

ORDER

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

1. Background

This Order disposes of the Show Cause Notice dated 20th January, 2026, ("SCN") issued to Truvisory Insolvency Professionals Private Limited, having its registered office at Off-410, A Wing, Blue Rose Industrial Estate, Off W.E. Highway, Magathane, Near Metro Mall, Borivali (East), Mumbai – 400066, an Insolvency Professional Entity ("IPE") recognised by the Insolvency and Bankruptcy Board of India ("IBBI"), a professional member of ICSI Institute of Insolvency Professionals ("ICSI IIP") and Insolvency Professional registered with IBBI with Registration number IBBI/IPE/0103.

The inspecting authority (IA) of ICSI IIP conducted online inspection of 5 (five) assignments handled by Truvisory Insolvency Professionals Private Limited and prepared final inspection report, which was duly mailed to IP on 7th May, 2025. The final inspection report was placed before the Monitoring Committee on 30th October, 2025. The Monitoring Committee in its meeting directed the Secretariat to issue a SCN, based on the findings in the inspection report.

The SCN was issued by the Secretariat on 20th January, 2026. Truvisory Insolvency Professionals Private Limited sent its reply to the SCN through e-mail dated 9th February, 2026.

The SCN along with the reply and supporting documents were placed before the Disciplinary Committee of ICSI IIP for its disposal in accordance with the Code and Regulations made thereunder. Truvisory Insolvency Professionals Private Limited availed an opportunity of personal hearing before the DC on 18th May 2026 through its authorised representatives Mr. Anshul Gupta, Mr. Rajeev Ranjan Singh & Mr. Akash Sengupta.

The SCN, the reply filed by the Insolvency Professional Entity, supporting documents and all other records pertaining to the matter were placed before the Disciplinary Committee for disposal in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, the Regulations framed thereunder and the Disciplinary Policy of ICSI IIP.

The DC has considered the SCN, the reply to the SCN, submissions of Truvisory Insolvency Professionals Private Limited and other materials available on record.

2. Alleged Contravention, Submissions, Analysis and Findings

The contraventions alleged in the SCN and submissions by the IP are summarized as under:

2.1 CONTRAVENTION OF REGULATION 7(2)(HA) OF IP REGULATIONS

It was observed that the IPE in general with respect to majority assignments (*in the matter of VSJ Investments Private Limited v/s Amit Ashok Thepade, VSJ Investments Private Limited v/s Mr. Deepak Gugale, Libra Fabric Designs Private Limited & Karm Infrastructure Private Limited*) has authorized Mr. Rajeev Ranjan Singh and/or Mr. Anshul Gupta both to run the process, jointly and severally.

However, as per *Regulation 7(2)(ha) of Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016* ("IP Regulations"), *an IPE shall allow only a partner/director to sign and act on behalf of it.*

Accordingly, ICSI IIP had prima facie of the opinion that the IP has not complied with Regulation 7(2)(ha) of IP Regulations.

Submissions made by the IP

The Insolvency Professional submitted that the registered offices as well as the majority assets of the aforementioned assignments were located in and around Mumbai and were covered under the jurisdiction of the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), as such the same required continuous presence of the authorised representative at Mumbai.

It was submitted that Regulation 7(2)(ha) mandates that an IPE authorize only a partner/director who is a qualified Insolvency Professional with valid authorization to sign and act on its behalf. Truvisory IPE fully complied with this provision, as:

- Both authorized individuals were Directors and qualified Insolvency Professionals at the relevant time,
- The regulation specifies authorization of "a partner/director" (not "only one"), permitting operational flexibility through joint or several authorities among eligible Directors, consistent with standard corporate governance practices under the Companies Act, 2013.

As per their understanding, the above referred regulation is to be read positively and not in a narrow manner. The said words "it shall allow only partner or director" in regulation 7(2)(ha) requires that the designation of the authorized representative of the IPE shall be either its partner(s) or director(s) and not any other employee or professional of such IPE. The said regulation does not bar authorizing more than one partner or director of the IPE, rather it provides for the minimum designation required for such appointment. Therefore, the appointment of the aforesaid directors as authorised representative was premised on the above understanding of regulation 7(2)(ha) and there is no intention on part of the IPE to circumvent the regulation; rather, the authorization aligned with its letter and spirit.

