

ICSI Institute of Insolvency Professionals

(Disciplinary Committee)

ICSI IIP/DC/ 07/2021

31st August 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 20th May, 2021 (SCN) issued to Mr. Ashok Kumar Verma, a resident of 13-B, 2nd Floor, Above Central Bank of India, Netaji Subhash Marg, Daryaganj, New Delhi, National Capital Territory of Delhi, 110002, 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-N00591/2018-2019/11847.
- 1.2** In the matter of Hanuman Tradelink Private Limited (“assignment”), Mr. Ashok Kumar Verma gave his consent for the assignment on 7th January, 2021 and was appointed as the Voluntary Liquidator on 11th January, 2021. However, it was observed that the assignment was undertaken by Mr. Ashok Kumar Verma without renewing his 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 (SCN). Secretariat on the directions given by Monitoring Committee issued SCN to Mr. Ashok Kumar Verma on 20th May, 2021. Thereafter, on receiving reply for SCN from Mr. Ashok Kumar Verma the matter was placed before the Disciplinary Committee (DC) of ICSI IIP on 9th August, 2021.
- 1.4** 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. Ashok Kumar Verma gave the consent for taking up the assignment on **7th January, 2021** and appointment of Mr. Verma for the same was done on **11th January 2021**, without getting renewal of his 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. Submission by Insolvency Professional

Mr. Ashok Kumar Verma submitted his reply on 27th May 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. Verma submitted that he had a valid authorization for assignment (“AFA”) from 31.12.2019 to 30.12.2020 and at the time of acceptance of this assignment it was his bonafide belief that renewal of AFA was not required as it was a continuing process. He has also stated that the error of non-renewal of AFA was due to ongoing medical emergencies of his staff and closure of his office due to COVID-19 since March 2020 as well as his own ongoing medical treatment for a cardiac injury.

4. Analysis and Finding

- 4.1** On perusal of documents provided by Mr. Ashok Kumar Verma and information on record, the Disciplinary Committee is of the view that Mr. Ashok Kumar Verma gave his consent for taking up the assignment on **7th January, 2021** and appointment of Mr. Verma for the same was done on **11th January 2021** thereby Mr. Ashok Kumar Verma did not comply with the Regulation 7(A) of IBBI (Insolvency Professionals) Regulations, 2016.
- 4.2** The Disciplinary committee deliberated on the peculiar condition of this case wherein they noted that the delay in renewal of AFA was not intentional and owing to the

spread of COVID 19 virus infection at his office resulting in non-functioning of the office and his staff and he was coupled with his own cardiac injury prevalent from November onwards.

Order

- 5.1** The DC, without creating precedence, decided to issue an advisory to Mr. Ashok Kumar Verma stating that he should be more diligent while performing his duties and to immediately apply for AFA and also in future he should have his AFA prior to taking up any assignment.
- 5.2** In view of the above, the DC hereby issues a warning to Mr. Ashok Kumar Verma 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. He should apply for AFA once this order come into force.
- 5.3** The DC further directs Mr. Ashok Kumar Verma that he shall not accept any new assignment without having AFA in view of Regulation 12A of Bye Laws of ICSI Institute of Insolvency Professionals.
- 5.4** This order shall come into force 30 days from the date of its issue.
- 5.5** A copy of this order shall be forwarded to the Insolvency and Bankruptcy Board of India.
- 5.6** 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)