Indian Institute of Insolvency Professionals of ICAI
(Disciplinary Committee)

DC. No. IIIPI/DC/189/2023-24

ORDER

In the matter of Ms. Aneetha. S (Respondent), under Clause 15(2) of the Disciplinary Policy of IIIPI read with Clause 24(1)(c) and 24(2) (d) & (f) of IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations 2016.

1.0 This order disposes of the Show Cause Notice (SCN) No. IIIPI/DC/189/2023-24 dated 08-02-2024 issued to **Ms. Subramaniam Aneetha** (Respondent), A2 Sarada Apartments 17/6, Sringeri Mutt Road, R.A. Puram, Chennai, Tamil Nadu- 600028. Respondent is a professional member of the Indian Institute of Insolvency Professionals of ICAI (IIIPI) and registered with IBBI with Registration No –**IBBI/IPA-001/IP-P00376/2017-18/10633**.

2.0 The Disciplinary Committee of IIIPI (DC) issued SCN to the respondent, based on the reference received from Monitoring Committee of IIIPI including the findings in the inspection report of Inspection Authority (IA), pertaining to assignments handled by her as an IRP/RP in the CIRP of (**A) Leather Export House India Private Limited. (IRP and RP), (B) Cryo-Save (India) Private Limited. (IRP/RP and Liquidator), (C) SA Rawther Spices Private Limited. (IRP), (D) Karismaa Foundations Private Limited. (IRP), (E) Fourpol Electricals Private Limited. (IRP and RP), (F) Karur K.C.P Packkagings Limited. (IRP/RP and Liquidator), (G) Vasmo Agro Nutria Product Private Limited. (IRP and RP), (H) Maharaja Theme Parks and Resorts Private Limited. (IRP and RP), (I) G.K.K Exports Private Limited. (IRP/RP and Liquidator), and (J) Premier Security and Detective Bureau Private Limited. (IRP and RP**). The SCN alleged the contravention of the provisions of section 24 (3), 25 (2) (g), 29, 208 (2) (a) and (e) of the Insolvency and Bankruptcy Code, 2016, Regulation 6(1), 13(1) (2) (e), 19, 20, (1), 24(7), 25(3) & (4), 27, 33(4), 34, 34A, 36(1)& (4) and 39A of the Insolvency Resolution Process for Corporate Persons Regulation 2016, Regulation 7(2) (a), (h) and (i) of IBBI (Insolvency Professional) Regulation, 2016, read with clauses 2, 3, 5, 13, 14, 16, 19 and 27 of the Code of Conduct for Insolvency Professionals, specified under First Schedule of IBBI (Insolvency Professionals) Regulations, 2016, and Circular No. IP/005/2018 dated 16th January,2018. The Respondent submitted her contentions to the SCN vide letter dated 12-03-2024.

3.0 The DC referred the SCN, written/oral submissions of the respondent and other material available on record for disposal of the SCN in accordance with the Code and Regulations made thereunder. An opportunity for personal virtual hearing was provided to the respondent on 21-05-2024. Accordingly, on date respondent appeared before the DC, wherein the respondent reiterated the submissions made in the written reply and also made few additional submissions.

A. Leather Export House India Private Limited.

4.0 Contravention- It is noted that in Cost Disclosure Form II, respondent submitted that an amount of Rs 1,00,000 was paid to legal professional, whereas no such cost was ratified by the committee and even the appointment of legal counsel was not recorded in the minutes of the meetings.

Also, as per Form III submitted by respondent, it is noted that an amount of Rs. 1,00,000 was mentioned for cost of stay arrangement of legal professional, which was also not ratified by the CoC. In this connection respondent submitted before IA that Rs. 1,00,000 mentioned in Form III, was reimbursed to the operational creditor.

4.1. Submissions by Ms. Aneetha - The respondent in her reply has submitted that in the instant case, the company was admitted into CIRP on 17-01-2018. The Applicant operational creditor was the only member of the CoC and the CoC was duly constituted. In the meantime, the suspended director preferred an appeal before the Hon'ble NCLAT Principal Bench. In the said proceedings vide NCLAT order dated 28-03-2018, the order of the Hon'ble NCLT was stayed. Therefore, after the order of stay, there was no possibility to convene any CoC meeting, as the same would be tantamount to a violation of the interim order passed by the Hon'ble NCLAT. The Hon'ble NCLAT after considering the matter on merits, pleased to allow the appeal and dismiss the application under section 9 and therefore end the CIRP. After ending of the CIRP, it is not open to the RP to convene any CoC meeting as the Corporate Debtor is put back to status quo ante and the CoC, which is a body created in furtherance to an order of admission into the CIRP, ceases to exist. Therefore, by operation of law, i.e. by operation of orders of the Hon'ble NCLAT, the RP was restrained from convening CoC meetings and thereafter, with the appeal being allowed, the CoC itself ceased to exist. However, taking note of this given factual background, the Hon'ble NCLAT itself, while allowing the appeal, was pleased to pass an order directing the CD to pay the CIRP costs. However, when CD failed to pay the same, alleging violation of the order of the Hon'ble NCLAT, respondent filed an application in MA 284 of 2018, seeking directions from the Hon'ble NCLT to pay CIRP costs as well as other expenses. The Hon'ble NCLT being apprised of the matter including of the proceedings before the Hon'ble NCLAT, was pleased to issue direction to pay CIRP costs as well as expenses.

4.1.1. Respondent further submitted that in due compliance of all regulatory norms, she has filed all forms including forms disclosing the amount paid to the Legal Counsel. From the information obtained from such forms, it is alleged that she has not obtained the permission of the CoC for paying fees to the legal counsel. This approach, with utmost respect, appears to put the cart before the horse and requires her to do the impossible, in violation of the orders of the Hon'ble NCLAT. She had not been in a position to convene CoC meetings after 28-03-2018 on account of the order of the Hon'ble NCLAT staying proceedings. When a stay was in vogue, she could not have convened any meeting to ratify any expenses. Subsequently, the appeal was allowed. Therefore, the CoC ceased to exist and there was no occasion for her to get CIRP expenses ratified by the CoC.

4.1.2. Respondent further submitted that as regards payment to legal professionals, the amount of Rs 1 lakh was as per the NCLT order and invoices have been produced. The CoC has no role to play as regards this cost as the same was actually borne by the CD on account of the order of the Hon'ble NCLAT. However, the same has been disclosed as a matter of record in Form II.

4.1.3. There is no malafide intent here as the amount has neither been paid by a member of the CoC nor by a Resolution Applicant and the same is strictly as per NCLT order. Further at that stage, it was not clear if CoC meetings could continue to be conducted after staying the CIRP by the Hon'ble NCLAT.

4.1.4. In respect of Rs 1 lakh paid to operational creditor, respondent submitted that since she has examined all her records, no payments were made to the operational creditor who has filed the application. The amount of Rs 1 lakh appears to be a case of erroneous filing in Form III.

Respondent during personal hearing tendered her apology for the oversight and requested that this charge against her be closed as being based on a mistake of fact, which emanated from a secretariat oversight at her office.

4.2. Findings- DC notes that Section 5(13) of the Code defines the term "Insolvency Resolution Process Costs" (IRPC) as follows –

"5 (13). "insolvency resolution process costs" means—
(a) the amount of any interim finance and the costs incurred in raising such finance;
(b) the fees payable to any person acting as a resolution professional;
(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;
(d) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and
(e) any other costs as may be specified by the Board."

Further, Regulation 31 of CIRP Regulations, 2016 provides that:

31. "Insolvency Resolution Process Costs‖ under Section 5(13)(e) shall mean –
(a) amounts due to suppliers of essential goods and services under Regulation 32;
(b) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);
(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;
(d) expenses incurred on or by the interim resolution professional fixed under Regulation 34; and
(e) other costs directly relating to the corporate insolvency resolution process and approved by the committee."

The DC also notes that Regulation 33(4) of the CIRP Regulations provides:

"33(4) Costs of the interim resolution professional:
(1) ...
(4) the amount of expenses ratified by the committee shall be treated as insolvency resolution process cost."

4.2.1. Further the DC notes the submission of the respondent that post initiation of the CIRP of the CD, suspended directors preferred an appeal against the order of NCLT dated 17-01-2018, initiating the CIRP of the CD. Vide order dated 28-03-2018 NCLAT stayed the CIRP of the CD and subsequently allowed the appeal vide order dated 23-07-2018. Thus, in the given scenario she was not in the position to convene any CoC meetings to get the cost ratified by the CoC and in case if she could have convened the CoC meetings that would have been tantamount to contempt of the order passed by the Hon'ble NCLAT.

4.2.2. DC also noted the fact that while allowing the appeal, NCLAT directed the CD to pay the CIRP costs accordingly, and hence the same was directly paid by the CD.

4.2.3. The DC further notes the submission of the respondent that no payments were made to the operational creditor who had filed the application and an amount of Rs 1 lakh appears to be a case of erroneous filing in Form III and respondent tendered her apology for the lapse occurred while submitting information in Form III.

4.2.4. In view of the foregoing, the DC accepts the submissions of the respondent.

5.0 Contravention- Regulation 20 (1) of the Insolvency Resolution Process for Corporate Persons Regulation 2016, provides that "*a notice by electronic means may be sent to the participants through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice.*"

Regulation 24(7) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that *"the resolution professional shall circulate the minutes of the meeting to all the participants by electronic means within forty-eight hours of the said meeting*."

