



## Guidance on Common Issues Observed by IIPI During Monitoring/Inspections of IPs

Study By

Indian Institute of Insolvency professionals of ICAI (IIPI)  
NEW DELHI

## FOREWORD

The Indian Institute of Insolvency Professionals of ICAI (IIPI) is pleased to present the publication “Guidance on Common Issues Observed during Monitoring/Inspections of IPs”. This document enlists and deliberate upon the common issues found in the conduct/records of IPs. The deficiencies, inter alia, may be due to lack of clarity in understanding provisions of the Law/Regulations. The objective of the document is to equip IPs to avoid these common issues in their existing/future assignments and thus prevent any potential regulatory or disciplinary action. Moreover, this document may serve the purpose of check list for IPs while maintaining their records and while fulfilling compliance requirements in the normal course

I sincerely appreciate and thank CA Leena Aggarwal, Deputy Director-Monitoring and Inspection at IIPI for working hard and providing her valuable contribution to prepare the draft report.

I also appreciate the efforts put in by CA. Rahul Madan, Managing Director and Research Team for administrative support in bringing out this publication.

Further, after gaining more experience, this report shall be reviewed from time to time. I am sure that the professional members of IIPI and other stakeholders of IBC will find this publication immensely helpful.

Date: Sept. 25, 2024  
Place: New Delhi

Dr. Ashok Haldia  
Chairman, IIPI-Governing Board

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## ABBREVIATION/ACRONYMS

AA	Adjudicating Authority
AFA	Authorization For Assignment
AR	Authorised Representative
FCs	Financial Creditors
IBBI	Insolvency and Bankruptcy Board of India
CD	Corporate Debtor
CIRP	Corporate Insolvency Resolution Process
COC	Committee of Creditors
IBC	Insolvency and Bankruptcy Code 2016
IPs	Insolvency professional
IPA	Insolvency Professional Agency
IPE	Insolvency Professional Entity
IRP	Interim Resolution Professional
NCLT	National Company Law Tribunal
OCs	Operational Creditors
PA	Public Announcement
PRA	Prospective Resolution Applicant
PUFE	Preferential, Undervalued, fraudulent And Extortionate
RP	Resolution Professional
RFRP	Request for Resolution Plan
SCC	Stakeholders' Consultation Committee

## Background

Insolvency Professional Agencies (IPAs) are frontline regulatory bodies that focus on developing the profession of insolvency professionals. The Insolvency and Bankruptcy Board of India (IBBI) has oversight over the functioning of IPAs who in turn regulate the functioning of Insolvency Professionals and monitor their performance and conduct as per the provisions of Insolvency and Bankruptcy Code (IBC), 2016.

The Code mandates monitoring of the performance of IPs with respect to legal compliance and empowers IPAs to call for information and records. Provisions of Section 208(2)(c) of the Insolvency & Bankruptcy Code, 2016 ("Code") read with Clause 18 of the Code of Conduct provided under First Schedule of IBBI (Insolvency Professional) Regulations, 2016 authorizes IPA to conduct the inspection of IPs enrolled with it.

The Model Byelaws of an IPA requires the IPA to continuously improve upon its internal regulations and guidelines to ensure that high standards of professional and ethical conduct are maintained by its professional members.

IPAs develop professional standards and code of ethics under the Code the functioning of their members, discipline them and take actions against them if found deficient.

IPAs carry out functions in furtherance of their powers as envisaged by the Code, including:

**Regulatory functions**, such as drafting of detailed standards and code of conduct that are made public and are binding on all the members of IPA;

**Executive functions**, such as monitoring, inspecting and investigating members, gathering information on the performance of insolvency professionals;

**Quasi-judicial functions**, such as addressing grievances of aggrieved parties, hearing complaints against members and taking appropriate action.

The objective of Monitoring and Inspection of IPs is to ascertain whether the conduct of IPs is in overall interest of the stakeholders, corporate debtor as going concern. The scope of inspection includes gathering sufficient and relevant information on the conduct and performance of the concerned IP.

