

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA  
(Disciplinary Committee)

No. IBBI/DC/116/2022  
22<sup>nd</sup> July, 2022

**Order**

**In the matter of Mr. Gonugunta Murli, 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 Professionals) 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)/2021-22/11/3594/538 dated 30.05.2022 issued to Mr. Gonugunta Murli, R/o – 16-11-19/4C-17B, Saleem Nagar, Near Farahat Hospital, Malakpet, Hyderabad, Andhra Pradesh – 500036 who is a Professional Member of Indian Institute of Insolvency Professionals of ICAI (IIIP-ICAI) and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI) with Registration No. IBBI/IPA-001/IP-P00654/2017-18/11139.

**1. Background**

- 1.1. The IBBI, in exercise of its power under section 196 of the Code read with regulation 3 of the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017 (Inspection Regulations), appointed an Inspecting Authority (IA) to conduct an inspection of Mr. Gonugunta Murli for all assignments, on having reasonable grounds to believe that he had contravened provisions of the Code, Regulations, and directions issued thereunder. In compliance with regulation 6(1) of Inspection Regulations, IA shared the Draft Inspection Report (DIR) with Mr. Murli on 20.12.2021 to which response was received on 25.12.2021, 24.01.2022, 28.01.2022 and 29.01.2022. Thereafter, IA submitted the Inspection Report (IR) in accordance with regulation 6(4) of the Inspection Regulations on 09.02.2022.
- 1.2. The IBBI issued the SCN to Mr. Gonugunta Murli on 30.05.2022, based on the findings in the inspection report in respect of his role as an IRP in the Corporate Insolvency Resolution Process (CIRP) of Corporate Debtors (CDs) namely (i) Gavi Siddeswara Steels (India) Private Limited (CD-1) (ii) Subhodaya Digital Entertainment Private Limited (CD-2) (iii) ICSA (India) Limited (CD-3) and material available on record. Mr. Gonugunta Murli submitted his reply on 02.06.2022 and 17.06.2022 to the SCN.
- 1.3. The IBBI referred the SCN, response of Mr. Gonugunta Murli 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. Murli availed opportunity of e-hearing before the DC on 06.07.2022.
- 1.4. The DC has considered the SCN, the reply to SCN, oral and written submissions of Mr. Gonugunta Murli, other material available on record and proceeds to dispose of the SCN.

## 2. Alleged Contraventions, Submissions, Analysis and Findings

The contraventions alleged in the SCN and Mr. Gonugunta Murli's written and oral submissions thereof are summarized as follows.

### 3. Contravention-I

3.1. Mr. Gonugunta Murli was appointed as Interim Resolution Professional (IRP) in CIRP of following corporate debtors:

Sr. No.	Name of corporate debtors	Date of appointment	Adjudicating Authority (AA)
1	Gavi Siddeswara Steels (India) Private Limited (CD-1)	08.01.2019	NCLT Hyderabad Bench
2	Subhodaya Digital Entertainment Private Limited (CD-2)	20.12.2018	
3	ICSA (India) Limited (CD-3)	21.10.2019	

3.2. Mr. Murli has demitted office in respective CDs on dates enumerated below in Column-2 while the Form I in case of CD-1 and Form I & II in case of CD-2 and CD-3 was filed on dates mentioned below in Column-3 causing delay calculated in Column-4.

Sr. No.	Column-1 Name of corporate debtors	Column-2 Date of demitting office of IRP	Column-3 Filing of Forms with IPA	Column-4 Delay in filling Forms
1	Gavi Siddeswara Steels (India) Private Limited (CD-1)	08.03.2019	26.04.2019	42 days
2	Subhodaya Digital Entertainment Private Limited (CD-2)	05.02.2019	28.02.2019	16 days
3	ICSA (India) Limited (CD-3)	06.12.2019	27.07.2020	227 days

3.3. Board Circular No. IBBI/IP/013/2018 dated 12.06.2018 stipulates that Form – I and Form-II have to be submitted by the IRP within seven days of his demitting office as IRP. As Form I and Form-II has been filed by Mr. Murli with delay in respective CDs, the Board is of the *prima facie* view that Mr. Murli has *inter alia* violated Board Circular No. IBBI/IP/013/2018 dated 12.06.2018 and Clause 13 of the Code of Conduct as specified in the First Schedule of IP Regulations (Code of Conduct).