In this connection it is noted that respondent failed to provide the required records to prove the compliance of Regulation 20 (1) of CIRP Regulations, for 1st and 2nd CoC meetings. Also, it is noted that the minutes of the 2nd CoC meeting held on 07-03-2018 were circulated on 12-03-2018.

5.1. Submissions by Ms. Aneetha - In this regard respondent in her response has submitted that there was only delay of 3 days in circulating the minutes of the 2nd CoC meeting which was neither wilful not wanton nor prejudicial to the interest of any person whatsoever.

5.1.1. The respondent further submitted that in this case, during the relevant period, she had fallen ill due to which she was unable to circulate the minutes of the meeting immediately after the meeting. However, she had duly circulated after her health improved and in the subsequent meeting held on 27-03-2023, the minutes of the previous meeting had also been placed and approved by the CoC.

5.1.2. Respondent further submitted that no prejudice whatsoever had been caused to anybody and the delay had been caused solely on account of her ailment for which she sincerely apologised.

5.1.3 Respondent further submitted that this was the first assignment handled by her as an IP and had provided all the records and explanations in the matter to demonstrate that she had carried out the process as per law and regulations.

5.2. Findings- The DC notes the submission of the respondent that there was only delay of 3 days in circulating the minutes of the second CoC meeting on account of her ill health however, the same has been circulated immediately when recovered.

5.2.1. The DC further notes the allegation that the respondent did not provide copy of emails circulating the notice of the 1st and 2nd CoC meetings, to the IA. In this connection DC noted that responded had provided the copy of email, post issuance of SCN, circulating the notice for the 1st CoC meeting, whereas, for the second meeting copy of email circulating the notice was not available in the records submitted by respondent. In the given circumstances it is reflecting that either respondent failed to preserve the records as envisaged under the Code or had wilfully not provided the required records.

5.2.2. It is the duty of an IP to produce all records in his custody or control and furnish such statements and information relating to its activities within such time as the IA may require. Respondent was asked to provide certain documents of the assignments being handled by her. Respondent was unable to submit the required documents to the IA in the stipulated timelines, as provided by IA.

B. Cryo-Save (India) Private Limited.

6.0 Contravention- Regulation 6(1) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that "an insolvency professional shall make a public announcement within three days from the date of his appointment. However, it is noted that the CIRP of the CD was initiated vide NCLT order dated 09-08-2019, whereas the public announcement was made on 19-08-2019. From the above fact it is apparent that there is a delay of 7 days in making a public announcement.

6.1. Submissions by Ms. Aneetha- The respondent in this connection submitted that the SCN issued states quite correctly that the order in CP (IB)No.171/BB/2018 is dated 09-08-2019 while the public announcement is dated 19-08-2019 reflecting a ten days' time gap as against the three-day requirement.

6.1.1. Respondent further submitted that was no record on when the order was hosted on the website of the Hon'ble NCLT. Even as of date, she had not received any mail of the order from the Hon'ble NCLT and only received an update from Mr. Palani – representing CD, on 15-08-2019 referring to the hearing conducted on 09-08-2019 and sent the Order sheet wherein the order stated that a separate order would be issued with regard to the CIRP admission.

6.1.2. Respondent further submitted that she noticed that the order was uploaded on 17-08-2019 (Saturday) and requested Mr. Palani to collect the certified copy on Monday, i.e., 19-08-2019 and published the public announcement. She highlighted in the public announcement that the same was being issued after receipt of the certified copy.

6.1.3. Respondent further submitted that, it was trite that the date of knowledge was the starting point for commencement of time, and she had knowledge of the order only on 17-08-2019 and accordingly had issued a public announcement within 3 days therefrom. Therefore, there was no violation as such.

6.1.4. Respondent also added that, it was relevant to note that the Hon'ble Supreme Court of India in Arcelor Mittal case, while dealing with timelines set out under Regulation 40A of the CIRP Regulations, had held that the timelines were directory and not mandatory and should be followed as closely as possible and in this case, she had knowledge of the order on 17-08-2019 only, and the regulation has been followed on a "as closely as possible" basis, by making publication within 3 days from the date of knowledge of the order.

6.2. Findings- The prime objective of the Code is the time bound resolution of the distressed assets. Accordingly, section 12 of the Code provides a timeline of one hundred and eighty days for completion of the insolvency resolution process, which can be extended only once by the AA for a maximum period of ninety days. To achieve this objective, timelines associated with each, and every critical activity have been provided in the regulations and needed to be adhered to strictly.

6.2.1. The DC notes the submission of the respondent that communication of the order dated 09-08-2019 was not received by her from NCLT registry till 17-08-2019 and post receiving the order of NCLT she promptly published the public announcement on 19-08-2019. The contention of the respondent on this count is acceptable.

6.2.2. In view of the foregoing, DC accepts the submissions of the respondent.

7.0 Contravention- Regulation 25 (3) and (4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 provides that *"(3) the resolution professional shall take a vote of the members of the committee present in the meeting, on any item listed for voting after discussion on the same.*
(4) at the conclusion of a vote at the meeting, the resolution professional shall announce the decision taken on items along with the names of the members of the committee who voted for or against the decision or abstained from voting…"

It is noted that respondent failed to provide the copy of voting sheet of the second CoC meeting to the IA, wherein resolution for liquidation was passed with a majority of 100% voting shares.

7.1. Submissions by Ms. Aneetha- In response to this allegation respondent submitted that, it was a unanimous decision of the COC to liquidate the Corporate Debtor. This is well noted in the minutes of the CoC meetings, and no objections whatsoever have been raised in any forum including the Hon'ble NCLT, which ordered for the liquidation of the CD.

7.1.1 Respondent further submitted that, there is no regulation as the regulations stood in 2020, which warranted the maintaining of any voting sheet. Voting during CIRP is governed by Regulation 25 of the CIRP regulations, which viz. 25(3) mandates that the RP should take a vote of the members of the Committee present in the meeting, on any item listed for voting after discussion on the same. Similarly, Regulation 25(4) does not, in any manner, mandate the maintenance of any voting sheet. The said regulation, in no manner, mandates the taking of a voting sheet.

7.1.2. Respondent further submitted that the inspection team has failed to note the size of the CoC which is two members and not a large one, with many financial creditors. Therefore, the vote could simply be taken by show of hands or voice vote and there is no necessity for there to have been maintained a written voting sheet, on record, when such voting is not denied by any of the creditors, whatsoever.

7.2. **Findings-** In respect of this charge DC notes the submission of the respondent that it was a unanimous decision of the COC to liquidate the Corporate Debtor, and the same was noted in the minutes of the second CoC meeting. The relevant extracts from the minutes of the meeting are reproduced hereunder:
"RESOLVED THAT the committee of creditors unanimously given consent to liquidate the Corporate Debtor and requested the Resolution Professional to make necessary application before the Hon'ble NCLT, Bangalore in this connection."

7.2.1. DC further notes the submission of the respondent that there are only two creditors who voted in favour of liquidation.

7.2.2. Contentions made by respondent that "the inspection team has failed to note the size of the CoC which is two members and not a large one, with many financial creditors. Therefore, the vote could simply be taken by show of hands or voice vote and there is no necessity to have been maintained a written voting sheet, on record, when such voting is not denied by any of the creditors, whatsoever.", are not acceptable as DC notes regulation 26 (4) of the CIRP regulations which clearly provides that:

"26. Voting through electronic means.

(1) The resolution professional shall provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system in accordance with the provisions of this Regulation.

Explanation- For the purposes of these Regulations-
(a) the expressions ''voting by electronic means'' or ''electronic voting system'' means a "secured system" based process of display of electronic ballots, recording of votes of the members of the committee and the number of votes polled in favour or against, such that the voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security;

(b) the expression ''secured system'' means computer hardware, software, and procedure that –
(i) are reasonably secure from unauthorized access and misuse;
(ii) provide a reasonable level of reliability and correct operation;
(iii) are reasonably suited to perform the intended functions; and
(iv) adhere to generally accepted security procedures

(2) .....
(3) At the end of the voting period, the voting portal shall forthwith be blocked.
(4) At the conclusion of a vote held under this Regulation, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting.
(5) The resolution professional shall circulate a copy of the record made under sub-regulation (4) to all participants by electronic means within twenty four hours of the conclusion of the voting.

7.2.3. From the bare reading of the above provision, it is apparent that under the Insolvency and Bankruptcy Code (IBC), 2016, Insolvency Professional (IP) is required to provide e-Voting option to creditors or any other suitable secure system which captures and maintain a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting. The purpose of the provision is not to take votes by looking into the strength of the CoC or only in situation where any creditor has voted against or abstained from voting. The purpose of the provision is to capture the decision of the committee, ensuring documentation and compliance.

7.2.4. The IP forms a crucial pillar upon which rests the credibility of the entire resolution process. For that purpose, the code provides for certain duties, obligations for undertaking due diligence in conduct of insolvency process to establish integrity, independence, objectivity, and professional competence in order to ensure credibility of both process and profession as well.

7.2.4. Apart from the foregoing provision, DC notes clause 16 of the Code of Conduct specified under First Scheduled of IBBI (Insolvency Professionals) Regulations, 2016, which casts a duty on insolvency professional that he must ensure to maintain written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision.