IIPI, the largest IPA in India, while monitoring and conducting inspections of Insolvency Professionals (IPs) has witnessed various deficiencies committed by IPs during proceedings of Corporate Insolvency Resolution Process (CIRP). This document enlists and deliberates upon the

common issues found in the conduct/records of IPs. The deficiencies, inter alia, may be due to lack of clarity in understanding provisions of the Law/Regulations. The objective of the document is to equip IPs avoid these common issues in their existing/future assignments and thus prevent any potential regulatory or disciplinary action. Moreover, this document may serve the purpose of check list for IPs while maintaining their records and while fulfilling compliance requirements in the normal course.

## Executive Summary

- a)** This document is a compilation of some common non-compliances which IIIPI have witnessed while conducting monitoring/inspection of IPs. The document focuses on various lapses/gaps at the working of Insolvency Professionals while conducting assignments under IBC viz CIRP, Liquidation.
- b)** This document also contains suggested guidance developed by IIIPI from the perspective of Inspection and Monitoring exercise, on these common non-compliances. This document is divided into three parts as follows.

  - Part 1 contains the observations related to CIRP.
  - Part 2 contains the observations related to Liquidation.
  - Part 3 contains the observations related to IP Regulations.
- c)** The lapses have been classified as procedural or substantive, to the extent possible, in accordance with the letter and spirit of the Insolvency and Bankruptcy Code (IBC) and its Regulations/Circulars/Notifications and past experience in referring such matters for Disciplinary Action, etc. Occasionally, procedural deviations or gaps may be deemed as substantive, considering additional factors and the overall report. In the past, 38 matters had been referred by IIIPI's Monitoring Committee to Disciplinary Committee basis Inspection/Monitoring wherein penalties ranging from Rs. 10,000 to Rs. 2,00,000 had been imposed.
- d)** Readers may note that some observations given in this document are based on the past provisions of the law. However, guidance has been provided based on the current provisions of law (Amendments till August 2024). Further, these observations should be read in the light of any subsequent amendments/developments.
- e)** Readers may also note that this document neither supersedes nor is it a replacement for any provisions of IBC. Readers are advised to read or use this document cautiously in a particular context and in conjunction with the provisions of IBC and its Regulations/Circulars/Rules made thereunder.

**Disclaimer:** *This document is intended solely for the Insolvency Professionals' (IPs') reference and must not be used for any other purpose or submitted elsewhere. No warranties or liabilities are assumed by IIIPI, and any reliance on its content should be at the user's own risk and subject to law and regulations as applicable from time to time. This document does not create any legal obligations, and its accuracy or completeness is not guaranteed.*

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### 1.1. Observations related to Public Announcement

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. IP did not provide justifiable reasons alongwith supporting documents for delay in the Public Announcement (PA), lacking written contemporaneous records via post, email, etc for vouching the date of receipt of order.</li> <li>ii. IPs miscalculated the estimated date of closure of CIRP in Public Announcement by calculating from receipt of order instead of Insolvency Commencement date.</li> <li>iii. IP did not file CIRP Form 7 recording the reasons for delay in public announcement.</li> <li>iv. IRP/RP neglected to seek condonation and exclusion of delay period from timelines.</li> <li>v. Despite giving consent under sections 7/10 of IBC, IP did not communicate or approach the Counsels of the FC or CD and registry of the respective AA for copy of the admission.</li> <li>vi. In applications under Section 9, (a) there were significant delays in issuing the Public Announcement (PA); (b) and in the withdrawal of assignments during the interim period before the Committee of Creditors (CoC) was constituted. During this time, the Interim Resolution Professional (IRP) handled the withdrawal process independently, without the involvement of the CoC</li> </ul>	<ul style="list-style-type: none"> <li>• Section 13 &amp; 15 of the Code</li> <li>• Regulation 6,7,8 &amp; 40B (CIRP-7) of the Insolvency and Bankruptcy Board of India (CIRP) Regulations, 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. The delay in making the announcement may <b><u>substantially</u></b> affect the model timelines. Additionally, any delay in taking custody and control of the matter poses the risk of the suspended Board of Directors of the Corporate Debtor continuing operations, which could lead to payments toward pre-CIRP costs, thereby impacting moratorium under Section 14. The Moratorium u/s 14 is applicable from the date of the admission order and not from the date of the receipt of the order.</li> <li>ii. In cases where the Operational Creditors (OCs) are members of the Committee of Creditors (CoC) if constituted, these OCs may be adversely affected due to the delay in the Public Announcement (PA) and the non-constitution of the CoC.</li> <li>iii. The IP should publish a corrigendum in case any correction is required in the Public Announcement as an incomplete public announcement leads to substantial lapse.</li> </ul>