### Submissions

3.4. Mr. Murli submitted that he has submitted Form I and II in respective CDs within the deadline but due to technical issues the submitted forms were saved in the IPA website. He has not taken any screenshot to provide the Board as supporting document. He realized later that the form has not been saved therefore he has submitted once again after the deadline. It was not an intentional delay from his side. Hence, the observation may kindly be dropped. He submitted that he has provided all the contents of the Form I and II to the CoC and also to the AA within the timelines by way of filing constitution of Committee of Creditors (CoC) before AA, conducting the 1st CoC meeting and circulating minutes to all the CoC members

mentioning the details of fees, out of pocket expenses and CoC members approved the same with requisite majority. He also submitted the details as per section 208 of the Code 2016, all the records to both IBBI and IPA

### **Analysis & Findings**

- 3.5. The DC notes the submissions of Mr. Murli that delay was caused due to technical issues, and he has resubmitted the documents. In the absence of any documentary proof that due to technical issue the filing of forms could not be saved, cannot be accepted on the face of it. Being professional Mr. Murli should have been careful enough to ensure that all the statutory filing, as required, are filed without delay, duly saved, and uploaded at respective websites. Since Mr. Murli had repeatedly not filed the forms within a stipulated time and there is substantial delay of 227 days in the matter of CD-3, the DC finds that Mr. Murli was negligent in the statutory compliances as mandated vide Board Circular No. IBBI/IP/013/2018 dated 12.06.2018. Hence, the DC finds that Mr. Murli has violated the Board Circular No. IBBI/IP/013/2018 dated 12.06.2018 and Clause 13 of the Code of Conduct as specified in the First Schedule of IP Regulations.

### **4. Contravention-II**

- 4.1. In the matter of Gavi Siddeswara Steels (India) Private Limited (CD-1), the IBBI observed that two valuers, namely Adroit Technical Services Pvt. Ltd and Madhu, INSPL, appointed by Mr. Murli *vide* engagement letter dated 22.02.2019, are not registered with IBBI as valuers. Section 25(2)(d) of the Code casts the duty on an IP to appoint accountants, legal or other professionals in the manner specified by the IBBI. Further, regulation 27 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) provides that the resolution professional shall, within seven days of his appointment but not later than forty-seventh day from the insolvency commencement date, appoint two Registered Valuers (RV) to determine the fair value and the liquidation value of the CD in accordance with regulation 35 of CIRP Regulations. Furthermore, IBBI Circular No. IBBI/RV/019/2018 dated 17.10.2018 (which came into effect from 01.02.2019) clearly states that every valuation required under the Code or any of the regulations made thereunder is required to be conducted by a RV that is, a valuer registered with the Board and no IP shall appoint a person other than a RV to conduct any valuation under the Code or any of the regulations made thereunder.
- 4.2. In view of the above, the Board is of the *prima facie* view that Mr. Murli has *inter alia* violated section 25(2)(d) of the Code, regulation 27 of CIRP Regulations and clause 3 and 5 of Code of Conduct and IBBI Circular No. IBBI/RV/019/2018 dated 17.10.2018.

### **Submissions**

- 4.3. Mr. Murli submitted that he has sent emails to valuers, asking them to provide quotations for valuation from RVs only. In response, he received 9 quotations. Out of which, he appointed the above-mentioned valuers based on L1 basis. He submitted that he specifically mentioned in the email while requesting for quotations and appointment of valuers to provide "fair value & liquidation value" by RV as per IBBI regulations stating that all class of assets should be valued by RV only. He prepared the summary of quotations received from various valuers, out of which one valuer's name was mentioned as 'Samir/ Puneeth Adroit valuation'. Mr. Puneet Tyagi is a RV as per the IBBI for the Land & Building class of assets from 03.10.2018

onwards. He appointed them as RV by issuing appointment letter dated 22.02.2019 to M/s Adroit Technical Services Pvt Ltd by oversight in the name of Samir Ghosh instead of Puneet Tyagi who is RV at the time of appointment. He submitted that he has not done it intentionally.