7.2.4. Further Regulation 39A casts a duty on IP that he shall preserve physical as well as electronic copy of the records relating to corporate insolvency resolution process of the corporate debtor as per the record retention schedule as may be communicated by the board in consultation with

the Insolvency professional agency. Thus, it is imperative to note that it is the duty of the respondent to maintain and preserve the records of the CIRP of the CD and provide to the IA as may be required, which in the present case respondent failed to do so.

8.0 Contravention- The next allegation against the respondent was that as per Regulation 13(1) read with Regulation 13(2) (e) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that the IRP or the RP, as the case may be, shall verify every claim, as on the insolvency commencement date, within seven days from the last date of receipt of claims, and thereupon maintain a list of creditors containing names of creditors along with the amount claimed by them, the amount of their claims admitted and the security interest, which shall be presented at the first meeting of the committee. Whereas it is noted that in the first CoC meeting respondent placed an incomplete list of creditors before the CoC, wherein not only many claims were unverified but also the claim amount of the creditors was not mentioned in the list of creditors.

DC also notes that later in the second CoC meeting the list of creditors placed before the CoC, includes only names of the updated financial creditors and did not contain the complete list of creditors having details of all the creditors, thus prima facie reflecting that respondent failed to place the entire list containing all the creditors in the list of creditors before the CoC, as envisaged under the Code.

8.1. Submissions by Ms. Aneetha- In respect of this allegation, the respondent submitted that the list of creditors was placed before the CoC in the first meeting of the Committee which was held on 18-09-2019 after submitting the list to NCLT on 11-09-2019. Moreover, it is relevant to note that the very lapse, alleged, in terms of regulation 13 of the CIRP regulations is misconceived. Regulation 13 of the CIRP regulations mandates that the IRP or RP, as the case may be, should verify every claim as on the insolvency commencement date within 7 days from the last date of receipt of the claims and thereupon maintain a list of creditors containing the names of creditors along with the amount claimed by them, the amount of the claim that has been admitted and the security interest if any in respect of such claims and update it.

8.1.1. Respondent further submitted that as per the public announcement issued under Regulation 6 of the CIRP Regulations, in the case at hand, the 14-day period of submission of claims ended on 02-09-2019. However, it is trite that in terms of regulation 12(2), which was inserted with effect from 04-07-2018, even beyond the 14-day period as set out beyond the public announcement, claims can be considered and updated up to the 90th day from the insolvency commencement date. Therefore, by its very nature, regulation 13(1) and regulation 13(2)(d) mandates that the list of creditors as on the 23rd day i.e. 7+2 days from the last day of the receipt of claims as per the public announcement be filed. There would be subsequent updation to it, which is also evident from the use of the words "updated" in regulation 13(1). Therefore, the list of creditors as it stood on the said date has been filed before the Hon'ble NCLT and the same is sufficient compliance of regulation 13(2)(d).

8.1.2. Respondent further submitted that if the said provision is read as mandating that a full and complete list of creditors be filed as on the 23rd day itself, when regulation 12(2) provides for a 90-day period for submission of claims, then, such interpretation would result in requiring the RP to do the impossible. Regulation 13(2)(d) cannot be read in this manner and has to be read harmoniously with regulation 12 which prescribes a 90-day period from the insolvency commencement date. Therefore, in law, there is no violation when the fact that the list of creditors has been duly filed before the Hon'ble NCLT and duly admitted. The same is

complete as on the 23rd day of the insolvency commencement date and any subsequent updation thereto has been duly filed before the IBBI in terms of the regulations mandated therein, of which no violation has admittedly been alleged. Therefore, it is submitted that the reading of regulation 13(2)(d) in this regard is incorrect and interpreted harmoniously, there is no violation of regulation 13(2)(d) by respondent.

8.1.3. Respondent further submitted that in respect of the charge that regulation 13(2)(e) is violated, it is submitted that regulation 13(2)(e) merely mandates that the list of creditors will be represented in the 1st meeting of the CoC. The same has been duly complied with in the 1st CoC meeting held on 18.09.2019 wherein, at agenda item number 4 and 5, the same has been duly presented. Accordingly, there is no violation of regulation 13(2)(e) also. It is common knowledge that the earlier minutes would have been referred when discussions took place. Hence the CoC was well aware of the total list. Thus, there is no prejudice whatsoever to the CIRP process due to this.

8.1.4. Respondent further submitted that in view of the above, it is submitted that there is no violation of any regulatory norm, as alleged in the show-cause notice under reply. There has been no intent to violate any law or regulation and the Office of IIIP of ICAI ought to have examined the spirit and the evidence produced by her before issuance of the show cause notice. She has provided all the records and explanations in the matter to demonstrate that she had carried out the process as per law and regulations. The observations do not reflect any "material" amounts or "material" non-compliances or any malafide intent. She requested to take the above submissions on record and for not pursuing the alleged contraventions further.

8.1.5. The respondent during personal hearing tendered apology and submitted that inadvertently she missed to capture the complete details of the creditors in the minutes and that she had placed the complete list of creditors before the CoC in the first meeting. Further, the list of creditors has been submitted to NCLT, as required under Regulation 13 (2) (d) and the same list was also presented before the CoC in the first meeting.

8.2. Findings- The DC notes regulation 13 of the CIRP Regulations, which provides as follows:

"13. Verification of claims.

(1) The interim resolution professional or the resolution professional, as the case may be, shall verify every claim, as on the insolvency commencement date, within seven days from the last date of the receipt of the claims, and thereupon maintain a list of creditors containing names of creditors along with the amount claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims, and update it.

(2) The list of creditors shall be –

(a) available for inspection by the persons who submitted proofs of claim;

(b) available for inspection by members, partners, directors and guarantors of the corporate debtor;

(c) displayed on the website, if any, of the corporate debtor;

(d) filed with the Adjudicating Authority; and

(e) presented at the first meeting of the committee."

8.2.1. DC notes that Regulation 13(1) read with Regulation 13(2) (e) of the CIRP Regulations requires an IP to maintain a list of creditors specifically including details such as the names of creditors, amount claimed by them, amounts of claims admitted and security interest, if any, which shall be presented at the first meeting of the CoC. The SCN states that it was observed that respondent placed an incomplete list of creditors before the CoC, wherein not only many claims were unverified but also the claim amount of the creditors was not mentioned in the list of creditors. SCN further states that later in the second CoC meeting the list of creditors placed before the CoC, includes only names of the updated financial creditors.

8.2.2. The DC notes that respondent in her reply to the SCN had misconstrued the allegation and had not given any specific reply with respect to the discrepancies.

8.2.3. The DC notes that regulation 13(1) read with Regulation 13(2) (e) of the CIRP Regulations mandates IRP/RP to maintain list of creditors containing certain mandatory information as mentioned above and should be placed before the CoC in its first meeting, as provided. Regarding the contention of the respondent that she had placed the entire list of creditors before the CoC in its 1st meeting however, she failed to capture the same in the minutes and thus the minutes did not articulate whatever she had done. The respondent had not provided any documents to the IA to prove otherwise that the list of creditors was maintained and presented before the CoC, in accordance with regulation 13 of the CIRP Regulations. Even in her reply to the SCN or submissions to the DC during personal hearing, the respondent had not provided any document to prove otherwise. Accordingly, the DC has drawn adverse inference and concluded that respondent failed to adhere to her obligations and compromised with the explicit provisions of the Code and regulations provided therein.

C. SA Rawther Spices Private Limited.

9.0 Contravention- It is noted that regulation 6(1) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that "*an insolvency professional shall make a public announcement within three days from the date of his appointment.* However, it is noted that the CIRP of the CD was initiated vide NCLT order dated 21-08-2019 whereas public announcement was made on 02-09-2019. From the above fact it is apparent that there is a delay of 9 days in making a public announcement.

9.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that the CD was admitted into CIRP vide NCLT order dated 21-08-2019 and public announcement was made on 02-09-2019 because the order of NCLT was not hosted on the website. No mails were received by her from Hon'ble NCLT about the commencement of the CIRP. she visited NCLT Bengaluru and obtained a copy of the order on 30-08-2019 and accordingly made public announcement on 02-09-2019. The travel proof is provided and the same was also recorded in the minutes of the first CoC meeting held on 30-09-2019.

9.1.1. Respondent further submitted that, it is trite that the date of knowledge is the starting point for commencement of time and she had knowledge of the order only on 30-08-2019 and issued a public announcement within 3 days therefrom i.e. on 02-09-2019. Therefore, there is no violation as such. Moreover, it is relevant to note that the Hon'ble Supreme Court of India in Arcelor Mittal, while dealing with timelines under Regulation 40A of the CIRP Regulations, has held that the timelines are directory and not mandatory and should be followed as closely as possible. Given that in this case, since she had knowledge of the order on 30-08-2019 only,

the regulation has been followed on a “as closely as possible” basis. Moreover, these facts had been placed before the Hon’ble NCLT.

9.1.2. Respondent further submitted that the COC is the prime stakeholder who would be aggrieved by the delay in public announcement. There had been no complaint against her in this regard. In fact, the details of the public announcement were placed in the first CoC meeting held on 30-09-2019.