vii. Public Announcement lack information of three choices of Authorised Representative (AR) names for specific class of creditors.		iv. The IP is expected to file the Requisite CIRP –7 for any delay in timelines of Public Announcement as per the stated regulation, repeatedly till the public announcement is done. Delay in submitting CIRP –7 leads to late fees and impacts AFA renewal/issuance.
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## 1.2 Observation on Claim Verifications:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Delay in claim verification by the IP.</li> <li>ii. The Uninvoked bank guarantee admitted as a claim. Since the amount claimed for uninvoked bank guarantee was not defaulted at the time of admission of the claim and hence being contingent in nature, the claims should have been admitted as contingent in nature while constituting the COC.</li> <li>iii. IP did not intimate the reasons in writing for rejection or partial admission of claim amount to the claimants.</li> <li>iv. Revised List of creditors was not informed to the PRA/SRA as a result the distribution within the same class of claimants was affected.</li> <li>v. Revised list of creditors included in Compliance Certificate (FormH) however, the resolution plan</li> </ul>	<ul style="list-style-type: none"> <li>• Section, 18(b), 25(e) of the Code.</li> <li>• Regulation 13(1) &amp; 14 of IBBI (CIRP) Regulations 2016</li> <li>• IBBI circular No. IBBI/CIRP/36/2020 dated 27<sup>th</sup> November 2020</li> <li>• IBBI circular No IBBI/CIRP/47/2021 dated 24<sup>th</sup> November 2021.</li> </ul>	<ul style="list-style-type: none"> <li>i. As it is the duty of IP to consider the interests of all stakeholders, the claim verification may <u>substantially</u> affect the IBC process and its conclusion and prompt undue delays and litigations. Further, it affects the distribution of resolution plan value or liquidation estate.</li> <li>ii. The IP is expected to verify claim and maintain transparency in the process by intimating/ communicating with the claimant along with reasons for non/partial admission of claim.</li> <li>iii. IP shall maintain all documents w.r.t. verification of all claims and the list shall</li> </ul>

<p>submitted to AA for approval was based on the previous list of creditors as a result the AA resolution plan approval order consists of distribution to claimant on the basis of old list of creditors.</p> <p>vi. Non-maintenance of calculation/verification sheets of claims admitted.</p> <p>vii. Verification of claim without verification of security interest.</p> <p>viii. List of creditors may be verified by the other creditors, as agenda item not forming part of Notice of the meeting</p>		<p>be made available during the COC meeting if sought by other stakeholders.</p> <p>iv. IP shall intimate through revising the IM, any change in list of claims and mention the liabilities for the non-submitted claims for the benefit of the PRA/SRA to consider any future liability or to propose a settlement in the Resolution Plan.</p> <p>v. It is the sole responsibility of the IP to verify the claim even in cases where assistance have been taken by IP and maintain contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.</p> <p>vi. The IP shall submit report to AA along with revised list of creditors.</p> <p>vii. The IP shall file through electronic platform of IBBI the list of creditors within 3 days and thereafter on subsequent revision/modification.</p>
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### 1.3 Observations related to the Constitution of COC

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Delay in the constitution of CoC.</li> <li>ii. Non-constitution of COC on various grounds and eventually there was a withdrawal/settlement.</li> <li>iii. Non-constitution of COC with Operational creditors in the absence of any financial creditor claim submission.</li> <li>iv. Delay in filing of the report certifying constitution of COC to the Adjudicating Authority (AA).</li> <li>v. The voting share was provided to the related Financial creditor.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 18(c), 21 of the Code</li> <li>• Regulation 17 of IBBI (CIRP) Regulations, 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. The COC plays a vital role in executing and concluding the CIRP through the IP. Any shortfall in the constitution of COC may have a <u>substantive</u> impact on the rights of stakeholders and the overall conclusion of the CIRP.</li> <li>ii. The IP shall reconstitute the COC within two days as and when verification of the claim and report to AA</li> <li>iii. The IP must constitute COC with Operational creditors, where the CD has no financial creditor or where all FCs are related parties.</li> <li>iv. Any change in the constitution of COC shall be intimated to the PRA.</li> </ul>

