

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

(Disciplinary Committee)

No. IBBI/DC/79/2021

07<sup>th</sup> December, 2021

**ORDER**

**In the matter of Mr. Fanendra Harakchand Munot, Insolvency Professional (IP) under Section 220 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 11 of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016 and Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017.**

This Order disposes of the Show Cause Notice (SCN) No. IBBI/IP/R(INSP)/2020/3/307/1757 dated 13.04.2021, issued to Mr. Fanendra Harakchand Munot, R/o Joshi Kale Munot & Associates, 6<sup>th</sup> Floor, Regus, Mafatlal House Building, H T Parekh Marg, Backbay Reclamation, Maharashtra – 400020, who 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 (IBBI) with Registration No. IBBI/IPA-001/IP-P00515/2017-2018/10916 dated 23.08.2017.

**Background**

1.1 Mr. Fanendra Harakchand Munot was appointed as an interim resolution professional (IRP)/ resolution professional (RP)/ Liquidator in the following matters:

S.No.	Name of CD	Appointed As	Date of Appointment
1.	Max Flex and Imaging Systems Limited	IRP / RP	05.09.2019/ 19.10.2019
2.	Shree Bhimeshwari Ispat Private Limited	IRP	28.11.2019
3.	Shree Ganesh Stampings Private Limited	IRP	06.12.2019
4.	Ujwal Electrical Stampings Private Limited	IRP	04.11.2019
5.	Warasgaon Assets Maintenance Limited	IRP	20.12.2018

6.	Monotype India Limited	IRP	18.02.2020
7.	LB Industries Private Limited	RP	18.05.2020
8.	Shri Tradco Deesan Private Limited	IRP	16.07.2020
9.	Shree Siddhi Vinayak Ispat Private Limited	RP	24.02.2020
10.	Mrunmaha Agro Foods Private Limited	RP/ Liquidator	23.01.2019/ 26.05.2020

1.2 The IBBI, in exercise of its powers under section 218 of the Code read with the IBBI (Inspection and Investigation) Regulations, 2017 appointed an Inspecting Authority (IA) to conduct the inspection of Mr. Fanendra Harakchand Munot *vide* order dated 06.08.2020 on having reasonable grounds to believe that Mr. Fanendra Harakchand Munot had contravened provisions of the Code, Regulations and Circulars issued thereunder. A draft inspection report, prepared by the IA, was shared with Mr. Fanendra Harakchand Munot on 20.10.2020, to which Mr. Fanendra Harakchand Munot submitted reply *vide* email dated 04.11.2020. The IA submitted the inspection report dated 09.11.2020 to IBBI.

1.3 The IBBI issued the SCN to Mr. Fanendra Harakchand Munot on 13.04.2021, based on the material available on record including the inspection report in respect of his role as an IRP/RP/Liquidator in the CIRP/ Liquidation process of all the CDs. The SCN alleged contraventions of provisions of the sections 24(1), 208(2)(a) and (e) of Insolvency and Bankruptcy Code, 2016 (Code), Regulations 7(2)(h) of the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) and clauses 18, 19, 22 and 27 of the Code of Conduct thereof, Regulations 25, 26 and 34A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016 (CIRP Regulations), Regulation 4(4) of the IBBI(Inspection and Investigation) Regulation, 2017 (Inspection Regulations), IBBI Circular No. IP/013/2018 dated 12.06.2018 and IBBI Circular No. IP/005/2018 dated 16.01.2018.

1.4 The IBBI referred to the SCN, response of Mr. Fanendra Harakchand Munot to the SCN and other material available on record to the Disciplinary Committee (DC) for disposal of the SCN in accordance with the Code and Regulations made thereunder. Mr. Fanendra Harakchand Munot availed an opportunity of e-hearing before the DC on 28.06.2021. Mr. Fanendra Harakchand Munot was represented by Mr. Ashish Makhija, Advocate, AMC Law Firm who made submissions during the e-hearing.