9.2. Findings- The prime objective of the Code is the time bound resolution of the distressed assets. Accordingly, section 12 of the Code provides a timeline of one hundred and eighty days for completion of the insolvency resolution process, which can be extended only once by the AA for a maximum period of ninety days. To achieve this objective, timeline associated with each, and every critical activity has been provided in the regulations and needed to be adhered strictly.

9.2.1. The DC notes the submission of the respondent that the order of NCLT dated 21-08-2019 was not hosted on the website of the NCLT and no emails were received by her from NCLT. She visited NCLT Bengaluru and obtained the copy of the order on 30-08-2019.

9.2.2. The DC further notes the submission of the respondent that she only had the knowledge of the NCLT order on 30-08-2019 and issued a public announcement within three days therefrom i.e. on 02-09-2019. The contention of the respondent on this count is acceptable.

9.2.3. In view of the foregoing, DC accepts the submissions of the respondent.

D. Karismaa Foundations Private Limited

10.0 Contravention- It is observed that in the second CoC meeting, CoC accepted the withdrawal of the CIRP of the CD. However, respondent failed to provide the copy of voting sheet to the IA, wherein withdrawal resolution was passed by the CoC. In absence of the voting sheet, it is difficult to depict the names of members of the committee who voted for or against the decision or abstained from voting.

10.1. Submissions by Ms. Aneetha- In response to this allegation respondent submitted that the CD was admitted to CIRP process based on application filed by Mrs. Vidya under Sec 7 of the Code. The NCLT vide order dated 01-07-2019 admitted the CIRP of the CD. She was appointed as the IRP and continued as the RP.

10.1.1. The respondent further submitted that there were only two members in the CoC which was constituted, and report filed to Hon’ble NCLT on 31-07-2019.

10.1.2. Respondent further submitted that the withdrawal was unanimously approved by the CoC, and it is reflected in the minutes of the meeting held on 14-09-2019 and circulated on 15-09-2019. This withdrawal was based on Form FA filed by the applicant creditor and no objections were raised by the other financial creditor in the CoC.

10.1.3. The Hon’ble NCLT was pleased to allow the withdrawal under Sec 12A vide order in MA/993/2019 in CP/769/2018 dated 16-09-2019. In these proceedings, as the order sheet

discloses, both the financial creditors who had voted in favour of the resolution for withdrawal under section 12A were present, confirming their vote in favour of the same.

10.1.4. The withdrawal in fact proposed a settlement which was to be paid in two tranches to both members of the CoC. The first payment was due and paid at the time of withdrawal and the balance agreed to be paid at a later date. These were recorded in the Order of Hon'ble NCLT passed in MA/993/2019 in CP/769/2018 dated 16-09-2019.

10.1.5. No objections have been raised by the creditors, who would have been an aggrieved party in the event of the withdrawal, to the minutes circulated for the withdrawal, which required a 90% mandate, till date.

10.1.6. Thus, monies having been received, creditors having been present even before the Hon'ble NCLT, the requirement for voting sheets, for verification, was but an empty formality.

10.1.7. Moreover, there is no regulation as the regulations stood in 2020, which warranted the maintaining of any voting sheet. Voting during CIRP is governed by Regulation 25 of the CIRP regulations, which viz. 25(3) mandates that the RP should take a vote of the members of the Committee present in the meeting, on any item listed for voting after discussion on the same. Similarly, Regulation 25(4) does not, in any manner, mandate the maintenance of any voting sheet. The said regulation, in no manner, mandates the taking of a voting sheet.

10.1.8. The inspection team has failed to note the size of the CoC which is two members and not a large one, with many financial creditors. Therefore, the vote could simply be taken by show of hands or voice vote and there is no necessity for there to have been maintained a written voting sheet, on record, when such voting is not denied by any of the creditors, whatsoever.

10.2. **Findings-** DC notes that under the Code, RP plays a central role in resolution process of the CD, he is appointed by the AA as an officer of the Court to conduct the resolution process and it is the duty of RP to conduct CIRP with integrity and accountability in the process and to take reasonable care and diligence while performing his/her duties. Therefore, it becomes imperative for an IP to perform his duties with utmost care and diligence.

10.2.1. In respect of this charge DC notes the submission of the respondent that withdrawal was unanimously approved by the CoC, and it is reflected in the minutes of the meeting held on 14-09-2019 and circulated on 15-09-2019. This withdrawal was based on Form FA filed by the applicant creditor and no objections were raised by the other financial creditor in the CoC.

10.2.3. DC further notes the submission of the respondent that there were only two creditors who voted in favour of withdrawal resolution.

10.2.4. DC notes the submission if the respondent that Hon'ble NCLT was pleased to allow the withdrawal under Sec 12A vide order in MA/993/2019 in CP/769/2018 dated 16-09-2019 and in the said proceedings, as the order sheet discloses, both the financial creditors who had voted in favour of the resolution for withdrawal under section 12A were present, confirming their vote in favour of the same.

10.2.5. The contentions made by respondent that "since both the creditors were present before the NCLT while the withdrawal was accepted, the requirement of voting sheets for verification is

nothing but an empty formality.", are not acceptable as DC notes regulation 26 (4) of the CIRP regulations which clearly provides that:

"26. Voting through electronic means.

(1) The resolution professional shall provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system in accordance with the provisions of this Regulation.

Explanation- For the purposes of these Regulations-
(a) the expressions ''voting by electronic means'' or ''electronic voting system'' means a "secured system" based process of display of electronic ballots, recording of votes of the members of the committee and the number of votes polled in favour or against, such that the voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralized server with adequate cyber security;
(b) the expression ''secured system'' means computer hardware, software, and procedure that –
(i) are reasonably secure from unauthorized access and misuse;
(ii) provide a reasonable level of reliability and correct operation;
(iii) are reasonably suited to perform the intended functions; and
(iv) adhere to generally accepted security procedures
(2) .....
(3) At the end of the voting period, the voting portal shall forthwith be blocked.
(4) At the conclusion of a vote held under this Regulation, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting.
(5) The resolution professional shall circulate a copy of the record made under sub-regulation (4) to all participants by electronic means within twenty four hours of the conclusion of the voting.

10.2.6. From the bare reading of the above provision, it is apparent that under the Insolvency and Bankruptcy Code (IBC), 2016, Insolvency Professional (IP) is required to provide e-Voting option to creditors or any other suitable secure system which captures and maintain a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision, or abstained from voting.

10.2.7. The IP forms a crucial pillar upon which rests the credibility of the entire resolution process. For that purpose, the code provides for certain duties, obligations for undertaking due diligence in conduct of insolvency process to establish integrity, independence, objectivity, and professional competence in order to ensure credibility of both process and profession as well.

10.2.8. The fact that the creditors were present before the NCLT while the withdrawal was admitted by NCLT, does not allow the respondent to exonerate from the duties casted upon her as an IP neither it allows respondent to circumvent the law which has been laid down under the code for specific objective. From the response of the respondent, it is reflecting that the action of the respondent is not in consonance with the objective of the Code rather her actions reflect casual approach towards the law and its objective associated with it.

10.2.9. Apart from the foregoing provision, DC notes clause 16 of the Code of Conduct specified under First Scheduled of IBBI (Insolvency Professionals) Regulations, 2016, which casts a duty on insolvency professional that he 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.

10.2.10. Further Regulation 39A casts a duty on an IP that he shall preserve physical as well as electronic copy of the records relating to corporate insolvency resolution process of the corporate debtor as per the record retention schedule as may be communicated by the board in consultation with the Insolvency professional agency. Thus, it is imperative to note that it is the duty of the respondent to maintain and preserve the records of the CIRP of the CD and provide to the IA as may be required, which in the present case respondent failed to do so.

11.0. Contravention- It is noted that in CIRP-2 form, it is mentioned that an amount of Rs. 1,50,000 was paid to legal professional whereas no such cost was ratified by the CoC. During personal hearing, respondent was asked by the DC to clarify that as per the provisions of the Code, expenses of an RP in terms of managing the legal process in personal capacity should not be included or loaded on to the CIRP costs whereas it is noted that an amount of Rs. 1,50,000 was incurred by the respondent in defending herself in personal capacity w.r.t complaints filed against her, before IBBI.

11.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that legal fees of Rs 1.50 lakhs have been ratified by the CoC as evidenced in the minutes of the meeting dated 14-09-2019 Circulated on 15-09-2019.

11.1.2. Respondent during personal hearing submitted that post commencement of CIRP, around 26 claims were received by respondent, out of which she admitted claims of only two (2) financial creditors. Consequent to the rejection of claims of the creditors, complaints were filed against her before IBBI and thus to file explanation before IBBI that why she has rejected the claims received from the creditors, she had engaged legal counsel. Respondent further submitted that the complaints filed against her had arisen out of discharging her duties as an insolvency professional and not against her in person for anything else. Moreover, CoC was completely aware of the all the facts and the cost was duly approved by the CoC.

11.2. Findings- DC notes that Section 5(13) of the Code defines the term "Insolvency Resolution Process Costs" (IRPC) as follows –
"5 (13). "insolvency resolution process costs" means—
(a) the amount of any interim finance and the costs incurred in raising such finance;
(b) the fees payable to any person acting as a resolution professional;
(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;
(d) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and
(e) any other costs as may be specified by the Board."