#### 1.4 Observations related to the Appointment of Authorized Representatives for creditors in a Class.

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. It has been observed that AR was attending the CoC meetings even before its appointment as AR by the order of AA. Therefore, the AR was given the right to attend before the appointment, however, the voting of home buyers was being conducted by RP itself.</li> <li>ii. IPs are not clear on the process of appointment and functionality of Authorized Representative. The AR attended most of the CoC meetings without any confirmed appointment or role in them.</li> <li>iii. There have been delays in the appointment of AR.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 21 (6A), 24(5), 25A of the Insolvency and Bankruptcy Code 2016.</li> <li>• Regulation 16A of IBBI (CIRP) Regulations 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. This highlights the <b><u>procedural impact</u></b> of the discrepancy between the legal framework and its execution in practice, potentially undermining the effective representation of homebuyers' interests in the insolvency resolution process.</li> <li>ii. The RP along with request for AR appointment to AA , shall also intimate AA for his continuation in -interim.</li> </ul>

#### 1.5 Observations related to Conducting COC meetings- Notice, minutes, timelines, voting and approvals

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Delay in conducting the 1<sup>st</sup> CoC meeting.</li> <li>ii. Shorter Notice sent for CoC meetings without approval from CoC.</li> <li>iii. Non-sharing of Notice for the meeting with the suspended Board of Management of the CD and</li> </ul>	<ul style="list-style-type: none"> <li>• Section 22 (1), 24, 25 of the Code</li> <li>• Regulations 18 to 26 of IBBI (CIRP) Regulations, 2016 read with</li> </ul>	<ul style="list-style-type: none"> <li>i. The decision-making during the execution of the CIRP process lies with the CoC. Consequently, any <b><u>procedural</u></b> lapses regarding the issuance of notices and the maintenance of meeting</li> </ul>

<p>to OC or its representatives wherein the amount of their aggregate dues is 10% or more of the debt.</p> <ul style="list-style-type: none"> <li>iv. Written contemporaneous records not maintained properly by IP pertaining to CoC meetings conducted by the IP like voting sheets and attendance sheets.</li> <li>v. The agenda items are not bifurcated between discussion and voting items.</li> <li>vi. It was observed that the notice enclosing the agenda did not provide segregation of the item to be discussed at the meeting and the issues to be voted upon in the meeting of CoC.</li> <li>vii. Team member of IP chaired the CoC meeting as recorded in the minutes.</li> <li>viii. It has been observed that the contents of the notice are deficient in line with the provisions of Regulation 20(2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 such as the place, time, and date on which the meeting is scheduled are not mentioned in the subject line.</li> <li>ix. It has been observed that the notice of the meeting did not contain the information which states the process and manner of voting by electronic means and the time schedule, including the time period during which the votes may be cast, did not provide the login ID and the details of a facility for generating</li> </ul>	<p>Regulation 40A of IBBI (CIRP) Regulations 2016.</p>	<p>minutes may result in a dereliction of duties by the IP.</p> <ul style="list-style-type: none"> <li>ii. It is the duty of the IP to consider the interest of all stakeholders and circulate notices/ minutes to all members of the meeting including the suspended Board and representative of the OCs.</li> <li>iii. The shorter notice shall be considered by IP only in a subsequent COC meeting, following the meeting wherein the COC has approved the shorter notice agenda with requisite Voting.</li> <li>iv. The agenda items need to be properly bifurcated and shall also include the agenda item for approval item including the CIRP cost.</li> <li>v. The IP shall place in every meeting the operational status of the CD along with all operational expenses for approval.</li> <li>vi. The IP shall maintain the voting sheets duly signed by the COC members.</li> <li>vii. The Insolvency Professional (IP) shall record the minutes, providing a summary of the decisions made by the Committee of Creditors (CoC) regarding major items, especially those mentioned in Section 28.</li> <li>viii. The IP shall circulate notice /minutes by electronic means to all members of</li> </ul>
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<p>password and for casting the vote in a secured manner.</p> <p>x. The notice for convening the meeting of the committee did not provide the participants an option to attend the meeting through video conferencing or other audio and visual means in accordance with the regulation 21(2) of IBBI (Insolvency resolution process of corporate persons) Regulations, 2016.</p> <p>xi. Circulation of the minutes of the meeting of committee of creditors is not done within 48 hours (including Holidays) from the conclusion of meeting of the CoC.</p> <p>xii. The minutes were not circulated to all members of the meeting.</p> <p>xiii. The minutes were circulated in hard copy instead of in electronic form</p> <p>xiv. It has been observed that the minutes of the meeting do not contain the outcome of the physical voting citing the names of the members of the committee, their voting share, and their voting decision (voted for/ against/ abstained from voting)</p> <p>xv. The minutes do not disclose the particulars of the participants who attended the meeting in person, through video conferencing or other audio and visual means or through authorised representatives.</p>		<p>the meeting and preserve the same for future references.</p> <p>ix. The IP shall present all agenda items in the subsequent meeting immediately after any decision is made, appointment is confirmed, or cost is incurred, without delay.</p>
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<p>xvi. Decisions of the CoC minutized in the records however no action initiated by the IP</p> <p>xvii. No specific approval was obtained on the agendas specified in sec 28 of the Code.</p> <p>xviii. Circulation of the outcome of Evoting wrt CoC meeting is not done within 24 hours (including Holidays) from the conclusion of Evoting.</p>		
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#### 1.6 Observations related to the Appointment of IRP/RP

