

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./28/2025

2nd June 2025

ORDER

This Order disposes the Show Cause Notice (SCN) No. COMP-13011/2/2024-IBBI/405, dated 19.03.2025 issued to Mr. Shreegopal Govindram Mundhra under rule 17 read with rule 15 of the Companies (Registered Valuers and Valuation) Rules, 2017 (Valuation Rules). Mr. Shreegopal Govindram Mundhra is registered with Insolvency and Bankruptcy Board of India (IBBI) as a valuer of the asset class Land and Building with the registration number IBBI/RV/07/2019/10694.

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 or investigation, or a complaint received or on material otherwise available on record, 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 The IBBI had taken cognizance of a complaint filed against Mr. Shreegopal Govindram Mundhra (hereinafter also referred as “Registered Valuer” or “RV”). According to the complaint, while applying for registration as a Valuer with IBBI, Mr. Shreegopal Govindram Mundhra had suppressed information regarding the chargesheet filed against him on 31.07.2013 in the CBI Special Court. As per the said chargesheet, the RV was charged under sections 120-B r/w 420, 467, 468, 471 and 201 of the Indian Penal Code as well as section 13(2) r/w section 13(1)(d) of the Prevention of Corruption Act, 1988.
- 1.3 Based on the examination of the complaint, 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 19.03.2025 was issued to the RV for contravention of rules 3(1)(k), 7(a),(b) and (g) of the Valuation Rules and clause 2 and 3 of Model Code of Conduct for Register Valuers. The RV submitted his reply to the SCN on 22.04.2025.
- 1.4 The SCN, reply of the RV and other material available on record was referred to this Authority for disposal of the SCN. The RV availed the opportunity of personal hearing before this Authority on 30.05.2025.

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:

2.1 As per the complaint received, while applying for registration as a valuer with IBBI, Mr. Shreegopal Govindram Mundhra suppressed information regarding the chargesheet filed against him on 31.07.2013 in the CBI Special Court. As per the said chargesheet, Mr. Shreegopal Govindram Mundhra was charged under Sections 120-B r/w. 420, 467, 468, 471, and 201 of the Indian Penal Code, as well as Section 13(2) r/w. section 13(1)(d) of the Prevention of Corruption Act, 1988.

2.2 A table having details of the dates of relevant events is provided below:

S. No.	Event	Date
1.	Date of FIR	13.09.2012
2.	Date of Chargesheet 31.07.2013	31.07.2013
3.	Date of application for registration as RV	02.11.2018
4.	Date of Registration as RV	29.01.2019

2.3 From the table above, it was noticed that there were pending criminal charges against Mr. Shreegopal Govindram Mundhra at the time of making application for registration as a registered valuer with IBBI, as well as on the date of his registration as registered valuer. However, there is nothing on record to suggest that Mr. Shreegopal Govindram Mundhra had informed Board regarding pending criminal charge against him at the time of making application for registration as a registered valuer with IBBI.

2.4 Further, vide email dated 16.10.2024, Mr. Shreegopal Govindram Mundhra was specifically asked whether he had informed IBBI about the pending criminal charge against him at the time of making application for registration as a registered valuer. Mr. Shreegopal Govindram Mundhra did not submit any response to this query. A further reminder was sent via email dated 07.11.2024, requesting Mr. Shreegopal Govindram Mundhra to provide clarification on or before 11.11.2024. However, Mr. Shreegopal Govindram Mundhra did not respond to this reminder either. Subsequently, Mr. Shreegopal Govindram Mundhra submitted his clarification on 30.12.2024, stating: *"No, because it was challenged through a discharge application."* It is alleged in the SCN that the response given by Mr. Shreegopal Govindram Mundhra clearly states the proceedings have not been stayed or Mr. Shreegopal Govindram Mundhra has been discharged by the court and was pending at the time of making application for registration as a registered valuer with IBBI. Moreover, it was observed that the discharge application was dismissed by the CBI Court through an order dated 15.10.2019. Thereafter, Mr. Shreegopal Govindram Mundhra had filed a Criminal Revision Application No. 58 of 2020 before the Hon'ble High Court of Bombay, which Mr. Shreegopal Govindram Mundhra later withdrew for reasons best known to him.

2.5 It is noted in the SCN that it is evident that despite being named as an accused in the chargesheet dated 31.07.2013, filed against Mr. Shreegopal Govindram Mundhra in the CBI Special Court, the same has been suppressed by him in the application submitted by him in Form A to IBBI for registration as a valuer. In the said application, Mr. Shreegopal Govindram Mundhra had falsely declared that no criminal proceedings were pending against him.

