

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

(Disciplinary Committee)

No. IBBI/DC/137/2022

2nd November, 2022

Order

In the matter of Mr. Sanjeev Ahuja, Insolvency Professional (IP) under section 220 of the Insolvency and Bankruptcy Code, 2016 read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017.

This Order disposes of the Show Cause Notice (SCN) No. IBBI/IP/R(INSP)/2021/24/3393/597 dated 05.09.2022 issued to Mr. Sanjeev Ahuja, R/o B-231, Saraswati Vihar (Basement), Pitampura, New Delhi- 110034 who is 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 (IBBI) with Registration No. IBBI/IPA-002/IP-N00028/2016-17/10061.

1. Background

- 1.1. The Hon'ble NCLT, Principal Bench, New Delhi (AA) *vide* order dated 02.08.2018 admitted the application under section 9 of the Insolvency and Bankruptcy Code, 2016 (Code) filed by M/s Appl Industries Limited for initiating Corporate Insolvency Resolution Process (CIRP) of M/s Auto Decor Private Limited (CD-1). Mr. Sanjeev Ahuja was appointed as Resolution Professional (RP) replacing Mr. Arun Jain *vide* AA's order dated 01.02.2019.
- 1.2. The Hon'ble NCLT, Kolkata Bench (AA) *vide* order dated 30.03.2017 admitted the application under section 7 of Code filed by RBL Bank Limited for initiating CIRP of MBL Infrastructures Limited (CD-2). Mr. Sanjeev Ahuja was appointed as RP replacing Mr. Atanu Mukherjee *vide* AA's order dated 18.05.2017.
- 1.3. The IBBI, in exercise of its powers under section 196 of the Code read with regulation 3(1) and 3(3) of the IBBI (Inspection and Investigation) Regulations, 2017 (Inspection Regulations) appointed an Inspecting Authority (IA) to conduct the inspection of Mr. Sanjeev Ahuja. In compliance with regulation 6(1) of Inspection Regulations, IA shared the Draft Inspection Report (DIR) with Mr. Sanjeev Ahuja on 25.11.2021 to which response was received on 08.11.2021. Subsequently, additional issues were referred to the IA in the matter of CD-2 for its consideration, based on some complaints received against Mr. Sanjeev Ahuja. Accordingly, the comments of Mr. Sanjeev Ahuja were sought on the same by IA which were submitted by him on 11.04.2022. Thereafter, IA submitted the Inspection Report (IR) on 17.05.2022 in accordance with regulation 6(4) of the Inspection Regulations.
- 1.4. The IBBI issued the SCN to Mr. Sanjeev Ahuja on 05.09.2022, based on the findings in the inspection report in respect of his role as an RP in the CIRP of CD-1 and CD-2 and material available on record. Mr. Sanjeev Ahuja submitted his reply to SCN *vide* email dated 18.09.2022.

1.5. The IBBI referred the SCN, response of Mr. Sanjeev Ahuja to the SCN and other material available on record to the Disciplinary Committee (DC) for disposal of the SCN in accordance with the Code and Regulations made thereunder. Mr. Sanjeev Ahuja availed opportunity of e-hearing before the DC on 19.10.2022.

1.6. The DC has considered the SCN, the reply to SCN, oral and written submissions of Mr. Sanjeev Ahuja, other material available on record and proceeds to dispose of the SCN.

2. Alleged Contraventions, Submissions, Analysis and Findings

The contraventions alleged in the SCN and Mr. Sanjeev Ahuja's written and oral submissions thereof are summarized as follows.

In the CIRP of M/s Auto Decor Private Limited (CD-1)

3. Contravention-I

Appointment of unregistered valuers.

