

ICSI Institute of Insolvency Professionals

(Disciplinary Committee)

ICSI IIP/DC/02/2018

03rd October 2018

ORDER

(Under Part II of Disciplinary Policy read with Clause 24(2)(b) of IBBI(Model Bye Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016)

Sub: Order Issued by IBBI against Insolvency Professional, Ms. Bhavna Ruia.

1.Background

1.1 The Insolvency and Bankruptcy Board of India (Board) issued a suspension order dated 03rd May, 2018 against Ms. Bhavna Sanjay Ruia, Vishal House, 1st Floor, Plot No. 33, Sector - 19C, Off Palm Beach Road, Vashi, Navi Mumbai, Maharashtra - 400705, who is a Professional Member of the ICSI Institute of Insolvency Professionals and an Insolvency Professional (IP) registered with the Board with registration number IBBI/IPA-002/IPN00371/2017-2018/11065. The Board forwarded the response of Ms. Ruia to the Show Cause Notice issued by it and other material available on record to the ICSI Institute of Insolvency Professionals (ICSI IIP).

1.2 The matter was taken to Disciplinary Committee of ICSI IIP on 25th May, 2018. The Disciplinary Committee carefully considered the IBBI order dated 03rd May, 2018, written submission of Ms. Bhavna Ruia sent to IBBI and other material available on record.

2.Show Cause Notice

2.1 The Disciplinary Committee of ICSI IIP on the basis of information i.e IBBI order dated 3rd May, 2018, written submission of Ms. Bhavna Ruia sent to IBBI and other information available on record, took a decision that the information warrants issuance of a Show Cause Notice for violation of various provisions of the Code read with regulation made thereunder.

3.2 The Show Cause Notice was issued to Ms. Bhavna Ruia on 02.07.2018 based on aforesaid facts and circumstances.

3.Submissions by Ms. Ruia

3.1 Ms. Ruia responded to the Show Cause Notice vide letter dated 13th July, 2018.

3.2 Ms. Ruia vide her response dated 13th July, 2018 accepted the disciplinary action taken by IBBI against her. She further assured that in future would not give any opportunity for issuance of a Show Cause Notice or concern related to her professional conduct.

4.Analysis and Findings

4.1 The DC has carefully considered the Order passed by IBBI, Show Cause Notice, written submission of Ms. Ruia and other material available on record. The allegations against the Resolution Professional for allegedly contravening the provisions of the IBC, 2016, as observed by IBBI, in its order dated 03rd May, 2018, and Disciplinary Committee of ICSI IIP are as follow:

- i. The fee (Rs.13.75 crore comprising IRP fee of Rs.5 crore for the first one month and RP fee @ Rs.1.75 crore for five subsequent months) contracted by Ms. Ruia is exorbitant and by no standards a reasonable reflection of the work to be undertaken by her. The DC finds that Ms. Ruia has violated the provisions of Clauses 10, 24, 25 and 27 of the Code of Conduct for Insolvency Professionals under the First Schedule of the Regulations and Section 20 of the Code.
- ii. Ms. Ruia has clearly demonstrated her inadequate understanding of the law. The DC finds that Ms. Ruia has violated the provisions of Clause 10 of the Code of Conduct for Insolvency Professionals under the First Schedule of the Regulations.
- iii. Ms. Ruia has attempted to mislead the stakeholders, the Board and the DC by a series of misrepresentation of facts. The DC finds that she has violated the provisions of clauses 1, 2, 10, 12 and 24 of the Code of Conduct for Insolvency Professionals under the First Schedule of the Regulations.
- iv. Ms. Ruia has admitted that she planned for 6 or 9 months of professional work CIRP. The term sheet provides for professional

fee of Ms. Ruia as a RP. She also usurped the rights of the CoC to appoint an IP of its choice and fix his fees. The DC finds that Ms. Ruia has violated the provisions of Clauses 1, 2, 5, 10, 12, 24 of and 27 the Code of Conduct for Insolvency Professionals under the First Schedule of the Regulations.

5.Order

5.1 In view of the above the Disciplinary Committee, in exercise of its powers conferred under Clause 24(2)(b) of IBBI(Model Bye Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, hereby suspends the registration of Ms. Bhavna Sanjay Ruia, Insolvency Professional [Registration No. IBBI/IPA-002/IP-N00371/2017-2018/11065] till the date that she is suspended by IBBI (i.e. 3rd May, 2019).

Sd/-

Mr. Nalin Kohli (Chairperson)

Sd/-

CS Ahalada Rao Vummenthala (Member)

Sd/-

Dr. S. P. Narang (Member)