

## **Indian Institute of Insolvency Professionals of ICAI**

### **(Disciplinary Committee)**

**DC. No. - IIIPI/DC/22/2020-21**

### **ORDER**

In the matter of Mr. Kedarram Ramratan Laddha (Respondent) under Clause 15(1) of the Disciplinary Policy of IIIPI read with Clause 24(1)(c) of IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, (2016)

- 1.0** This order disposes of the Show Cause Notice dated 31-08-2020 (SCN) issued to the Kedarram Ramratan Laddha respondent R/o 501 Shajanand Shopping Centres, Shahibaug, Ahmadabad, Gujarat, 380004. Respondent is a professional member of the Indian Institute of Insolvency Professionals of ICAI and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (Board) with Registration No. IBBI/IPA-001/IP-P00586/2017-2018/11115. The Disciplinary Committee of IIIPI (DC) issued SCN to respondent, based on the reference received from the Monitoring Committee in respect of taking up assignment without holding valid Authorization for Assignment (AFA), as an Interim Resolution Professional (IRP) in corporate insolvency resolution process (CIRP) of (a) Regency Linx Exports Private Limited, (b) Premier Futsal Management Private Limited and as a Liquidator in the liquidation process of Steel Konnect (India) Pvt. Ltd. Respondent submitted his contention to the SCN vide mail dated 18-09-2020. An opportunity for personal hearing was provided to the respondent on 14-10-2020 by the Disciplinary Committee (DC). Accordingly, he appeared before the DC of IIIPI through video conferencing and made oral submissions.
- 2.0** The allegation against the respondent is that in spite of insertion of Regulation 7A IP Regulations, vide notification dated 23-07-2019, which requires any IP to procure a valid AFA before undertaking any assignment after 31-12-2019, he accepted the assignment as an IRP in the CIRP of two companies (a) Regency Linx Exports Private Limited, (b) Premier Futsal Management Private Limited and as liquidator in the liquidation process of Steel Konnect (India) Pvt. Ltd, without holding a valid AFA. The appointment of the respondent as an IRP in the CIRP of Regency Linx Exports Private Limited was confirmed by the NCLT on 25-01-2020, in the matter of Premier Futsal Management Private Limited it was confirmed on 31-01-2020 and as liquidator in the liquidation process of Steel Konnect (India) Pvt. Ltd, was confirmed by the NCLT vide order dated 28-01-2020.
- 3.0** Respondent in this regard has made the following submission:
- i. That he was under bonafide belief that the assignments which had been allotted by the NCLT based on consent given prior to 01-01-2020 shall not be covered under regulation 7A.
  - ii. He had no intention to violate the regulation or to derive any personal benefit or to harm anyone out of it.
  - iii. Respondent also submitted that the lapse happened because of mismanagement and co-ordination gap due to relocation of office, key staff leaving the job without proper intimation and due to pandemic lockdown.
- 4.0** During personal hearing, the respondent reiterated the submissions made in his written reply and added the dates on which he had given consent in the following assignments, details of which are as follows-
- (i) In the CIRP of Regency Linx Exports Private Limited consent was given on 21-08-2019 as IRP

- (ii) In the CIRP of Premier Futsal Management Private Limited consent was given on 21-12-2018 as IRP
- (iii) In the liquidation process of Steel Konnect India Private Limited consent was given on 30-07-2019 as Liquidator.

**5.0** The DC after taking into consideration the SCN, the reply to SCN, the oral and written submission of the respondent and also the provisions of the Code, rules and the regulations made thereunder noted that the Regulation 7A of IP regulations requires every IP to have AFA before undertaking any assignment after 31st December 2019. Regulation 7A reads as follows:

*“7A. 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 maybe:*

*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.”*

**6.0** The DC noted and considered all submissions given by the respondent and is of the opinion that respondent is not guilty of Professional Misconduct, as the regulation i.e. 7A of IP Regulations came into effect from 01-01-2020 whereas the respondent had given his consent in all the three assignments prior to 01-01-2020 and appointment of the respondent as IRP/liquidator was confirmed by the NCLT, based on his written consent.

**7.0** In view of the above, in exercise of its powers conferred under Clause 24(1) (c) of IBBI (Model Bye Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 read with clause 15(1) of the Disciplinary Policy of IIPPI, DC hereby decides the respondent as not guilty. Accordingly, the Show Cause Notice is disposed of.

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

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

**Date: 01-12-2020**

**Place: Delhi**

**CERTIFIED TRUE COPY**

**Sd/-**

**Mr. Satish Marathe, (Chairman)**

**CA. Atul Gupta, (Member)**

**Mr. Satpal Narang, (Member)**

**CA. Rahul Madan, (Member)**

**Copy to:**

1. Insolvency and Bankruptcy Board of India.
2. Indian Institute of Insolvency Professionals of ICAI- Members Record