### **Alleged Contraventions and Submissions**

2. The contraventions alleged in the SCN and Mr. Fanendra Harakchand Munot's written and oral submissions thereof are summarized as follows:

#### **I Contravention**

2.1.1 The IA *vide* email dated 07.08.2020 sought copies of certain documents listed therein by 17.08.2020. Mr. Munot *vide* email dated 15.08.2020 sought time for submission of documents on the ground of the prevailing covid conditions. The time sought was granted till 28.08.2020. However, documents were received in electronic form in a pen drive only on 31.08.2020 with very limited information which did not aid in carrying out the inspection effectively. This fact was intimated to Mr. Munot *vide* email dated 01.09.2020 and time to submit relevant documents was granted till 07.09.2020. On receiving no response from Mr. Munot, IA *vide* email dated 08.09.2020, advised submission of documents at the earliest, in response Mr. Munot sought extension of 8-10 days, which was granted.

2.1.2 It is observed that yet again *vide* email dated 18.09.2020, Mr. Munot expressed his inability to submit the documents and stated that he would be able to submit documents only when things get normalised. In this process, a total period of two months elapsed since the notice of inspection was shared with Mr. Munot. The IA granted three extensions and waited for an additional period of one month, however, no communication was received from Mr. Munot. The DIR was shared with Mr. Munot on 20.10.2020. In reply to DIR, Mr. Munot submitted that due to covid-19 situation in Pune City, Mr. Munot was not able to submit pending information as he was not in a position to call his staff.

2.1.3 In view of the above, the IBBI was of the *prima facie* view that Mr. Munot contravened regulation 4(4) of the Inspection Regulations read with clause 18 and 19 of the Code of Conduct.

#### **I Submission**

- 2.2.1 Mr. Munot submitted that he had shared most of the information available with him for all the cases handled by him till 28/08/2020 with IA. Mr. Munot denied the allegation that he submitted very limited information. He submitted that it is on the basis of the information shared by him on 28/08/2020, that the IA was able to finalise and issue his interim inspection report, copy of which was shared with him on 20/10/2020.
- 2.2.2 Mr. Munot submitted that it was due to the restrictions imposed by the local authority in Maharashtra for offices that certain information could not be shared in time as it was not available in soft copy format. Mr. Munot submitted that it was only in second week of October, 2020 that he was able to call some team members to his office who converted some other information which was in the form of hard copy into soft copy.
- 2.2.3 Mr. Munot, in his reply submitted that the IA was kind and generous in extending time line thrice but it did not help him much as pandemic situation in Pune City was at its peak and there were highest number of covid affected cases in Pune compared to other cities. He further submitted that he offered the IA to inspect cases where not much compliance was involved such as where CIRP was withdrawn under section 12A of the Code, where IRP was replaced by RP etc. however, his request was not considered.
- 2.2.4 Mr. Munot submitted that no courier agency was providing courier service then, as all couriers/ parcels coming from the State of Maharashtra were not being accepted in Delhi due to high level of covid affected cases being reported in Maharashtra. He submitted that before he could share another pen drive with IA, he received the DIR on 20.10.2020 to which he replied before the due date. In his reply, Mr. Munot stated that he gave all the pending information for the cases handled by him and was ready to submit the information to the IA, if allowed.
- 2.2.5 Mr. Munot submitted that he has never taken the inspection process casually and submitted all relevant information to IA. He submitted that he was never asked for any specific information before finalisation of DIR. He submitted that he strongly believes in the inspection process conducted by IBBI which makes the position of IPs much safer and it reveals non-compliances, irregularities, if any, on part of the IP. According to Mr. Munot, the inspection process results in improvement of the working of IPs. He submitted that he understands and acknowledges that its binding upon him to submit all relevant information, documents etc. to the IA in time bound manner.

2.2.6 Mr. Munot submitted that since the pandemic situation was yet to settle down, the same should be treated as exceptional circumstances and delay occurred at his end in submission of certain information should not be seen as non-compliance and that he should be given an opportunity to submit the documents.

## **II Contravention**

3.1.1 It was observed that in the CIRP of Warasgaon Assets Maintenance Limited, the option of e-voting system was ruled out by the CoC in the 1st CoC Meeting held on 18.01.2019 considering the amount of cost involved. Further, in the 3rd CoC Meeting held on 27.02.2019, Mr. Munot did not adhere to the norms of e-voting, instead the voting was done on scanned copies of the voting sheet. Thus, the IBBI was of the *prima facie* view that Mr. Munot violated Section 24(1) of the Code read with Regulation 25 and 26 of the CIRP Regulations.