Further, the IPE stated that the purpose of taking this decision was the fact that at the relevant time of acceptance and commencement of the assignments, a practical and technical difficulty was being faced on the IBBI portal. Specifically, while adding the assignment on the portal, only the name of Mr. Rajeev Ranjan Singh, Director (Delhi based) of the Insolvency Professional Entity, was reflecting and available for selection for assignment addition. The name of the other Directors, despite being duly associated with the IPE, was not reflecting on the portal at that stage. It is to be noted that the assignments were based out of Mumbai jurisdiction whereas the sole director whose name was reflected on the portal was of Mr. Rajeev Singh based out of Delhi.

Thereby, to avoid any mismatch or inconsistency between the actual conduct of the assignment and the data reflected on the IBBI portal, and to ensure seamless discharge of responsibilities, both the Directors were authorized jointly and severally, for operational convenience.

Such authorization was adopted purely as an administrative measure arising out of the aforesaid portal related constraint and not with any intention to deviate from or circumvent the provisions of Regulation 7(2)(ha) of the IP Regulations. It was stated that those were the initial days of an IPE being allowed to take assignments as an Insolvency Professional thereby there was systemic as well as interpretative challenges.

It was also clarified that all actions remained within eligible Directors' authority; joint authorization enhanced accountability without diluting oversight and geographical constraints and post resolution of portal issues, Truvisory IPE has streamlined only single-Director nominations for each assignment. Full records, including board resolutions and portal screenshots, are available for verification. Thereby, except for initial few assignments as pointed out by ICSI IIP, it was ensured that the said dual authorization did not reoccur.

During the hearing, the IPE has admitted the fact that they have interpreted it wrongly. The IPE stated that upon becoming aware of the regulatory concern, corrective measures were undertaken and only one authorised individual was thereafter permitted to act on behalf of the IPE in an assignment. The IPE also submitted that the authorisation of more than one director did not result in any prejudice to

stakeholders, creditors or the Corporate Debtor and that the arrangement was adopted only to facilitate efficient conduct of insolvency assignments.

Analysis and Findings

The Disciplinary Committee has carefully considered the submissions made by the IPE and examined the material available on record. The Committee observes that the word “only” has been expressly mentioned in the Regulations. The legislature would not have mentioned the word “only”, if they have any different intention. The plain reading conveys only 1 person is authorised, not anything else. The Insolvency assignments involve exercise of statutory powers and discharge of fiduciary obligations affecting the interests of creditors, resolution applicants and other stakeholders. Consequently, the regulatory framework contemplates a clearly identifiable Insolvency Professional acting on behalf of the Insolvency Professional Entity. A plain reading of Regulation 7(2)(ha) indicates that a partner or director acting on behalf of the IPE is required to assume responsibility and accountability for the assignment.

The Committee also notes that during the hearing, the IPE substantially accepted that the interpretation adopted by it may have been wrong and consequently corrective measures have since been implemented.

The Committee observed that the IPE failed to comply with the requirements of Regulation 7(2)(ha) of the IBBI (Insolvency Professionals) Regulations, 2016.

2.2 CONTRAVENTION OF REGULATION 36(2)(I) & (KA) OF CIRP REGULATIONS

In the matter of **Libra Fabric Designs Private Limited**, it was observed that the Information Memorandum prepared by IP does not contain information with regard to the number of workers and employees & liabilities of the corporate debtor towards them and Fair value of the Corporate Debtor which is necessary as per Regulation 36(2)(i) & (ka) of IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016 (“CIRP Regulations”).

As per Regulation 36(2) of CIRP Regulations,

The information memorandum shall highlight the key selling propositions and contain all relevant information which serves as a comprehensive document conveying significant information about the corporate debtor including its operations, financial statements, to the prospective resolution applicant and shall contain the following details of the corporate debtor.....

(i) the number of workers and employees and liabilities of the corporate debtor towards them

(ka) fair value:

Provided that the committee may decide not to disclose the fair value if, for reasons to be recorded in writing, it considers such non-disclosure to be beneficial for the resolution process.