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the IRP did not continue to function till the appointment of another RP was made by order of NCLT. As a result, the operations of the CD remain unattended.</p> <p>ii. It has been observed that appointment of IRP as RP was not ratified by the CoC due to lack of co-operation by the CoC, however, IRP discontinued his duties and operations of the CD. It has been observed that in many cases that where IRP is appointed as RP, the IRP did</p>	<ul style="list-style-type: none"> <li>Section 16, 22 &amp; 27 of the Code.</li> <li>Regulation 3 and 40 B of IBBI (CIRP) Regulations, 2016.</li> <li>Circular No. IBBI/2020-21/GN/REG070, dated 15th March, 2021</li> </ul>	<p>i. The appointment of a Resolution Professional (RP), including the replacement or confirmation of an Interim Resolution Professional (IRP) as RP, can significantly impact the <b><u>procedural</u></b> aspects of insolvency proceedings. Ensuring a smooth transition and continuity of these proceedings is crucial. However, several challenges have been observed, such as the cessation of IRP functions before the NCLT appoints the RP. Moreover,</p>

<p>not given consent to act as the RP in the prescribed manner as provided by the Code.</p> <p>iii. In many cases handover of records to the succeeding IRP/RP was not in proper manner. The insolvency professional did not provide the complete records of the CIRP which hampers the work of succeeding IP, and which is against the code of conduct.</p> <p>iv. It has been observed that CIRP Form 7 was not filed by IP recording the reasons for the delay in the appointment of RP in every 30 days from the last filing till the completion of the event.</p>		<p>instances of incomplete handover of records to succeeding IRPs/RPs disrupt the process, emphasizing the importance of adhering to <b><u>procedural</u></b> guidelines to ensure seamless transitions and proper maintenance of records.</p> <p>ii. IP should ensure the filing of CIRP-7 in case of delay in the appointment of RP in every 30 days till the appointment of RP.</p> <p>iii. IRP should continue to function and perform all duties/ compliances of RP including filing of forms till the appointment of RP. Also, wherein another RP is appointed, IRP to continue till the date of the order by AA/NCLT for the appointment of RP.</p>
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## 1.7 Observations related to Information Memorandum