## **II Submission**

3.2.1. Mr. Fanendra Harakchand Munot submitted that the irregularity noticed in e-voting process is given below:-

*“The option of exercising voting rights in the meeting itself and returning it to me was given. The voting sheets were also circulated to all the members during the meeting. But as most of the CoC members wanted some more time to exercise their voting option and also to discuss it with the appropriate authority, they didn't return voting sheets. The option of e-voting was also provided to the CoC members.*

*But considering cost factor involved, CoC members returned voting sheets through an e-mail. While accepting it, I ensured that it has come from authorised e-mail ID and also that authorised representative has signed it.”*

3.2.2 He submitted that the option of e-voting rights was also provided to the CoC members, but due to the cost factor, CoC members returned voting sheets through email. Mr. Munot submitted that he ensured that the voting sheets came from authorised email address and signed by authorised representative. He also submitted that he has noted the concern of IBBI and will not allow such practice henceforth.

## **III Contravention**

4.1.1 It is noted that Mr. Munot failed to file disclosures in Form-II which is part of insolvency resolution process cost of CD, in the assignments of Shree Ganesh Stampings Private

Limited, Monotype India Limited and Shri Tradco Deesan Private Limited. The IBBI notes that Mr. Munot's reply to the DIR wherein he accepted the delay and explained that due to technical difficulties he failed in submitting the disclosures and submitted that he will take due care in future.

4.1.2 Thus, the Board was of *prima facie* view that Mr. Fanendra Harakchand Munot contravened regulation 34A of the CIRP Regulations and clause 27 of the Code of Conduct read with Circular No. IBBI/IP/013/2018 dated 12.06.2018.

### **III. Submissions**

4.2.1 In his reply, Mr. Fanendra Harakchand Munot submitted that due to technical difficulties at his end, he was unable to submit the disclosures in time and that there was a delay in submitting the disclosures. He accepted the delay on his part and submitted that he will take due care that no such type of delay occurs. Mr. Munot submitted copy of all necessary disclosures filed by him.

### **IV Contravention**

5.1.1 It was seen that Mr. Fanendra Harakchand Munot failed to file relationship disclosures in the assignments of Shri Siddhi Vinayak Ispat Private Limited, Shree Ganesh Stampings Private Limited, Monotype India Limited, LB Industries Private Limited and Shri Tradco Deesan Private Limited. It is also noted that incomplete relationship disclosures were filed by Mr. Munot in the assignments of Warasgaon Assets Maintenance Limited, Ujwal Electrical Stampings Private Limited and Mrumnaha Agro Foods Private Limited.

5.1.2 Therefore, the IBBI was of the *prima facie* view that by not filing disclosures as per Circular No. IP/005/2018 dated 16.01.2018, Mr. Fanendra Harakchand Munot violated section 208(2)(a) and (e) of the Code read with Circular IBBI/IP/005/2018 dated 16.01.2018.

### **IV Submissions**

5.2.1 In his reply, Mr. Fanendra Harakchand Munot submitted that due to technical difficulties at his end, he was unable to submit the disclosures in time and that there is a delay in submitting the disclosures. He accepted the delay on his part and submitted that he will

take due care that no such type of delay occurs again. Mr. Munot submitted copy of all necessary disclosures filed with IPA.

## **V Contravention**

6.1.1 It was seen that out of the 14 assignments handled by Mr. Fanendra Harakchand Munot, 3 assignments were concluded and 11 assignments were under process. It was observed from Mr. Munot's reply dated 01.09.2020 to the IA that he was working without any staff due to Covid-19 situation. It is further observed that eventhough Mr. Munot was hard pressed for manpower, he accepted three fresh assignments during the lockdown period, namely, (i) Shri Tradco Deesan Private Limited (appointed as RP on 16.07.2020), (ii) Mrunmaha Agro Foods Private Limited (appointed as Liquidator on 26.05.2020) and (iii) LB Industries Private Limited (appointed as the RP on 18.05.2020).