- 2.6 In view of the above, it is alleged in the SCN that through his conduct, Mr. Shreegopal Govindram Mundhra has contravened rule 3(1)(k), Clause 2 and 3 of Model Code of Conduct for Registered Valuers and rule 7(a),(b),(g) of the Valuation Rules.

Submissions of the RV

- 2.7 The RV in his reply has submitted that the issue pertains to a charge sheet filed by the CBI on 31.07.2013 before the CBI Special Court Ahmedabad, in connection with the valuation of immovable properties mortgaged by Rohini Enterprises and he was named as one of the accused valuers in the matter. However, the valuation conducted by him was done as per prevailing market standards and regulatory guidelines and the issue essentially arose from a divergence in valuation methodology rather than any fraudulent or dishonest conduct on his part. The RV further submitted that initially his name was not there at the time of filing of the said complaint and thereafter his name was dragged in the complaint.
- 2.8 The RV in his reply further submitted that the given case was at the trial stage, and the prosecution evidence was not completely recorded. Also, charges were not framed against him at the relevant time, and he had proactively filed a discharge application. In furtherance of his efforts to challenge the matter, he had also filed Criminal Revision Application No. 58 of 2020 before the Hon'ble Bombay High Court. However, this application was recently withdrawn by him based on legal advice, with a view to defend the matter during the trial proceedings.
- 2.9 The RV in his reply has admitted that this was an inadvertent omission, and he was under the impression that since charges had not been framed and the matter was still pending trial, disclosure was not mandatory. Further, he was of the view that only convictions or cases where charges were formally framed needed to be declared.

Findings of the Authority.

- 2.10 The Insolvency and Bankruptcy Code, 2016 (Code) envisages valuation to be conducted for the purpose of corporate insolvency resolution process to ensure maximization of the value of the Corporate Debtor. The process entails that the valuation is to be conducted by two registered valuers to estimate the fair value and liquidation value of the assets of the Corporate Debtor in a transparent, credible and consistent manner by adopting uniform valuation standards and best practices. Further, based on the valuation report the Committee of Creditors can make an informed decision regarding as to whether to continue with the resolution process or resolve to liquidate the Corporate Debtor. Any inaccuracy or exaggeration in the liquidation value could undermine the entire resolution process and harm the interests of all the stakeholders. Even the Hon'ble High Court of Delhi in the matter of *Cushman and Wakefield v. UOI* (W.P.(C) 9883/2018), had observed that, *"The endeavor of the Rules is to introduce a class of professionals where the focus is on the professional skills of the individuals rather than a business venture. Professionalism is introduced into the profession of valuation, which involves sophisticated skills and a high degree of integrity, impartiality and ethics for the purposes of the Companies Act and IBC, through Valuation Rules which can regulate this area and make valuers more accountable and professionally trained."*

2.11 Rule 3 of the Valuation Rules provides that:

“3. Eligibility for registered valuers.—

(1) A person shall be eligible to be a registered valuer if he-

.....

(k) is a fit and proper person:

Explanation.— For determining whether an individual is a fit and proper person under these rules, the authority may take account of any relevant consideration, including but not limited to the following criteria-

(i) integrity, reputation and character,

(ii) absence of convictions and restraint orders, and

(iii) competence and financial solvency.”

2.12 Further, rule 7 of the Valuation Rules also provides that:

“7. Conditions of Registration.— *The registration granted under rule 6 shall be subject to the conditions that the valuer shall –*

(a) at all times possess the eligibility and qualification and experience criteria as specified under rule 3 and rule 4;

(b) at all times comply with the provisions of the Act, these rules and the Bye-laws or internal regulations, as the case may be, of the respective registered valuers organisation;

(g) comply with the Code of Conduct (as per Annexure-I of these rules) of the registered valuers organisation of which he is a member;”

2.13 Further Clause 2 and 3 of the Model Code of Conduct, as provided in Annexure-I of the Valuation Rules provides as follows:

“2. A valuer shall maintain integrity by being honest, straightforward, and forthright in all professional relationships.

3. A valuer shall endeavour to ensure that he/it provides true and adequate information and shall not misrepresent any facts or situations.”