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. It has been observed that the Information Memorandum (IM) was not prepared within the stipulated timelines and the reason for the same was not been duly recorded in the minutes.</li> <li>ii. Delay in preparation of IM within the timelines specified under the Code.</li> <li>iii. It is observed that the Information Memorandum was placed before the CoC without obtaining a confidentiality undertaking from the recipients of IM.</li> <li>iv. It has been observed that the copyright for the IM provided is exclusively owned by IPE. The copyright mark on the IM indicates that IPE is the owner of all the intellectual property rights associated with the IM document leading to a conflict of interest.</li> <li>v. Updating of IM is not placed before the CoC.</li> <li>vi. Revision/updating in IM not done on changes made in the content like revised claims, and updating of financial Statements.</li> <li>vii. It has been observed that CIRP - 7 was not filed by IP recording the reasons for non-issuance from 92 days from Public Announcement and thereafter in every 30 days till actual issuance.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 29 of the Code</li> <li>• Regulation 36 and 40B of IBBI (CIRP) Regulations, 2016</li> <li>• Circular No. IBBI/2020-21/GN/REG070, dated 15th March, 2021</li> </ul>	<ul style="list-style-type: none"> <li>i. The Information Memorandum (IM) is crucial in the Corporate Insolvency Resolution Process (CIRP) for transparency and stakeholder engagement. Insolvency Professionals (IPs) must meticulously document the sharing of the IM with the Committee of Creditors and prospective resolution applicants, including confidentiality declarations. Failure to prepare or share the IM is not just a <u>procedural</u> lapse but has <u>substantive</u> implications, potentially undermining the resolution process's effectiveness.</li> <li>ii. IP shall intimate through revising the IM, any change in list of claims and mention the liabilities for the non-submitted claims for the benefit of the PRA/SRA to consider any future liability or to propose settlement in Resolution Plan.</li> <li>iii. IP should ensure filing of CIRP-7 in delay in issuance of IM in every 30 days till issuance of IM.</li> </ul>

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#### 1.8 Observations related to Expression of Interest, Request for Resolution Plan (RFRP)

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Delay in placing the agenda before the COC for issuance of Expression of Interest (EOI).</li> <li>ii. No agenda placed before the COC for EOI even after a substantial period of CIRP had elapsed.</li> <li>iii. The minimum timelines of 15 days to submit EOI to PRA are not provided.</li> <li>iv. The non-eligible EOI accepted by IP without the approval of COC in the eligibility parameters and reinviting the EOI.</li> <li>v. The EOI submitted after the last dates provided in Form G was accepted by the IP..</li> <li>vi. Non-refundable deposit was sought along with EOI/RFRP.</li> <li>vii. It has been observed that CIRP Form 7 was not filed by IP recording the reasons for delay in issuance of RPRP in every 30 days from the last filing till completion of event.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 29A of the Code.</li> <li>• Regulation 36A, 36B and 40B of IBBI (CIRP) Regulations 2016</li> <li>• Circular No. IBBI/2020-21/GN/REG070, dated 15<sup>th</sup> March 2021</li> </ul>	<ul style="list-style-type: none"> <li>i. The observations may signify <b><u>substantive</u></b> hinderance in timely resolution. Concurrently, obtaining non-refundable Earnest Money Deposits (EMD) is not in letter and spirit of the Code. The absence of prescribed timelines for EOI submissions to the Professional Resolution Applicant (PRA) questionable on the fairness and transparency the process. Further, ineligible EOIs without COC approval may exacerbate <b><u>substantive gaps</u></b>, risking resolution outcomes and defeat the objective of the code.</li> <li>ii. IP to ensure filing of CIRP-7 in delay in issuance of RFRP in every 30 days till issuance of RFRP.</li> <li>iii. IP to seek approval from CoC for accepting EOI after the last date provided in Form G.</li> </ul>

		iv. IP to ensure that RFRP shall not require any non-refundable deposit for submission of or along with resolution plan.
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#### 1.9 Observations related to the Resolution Plan:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the distribution amount to the stakeholders as per the approved resolution plan was different from the last updated list of creditors as the Resolution Plan was revised by the SRA however the plan did not include updated list of creditors and the same was placed before the AA for approval and therefore the order contained wrong details of distribution.</p> <p>ii. Resolution plan consists of list of creditors with admitted claim of uninvoked bank guarantee with no clarity on its dealing.</p> <p>iii. The RP accepted the Resolution plan of the suspended Board of Directors who are ineligible as per Sec29A of the Code.</p> <p>iv. The Resolution Plan submitted consisted of provision that advance amount was provided by SRA to keep CD as a going concern and the same shall be adjusted in distribution. However, if the resolution plan is not approved, no ratification</p>	<ul style="list-style-type: none"> <li>Section 29A, 30 &amp; 31 of the Code</li> <li>Regulation 37-39 of IBBI (CIRP) Regulations 2016</li> </ul>	<p>i. Ensuring that the resolution plan presented to the Adjudicating Authority (AA) accurately reflects the updated list of creditors is <b><u>procedurally essential</u></b>, as discrepancies could impact the approved distribution and unnecessary litigation which may impact the implementation of the approved Plan.</p> <p>ii. Additionally, as a best practice incorporating uninvoked bank guarantees as contingent claims, rather than including them in the resolution plan as it may have a <b><u>substantive impact</u></b> on the distribution to the creditors.</p> <p>iii. The evaluation of the eligibility of Prospective Resolution Applicants (PRAs) under Section 29A of the Code has a significant impact on the</p>