3.1 Regulation 27 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) provides that an RP shall within seven days of his appointment, but not later than forty-seventh day from the insolvency commencement date, appoint two Registered Valuers (RVs) to determine the fair value and the liquidation value of the corporate debtor. Further, the Board circular IBBI/RV/019/2018 dated 17.10.2018 specifically provides that with effect from 01.02.2019, no insolvency professional shall appoint a person other than a registered valuer to conduct any valuation under the Code or any of the regulations made thereunder.

3.2 The Board noted that Mr. Sanjeev Ahuja appointed Crest Capital, which is not a registered valuer entity, to conduct the valuation of the CD-1 *vide* executed engagement letter dated 10.02.2019.

3.3 The Board held the *prima facie* view that Mr. Sanjeev Ahuja by appointing unregistered valuer entities have *inter alia* violated regulation 27 of the CIRP Regulations and Board circular dated 17.10.2018 as well as clause 14 of the Code of Conduct as specified in the First Schedule of IBBI (Insolvency Professionals) Regulations, 2016 (Code of Conduct).

Submissions

3.4 Mr. Sanjeev Ahuja submitted that he got appointed in this case after 180 days of CIRP and he was under pressure on strict timelines to complete these gaps. The actual valuation was conducted by Brahm Pal Bharadwaj and Alpana Harjai and they both are duly RVs having registration Number IBBI/RV/02/2019/11177 and IBBI/RV/02/2019/11077, respectively.

3.5 Mr. Sanjeev Ahuja further submitted that since the appointment of RP was unreasonably delayed (as it happened on 180th day), very little time was available to put a sequence to all these unfinished activities, which were otherwise to be undertaken by the IRP. Further, the aforesaid circular was to come in force from 01.02.2019 only and at the same day RP got

appointed for the CD-1, the amendment was relatively new, and no precedence was there. In any case, he cautiously appointed only RVs and he never felt that they being part of an entity would be an issue. He was mindful that only RVs should undertake the valuation process so the necessity of having valuation from two valuers must be satisfied.

- 3.6 That a new circular, was being understood and the content clarity was being assessed by which this engagement was made. That all professionals on the ground were grappling with the changing expectations and probably missed out on a strict interpretation, as in given case, more so due to limited timelines, incomplete procedures. He further submitted that if Interim Resolution Professional (IRP) were to appoint them in time, this engagement would have been purely legitimate due to happening before the circular issued by the Board in February 2019.
- 3.7 He further submitted that no *mala fide* or wrongful gain can be attributed to this action as it happened in good faith, may be due to pressure of incomplete procedures and delayed appointments, proper assessment or impact of circular got missed by him and he assured to be more vigilant going forward.

Analysis & Findings

- 3.8 The DC notes that *vide* the executed engagement letter dated 10.02.2019, the Crest Capital was appointed as a valuer. Crest Capital was neither a RV nor a Registered Valuer Entity on the date of appointment which is 10.02.2019.
- 3.9 Further, Mr. Sanjeev Ahuja submitted that actual valuation was conducted by Brahm Pal Bharadwaj and Alpana Harjai and they both are duly RVs having registration Number IBBI/RV/02/2019/11177 and IBBI/RV/02/2019/11077. In this regard, the DC observes that Mr. Brahm Pal Bharadwaj and Mr. Alpana Harjai were registered as valuers only on 29.03.2019 and 27.03.2019 respectively after the date (10.02.2019) when Crest Capital was appointed as a valuer by Mr. Sanjeev Ahuja. Furthermore, a perusal of executed engagement letter dated 10.02.2019 highlights that both of the aforesaid RVs were not specifically appointed by Mr. Sanjeev Ahuja and were not even mentioned in the list of valuers annexed by Crest Capital in executed engagement letter dated 10.02.2019.
- 3.10 The circular no. IBBI/RV/019/2018 was issued on 17.10.2018 provides as follows:

“...every valuation required under the Code or any of the regulations made thereunder is required to be conducted by a ‘registered valuer’, that is, a valuer registered with the IBBI under the Companies (Registered Valuers and Valuation) Rules, 2017. It is hereby directed that with effect from 1st February, 2019, no insolvency professional shall appoint a person other than a registered valuer to conduct any valuation under the Code or any of the regulations made thereunder.”