Further, Regulation 31 of CIRP Regulations, 2016 provides that:
31. "Insolvency Resolution Process Costs‖ under Section 5(13)(e) shall mean –

(a) amounts due to suppliers of essential goods and services under Regulation 32;
(b) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);
(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;
(d) expenses incurred on or by the interim resolution professional fixed under Regulation 34; and
(e) other costs directly relating to the corporate insolvency resolution process and approved by the committee."

11.2.1. The term IRPC, as defined in Section 5(13) of the Code read with Regulation 31 of the CIRP Regulations, 2016, does not include personal expenses of an IP or fee paid to legal counsel of the IRP/RP for defending against the complaints filed against them, as it is incurred by the IP with no direct nexus to the CIRP. However, in the present case, respondent included the fee payable to legal counsel for defending herself against the complaints filed against her, before IBBI, while calculating IRPC.

11.2.2. In this regard, the words "directly relating to the corporate insolvency resolution process" used in Regulation 31(e) of CIRP Regulations, 2016 are significant. It is observed that the use of the word "directly" unequivocally means that any indirect costs shall not be considered as CIRP costs since the provisions of the Code as well as CIRP Regulations, 2016, nowhere, provides for inclusion of personal expenses of an IP.

11.2.2. Further, Circular dated 12-06-2018 issued by IBBI in relation to CIRP costs clearly states that,
"8. It is clarified that the IRPC shall not include:
(a) any fee or other expense not directly related to CIRP;
(b) any fee or other expense beyond the amount approved by CoC, where such approval is required;
(c) any fee or other expense incurred before the commencement of CIRP or to be incurred after the completion of the CIRP;
(d) any expense incurred by a creditor, claimant, resolution applicant, promoter or member of the Board of Directors of the corporate debtor in relation to the CIRP;
(e) any penalty imposed on the corporate debtor for non-compliance with applicable laws during the CIRP;
[Reference: Section 17 (2) (e) of the Code read with circular No. IP/002/2018 dated 3rd January, 2018.]
(f) any expense incurred by a member of CoC or a professional engaged by the CoC;
(g) any expense incurred on travel and stay of a member of CoC; and
(h) any expense incurred by the CoC directly; [Explanation: Legal opinion is required on a matter. If that matter is relevant for the CIRP, the IP shall obtain it. If the CoC requires a legal opinion in addition to or in lieu of the opinion obtained or being obtained by the IP, the expense of such opinion shall not be included in IRPC.]
(i) any expense beyond the amount approved by the CoC, wherever such approval is required; and
(j) any expense not related to CIRP."

11.2.3. Thus, in effect, the Circular issued by IBBI further clarifies the position of law that IRPC shall not include any fee or other expense which is not directly related to CIRP. The legal expense incurred by the respondent, amounting to Rs. 1,50,000, for defending herself in respect of

complaints filed against her before IBBI cannot be counted/construed/ considered as an expense directly related to the CIRP. Hence it should not have been made part of IRPC.

11.2.4. The respondent has also not provided any document to the IA or DC to prove otherwise that before taking approval from the CoC, she had informed the CoC about the position of law, that any fee or other expense which is not directly related to the CIRP, cannot become part of IRPC. Even during her reply to the SCN or submissions to the DC during personal hearing, respondent has not provided any documents to prove otherwise. Accordingly, DC hereby issues directions as detailed in para **24.0 (ii)** below.

E. Fourpol Electricals Private Limited

12.0. Contravention- Regulation 27 of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that "*the resolution professional shall within seven days of his appointment, but not later than forty-seventh day from the insolvency commencement date, appoint two registered valuers to determine the fair value and the liquidation value of the corporate debtor in accordance with regulation 35*." However, it is noted that the balance sheet was prepared post commencement of CIRP of the CD and despite having fixed assets amounting to Rs. 47,886 and current assets amounting to Rs. 1,62,63,768 respondent failed to appoint registered valuers, as prescribed under the Code.

12.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that the CD was admitted to CIRP vide order in IBA/839/2020 on 04-10-2021 and she was appointed as an IRP and subsequently served as an RP up to 25-04-2022. The CoC in a meeting held decided to replace her on 09-02-2022 and thereafter NCLT approved the same on 25-04-2022. The CIRP process was thereafter carried on by another Resolution Professional and a Resolution Plan has been duly approved by Hon'ble NCLT in orders in IA/1043/CHE/2022 in IBA/839/2020. The Resolution Plan was finally settled at Rs 11 lakhs as per the order of NCLT.

12.1.1. The respondent further submitted that the CD provided a financial statement as at insolvency commencement date which contained book values of current assets of receivables of Rs 1.62 Crs and Rs 0.47 lakhs of fixed assets. However, upon physical verification, the respondent found no such fixed assets were available at the premises of the CD.

12.1.2. Respondent further submitted that the non-conduct of registered valuation due to the absence of fixed assets was also brought to the knowledge of the CoC vide meeting date 24-12-2021, the minutes of which have been produced to the inspection team. Hence the CoC directed respondent not to appoint any valuer. The CIRP and liquidation process is one where the creditor is in control and the CoC hence deemed it fit not to engage in an infructuous exercise of carrying out a valuation at that stage.

12.1.3. Respondent further submitted that it is not necessary that a valuer ought to be appointed in all cases and all circumstances. There could be exceptional circumstances and cases like the instant one, wherein there are no assets of the Corporate Debtor and assets if available are also insufficient to cover the CIRP costs.

12.1.4. In such circumstances, if by conducting a valuation process with a registered valuer, is not feasible on account of non-availability of funds in the corporate debtor, it is within the facet of the commercial wisdom of the CoC to dispense with the same for valid reasons where the CoC

with its commercial wisdom dispenses the same, and the Resolution Professional is prevented from engaging registered valuers on account of non-sanction of expenses in this regard, then the same does not constitute violation of any regulation whatsoever. This flows from the fact that the Hon'ble NCLAT in Dr. Vijay vs Bijoy Pulipra, CA(AT)(CH)(Ins) No. 90 of 2021, has held that the valuation report is only an aid to the commercial decision making of the COC, which aid, the COC, in its commercial decision-making domain, has chosen to dispense with, in the instant case. This is evident from the fact that in the case at hand, in the 2nd meeting of the CoC, after appraising of the financial and asset position of the Corporate Debtor, the CoC decided to dispense with the engagement of registered valuers and to engage in the valuation process. Therefore, the CoC having dispensed with the valuation, and having not sanctioned any expenses/payments for engaging in such valuation process, it was not possible for me to engage with registered valuers. Therefore, it is submitted that there is no violation of this provision also.

12.1.5. Respondent further submitted that in respect of Current assets, namely receivables, respondent had sent notices seeking recovery from all the debtors. The emails sent in this regard are also available for claims made to the tune of Rs 1.14 Crores. Such a preliminary determination would have enabled the conduct of the valuation of receivables, but before completion of the same, respondent was replaced. Thus, on account of her replacement, she could not pursue this course. In fact, some amounts were also collected.

12.1.6. Respondent apprised the above matters with the incoming RP and explained to him that no fixed assets were actually available. Respondent also shared particulars of the notices sent and he agreed to look into the same.

12.1.7. Respondent further submitted that there was no intent or malafide in not conducting the valuation except for the practical premise of not engaging valuers when not needed. The valuations impact the resolution plan value. The CoC, who would have been aggrieved by the non-conduct, had never objected to the same and were completely in the know that there were no assets to be valued. In fact, the valuation particulars as placed in the Order approving the resolution plan indicates a minimal value only and is placed as under and there are no complaints against respondent either by the incoming RP or the CoC in relation to the matters handled by respondent. All facts had been brought to the knowledge of the Hon'ble NCLT at the time of submission of Resolution plan and hearings in relation to the same.

8.1 it is submitted by the RP in para 5 of the better affidavit filed that the valuation arrived at by the RP for the Corporate debtor is as follows:

S.No	*Valuation*	*Amount*
1.	*Fair Value*	*Rs. 6,11,497/-*
2.	*Liquidation value*	*Rs. 5,71,205/-*

12.2. Findings- DC notes that respondent has been able to provide satisfactory justification for non-appointment of registered valuers. Hence DC cannot hold respondent liable for not appointing of registered valuers during CIRP.

13.0. Contravention-Section 25 (2) (g) read with section 29(1) of the Code casts a duty upon resolution professional to prepare an information memorandum (IM) in such a manner

containing such relevant information as may be specified by the Board for formulating a resolution plan.

Further, Regulation 36 (1) read with Regulation 36(4) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that the resolution professional shall share the Information Memorandum (IM) in electronic form to each member of the committee within two weeks of his appointment, but not later than fifty-fourth day from the insolvency commencement date, whichever is earlier, after receiving an undertaking from a member of the committee to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause undue gain or undue loss to itself or to any other person and comply with the requirements under sub-section 2 of section 29.

In this connection, respondent admitted before IA that she did not share the IM with the CoC members, since they wanted to replace her with another RP and CoC asked her not to function as RP till the new RP takes over the management of the CD. Whereas it is noted that no such information is recorded in the minutes of the meetings, and respondent handled the assignment as an IRP and RP for 203 days, and despite this fact respondent failed to comply with Regulation 36 of the Insolvency Resolution Process for Corporate Persons Regulation 2016.