Accordingly, ICSI IIP had prima facie opinion that the IP has not complied with Regulation 36(2)(i) & (ka) of CIRP Regulations.

Submissions made by the IP

The Insolvency Professional submitted that in the IM, precisely in Page 5, details of assets have been given that the unit is closed since many years, and there are no plant and machineries. It was implied that in such case there won't be any worker/labour. Also, no claims were received from workers or

employees and the same was accordingly mentioned wherein the claims received from different stake holders were disclosed. The said disclosure further makes it clear that there were no dues towards the employees and staff members.

With regard to the fair value disclosure, it was submitted that at the time of IM issuance, the valuation reports from the registered valuers appointed under Regulation 27 were not available, rendering fair value unavailable for inclusion. Consequently, the IM did not mention fair value but detailed the Corporate Debtor's sole tangible asset, a shop (gala) at Lower Parel, Mumbai, along with its specifications, location advantages and book value from audited financials, enabling prospective resolution applicants (PRAs) to independently assess realizable potential. Further, since at the time of issuance of IM the valuation was not available, so non-disclosure approval of CoC was not required. Furthermore, the non-disclosure of fair value did not materially affect the resolution plan process, as evidenced by the limited expressions of interest (EOIs). Only two EOIs were received during the process: one from the suspended Director (eligible since the CD was a MSME), and the other from a third party who subsequently withdrew without submitting a resolution plan. The sole viable plan, submitted by the promoters, was duly evaluated and unanimously approved by the Committee of Creditors (CoC) in exercise of its commercial wisdom under Section 30(4) of the IBC, yielding optimal value recovery despite the omission. This outcome confirms that PRAs were not deterred, and the resolution process proceeded effectively without any prejudice to stakeholders.

During the meeting, the IPE accepted the fact that expressly details of employees were not mentioned, however inference may be drawn from the details submitted in the IM, i.e., the unit was closed and no claims from employees/workers or PF department were received.

Further, during the meeting w.r.t disclosure of fair value, it was stated by the IPE that valuers were appointed in November, 2024 and IM was issued in January 2025 and that time valuation was going on and valuation report was received in May 2025 therefore fair valuation was not mentioned in the Information Memorandum. The IPE admitted the fact that Committee of creditors did not expressly approve that the Information Memorandum may be issued without the fair value disclosure.

Analysis and Findings

The Committee has carefully examined the submissions made by the Insolvency Professional and the material available on record. The allegation relating to employees and workmen is required to be examined independently from the allegation concerning fair value disclosure. With respect to disclosure of details of workmen/employees, the Committee took note of the submissions made by the Insolvency Professional since public notice was issued and no claim was also received. Benefit of doubt may be given.

Further, w.r.t the disclosure of fair value, it was noted that Information Memorandum was published without fair value disclosure and its non-disclosure did not have the explicit approval of Committee of Creditors. The Committee is of the view that fair value constitutes a critical component of the Information Memorandum. The objective of incorporating fair value is to enable prospective resolution applicants and stakeholders to assess the value of the assets of the Corporate Debtor and formulate informed commercial decisions. Fair value serves as an important benchmark in the insolvency resolution process and cannot be treated as a mere procedural formality.

The Committee observed that the IP failed to comply with the requirements of Regulation 36(2)(ka) of CIRP Regulations.

2.3 CONTRAVENTION OF REGULATION 31B OF CIRP REGULATIONS

In the matter of **Karrm Infrastructure Private Limited**, it was observed that the Insolvency Professional has not placed Insolvency Resolution Process Costs in every meeting of the Committee of Creditors (*for example in 5th CoC meeting dated 23rd November, 2024, 6th CoC meeting dated 28th*

November, 2024 and 7th CoC meeting dated 3rd December, 2024), however as per Regulation 31B of IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016 (CIRP Regulations), the insolvency professional shall place in each meeting of the committee, the operational status of the corporate debtor and shall seek its approval for all costs, which are part of insolvency resolution process costs.

Accordingly, ICSI IIP had prima facie opinion that the IP has not complied with Regulation 31B of CIRP Regulations.