As apparent from the above, the circular was issued on 17.10.2018 but it was made effective from 01.02.2019. Hence the submission of Mr. Sanjeev Ahuja that circular was relatively

new and was being understood does not hold any ground. Hence, the DC finds that Mr. Sanjeev Ahuja has contravened regulation 27 of CIRP Regulations and Board circular no. IBBI/RV/019/2018 dated 17.10.2018 and clause 14 of the Code of Conduct as on the date of execution of engagement letter which 10.02.2019, both the valuers appointed by Mr. Sanjeev Ahuja were not registered valuer and they got registered with the Board as RV on 29.03.2019 and 27.03.2019.

4. Contravention-II

Failure to give notice to Operational Creditors

- 4.1 Section 24(3)(c) of the Code provides that RP shall give notice of each meeting of the Committee of Creditors (CoC) to operational creditors (OCs) or their representatives if the amount of their aggregate dues is not less than ten per cent of the debt.
- 4.2 The Board noted that total claim of Financial Creditors (FCs) in the CIRP of CD-1 was to the tune of Rs. 60,19,23,888/- and that of OCs to the tune of Rs. 10,61,87,139/-. Hence, the total claim of Creditors against the CD-1 was Rs. 70,81,11,027/-. The share of OCs out of the total claims against the CD-1 comes out to about 15%. Despite the OCs having claims of more than 10% of the total claims against the CD-1, he did not send the notice of any meeting of CoC to them.
- 4.3 In his reply to the DIR, Mr. Sanjeev Ahuja has *inter alia* stated that “*Till the completion of CIRP, there are/were no claims from Operational Creditors which could merit sending notices to them.*” His submission to DIR is admission of not giving notice to OCs for attending CoC meeting despite aggregate dues of OCs having 15% of the creditor's claims, as brought out in sub-para (ii) above.
- 4.4 In view of the above, the Board held the *prima facie* view that Mr. Sanjeev Ahuja has *inter alia* violated section 24(3)(c) of the Code as per which OCs in the CIRP of the CD-1 should have been given notice to attend CoC meeting as their aggregate claim was 15% of the total claims against the CD-1. Mr. Sanjeev Ahuja’s conduct of not giving notice to OCs is also in contravention of clauses 1, 2 and 14 of the Code of Conduct.

Submissions

- 4.5 Mr. Sanjeev Ahuja submitted that he got appointed in this case after 180 days of CIRP. The collation of claims was completed by the IRP (who also was supposed to be acting as RP in the interim). CoC constitution was done by IRP and continued for a period of 6 months of CIRP period. Hence, the same constitution of CoC was continued henceforth. The list of claims amongst other records were handed over by IRP to RP. Till the completion of CIRP, there are/were no additional claims from OCs which could merit sending notices to them because no individual creditor had value more than 10% of the total debt. It is pertinent to note here, that as per the spirit of the provision referred here, any individual/single OC having debt size more than 10% of the total debt of CD-1, would only merit invitation to be

part of CoC. Otherwise, this can be an administrative nightmare to be calling OC representative in almost every CIRP case, (if the total of OC claims is to be considered).

- 4.6 Mr. Sanjeev Ahuja submitted that the real intent of the law could and should be that only the OC's who have a claim of more than 10% should be invited to the CoC as they get impacted significantly. Section 24(3)(c) of the Code also says "*if their aggregate dues is not less than 10% of the debt*". Here 'their' must be the specific OC.
- 4.7 The limited available time of 90 days did not yield any result, or a resolution plan and CD-1 was ordered for liquidation, leaving all OC's in a vulnerable position. Hence, in any case, there was no *mala fide* intent that can be accrued to him as the composition of CoC was decided by the IRP long back, full transparency had been ensured. The reduced timelines of 90 day extended period came with their own challenges and no wrongful gain or loss accrued to any stakeholder all through the process.
- 4.8 Mr. Sanjeev Ahuja further submitted that all these actions were taken in good faith, based on the understanding of law and the current situation at hand. He assured that going forward he would be more vigilant and cautious to avoid any confusion.