13.1. Submissions by Ms. Aneetha- Respondent submitted that the charge placed is that she did not furnish a copy of the IM to the CoC. In this regard, it is to state that she has not received any Non-Disclosure Agreement from the members of the CoC and this has been stated during the inspection. Hence the question of sharing the IM did not arise. After replacement, respondent handed over all records and documents which came into her possession to the incoming RP.

13.1.1. Respondent further submitted that, it is relevant to note that in the case at hand, in the second meeting of the CoC conducted on 24-12-2021, the COC was not inclined to go ahead with the CIRP and wanted to liquidate the corporate debtor, forthwith, on which, the decision was deferred for a while. This was duly recorded in agenda item number 8, wherein, the CoC although not deciding finally, decided that it will not appoint registered valuers and further bounced the idea that it would liquidate the corporate debtor forthwith while leaving the final call to be taken subsequently. However, the final call was not taken and at the insistence and effort of the RP, with the limited information and financial resources made available to her. Respondent have collated the information memorandum and sought for permission to issue Form G. This is evident from the notice for the third meeting of the CoC issued on 04-02-2022 However, during the course of the said meeting, it was decided that the matter pertaining to Form G be taken up by the new RP and the RP be replaced in the meanwhile. This is evident from agenda item in the third meeting of the CoC. It is correct to state that there is no recording of the decision to defer any discussion on form G in the said minutes. It is a mere consequence of the decision of the CoC to defer the same. Moreover, it is not open to respondent to also circulate the information memorandum directly without any express decision to this effect in the CoC as the information memorandum is a confidential document which can only be shared upon the signing of the Non-Disclosure Agreement, which in the case at hand, had not been signed till her replacement as the resolution professional. Therefore, there was no occasion for respondent to share the information memorandum on 3 scores –

(i) The CoC had originally decided to liquidate without proceeding further.
(ii) Subsequently, with a change of heart, the CoC wanted to continue the CIRP, but wanted to replace the RP when, she had, in due deference to her duties, issued a notice wanting to discuss Form G and the information memorandum.

(iii) In the said meeting, no discussion whatsoever took place, and she was replaced with no further discussions, thereby deferring agenda items pertaining to the issuance of form G to the next meeting.

13.1.2. Therefore, on account of non-co-operation of both the promoters and the CoC in the said matter, respondent was not able to progress. This is evident from the fact that neither fees were paid to respondent, nor were any expenses sanctioned for the conduct of the CIRP, were reimbursed. Therefore, considering the fact that respondent can only conduct the CIRP subject to expenses being provided for by the CoC, the failure is on the account of economic inability and non-cooperation of the CoC and is not in any matter attributed to me.

13.1.3. Respondent further submitted that if she has made any mistake in this matter, she sincerely apologises for the same and seek condonation of the same. She further added that mistakes, if any, committed by respondent, are neither wilful nor wanton and in no matter have been prejudicial to any person whatsoever. In fact, subsequent to her replacement as a resolution professional, it is understood that resolution plan has been approved and, the interest of all stakeholders has been taken care of. No fees have been paid to respondent, till date, for the 203 days for which, she had acted as the RP. However, considering the fact that the company is a small company and considering the fact that even the recovery to creditors would have been very minimal, respondent have not in any manner sought for any action or recovery of money from the CoC or the Resolution Applicant.

13.1.4. Respondent during personal hearing submitted that the CoC which consists of only one financial creditor, is fully aware of the fact that IM was ready. Respondent further added that the sole FC wanted her to work for an amount of Rs. 1 lakh for a period of 6 months. To which respondent denied and for this reason the sole financial creditor did not want to continue with the respondent and did not submit NDA, for obtaining the copy of IM, from the respondent.

13.2. **Findings-** The alleged contravention with respect to non-sharing of the Information memorandum with the CoC, as prescribed under the Code, is common in two CIRPs (Fourpol Electricals Private Limited and Karur K.C.P Packkagings Limited) and therefore shall be examined collectively in para **14.2.** onwards.

F. Karur K.C.P Packkagings Limited

14.0. Contravention- It is noted that, respondent submitted before IA that the members of the CoC have not obtained the copy of IM. Whereas, the applicable provisions, cast a duty upon RP to share the IM with the CoC members and not on the CoC to obtain it from the RP. Further it is also noted that though respondent filed CIRP 3, but without any information, and since CIRP 3 is applicable only upon issuance of IM to the CoC members, it is difficult to ascertain whether the IM was shared with the CoC or not or was shared without obtaining non-disclosure agreement (NDA) from the CoC members.

14.1. Submissions by Ms. Aneetha-Respondent in this regard submitted that the CD was admitted into CIRP vide NCLT order dated 24-04-2019. She was appointed as an IRP and subsequently served as an RP and was presently serving as the Liquidator. The CoC comprises of reputed financial creditors such as Karur Vysya Bank, State Bank of India, Union Bank of India, IDBI bank and Canara Bank. Respondent have duly discharged all her functions as an IRP and RP

and all facts were placed in the liquidation application including Form H filed before Hon'ble NCLT Chennai and progress and other reports mandated in liquidation are also being filed.

14.1.1. The RP is required by law to furnish IM to CoC after receipt of a non-disclosure agreement. It is submitted that no NDA was received from any of the financial creditors. The financial creditors are all reputed financial institutions, who are completely familiar with the provisions of the IB Code and the criticality of an IM.

14.1.1. Final IM which was prepared and dated 15-10-2019 was not shared. The IM prepared was discussed in the CoC and minutes of the meeting dated 17-07-2019 are self-explanatory. To reiterate contents from the show-cause notice issued, in the context of Regulation 36(1) r/w Regulation 36(4), the show cause notice itself reads as follows:

Regulation 36(1) read with Regulation 36(4) of the CIRP Regulations, 2016 mandate that the resolution professional shall share the information memorandum in electronic form to each member of the Committee within two weeks of his appointment but not later than fifty-fourth day from the insolvency commencement date, which is earlier after receiving an undertaking from a member of the committee or a potential resolution applicant to the effect that such member or resolution applicant shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person and comply with the requirements under section 29(2)."

14.1.2. Respondent during personal hearing submitted that CoC members were well aware of the fact that IM was ready. However, she did not receive NDA from CoC members to obtaining the copy of IM as per the requirement of law.

14.2. Findings- As stated in para **13.2.5. above,** the DC, in following paragraphs, examines and presents its findings on issue with respect to non-sharing of Information Memorandum with the CoC members, as required under the Code.

14.2.1. The DC notes the submission of the respondent that in both the CIRPs she did not receive any Non-Disclosure Agreement from the members of the CoC and hence the IM was not shared. On being asked by the DC whether she informed the CoC about the provisions in respect of obtaining the IM from the RP, respondent replied that she verbally informed the CoC about the process and had also provided the copy of NDA to the CoC members.

14.2.2. DC observed that SCN alleges that respondent has also filed form CIRP 3 on 15-10-2019, which is applicable only upon issuance of IM to the CoC members. Respondent has not provided any specific reply to this. Form the material available on record, it is not clear whether the IM was shared with the CoC or not or was shared without obtaining non-disclosure agreement (NDA) from the CoC members.

14.2.3. The respondent has not provided any documents to substantiate her contentions. Even in her reply to the SCN or submissions to the DC during personal hearing, the respondent has not provided any documents to prove otherwise. Accordingly, the DC has drawn adverse inference and concluded that respondent failed to adhere to her obligations and compromised the explicit provisions of the Code and regulations provided therein.

15.0. Contravention- Para (3) of IBBI Circular No. IP/005/2018 dated 16th January,2018, requires that an insolvency professional shall disclose his relationship, if any, with (i) the Corporate Debtor, (ii) other Professional(s) engaged by him, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within three days from the event. However, the following discrepancies is noted:

It is noted that the cost/amount disclosed for Public Announcement (PA) in CIRP -I mismatch with the amount mentioned in the minutes (1st CoC meeting) and Form II. In the minutes and Form II, the amount was mentioned as Rs. 1,14,240, whereas, in CIRP-I, respondent mentioned the cost of PA as Rs. 65,000. In this connection, IA sought copy of invoices raised, however the same was not provided to IA.

Further, relationship disclosure in respect of registered valuer i.e., Mr. Vellingiri Jagmohan and Mr. M V Mohanakrishnan was required to be filed latest by 22-09-2019. However, the same was not filed with the IPA.

15.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that it is pointed out that there is a mismatch in Public Announcement cost. The correct amount is Rs 1.14 lakhs which was evidenced in Form II. Rs 65000 seems to be a filing error in form CIRP I, which may be condoned.

15.1.1. Respondent further submitted that she apologies for this inadvertent error, and request that this charge against her be closed as being based on a mistake of fact, which emanated from a secretarial oversight at her office. She will also organize to revise the form, if possible, as filed with IBBI.

15.1.2. Respondent further submitted that the relationship disclosures in the cases of Mr Vellingiri Jagmohan and Mr M V Mohanakrishnan are stated as not filed. The same were already done and the relevant extracts were shared with the inspection team which seemed to have erred in placing this finding.

15.2. Findings- The DC notes that Section 5(13) of the Code defines the term, Insolvency Resolution Process Costs" (IRPC) as follows –

Regulation 33(4) of the CIRP Regulation, provides that "*the amount of expenses ratified by the committee shall be treated as insolvency resolution process cost.*"
Further, Regulation 34 of the CIRP Regulation, provides that "*the committee shall fix the expenses to be incurred on or by the resolution professional and the expenses shall constitute insolvency resolution process costs.*"

15.2.1. The DC notes the submission of the respondent that the correct amount is Rs 1.14 lakhs which is evidenced in Form II. Rs 65000 seems to be a filing error in form CIRP I, which may be condoned.