Submissions made by the IP

The Insolvency Professional submitted that in compliance to the Regulation 31B, the Cost sheet was a part of agenda item in all the meetings conducted by the IPE, except for the 5th CoC, which was actually deferred by the COC members. The core and limited agenda of 5th CoC meeting was for opening of resolution plans transparently in the presence of the COC. The said meeting was called at a very short notice, thereby the CIRP cost could not be shared with the agenda. It is to be kindly noted that the said meeting was called on 23rd November 2024, Saturday whereas the next meeting was called immediately on 28th November 2024, (within 5 days) wherein the agenda of CIRP costs was part of the notice and the agenda sent to the COC. With regard to all other meetings, the agenda of CIRP cost was part of the notice, however the same was not discussed due to paucity of time. It was submitted that there has been no lapse on part of the IPE, with regard to compliance of Regulation 31B.

Analysis and Findings

The Committee accepted the submissions made by the Insolvency Professional.

2.4 CONTRAVENTION OF CLAUSE 16,25A, 27, 27A OF CODE OF CONDUCT FOR INSOLVENCY PROFESSIONALS

In the matter of **Karm Infrastructure Private Limited**, an external agency, M/s Choudhary Tenani & Associates was appointed for assisting the Insolvency Professional in indexation, collation, compilation and re-examination of claims of Karm Infrastructure Private Limited. As per the appointment letter fees of M/s Choudhary Tenani & Associates was INR 150 per claim, however as per the invoice it has raised as INR 300 per claim. No revised appointment letter was issued by the Insolvency Professional. The Insolvency Professional has not put on record the total fees paid to M/s Choudhary Tenani & Associates. It remains unsubstantiated.

As per clause 16,25A, 27, 27A of Code of Conduct for Insolvency Professionals as per Regulation IBBI (Insolvency Professionals) Regulations, 2016.

An insolvency professional must ensure that he maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of its decisions and actions.

An insolvency professional shall disclose the fee payable to it, the fee payable to the insolvency professional entity, and the fee payable to professionals engaged by it to the insolvency professional agency of which he is a professional member and the agency shall publish such disclosure on its website.

An insolvency professional shall disclose all costs towards the insolvency resolution process costs, liquidation costs, or costs of the bankruptcy process, as applicable, to all relevant stakeholders, and must endeavour to ensure that such costs are not unreasonable.

An insolvency professional shall, while undertaking assignment or conducting processes, exercise reasonable care and diligence and take all necessary steps to ensure that the corporate person complies with the applicable laws.

Accordingly, ICSI IIP had prima facie opinion that the IP has not complied with clause 16,25A, 27, 27A of Code of Conduct for Insolvency Professionals as per Regulation IBBI (Insolvency Professionals) Regulations, 2016.

Submissions made by the IP

The Insolvency Professional submitted that with reference to services taken by M/s Choudhary Tenani & Associates, the observations can be broken down in the following four points:

- a) External Agencies Fees revision
- b) No revised appointment letter
- c) Reasonability of Fees, it's documentation and approval
- d) Disclosure on website

In the 3rd CoC meeting, the Resolution Professional sought approval from the CoC members for the fee of the external agency appointed to assist the Resolution Professional in collation, indexation and related tasks concerning claims, at a rate of INR 300 per claim. Subsequently, RP further negotiated the fee with Choudhary Tenani and Associates and issued appointment letter at INR 150 per claim at the time of engagement. However, considering the extensive volume of documents requiring reorganization and based on the request for increased support due to the nature of documentation involved and considering the short time available to complete the work, it was decided to revise the fee to INR 300 per claim, i.e., within the limit approved by the CoC in the 3rd CoC meeting. This cost was ratified as part of the cost approved in the 4th meeting of the CoC. It may kindly be noted that the Fees of Rs.300/- was already approved by the COC, and no fees was paid beyond that limit. In light of the above set of facts, it was thought that fresh appointment letter with higher fees was not required in this case because there was no change in the job profile and the fees were increased within the limits already approved by the COC.