6.1.2 It was seen that on the one hand Mr. Fanendra Harakchand Munot was working without staff due to Covid-19 pandemic situation and his office was inaccessible, on the other hand, he accepted fresh assignments during the lockdown period. In the circumstances, IBBI observed that it was unlikely for Mr. Munot to devote adequate time to each of assignments where work was under progress, especially when his office was inaccessible and there was staff shortage. Therefore, the IBBI was of the *prima facie* view that Mr. Fanendra Harakchand Munot contravened clause 22 of the Code of Conduct.

## **V Submissions**

6.2.1 Mr. Munot in his reply to the DIR submitted that in LB Industries Private Limited - Consent to work as RP was given earlier when there was no pandemic. In Shri Tradco Deesan Private Limited - no consent was given by him. The Hon'ble NCLT, Mumbai Bench directly appointed him as an IRP of the CD on 16.07.2020. In Mrunmaha Agro Foods Private Limited - consent to work as a liquidator was given on 14.11.2019 and application for liquidation of the company was filed subsequently (as approved in 7th CoC meeting held on 13.11.2019).

6.2.2 Mr. Munot submitted that the list of assignments with him and submitted that he was not overburdened with work. He further submitted that he has a good set up of professionals and qualified staff to support him in the process. Mr. Munot gave the status of the CIRP

process of the CDs in which he had been appointed as IRP/RP/Liquidator in the following tabulated form:

S.NO.	COMPANY/ CD	STATUS
1.	VB Power Pvt. Ltd.	Acting as a Liquidator. Working as a Liquidator without any payment of fees. During CIRP, CoC recommended for immediate dissolution of the CD as no assets available for sale/ distribution.
2.	Veer resources & Projects Pvt. Ltd.	Hon'ble NCLT, Mumbai Bench appointed me as a Liquidator. Since February,2020, working as a liquidator without any payment of fees. In the process to file for immediate dissolution.
3.	Ujwal Electrical Stampings Pvt. Ltd.	Acted as Liquidator. Liquidation approved by the CoC and application filed for approval of NCLT.
4.	Shree Siddhi Vinayak Ispat Pvt. Ltd.	Acted as a RP.
5.	Shree Ganesh Stampings Pvt. Ltd.	Liquidation approved by the CoC and application filed for approval of NCLT.
6.	Shree Bhimeshwari Ispat Pvt. Ltd.	Tried to complete all duties & responsibilities casted upon me during this period. Filed resolution plans approved by the respective CoCs before the Adjudicating Authority.
7.	Monotype India Ltd.	Acted as RP. CIRP process is stalled. Management of the CD has also moved an application with the Hon'ble NCLT, Mumbai bench for withdrawal of CIRP matter.
8.	LB industries Pvt. Ltd.	Acted as Liquidator. Resolution plan rejected by CoC. Application for liquidation filed before the NCLT.
9.	Mrunmaha Agro Foods Pvt. Ltd.	Sale of assets is at final stage. (Liquidation process)
10.	MMS Infrastructure Ltd.	CIRP withdrawn.
11.	Warasgaon Assets Maintenance Ltd.	Another RP was appointed on 29/03/2019.
12.	Maxflex & Imaging Systems Ltd.	CIRP withdrawn on 01/09/2020.
13.	Shri Tradco Deesan Private Limited	Hon'ble NCLT, Mumbai Bench appointed me as an IRP w.e.f. 16 <sup>th</sup> July,2020. I didn't give my consent for the same. Replaced by another RP in December 2020.
14.	Kamar Infrastructure Pvt. Ltd.	CIRP withdrawn on 29/03/2019.

6.2.3 Mr. Fanendra Harakchand Munot in his reply submitted that he accepted 3 assignments in lockdown period, details of which are given below:-

*“LB Industries Private Limited:-*

*That the Consent to work as a RP was given earlier when there was no Covid Pandemic Situation in India. Form 2 (acceptance) was given on 05/03/2020 and hence, I was duty bound to accept it when the Hon'ble Bench approved it. .*

*Shri Tradco Deesan Private Limited:-*

*That it is submitted here no consent was given by me for this assignment. The Hon'ble NCLT, Mumbai Bench made my appointment as an IRP of the company on 16th July, 2020 and I was duty bound to accept it.*

*Acceptance of assignment & not to reject it is one of the conditions for getting empanelled on the panels of IPs maintained for NCLT.*