- 4.4. He submitted that Mr. P Madhu is IBBI RV for Plant & Machinery from 26.09.2018 onwards and confirmed the same through email on 11.02.2019 before appointment by him. He submitted that at the time of issuing the appointment letter, his intention was to get the valuation reports from IBBI RVs only, however, he issued the appointment letter by oversight in the name of the wrong person. He submitted that he has appointed individual RVs. He further submitted that he has not been continued as RP. The RP has cancelled the appointment of both the valuers immediately after taking charge. He submitted that he has not received any valuation reports nor paid any professional fees to them.

### **Analysis & Findings**

- 4.5. The DC observes that Mr. Murli was appointed as IRP on 08.01.2019. The DC notes the Mr. Murli had sent an email dated 22.02.2019 addressed to Mr. Samir, CEO of Adroit Technical Services Private Limited (Adroit Valuations) and Mr. Madhu, INSPL for appointment of IBBI Registered Valuers wherein it is mentioned that “*You are advised to provide fair value and liquidation value by Registered Valuer as per IBBF*”. However, it is observed that Mr. Murli had appointed Adroit Technical Services Private Limited and INSPL as valuers for valuation of Land & Buildings and Plant & Machinery of CD-1, who are not registered valuer entities and also filed the disclosure with IIP-ICAI on 26.02.2019 as per circular no. IP/005/2018 dated 16.01.2018 disclosing appointment of Adroit Technical Services Private Limited and INSPL as Registered Valuers. In this regard, Mr. Murli had submitted that instead of Mr. Puneet Tyagi, who is RV as per the IBBI for the Land & Building class of assets from 03.10.2018 and a team member of Adroit Technical Services Private Limited, he had mentioned the name of Adroit Technical Services Private Limited by oversight. Similarly, in case of INSPL, his intention was to appoint Mr. Madhu as valuer, who is IBBI RV for Plant & Machinery from 26.09.2018 onwards. The DC further notes the submission of Mr. Murli that he has not continued as RP and neither received any valuation reports nor paid any professional fees to them.
- 4.6. From the facts enumerated above, Mr. Murli has admitted his mistake in wrongly mentioning the name of entities instead of Registered Valuers. From the conduct and submission made by Mr. Murli, it is inferred that Mr. Murli had no mala fide intention to engage the unregistered valuers but failed to exercise due care in the appointment of valuers and filing of disclosure form for the same. Hence, the DC finds that Mr. Murli has not acted as per provision of section 25(2)(d) of the Code, regulation 27 of CIRP Regulations and clause 3 and 5 of Code of Conduct and IBBI Circular No. IBBI/RV/019/2018 dated 17.10.2018

### **5. Order**

- 5.1 In view of the forgoing contraventions, the DC finds the Mr. Murali was negligent in the performing his duties under the Code and Regulations made thereunder by repeatedly non-filing the statutory forms within stipulated timelines and non-exercising due care in the appointment of registered valuers to conduct the valuation under the Code. It is pertinent to mention that an Insolvency Professional has the highest professional responsibility. His conduct and performance have substantial bearing on survival of an ailing entity. He, therefore, should endeavour to perform all his tasks with due diligence and utmost care. Hence, the DC, in exercise of the powers conferred under Section 220 of the Code read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 and Regulation

11 of the IBBI (Insolvency Professionals) Regulations, 2016 disposes of the SCN with a warning to Mr. Gonugunta Murli to be extremely careful and ensure full compliance with the provisions of the Code and Regulations made thereunder in all his assignments, well within the prescribed timelines. Mr. Gonugunta Murli is also directed to undergo pre-registration educational course specified under regulation 5(b) of the IP Regulations from the IPA where he is registered. Mr. Murli shall not accept any new assignment under the Code till the successful completion of pre-registration education course.

5.2 This Order shall come into force with immediate effect, in view of para 5.1 of the order.

5.3 A copy of this order shall be forwarded to the Indian Institute of Insolvency Professionals of ICAI where he is enrolled as a member.

5.4 A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, for information.

5.5 Accordingly, the show cause notice is disposed of.

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(Ravi Mital)  
Chairperson, IBBI

Dated: 22<sup>nd</sup> July, 2022  
Place: New Delhi