Further, it was categorically mentioned that since the CIRP process was already running late as per CIRP timelines, the assignments therefore had to be completed within extremely tight and stringent timelines. Furthermore, considering the sheer volume and the physical condition of the files and documents involved, it became operationally impractical and non-viable to scan all claims and their supporting documents within the stipulated timeframe. Additionally, given the highly confidential nature of the documents, it was not prudent or appropriate for the Resolution Professional to share or transmit these documents to any third-party premises or external locations. In the light of these unforeseen circumstances and operational constraints, it was mutually decided that M/s Choudhary Tenani & Associates would deploy additional resources directly to our office premises. This arrangement would enable them to work on-site, ensuring timely completion of the assignment without compromising on confidentiality or data security.

It was further submitted that approximately 1,300 claims were discussed during the 3rd CoC meeting. However, upon assuming full operational charge and undertaking physical verification of records, it was found that the total number of claims requiring collation and indexing was 1,424. Accordingly, professional services were rendered for 1,424 claims.

M/s Choudhary Tenani & Associates raised a total invoice of ₹6,39,096.00, which was placed before the Committee of Creditors and duly approved in the 4th CoC meeting through e-voting prior to payment.

The detailed break-up of the invoice amount is as under:

1. Professional Fees: ₹4,27,200 (1,424 claims × ₹300 per claim)
2. Out-of-Pocket Expenses: ₹1,35,000
3. CGST: ₹38,448
4. Maharashtra GST: ₹38,448

Total: ₹6,39,096.00

Further, the total amount formed part of the CIRP cost sheet and was duly ratified by the CoC members in the 4th CoC meeting through e-voting. Accordingly, the payment was transparent, within the approved limits, supported by contemporaneous records, and duly ratified by the CoC.

Analysis and Findings

The Committee has carefully considered the submissions made by the Insolvency Professional and examined the material available on record.

The Committee notes that the CoC initially approved Rs. 300/- per claim. However, the renegotiated price of Rs. 150 per claim was never communicated to the CoC. Later on, again the Insolvency professional revised the amount to Rs. 300/- per claim, which was also never communicated. The IP during the personal hearing stated that cost (Rs. 300/- per claim) was ratified by CoC as per the cost sheet attached with the agenda, however in the cost sheet also only amount was mentioned with no demarcation of amount per claim.

Moreover, the Committee also noted the fact that Rs.150 per claim was informed to the professional, i.e., M/s Choudhary Tenani & Associates through appointment letter and it was counter accepted by the professional. No revised appointment letter with respect to Rs. 300/- per claim was ever shared with M/s Choudhary Tenani & Associates.

The Committee accepts that practical difficulties may have arisen during the course of CIRP and that the scope of work assigned to external professionals may increase over time. However, whenever there is a substantial variation in the commercial terms of an engagement, particularly where the agreed rate undergoes a significant increase, such revision must be properly documented and specifically disclosed to the Committee of Creditors. Further, with respect to the number of claims, as per the minutes of CoC it has mentioned 1300 claims, however when the invoice was raised the number of claims were mentioned as 1424 which is not in conformity.

An Insolvency Professional is expected to maintain transparency, accountability and proper disclosures before the Committee of Creditors.

The Committee observed that the IP failed to comply with clause 16, 25A, 27, 27A of code of conduct for Insolvency Professionals as per Regulation IBBI (Insolvency Professionals) Regulations, 2016.

3. ORDER

After considering the allegations in the SCN and submissions made by IP in light of the provisions of the Code, Regulations and the relevant Circulars, the DC, in exercise of the powers conferred under Part III of the Disciplinary Policy of ICSI IIP observed that Truvisory Insolvency Professionals Private Limited has not been diligent in performing the duties as envisaged under the Code. The negligence and lapses show violation of express provisions of code of conduct as stated above.

Therefore, the DC directs the following:

- i. Levy of penalty of Rs. 20,00,000/- (Rupees Twenty Lakhs only) equivalent to 25% of the total fees received by the Insolvency Professional in respect of the assignments under review, for

contraventions and deposit the same 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 Fund constituted under Section 222 of the Code.

3.2 This order shall come into force after 30 days from the date of its issue.

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

CERTIFIED TRUE COPY

Sd/-

JUSTICE (RETD.) SH. M. M. KUMAR
(CHAIRMAN)