Analysis & Findings

- 4.9 Section 24 of the Code provides as follows:

24. Meeting of committee of creditors. –

(3) The resolution professional shall give notice of each meeting of the committee of creditors to-

(a) members of committee of creditors, including the authorised representatives referred to in sub-sections (6) and (6A) of section 21 and sub-section (5);

(b) members of the suspended Board of Directors or the partners of the corporate persons, as the case may be;

(c) operational creditors or their representatives if the amount of their aggregate dues is not less than ten per cent. of the debt.

The bare reading of section 24(3)(c) clarifies that notice of CoC meeting is required to be sent to OCs or their representatives when aggregate dues of all OCs exceed ten percent of the debt. The wholesome reading of the above provision does not point to any single OC. The provision mentions "*operational creditors or their representatives*" clearly communicating intent of law that it meant claim of OCs as a whole should exceed more than ten percent.

- 4.10 The intent behind section 24(3) of the Code can be garnered from the *Report of The Joint Committee on the Insolvency and Bankruptcy Code, 2015* which observed as follows:

"The Committee after due deliberations are of the view that, if not voting rights, operational creditors at least should have presence in the committee of creditors to present their

views/concerns on important issues considered at the meetings so that their views/concerns are taken into account by the committee of creditors while finalizing the resolution plan.”

- 4.11 In the matter of Committee of Creditors of Essar Steel India Limited Through Authorised Signatory Vs. Satish Kumar Gupta & Ors. Civil Appeal No. 8766-67 of 2019 and Ors. in its judgement dated 15.11.2019 Hon'ble Supreme Court observed as follows:

*“Section 24 of the Code deals with meetings of the Committee of Creditors. Though voting on the approval of a resolution plan is only with the financial creditors who form the Committee of Creditors, yet the resolution professional is to conduct the aforesaid meeting at which members of the suspended board of directors may be present, **together with one representative of operational creditors, provided that the aggregate dues owed to all operational creditors is not less than 10% of the entire debt owed – see Sections 24(2),(3) and (4) of the Code....”***

- 4.12 The DC notes that in light of above legal position, the submission of Mr. Sanjeev Ahuja that any individual/single OC having debt size more than 10% of the total debt of CD-1 would only merit invitation to be part of CoC, is not tenable.
- 4.13 The DC notes the submission of Mr. Sanjeev Ahuja that the collation of claims was completed by the IRP, CoC constitution was done by IRP and continued for a period of 6 months of CIRP period. The same constitution of CoC was continued by Mr. Sanjeev Ahuja. The said position does not give any leeway to Mr. Sanjeev Ahuja for not sending the notice to OCs. Being an insolvency professional, Mr. Sanjeev Ahuja was expected to independently and objectively conduct the CIRP when he takes the assignment. Hence, the DC finds that Mr. Sanjeev Ahuja is in contravention of section 24(3)(c) of the Code along with clauses 1, 2 and 14 of the Code of Conduct.

In the CIRP of MBL Infrastructures Limited (CD-2)

5. Contravention-III

Buying Insurance Policy and including the expenditure in CIRP cost without approval of CoC

- 5.1 Regulation 34 of CIRP Regulations specifically provides that the CoC shall fix the expenses to be incurred on or by the RP and the expenses shall constitute the Insolvency Resolution Process Cost (IRPC).
- 5.2 The Board noted that the minutes of the 1st to 12th CoC meetings do not record any discussion on obtaining of insurance policy. However, Mr. Sanjeev Ahuja went ahead to procure an insurance policy for himself and included the expenditure to CIRP cost, which is in violation of regulation 34 of CIRP Regulations. Further, his conduct of obtaining insurance in his name without due approval of the CoC, increased financial burden on the already debt-ridden CD-2.