15.2.2. The DC further notes the submission of the respondent that she apologies for the inadvertent error, and request that this charge against her be closed as being based on a mutual mistake of

fact, which emanated from a ministerial oversight at her office. She will also organize to revise the form, if possible, as filed with IBBI

15.2.2. The DC further notes the submission of the respondent the relationship disclosures in the cases of Mr Vellingiri Jagmohan and Mr M V Mohanakrishnan are stated as not filed. The same were already done. Looking into the circumstances, and situations/facts as clarified by the respondent, the DC finds no malafide intention on the part of the respondent and in the above given scenario, no contravention can be attributed on part of the respondent.

16.0. Contravention- Section 208(2)(a) of the Code provides that an Insolvency Professional (IP) *"to take reasonable care and diligence while performing his duties."*

In view of the foregoing provision, it is noted from the minutes of the third CoC meeting dated 04-09-2019 that the members of the CoC advised respondent to activate and maintain the website of the CD, to make the details of the CD available to public. However, it is noted that despite clear instruction from the CoC respondent failed to update and maintain the website of the CD.

16.1. Submissions by Ms. Aneetha-Respondent in this regard has submitted that although the CoC directed the maintenance of the website of the CoC, no budgets were approved, and no funds were agreed to be released for the said purpose. Hence this was not done. However, the CoC members were well aware of the same and have never escalated the issue back to respondent or filed any grievance or complaint against me in any legal forum.

16.1.1. Respondent further submitted that moreover, it is not mandatory under law to maintain a website. Even the regulations mandate that documents be uploaded to the website, only if such website is available. As there were no funds to maintain the website and as the CoC, till date, despite the repeated requests has not cleared costs, it was essential for respondent to determine the more important arenas, where the limited resources could be spent. Accordingly, there being no mandatory requirement to maintain the website, and there is no funding to maintain the same, respondent had not maintained the website. In the absence of mandate to maintain the website, there is no violation of any provisions of law whatsoever.

16.2. Findings- The DC notes the submission of the respondent that although the CoC directed the maintenance of the website of the CoC, no budgets were approved, and no funds were agreed to be released for the said purpose. Hence this was not done. However, the CoC members were well aware of the same and have never escalated the issue back to respondent or filed any grievance or complaint against me in any legal forum.

16.2.1. The DC further notes the submission of the respondent that it is not mandatory under law to maintain a website. Even the regulations mandate that documents be uploaded to the website, only if such website is available. As there were no funds to maintain the website and as the CoC, despite the repeated requests has not cleared costs, it was essential for respondent to determine the more important areas where the limited resources could be spent. In this backdrop, DC is inclined to take a lenient view.

G. Vasmo Agro Nutri Product Private Limited.

17.0. Contravention- It is observed that fee of the registered valuer (RV) amounting to Rs. 1,09,000 was not ratified by the CoC in the minutes of the CoC meetings only the appointment of the RVs proposal was recorded in the 4th CoC meeting. Whereas, in Form III, respondent submitted that an amount of Rs 1,09,000 was ratified by the CoC as fee payable to the RV.

Further based on the minutes of the 7th CoC meeting it is noted that the fee disclosed in Form III mismatched the fees mentioned in the minutes and the exceeded amount mentioned in the Form was not ratified by the committee of creditors. In the minutes of the 7th CoC meeting, the appointment of Ms. Shubharanjini Ananth was made as an advocate and fee of Rs. 39,500 was ratified by the CoC, whereas, in Form III, respondent mentioned Rs. 1,35,000 as an amount of fee paid to the legal professional.

17.1. Submissions by Ms. Aneetha- In response to the allegation, respondent submitted that the CD was admitted into CIRP vide NCLT order dated 15-03-2019 and she was appointed as an IRP and subsequently served as an RP and is presently serving as the Liquidator.

17.1.1. Respondent further submitted that the registered valuer fee of Rs 1.09 lakhs was directly paid by the CoC and not routed through respondent. This act of payment is a ratification in itself. Non recording of the same is a procedural aspect which may be condoned. There is no motive or malafide intent here and the amount is also not material.

17.1.2. Respondent further submitted that again, in the case of the legal counsel Adv Shubaranjani Ananth, the same was paid entirely by the CoC. This act of payment is a ratification in itself. Non recording of the same is a procedural aspect which may be condoned. There is no motive or malafide intent here and the amount is also not material.

17.2. Findings- The DC notes that Section 5(13) of the Code defines the term Insolvency Resolution Process Costs‟ (IRPC) as follows –
"5 (13). "insolvency resolution process costs" means—
(a) the amount of any interim finance and the costs incurred in raising such finance;
(b) the fees payable to any person acting as a resolution professional;
(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;
(d) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and
(e) any other costs as may be specified by the Board.

Further, Regulation 31 of CIRP Regulations, 2016 provides that:
31. "Insolvency Resolution Process Costs‖ under Section 5(13)(e) shall mean –
(a) amounts due to suppliers of essential goods and services under Regulation 32;
(b) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);
(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;
(d) expenses incurred on or by the interim resolution professional fixed under Regulation 34; and
(e) other costs directly relating to the corporate insolvency resolution process and approved by the committee.

17.2.1. The DC also notes that Regulation 33(4) of the CIRP Regulations provides:

"33(4) Costs of the interim resolution professional:
(1) ...
(4) the amount of expenses ratified by the committee shall be treated as insolvency resolution process cost."

17.2.2. Further DC notes the submission of the respondent that entire fee for the registered valuers and legal counsel ADV Shubaranjani Ananth were directly paid by the CoC and thus the act of payment is a ratification in itself. Non recording of the same is a procedural aspect which may be condoned. On a combined reading of the above provisions and response of the respondent enumerating the scenario there appears to be no contravention on the part of the respondent.

H. Maharaja Theme Parks and Resorts Private Limited

18.0. Contravention- It is observed that in Form III, respondent submitted that an amount of Rs 1,20,000 is yet to be paid to legal professional, however no such cost was ratified by the committee and even the appointment of legal counsel was not recorded in the minutes of the meetings.

18.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that the CD was admitted into CIRP vide NCLT order dated 08-04-2019 and was appointed as an IRP and subsequently served as an RP and is presently serving as the Liquidator.

18.1.1. The respondent further submitted that there was a stay in the instant case before the Hon'ble Supreme Court in the year 18-12-2019 and the same was vacated only on 06-09-2022. The CoC consists of one Financial Creditor only and the list of creditors were filed on 02-05-2019.

18.1.3. Respondent further submitted that she has duly discharged all her functions as an IRP and RP and all facts were placed in the liquidation application including Form H filed before Hon'ble NCLT Chennai and progress and other reports mandated in liquidation are also being filed.

18.1.4. Respondent further submitted that the legal professional represented her before the High Court, filed applications before the Hon'ble NCLT including avoidance applications. The sole financial creditor is completely aware of the same and the same legal counsel is representing the liquidator till date.

18.1.5. The amount is Rs 1.20 lakhs as per the show cause notice which, is the estimate, as at the date of filing Form III before becoming a Liquidator. It is to note that the same has never been paid till date. However, she will obtain specific consent of the SCC, before payment of the same.

18.2. Findings- The DC notes that Section 5(13) of the Code defines the term "Insolvency Resolution Process Costs" (IRPC) as follows –
"5 (13). "insolvency resolution process costs" means—
(a) the amount of any interim finance and the costs incurred in raising such finance;
(b) the fees payable to any person acting as a resolution professional;

(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;
(d) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and
(e) any other costs as may be specified by the Board.

Further, Regulation 31 of CIRP Regulations, 2016 provides that:
31. "Insolvency Resolution Process Costs‖ under Section 5(13)(e) shall mean –
(a) amounts due to suppliers of essential goods and services under Regulation 32;
(b) amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed under section 14(1)(d);
(c) expenses incurred on or by the interim resolution professional to the extent ratified under Regulation 33;
(d) expenses incurred on or by the interim resolution professional fixed under Regulation 34; and
(e) other costs directly relating to the corporate insolvency resolution process and approved by the committee.

18.2.1. The DC also notes that Regulation 33(4) of the CIRP Regulations provides:

"33(4) Costs of the interim resolution professional:
(1) ...
(4) the amount of expenses ratified by the committee shall be treated as insolvency resolution process cost."

18.2.2. Further DC notes the submission of the respondent that there was a stay in the instant case before the Hon'ble Supreme Court in the year 18-12-2019 and the same was vacated only on 06-09-2022.

18.2.3. The DC further notes the submission of the respondent that she has duly discharged all her functions as an IRP and RP and all facts were placed in the liquidation application including Form H filed before Hon'ble NCLT Chennai and progress and other reports mandated in liquidation are also being filed. The amount is Rs 1.20 lakhs as per the show cause notice which, is the estimate, as at the date of filing Form III before becoming a Liquidator. It is to note that the same has never been paid till date. However, she will obtain specific consent of the SCC, before payment of the same.