*Mrunmaha Agro Foods Private Limited:-*

*Consent to work as a Liquidator was given on 14/11/2019. Application for Liquidation of the Corporate Debtor was filed subsequently as approved in 7th CoC meeting held on 13.11.2019.”*

## **Findings**

7.1.1 The objective of the Code is, *inter alia*, to promote entrepreneurship, maximisation of value of assets, make available credit and balance the interests of all stakeholders, in a time bound manner. In its endeavour to maximize the value of assets of the CD, uniform valuation standards have been adopted to get a fair estimate of the value of the assets of the CD, which enables the CoC and the prospective resolution applicants to make an informed decision regarding the CD.

7.1.2 The Bankruptcy Law Reforms Committee in its report has laid emphasis on the role of an IP in Chapter 4 titled Institutional Infrastructure, at point 4.4 titled Insolvency Professional, which are as follows:

*“Insolvency professionals form a crucial pillar upon which rests the effective, timely functioning as well as credibility of the entire edifice of the insolvency and bankruptcy resolution process. ... In administering the resolution outcomes, the role of the IP encompasses a wide range of functions, which include adhering to procedure of the law, as well as accounting and finance related functions. The*

*latter include the identification of the assets and liabilities of the defaulting debtor, its management during the insolvency proceedings if it is an enterprise, preparation of the resolution proposal, implementation of the solution for individual resolution, the construction, negotiation and mediation of deals as well as distribution of the realisation proceeds under bankruptcy resolution. In performing these tasks, an IP acts as an agent of the adjudicator. In a way the adjudicator depends on the specialized skills and expertise of the IPs to carry out these tasks in an efficient and professional manner. The role of the IPs is thus vital to the efficient operation of the insolvency and bankruptcy resolution process. ...”*

7.1.3 The role of the RP is crucial and critical to fulfil the objective of the Code. It is imperative that the RP 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.

7.1.4 The responsibilities of the IRP/RP under the Code require highest level of standards, calibre and integrity which inspire confidence and trust of the stakeholders and the society. The role of the RP is vital to the efficient operation of the insolvency and bankruptcy resolution process. The IP forms a crucial pillar upon which rests the credibility of the entire resolution process. For that purpose, the Code provides for certain duties, obligations for undertaking due diligence in the conduct of the insolvency process to establish integrity, independence, objectivity and professional competence in order to ensure credibility of both the process and profession as well.

7.1.5 Section 208 of the Code provides for the functions and obligations of the IP which provides *inter alia* that the IP shall abide by the Code of Conduct to take reasonable care and diligence when performing his duties and to perform his functions in such manner and subject to such conditions as may be specified. One of the conditions for registration as IP is that an IP shall at all times abide by the Code and Rules, Regulations and Guidelines made thereunder and the bye-laws of the insolvency professional agency with which he/she is enrolled.

8.1.1 In the instant matter, the DC notes that regulation 4(4) of the Inspection Regulations, the service provider and an associated person is duty bound to produce before the IA such records in his custody or control and furnish to the IA such statements and information relating to its activities within such time as the IA may require.

8.1.2 The DC notes the allegation that Mr. Munot did not provide certain information asked for by the IA. It is duty of an IP to produce all records in his custody or control and furnish such statements and information relating to its activities within such time as the IA may require. Mr. Munot was asked to provide relationship disclosure forms and Form II of the assignments being handled by him. Mr. Munot was unable to submit the relationship disclosure forms and Form II for all the assignments, even though extension was granted thrice for submission of the documents.

8.1.3 During the personal hearing, as to the allegation of non-submission of information to the IA, Mr. Munot responded that lockdown was in effect during the period when the documents were asked for. Mr. Munot provided the copy of the Order No. DMU/2020/CR.92/DisM-1 dated 31.08.2020 issued by the Government of Maharashtra whereby the lockdown was extended till 30.09.2020. The DC notes that the pandemic situation is as an exceptional circumstance and accepts Mr. Munot's contention as the pandemic situation was beyond his control and the same appears to have caused delay in submission of the information. Therefore, the DC takes a lenient view.