5.3 In view of the above, the Board held the *prima facie* view that Mr. Sanjeev Ahuja have *inter alia* violated section 5(13) of the Code read with regulation 31 and 34 of CIRP Regulations read with clauses 1 and 2 of the Code of Conduct.

Submissions

5.4 Mr. Sanjeev Ahuja submitted that he was appointed as RP replacing the IRP in MBL so his fees and expenses were agreed and approved by the CoC in its 2nd meeting. As per Code, IRPC definition includes fee payable to RP and a residuary entry talks about any other cost specified by the Board. Through the regulation 31 of CIRP Regulations, expenses ratified by CoC for the IRP and expenses fixed under regulation 34 for the RP would be CIRP cost.

5.5 He submitted that there is clear distinction between the expenses incurred by IRP and RP. In this case as well, a lumpsum CIRP budget to the tune of 50 lakhs was approved by the CoC in its 2nd meeting (as mutually discussed between RP and the CoC members) and the amount was deposited in a separate account with operations through a joint signature of RP and CFO of CD-2. The bank account was intentionally maintained with SBI, the lead member of CoC. With this arrangement, regulation 34 of CIRP Regulations was adhered on a best effort basis. Full transparency hence was maintained from the start as is required.

5.6 Mr. Sanjeev Ahuja pleaded that it was one of the early cases, which started in March 2017 and hence the best practices were evolving. He highlighted that the eventual CIRP cost as spent was around Rs. 2.80 crores as opposed to the initial approved budget of Rs. 50 lakhs. This was a cost to resolve a debt of over 1,400 Crores. There were many expenses which were required to run the CIRP process efficiently, were discussed and accordingly spent during the course of the period, and everything remained transparent all through the assignment, till the very end, where all the expenses/costs have been shared with all CoC members all through, and also with IPA and the Board as part of the records. If a case extends more than 180/270 days and CoC stops functioning, such approvals and ratifications without holding formal CoC meetings was not possible. He submitted that it was important to make all the expenditure transparent and share it with the CoC members. Since the account was jointly operated with a CD-2 official, nothing was questioned all through till the very end. All expenses, cash flows were shared with CoC members consisting of 20 members, including big lenders like SBI, BOB, PNB etc. All their queries, formal and informal were addressed whenever raised.

5.7 Mr. Sanjeev Ahuja submitted that the decision to take insurance was taken at latter part of the process with the consensus of CoC. This surely was an after-thought. All this while till the very end there was no need, no precedence of such an insurance. This was the time when there was no product for such immunity available in the Indian insurance market but considering the evolved practices through other cases, Mr. Sanjeev Ahuja was made aware about the same and he eventually went for it. The only reason to think and explore about an insurance cover towards the end of the process was the confusion, challenges, allegations and counter allegations and litigations which started towards the fag end of the assignment when few creditors went to Hon'ble NCLAT, after promoter, who got affected by 29A, went

to AA. Mr. Sanjeev Ahuja submitted that he was suggested to be secured through a cover (which only the big four IP's were taking till then). Since the product was not ready, the exploration took time and its only in the extended period that RP had to make do with a policy being discussed, explored and actually getting confirmed in the last few days of the formal 270 days CIRP period, so much so that the policy document itself got issued/received only on 28.12.2017, which is post 23rd December, which was last formal day of CIRP, but which got extended till 18.04.2018 due to cases being heard at AA and its subsequent directions.