2.14 It is imperative that only an individual with absolute integrity and unblemished reputation is registered as a valuer. The character of a profession is determined by its individual members; consequently, they bear the responsibility of inspiring confidence among stakeholders and the public. They have a collective responsibility to build and preserve the reputation of the valuation profession.

2.15 In the instant matter, Mr. Shreegopal Govindram Mundhra, after qualifying the valuer examination conducted by the IBBI was registered as a valuer in the Land and Building asset class with Registration No. IBBI/RV/07/2019/10694 based on his application for registration as

valuer submitted to IBBI on 02.11.2018. In his application form, the RV had submitted the following details:

E. ADDITIONAL INFORMATION	
<i>Particulars in Form A</i>	<i>Response of RV</i>
1. Have you ever been convicted for an offence? Yes or No If yes, please give details.	No
2. Are any criminal proceedings pending against you? (Yes or No) If yes, please give details.	No

2.16 Further, Mr. Shreegopal Govindram Mundhra has affirmed in Affirmation part of the application form as follows:

“3. This application and the information furnished by me along with this application is true and complete. If found false or misleading at any stage, my registration shall be summarily cancelled.”

2.17 The Authority notes that Mr. Shreegopal Govindram Mundhra concealed information about pending criminal proceeding in respect of CBI Special Case No. 18/2013 pending before CBI Special Court Ahmedabad even though it was explicitly asked in the application form.

2.18 The chargesheet filed against Mr. Shreegopal Govindram Mundhra had alleged commission of offences by Mr. Shreegopal Govindram Mundhra under various sections of the Indian Penal Code, namely Section 120B relating to criminal conspiracy, Section 420 relating to cheating and dishonestly inducing delivery of property, Section 467 relating to forgery of valuable security, will, etc., Section 468 relating to forgery for the purpose of cheating, Section 471 relating to using as genuine a forged document or electronic record, and Section 201 relating to causing disappearance of evidence of an offence or giving false information to screen an offender. In addition, the charges also include offences under the Prevention of Corruption Act, 1988, namely Section 13(1)(d), which pertains to a public servant obtaining, for himself or any other person, any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant, and Section 13(2), which provides for punishment for criminal misconduct by a public servant. These offences are serious in nature and are punishable with imprisonment for a term extending up to seven years.

2.19 The Authority notes that disclosure of this information relating to pendency of criminal proceeding would have had repercussions on his eligibility for obtaining registration as registered valuer on the grounds of being “not fit and proper.” A valuer is under an obligation to provide complete and accurate information in the application form. This obligation is even more critical considering his position as a professional and a specific undertaking in this regard.

2.20 The Authority notes that Mr. Shreegopal Govindram Mundhra had filed discharge application, which was dismissed, and no relief was granted to him. Further, he had also filed Criminal Revision Application No. 58 of 2020 before the Hon’ble Bombay High Court against the disposal of the discharge application which was withdrawn by him. No interim relief had been granted to him in any of these proceedings which may have the effect of the proceedings being

stayed and hence the criminal proceedings were clearly pending against him. He was under obligation to disclose these pending criminal proceedings in the Point E.2 (as mentioned above) of the application form which specifically asks for the same.

- 2.21 Accordingly, the material available on record suggest that Mr. Shreegopal Govindram Mundhra was well aware of the pendency of the criminal proceedings against him and therefore the Authority cannot accept his submission that it was an inadvertent omission on his part basis that he was under the impression that since charges had not yet been framed and the matter was still pending trial, disclosure was not mandatory.
- 2.22 Accordingly, the Authority is of the view that by concealing such material information about the pendency of criminal proceedings, Mr. Shreegopal Govindram Mundhra has violated rule 7 r/w rule 3(1)(k) of the Valuation Rules and Clauses 2 and 3 of Code of Conduct.

3. Order

- 3.1 In view of the foregoing, after considering the allegations made in the SCN, the reply provided by the RV and the materials available on record, the Authority, in exercise of powers conferred vide notification of Central Government no. GSR 1316(E) dated 18.10.2017 under Section 458 of the Companies Act, 2013 and in pursuance of rule 17 of the Valuation Rules hereby cancels the registration of Mr. Shreegopal Govindram Mundhra bearing Registration number IBBI/RV/07/2019/10694.
- 3.2 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.
- 3.3 A copy of this order shall be forwarded to PVAI Valuation Professional Organisation where Mr. Shreegopal Govindram Mundhra is enrolled as a member.
- 3.4 Accordingly, the show cause notice is disposed of.

Sd/-

(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 2nd June 2025

Place: New Delhi