9.1.1 The DC notes that section 24(1) of the Code provides that the members of the CoC may meet in person or by such other electronic means as may be specified. According to regulation 25 of CIRP Regulations, the RP shall take the vote of the members of the CoC present in the meeting, on any item listed for voting after discussion on the same. At the conclusion of the voting at the meeting, the RP shall announce the decision taken on items along with the names of the members of the CoC who voted for or against the decision or abstained from voting. Regulation 26 of the CIRP Regulations provides that RP is mandatorily to provide each member of the CoC, the means to exercise its vote, either by electronic means or through electronic voting system in accordance with the provisions of the Regulations.

9.1.2 The DC notes the submission of Mr. Munot that the option of e-voting system was provided to the CoC members but due to cost factor, CoC members returned voting sheets through email. Mr. Munot also submitted that he ensured that the voting sheets came from authorised email address and signed by authorised representative.

9.1.3 The DC observes that in the CIRP of Warasgaon Assets Maintenance Ltd., due to cost factor, the CoC in its 1<sup>st</sup> Meeting ruled out use of e-voting system and instead used scanned copies of voting sheet to vote. Mr. Munot clarified that since the CoC refused the proposal to hold voting electronically, he accepted the voting on scanned copies of voting sheets. The DC notes that Mr. Munot ensured that the scanned voting sheets were signed by the authorised representative and received from the email address of authorised representative which complies with regulation 26 of the CIRP Regulations as email is considered as electronic means. Hence, he has not contravened section 24(1) of the Code and regulation 25 and 26 of the CIRP Regulations.

10.1.1 The DC notes that regulation 34A of the CIRP Regulations provides for the disclosure of costs. The regulation is reproduced below:

*“34 A. Disclosure of Costs. The interim resolution professional or the resolution professional, as the case may be, shall disclose item wise insolvency resolution process costs in such manner as may be required by the Board.”*

It is mandatory for an IP to disclose item wise cost of insolvency resolution process in the manner prescribed.

10.1.2 The DC notes that Mr. Fanendra Harakchand Munot did not file the disclosures in Form II relating to process cost etc. timely in the assignments of Shree Ganesh Stampings Pvt. Ltd., Monotype India Ltd. and Shri Tradco Deesan Pvt. Ltd. Mr. Munot submitted that due to technical difficulty he was unable to file the disclosure form timely. He also informed that the late fee on the delayed filing has also been paid. The DC observes that Mr. Munot submitted the documents in support of filing of disclosure Form-II and paid late fee for submission of disclosure belatedly. Hence, the DC takes lenient view in view of lockdown situation due to covid.

11.1.1 The DC notes that Circular No. IP/005/2018 dated 16.01.2018 relating to Disclosures by Insolvency Professionals and other Professionals appointed by Insolvency Professionals conducting resolution processes provides that an insolvency professional and every other professional appointed by the insolvency professional for a resolution process shall make disclosures in respect of on-going resolution process to the IPA which disseminates such disclosures on its website within 3 days of receipt. The relevant part of the Circular is given below:

*“3. An insolvency professional shall disclose his relationship, if any, with (i) the Corporate Debtor, (ii) other Professional(s) engaged by him, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within the time specified as under:*

<b><i>Relationship of the Insolvency Professional with</i></b>	<b><i>Disclosure to be made within three days of</i></b>
<i>Corporate Debtor</i>	<i>his appointment.</i>
<i>Other Professionals [Registered Valuer(s) / Accountant(s) / Legal Professional(s) / Other Professional(s)] appointed by him</i>	<i>appointment of the other Professional.</i>
<i>Financial Creditor(s)</i>	<i>the constitution of Committee of Creditors</i>
<i>Interim Finance Provider(s)</i>	<i>the agreement with the Interim Finance Provider</i>
<i>Prospective Resolution Applicant(s)</i>	<i>the supply of information memorandum to the Prospective Resolution Applicant.</i>
<i>If relationship with any of the above comes to notice or arises subsequently</i>	<i>of such notice or arising.</i>

*4. An insolvency professional shall ensure disclosure of the relationship, if any, of the other professional(s) engaged by him with (i) himself, (ii) the Corporate Debtor, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within the time specified as under:*

