

**ICSI Institute of Insolvency Professionals**

**(Disciplinary Committee)**

**ICSI IIP/DC/ 05/2021**

**26<sup>th</sup> May 2021**

**ORDER**

**(Under Part II of Disciplinary Policy read with Clause 24(1)(a) of Bye Laws of ICSI Institute of Insolvency Professionals)**

**1. Background**

1.1 This order disposes of the Show Cause Notice (SCN) dated 22<sup>nd</sup> March, 2021 (SCN) issued to Mr. Balu Sridhar, a resident of No.2, Raja Annamalai Road, First Floor, Purasawalkam, Chennai Tamil Nadu - 600084, 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-N00806/2019-20/12873.

1.2 In the matter of Andrew Industries (India) Private Limited ("assignment"), Mr. Balu Sridhar gave his consent for the assignment on 22<sup>nd</sup> January, 2021 and was appointed as the Voluntary Liquidator on 25<sup>th</sup> February, 2021. However, it was observed that the assignment was undertaken by Mr. Balu Sridhar without holding valid Authorisation for Assignment (AFA).

1.1 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 (SCN). Secretariat on the directions given by Monitoring Committee issued SCN to Mr. Balu Sridhar on 22<sup>nd</sup> March, 2021. Thereafter, on receiving reply for SCN from Mr. Balu Sridhar the matter was placed before the Disciplinary Committee of ICSI IIP on 23<sup>rd</sup> April, 2021.

1.2 The DC considered the SCN, reply and other material available on record and proceeded to dispose of the SCN in accordance with the Code and Regulations made thereunder.

## 2. Alleged Contravention

Mr. Balu Sridhar was appointed as the Voluntary Liquidator 25<sup>th</sup> February, 2021 and the consent for the same was given on 22<sup>nd</sup> January, 2021, 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 31<sup>st</sup> 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) 31<sup>st</sup> December, 2019; or*
- b) the date of expiry of his authorisation for assignment.”*

## 3. Reply and Observations

3.1 Mr. Balu Sridhar submitted his reply on 02<sup>nd</sup> April 2021 and stated that on receipt of show cause notice, he became aware about Regulation 7A of Insolvency and Bankruptcy Board of India (IP) Regulations, 2016. Thereafter, Mr. Sridhar has resigned as Voluntary Liquidator to the Company with effect from 23<sup>rd</sup> March, 2021. Further, he submitted that no advance / fee has been accepted by him in respect of the assignment and requested the committee for a lenient view in lieu of the same.

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 31<sup>st</sup> December, 2019.

## Order

- 4.1 On perusal of documents provided by Mr. Sridhar and information on record, the Disciplinary Committee is of the view that Mr. Balu Sridhar gave his consent for the assignment on 22nd January, 2021 and was appointed as the Voluntary Liquidator on 25<sup>th</sup> February 2021 thereby Mr. Sridhar 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. Balu Sridhar 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. Sridhar 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. Balu Sridhar 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 30 days 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/-

GOPAL KRISHNA AGARWAL  
(CHAIRPERSON)

Sd/-

DR. S. P NARANG  
(MEMBER)

Sd/-

CS DEVENDRA DESHPANDE  
(MEMBER)