- 5.8 Mr. Sanjeev Ahuja submitted that the last CoC meeting was held on 23.12.2017 and there is/was no precedence to call CoC meetings after CIRP period gets over. However, in this case there were many decisions like approval of resolution plan was taken by the CoC without formal meetings. For eg. AA instructed him to write to the dissenting creditors to reconsider about their decision one more time. And surprisingly the members of CoC changed their decisions and the consensus for approval of resolution plan, which was 75% earlier, was achieved. He highlighted that even the approval of resolution plan was also not formally recorded in the minutes of any CoC meeting nor was voted electronically by the CoC but the case was resolved within a period of 12 months with zero haircuts to the creditors.
- 5.9 Mr. Sanjeev Ahuja submitted that in the same manner the decision to take insurance was also taken with the consensus of CoC and it did not find a mention in any of the minutes because no formal CoC meeting happened post 23.12.2017. He submitted that the regulations more specifically talks about fee payable to RP and other professionals and expenses incidental to the CIRP process would be part of the cost. There is no timeline or cost budget can be appropriately measured and hence, on 12.06.2018, the Board came out with a circular that specifically stated that *“approval of the Committee of Creditors (CoC) for the fee or other expense is obtained, wherever approval is required”*. He submitted that specific approvals from CoC are being taken post this circular.
- 5.10 He submitted that during the CIRP, the CIRP cost along with bank statements were provided to the COC members. Costs were being shared with the CoC members as a routine and whenever asked for. Any queries were also addressed.
- 5.11 Mr. Sanjeev Ahuja submitted that it is important understand the nature of cost, whether it was hidden or not. He submitted that it has been part of all costs so incurred and shared with CoC members and the management and also IPA and the Board. This point /issue has been raised through a complaint dated 09.06.2018 from the CFO, part of the management, instigated by the promoter, who happens to be the Successful Resolution Applicant (SRA) in this case. This complaint surprisingly was done post the successful approval of the resolution plan by AA, hence it has always raised eyebrows on the intent of the complaint from SRA when the process actually got over successfully. The same was brought to the knowledge of the erstwhile CoC members during meetings conducted for the implementation of the plan and no direct answers were available but for the fact that the

management did not want Mr. Sanjeev Ahuja to get involved in the implementation meetings (as informed by some CoC members) raising doubts on the intent. Equally surprisingly, the same letter was withdrawn *suo moto* after 3 years through another letter dated 09.07.2021, though the company also paid the long overdue amounts of the RP/team. The whole events had no justification. The earlier complaint letter of July 2018 was sent to the CoC members who confirmed that no creditor has a concern on the costs. The same was put on record by the SBI (main lead lender) with a copy to all the CoC members. He submitted a reply to the allegations both to the complainant, CoC members and also the Board when these issues were raised earlier. The attachments are to be read in the context and would clear the *mala fide* intent of the MBL management trying to confuse and raise suspicions all across.

- 5.12 Mr. Sanjeev Ahuja submitted that the above events highlight that main fact was an attempt to deflect the focus/create a friction with RP/show a litigation against him/put RP under pressure through a complaint which was done post the resolution process got over and seems to be the handiwork of the management/promoter of the MBL Infrastructure Ltd, who thought it prudent to create a mess, for their ulterior motive and wanted the RP out of the implementation process.
- 5.13 Mr. Sanjeev Ahuja submitted that there has been no hair cut for any stakeholder and no extra burden has been put on the debt-ridden CD-2 as is claimed in the SCN. All costs were transparent and necessary. CoC was aware of the issue and confirmed on record that none of them had any issue on the costs.
- 5.14 He further stated that all actions were taken in the best interests of the CD-2 and the objective of IBC. All actions were taken in good faith. That he has learnt the lessons that one needs to be more cautious, go into detailed records and assured that he would be more cautious and focused on these issues which can lead to unnecessary confusions later.