<b><i>Relationship of the other Professional(s) with</i></b>	<b><i>Disclosure to be made within three days of</i></b>
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<i>The Insolvency Professional</i>	<i>the appointment of the other Professional.</i>
<i>Corporate Debtor</i>	<i>the appointment of the other Professional.</i>
<i>Financial Creditor(s)</i>	<i>constitution of Committee of Creditors</i>
<i>Interim Finance Provider(s)</i>	<i>the agreement with the Interim Finance Provider or three days of the appointment of the other Professional, whichever is later.</i>
<i>Prospective Resolution Applicant(s)</i>	<i>the supply of information memorandum to the Prospective Resolution Applicant or three days of the appointment of the other Professional, whichever is later</i>
<i>If relationship with any of the above comes to notice or arises subsequently</i>	<i>of such notice or arising.</i>

*“7. The Insolvency Professional shall provide a confirmation to the Insolvency Professional Agency to the effect that the appointment of every other professional has been made at arms’ length relationship.”*

*“9. The Insolvency Professional shall ensure timely and correct disclosures by him and the other Professionals appointed by him. Any wrong disclosure and delayed disclosure shall attract action against the Insolvency Professional and the other Professional as per the provisions of the law.”*

11.1.2 The DC notes that Mr. Fanendra Harakchand Munot did not file the relationship disclosures in the assignments of Shri Siddhi Vinayak Ispat Pvt. Ltd., Shree Ganesh Stampings Pvt. Ltd., Monotype India Ltd., LB Industries Pvt. Ltd. and Shri Tradco Deesan Pvt. Ltd. The DC notes that the Circular No. IBBI/IP/005/2018 dated 16.01.2018 provides for the relationship disclosure within the time specified therein. The DC notes that the relationship disclosures filings were made after the inspection was conducted by the IA. He should have done it as per the time specified in the said Circular. The DC notes the submission of Mr. Munot that due to technical difficulties, he was unable to file the

relationship disclosures in time, however, later compliance was done in full. The DC accepts his contention in view of the lockdown situation and takes a lenient view.

12.1.1 The Code of Conduct in the IP Regulations is the grund norm which all IPs are to follow in letter and spirit. Clause 22 of the Code of Conduct provides that an IP must refrain from accepting too many assignments as he may be unable to devote adequate time to each assignment. The processes under the Code are time bound processes each having numerous sub-processes and to complete various sub-processes, an IP has to engage professionals and other staff. In such a situation, if an IP undertakes number of assignments, it is difficult for him to supervise the performance of the professionals and other staff engaged. Moreover, for certain functions, an IP cannot outsource his services to other persons. In such a situation, an IP has to give undivided attention to each assignment and adequate time on a continuous basis. Hence, in handling too many assignments, there is likelihood that the IP is not able to meet the timelines of the processes as well as the compliance/ disclosure requirements.

12.1.2 The DC notes that Mr. Fanendra Harakchand Munot had total 14 assignments, out of which 3 assignments were concluded and 11 assignments were under process. He submitted that for two assignments namely, Mrunmaha Agro Foods Pvt. Ltd. and LB Industries Pvt. Ltd., the consent was given prior to imposition of lockdown and in case of Shri Tradco Deesan Pvt. Ltd., he was appointed by the NCLT during the lockdown period. The DC finds that all the assignments were not undertaken in 2020 and some assignments were undertaken in 2018 and 2019. Therefore, the DC takes a lenient view.

## **Order**

13. The DC, in exercise of the powers conferred under section 220 (2) of the Code read with sub-regulations (7), (8), (9) and (10) of Regulation 11 of the IBBI (Insolvency Professionals) Regulations, 2016 and Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017, hereby, disposes of the SCN without any directions against Mr. Fanendra Harakchand Munot in view of the then prevailing covid-19 lockdown situation in the State of Maharashtra.
14. This Order shall come into force immediately from the date of its issue.

15. A copy of this order shall be forwarded to the Indian Institute of Insolvency Professionals of ICAI where Mr. Fanendra Harakchand Munot is enrolled as a member.
16. A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, New Delhi, for information.
17. Accordingly, the show cause notice is disposed of.

Dated: 07<sup>th</sup> December 2021  
Place: New Delhi

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(Dr. Mukulita Vijayawargiya)  
Whole Time Member, IBBI