

ICSI Institute of Insolvency Professionals

(Disciplinary Committee)

ICSI IIP/DC/ 01/2021

19th January, 2021

ORDER

(Under Part III of Disciplinary Policy read with Clause 24(2) of Bye Laws of ICSI Institute of Insolvency Professionals)

1. Background

- 1.1 This order disposes of the Show Cause Notice (SCN) dated 3rd December, 2020 (SCN) issued to Mr. Parminder Singh Bathla, a resident of P S Bathla & Associates SCO-6, Feroze Gandhi Market, Ludhiana, Punjab, 141001, a professional member of ICSI Institute of Insolvency Professionals (ICSI IIP) and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (Board) with Registration No. IBBI/IPA-002/IP-N00217/2017-18/10669.
- 1.2 In the matter of Leader Cycles Limited (“assignment”), Mr. Parminder Singh Bathla was appointed as the Voluntary Liquidator on 4th November, 2020 for which consent was also given on 4th November, 2020 and accordingly public announcement was made on 7th November, 2020. However, it was observed that the assignment was undertaken by Mr. Parminder Singh Bathla without holding valid Authorisation for Assignment (AFA).
- 1.3 Monitoring Committee of ICSI IIP in exercise of its powers conferred under Bye Law 23 of the Bye Laws ICSI Institute of Insolvency Professionals, Part 1.6 of the Monitoring Policy of ICSI IIP and based on information available on record directed the Secretariat to issue show cause notice to Mr. Parminder Singh Bathla. Secretariat on the directions given, issued SCN on 3rd December, 2020. The matter was placed before the Disciplinary Committee of ICSI IIP on 5th January, 2021.
- 1.4 The DC has considered the SCN and other material available on record and proceeds to dispose of the SCN in accordance with the Code and Regulations made thereunder.

2. Alleged Contravention

Mr. Parminder Singh Bathlawas appointed as the Voluntary Liquidator on 4th November, 2020 for which consent was also given on 4th November, 2020 and accordingly public announcement was made on 7th November, 2020, without obtaining AFA, whereas Regulation 7A of IBBI (Insolvency Professionals) Regulations, 2016 provides:

Regulation 7A of Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016

“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 may be:

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.”*

3. Reply and Observations

3.1 Mr. Parminder Singh Bathla *vide* his reply dated 16th December submitted that he was under the impression that AFA is required to be sought if the approval by Adjudicating Authority is applicable beforehand. In voluntary liquidation the appointment of liquidator is made by the Corporate Debtor itself. Further, submitted that the lapse in intimating ICSI IIP of the assignment has not prejudiced the Company or any stakeholders.

3.2 The Disciplinary Committee after taking into consideration the reply submitted observed that the consent for the assignment was given much after the date of notification of the regulation and its applicability i.e. after 31st December, 2019.

Order

4.1 On perusal of documents provided by Mr. Bathla and information on record, the Disciplinary Committee is of the view that Mr. Parminder Singh Bathla was appointed as the Voluntary Liquidator on 4th November, 2020 for which consent was also given on 4th November, 2020. Mr. Bathla has contravened Regulation 7(A) of IBBI (Insolvency Professionals) Regulations, 2016.

4.2 In view of the above, the DC hereby give warning to Mr. Parminder Singh Bathla to be extremely careful, diligent, strictly act as per all the rules, regulations and provisions of Insolvency and Bankruptcy code and similar action should not be repeated in future. The DC also imposes a penalty of Rs. 10,000/- on Mr. Bathla and the same to be deposited by a demand draft payable in favour of the ICSI Institute of Insolvency Professionals within 30 days of the issue of this order. The Agency shall in turn deposit the said penalty amount in the Insolvency and Bankruptcy Fund.

4.3 The DC further directs Mr. Parminder Singh Bathla that he shall not accept any new assignment without obtaining AFA in view of Regulation 12A of Bye Laws of ICSI Institute of Insolvency Professionals from the date of coming into force of this Order.

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

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

4.6 Accordingly, the show cause notice is disposed off.

CERTIFIED TRUE COPY

Sd/-

MR. GOPAL KRISHNA AGARWAL
(CHAIRPERSON)

Sd/-

DR. S. P NARANG
(MEMBER)

Sd/-

CS NAGENDRA RAO
(MEMBER)