Analysis & Findings

- 5.15 The DC notes the submission of Mr. Sanjeev Ahuja that the decision to take insurance did not find mention in any of the minutes of CoC meeting. Further IP submits that the policy was received on 28.12.2017 and last CoC meeting was conducted on 23.12.2017, hence no approval could be taken. The said submission is incongruent with the facts stated in the insurance policy where the period of insurance is provided as 20.12.2017 to 23.12.2017. It implies that though the insurance policy was received on 28.12.2017, the policy period was before last CoC dated 23.12.2017. Further, the premium Rs. 4,98,000/- must have paid before issuance of policy as no policy is issued before payment of premium under section 64VB of Insurance Act, 1938.
- 5.16 Regulation 31 of CIRP Regulations provides as follows:

31. Insolvency resolution process costs.

“Insolvency resolution process costs” under Section 5(13)(e) shall mean-

(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;

Regulation 33(4) of CIRP Regulations further provides as follows:

(4) The amount of expenses ratified by the committee shall be treated as insolvency resolution process costs.

Explanation. - For the purposes of this regulation, “expenses” include the fee to be paid to the interim resolution professional, fee to be paid to insolvency professional entity, if any, and fee to be paid to professionals, if any, and other expenses to be incurred by the interim resolution professional.

Regulation 34 of CIRP Regulations provides as follows:

34. Resolution professional costs.

The committee shall fix the expenses to be incurred on or by the resolution professional and the expenses shall constitute insolvency resolution process costs.

Explanation. - For the purposes of this regulation, “expenses” include the fee to be paid to the resolution professional, fee to be paid to insolvency professional entity, if any, and fee to be paid to professionals, if any, and other expenses to be incurred by the resolution professional.

5.17 A bare perusal of above provisions clarifies that expenses to be incurred shall be fixed by CoC and approval is required wherever necessary for inclusion in IRPC. Mr. Sanjeev Ahuja did not bring the said expenses in the knowledge of CoC in any of its meeting. Hence DC finds that Mr. Sanjeev Ahuja has contravened section 5(13) of the Code read with regulation 31 and 34 of CIRP Regulations read with clauses 1 and 2 of the Code of Conduct.

6. Order

6.1 In view of the submission made by Mr. Sanjeev Ahuja, and materials available on record, the DC finds that Mr. Sanjeev Ahuja has contravened section 5(13), section 24(3)(c), section 208(2)(a), 208(2)(e) of the Code, regulation 27, 31 and 34 of CIRP Regulations, regulation 7(2)(a) and (h) of IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) read with clauses 1, 2 and 14 of the Code of Conduct and Board circular no. IBBI/RV/019/2018 dated 17.10.2018. The lapses in procedure about appointing non-RVs, not sending notice of the meeting of CoC to OCs and not seeking approval from CoC regarding insurance cost indicates that Mr. Sanjeev Ahuja was not cautious and careful in interpreting the provisions of the Code and Regulations made thereunder and complying with these requirements.

6.2 The DC, in exercise of the powers conferred under section 220(2) of the Code read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby

- i. imposes a penalty of Rs. 5,00,000/- (Rs. Five Lakhs only) on Mr. Sanjeev Ahuja and directs him to deposit the penalty amount directly to the Consolidated Fund of India (CFI) under the head of “penalty imposed by IBBI” on <https://bharatkosh.gov.in>

- within 45 days from the date of issue of this order and submit a copy of the transaction receipt to the Insolvency and Bankruptcy Board of India, and
- ii. warns Mr. Sanjeev Ahuja to be more cautious in future and directs him to strictly comply with the applicable provisions of the Code and its underlying Regulations while performing his duties.

6.3 This Order shall come into force immediately in view of para 6.2 of the order.

6.4 A copy of this order shall be sent to the CoC of all the Corporate Debtors in which Mr. Sanjeev Ahuja is providing his services, if any.

6.5 A copy of this order shall be forwarded to the ICSI Institute of Insolvency Professionals where Mr. Sanjeev Ahuja is enrolled as a member.

6.6 A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal.

6.7 Accordingly, the show cause notice is disposed of.

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(Jayanti Prasad)
Whole-time Member, IBBI

Dated: 02 November 2022
Place: New Delhi