD 6, and CD 7 was an inadvertent error that has crept while submitting relationship disclosure.
- 6.0** In respect of allegation pertaining to appointment of same professionals in multiple CIRPs respondent added that in connection with his ongoing assignments pertaining to three vidicon entities, the Hon'ble NCLT, Mumbai Bench vide order dated 08-08-2019 (consolidated order) appointed him as an IRP which came as a surprise to him and he was not asked for consent for expanding his scope of work and also did not have the requisite notice towards planning for the sudden eventuality and the huge responsibility. Respondent further added that in order to comply with the consolidation order and considering the time sensitivity he continued to engage the teams of PwC PS and PwC PSLLP, who were already engaged in his past assignments.
- 7.0** The role of an IP is crucial and critical to fulfil the objective of the Code. It is imperative that an IP functions and discharges his/ her duties independently in a fair and transparent manner and facilitate fulfilment of the objectives of the Code. It is the duty of an IRP/ RP to perform and discharge his/ her duties in accordance with the Code and the Regulations made thereunder, in letter and spirit. The DC notes the submission of the respondent that he was partner only in Pricewaterhouse Coopers Professional Services LLP with effect from 23-04-2018 and had resigned from PwC PS LLP with effect from 13-08-2019. The DC also notes the submission of the respondent that appointment of PwC PS LLP in CD 1, CD 3 CD 4, CD 5 CD 6, and CD 7

were made post his resignation from PwC PS LLP and the date of appointment of PwC PS LLP mentioned in the relationship disclosures i.e., 08-08-2019, in respect of above CDs, was an error that has crept while submitting relationship disclosure and respondent adduced an engagement letter dated 16-09-2019 in support of his contentions. Considering the response submitted by the respondent and in view of the facts, there appears no contravention on the part of the respondent.

- 8.0** The DC further notes the allegation against the respondent that he appointed same professionals in all the assignments mentioned above, which creates a doubt on the conduct of the respondent. At the same time DC notes the submission of the respondent that to comply with the consolidation order of NCLT Mumbai and considering the time sensitivity he continued to engage the teams of PwC PS and PwC PSLLP, who were already engaged in his past assignments. The DC also notes that these appointments were made with the approval of CoC.
- 9.0** Further, DC noted the fact there is no evidence on record which can establish any collusion of the respondent with the alleged companies/firms. DC found no malafide intention on the part of the respondent. Also, in the given circumstances DC finds no reason to believe that the respondent appointed the same companies/firms, with any ill intent or with ulterior motive to achieve any undue or unlawful gain for himself or its associated parties. Therefore, the DC is inclined to take a lenient view.
- 10.0** In view of the facts, as stated above, the DC is inclined to take a lenient view. 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(1) of the Disciplinary Policy of IIPPI, DC hereby pronounces the respondent as not guilty. Accordingly, the show cause notice is disposed of.
- 11.0** This order shall come into force from the date of its issue.
- 12.0** A copy of this order shall be forwarded to the Insolvency and Bankruptcy Board of India.

**Date: 14-06-2022**

**Place: Delhi**

**CERTIFIED TRUE COPY**

**Sd/-**

**Mr. Satish Marathe (Chairman)**

**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.