18.2.4. In view of the foregoing, the DC accepts the submissions of the respondent.

I. GKK Exports Private Limited.

19.0. Contravention- Regulation 20 (1) of the Insolvency Resolution Process for Corporate Persons Regulation 2016, provides that "*a notice by electronic means may be sent to the participants through e-mail as a text or as an attachment to e-mail or as a notification providing electronic link or Uniform Resource Locator for accessing such notice."*

Regulation 24(7) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that *"the resolution professional shall circulate the minutes of the meeting to all the participants by electronic means within forty-eight hours of the said meeting*."

However, it is noted that respondent failed to provide the required records to prove the compliance of Regulation 20 (1) of CIRP Regulations, for all the meetings (except the 3rd CoC meeting). Also, respondent failed to provide the required records to prove the compliance of Regulation 24 (7) of CIRP Regulations, for all the CoC meetings (except 1st CoC meeting).

19.1. Submissions by Ms. Aneetha- Respondent in this regard has submitted that there were only three meetings conducted during CIRP and the details of the same is furnished once again as below:

Meeting No.	Date of Email sent for notice (20(1))	Date of email sent along with minutes 24(7)
1	30-03-2019	07-04-2019
2	06-11-2019	10-11-2019
3	31-12-2020	05-01-2020

19.1.1. In view of the above, it is submitted that she had not violated the sections 24(3) read with regulations 19, 20, 24(7) & 39(A) of the CIRP Regulations, 2016.

19.2. Findings- The DC notes the allegation that the respondent did not provide the copy of emails circulating the notices and minutes of the meetings, asked for by the IA. It is duty of an IP to produce all records in his/her custody or control and furnish such statements and information relating to its activities within such time as the IA may require. Respondent was asked to provide certain documents of the assignments being handled by her. Respondent was unable to submit the required documents to the IA in the stipulated timelines, as provided by IA.

19.2.1. The DC further notes that though respondent has not provided any specific reply on the above contravention, the DC considered the material available on record and notes that respondent has now provided the required documents showing the compliances and thus DC is inclined to take lenient view.

Common issues/contraventions among the CIRPs.

Delay in submission of Relationship and cost disclosure Forms in Vasmo Agro Nutri Private Limited.

20.0. Contravention - The IBBI Circular No. IP/005/2018 dated 16th January,2018, on '*Disclosures by Insolvency Professionals and other professionals appointed by Insolvency Professionals conducting Resolution Process',* specifies that, an IP shall ensure disclosure of the relationship, if any, of the other professional engaged by him with himself, the CD, Financial Creditor, Interim Finance Provider and Prospective Resolution Applicant to the Insolvency Professional Agency (IPA) of which he is a member, within the time specified. The same is reiterated in the clause 8C of Code of Conduct which states that an IP shall ensure disclosure of the relationship of the other professionals to the IPA of which he is a member and clause 19 of the said Code of Conduct also dictates an IP to provide all information and records as may be required by the Board or the IPA with which he is enrolled. It is observed that, relationship Disclosure in respect of appointment

of advocate Ms. Shubharanjini Ananth was required to be filed on 04-10-2019, while same was filed on 21-12-2022.

Delay in submission of Relationship and cost disclosure Forms in GKK Exports Private Limited.

21.0. The DC noted that respondent filed various relationship disclosures including about his own appointment with delay in breach of the timelines specified in the circular, which is illustrated hereunder:

a. CIRP of the CD got admitted on 01-03-2019, however respondent disclosed her appointment as IRP with IPA on 30-12-2019,
b. Disclosure of appointment of RP to be made by 08-04-2019, however same was filed on 13-05-2019.
c. Relationship Disclosure in respect of appointment of advocate Ms. Shubharanjini Ananth was required to be filed on 04-07-2019, however same was filed on 21-12-2022.

21.1. Submissions of Ms Aneetha -Respondent submitted that there was an inadvertent delay in filing the relationship of the professionals and other disclosures on time and requested to be condoned. Respondent further submitted that all this has been rectified before the approval of AFA in 2023 and requested this to be condoned. All disclosures are completed as of date.

21.2. Findings- Since the above Contraventions pertains to filing of disclosures with IIIPI are common in two CDs, as mentioned above at **para 20.0** and **21.0**, the DC proceeds to deal with them together. The DC notes that the delay mentioned above is significant to be adduced to inadvertent omission. Even if the delay in filing of forms is condoned, the DC cannot ignore the fact that respondent have filed the disclosures only at the stage where respondent requires for renewal of her AFA. If the said provision does not mandate for an IP to comply with all the compliances before issuance/renewal of AFA, respondent could not have been filed the disclosures for longer period.

21.2.1 An IP is obliged under the Code to take reasonable care and diligence while performing their duties, including making timely disclosures to ensure transparency and accountability. Hence, by failing to make timely relationship disclosure of the professionals appointed by respondent, specifically in respect of appointment of advocate Ms. Shubharanjini Ananth, a doubt is casted on the transparent conduct of processes under the Code.

Non filing of CIRP forms with IBBI in Maharaja Theme Parks and Resorts Private Limited. & Premier Security and Detective Bureau Private Limited.

22.0. Contravention- It is noted that in the CIRP of Maharaja Theme Parks and Resorts Private Limited. respondent failed to file CIRP 5 & 6 and in the CIRP of Ms/ Premier Security and Detective Bureau Private Limited, CIRP forms were only filed by the respondent post sharing inspection report with respondent.

22.1. Submission of Ms Aneetha- Respondent submitted that in the CIRP of Maharaja Theme Park and Resort private limited, there was an inadvertent omission of filing of CIRP form 5 & 6 and the same was rectified during the period of inspection with the help of the IBBI officials.

22.1.1 In respect of CIRP of Premier Security and Detective Bureau Private Limited respondent submitted that the CD was admitted to CIRP vide order in IBA/879/201 on 16-12-2019 and she was appointed as an IRP and subsequently served as an RP and subsequently the matter was withdrawn under Section 12 A of the Code on 02-03-2020. The respondent further submitted that all the forms have been filed and since rectified and requested to condone the same and she would take necessary caution in future. This was at the nascent stage of cases handled by her and hence the error.

22.2. Findings -The DC notes that IBBI Circular No. IBBI/CIRP/023/2019 dated 14.08.2019 on 'Filing of Forms for the purpose of monitoring corporate insolvency resolution processes and performance of insolvency professionals under the Insolvency and Bankruptcy Code, 2016 and the regulations made thereunder', mandates that, an IP shall file electronically the Forms along with relevant information and records, in respect of all CIRPs, both closed and ongoing, conducted by him and the Forms along with relevant information and records by the timelines as specified.

22.2.1. However, it is observed that respondent failed to file CIRP 5 and 6 in the CIRP of Maharaja Theme Park and Resort private limited and CIRP forms were filed only after sharing the inspection report with the respondent. The DC considered the material available on records and notes that the CIRP forms by respondent were filed with substantial delay as enumerated above. Such delay defeats the whole purpose of having the timelines for disclosures whose purpose is to make the process transparent. Hence the DC upholds the above contraventions.

Order

23.0 The whole CIRP hinges on the effective functioning of its duties by the IP, entrusted on him/her by the Code and regulations. An IP has a larger responsibility owed towards the whole insolvency ecosystem. The Code of Conduct as prescribed in the IBBI (Insolvency Professional) Regulations acts as a charter of professional norms which establishes the credibility of the whole process. The acts of an Insolvency Professional should therefore be in consonance with the letter and spirit of the Code Rules, Regulations made thereunder.

24.0 In view of the submissions made by respondent, and materials available on record, DC notes that respondent has conducted the CIRPs of the CDs in a manner far from being satisfactory without having due regard for the provisions of the Code and the regulations made thereunder. Keeping in view the nature of contraventions as detailed above, in exercise of the powers conferred under Regulation 24(2) (d) & (f) of the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 read with clause 15(2) of the Disciplinary Policy of IIIPI, DC hereby disposes of the SCN with the following directions:-

(i) The DC imposes a penalty of Rupees Two Lakh (Rs. 2,00,000/-) on the respondent, to be deposited by way of demand draft payable in favour of the Indian Institute of Insolvency Professionals of ICAI (IIIPI) within 30 days of the issue of this order. IIIPI shall in turn deposit the said penalty amount in the Insolvency and Bankruptcy Fund.

(ii) In view of findings made in para 11.2.4 above, DC hereby directs the respondent to reimburse an amount of Rs. 1,50,000/- (Rs. One Lakh Fifty Thousand only) incurred on account of legal service, of personal nature, to the account of stakeholder having borne such cost. The respondent shall produce evidence to the IIIPI of deposit of amount of Rs. 1,50,000/- in the account as mentioned above.

(iii) That the respondent should take reasonable care and be extremely careful, diligent while performing her duties under the Code.

(iv) That respondent should maintain and upgrade her professional knowledge and skills to render competent professional services.

(v) That respondent must adhere to the time limits prescribed in the Code and the rules, regulations, and guidelines thereunder for insolvency resolution, liquidation, or bankruptcy process, as the case may be, and must carefully plan her actions, and promptly communicate with all stakeholders involved for the timely discharge of her duties.

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

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

Date: 16-07-2024
Place: Delhi

CERTIFIED TRUE COPY
Sd/-
Mr. Satish Marathe (Chairman)
Dr Debashis Mitra (Member)
Mr. Rajvir Singh (Member)
CA. Rahul Madan (Member)

Copy to:

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