was sought for Interim Finance from the CoC. Also, no such treatment of that amount was provided in the resolution plan.		objectivity of the Resolution Professional (RP). The IP shall ensure all compliances for evaluating the Resolution Plan and minutise the summary of all decisions taken in cases where assistance have been taken by the IP and maintain written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.
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#### 1.10 Observations related to Delegation of Authority Vs. Outsourcing of Work:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the IP authorized his team member (part of IPE providing support services) for chairing the CoC meetings and being the signatory for all the applications filed before AA. Such an act of delegation of authority in exceptional cases without obtaining any approval u/s 28 of the Code from the COC may amount to outsourcing as these are among the key duties defined for IP under the Code .</p> <p>ii. It has been observed that IP appointed professionals for claim verification, Section 29A</p>	<ul style="list-style-type: none"> <li>Section 18, 25 and 28(h) of the Code</li> <li>Regulation 7(2) (bb) of IBBI (IP) Regulations, 2016</li> <li>Clause 23B of Schedule I of IBBI (IP) Regulations, 2016</li> </ul>	<p>i. Firstly, instances where delegation of authority lacks formal acknowledgment by the insolvency professional (IP) for pivotal tasks like chairing CoC meetings may <u>substantially</u> raise concerns of outsourcing, compromising the IP's pivotal role.</p> <p>ii. Secondly, appointments of professionals for crucial tasks without documented evidence of IP oversight risk diluting decision-making authority,</p>

<p>compliance, etc wherein in the absence of written contemporaneous records for exchange of communication between the RP and professional appointed demonstrating that the decision making was all time lies with IP and the appointed professional was only providing assistance/support to the IP , may amount to outsourcing. For example : The appointed professional carries out their work independently, with no feedback loop to the IP, and the IP adopts the Professional's findings without any documented independent review. This situation could be considered outsourcing, as there's no proof that the IP remained in control of the process.</p> <p>iii. It has been observed that relationship disclosure not filed wherein delegation of authority is sought u/s 28 of the Code for specific tasks. Delegation of specific task is an engagement of other person with/without separate fees, which requires independence and should not inherit the risk of any conflict of interest.</p> <p>i. Delegation of Authority was sought for professional appointed as Authorized Representative of IP. The Code does not provide any concept of an Authorised representative of IRP/RP which may amount to mislead in communication to stakeholders.</p>		<p><u>substantially</u> may be considered as outsourcing.</p> <p>iii. Additionally, failure to disclose relationships when seeking delegation of authority undermines <u>procedural</u> transparency.</p> <p>iv. Unclear delegation terms or unsanctioned professionals may pose both <u>procedural and substantive</u> risks.</p> <p>v. IP shall ensure Delegation of authority shall not amount to outsourcing and shall maintain complete independence without any conflict of interest.</p> <p>vi. IP shall be able to always demonstrate in cases where assistance have been taken by IP, through written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.</p> <p>vii. If there is no significant difference(25%) between the two valuation reports, a third valuation is not required. Moreover, it is the duty of the Resolution Professional (RP), as per Regulation 35 of the CIRP Regulations, to obtain the valuation reports(not COC) and ensure that they comply with the provisions of the Code.</p>
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ii. Delegation of authority sought was not role/task specific but in general. Therefore scope/role/relation of the professional in the CIRP process cannot be ascertained. The role of IRP/RP is significant in the entire CIRP and delegation to another person without specifying any role may amount to outsourcing of work.		
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#### 1.11 Observations related to Pre/during CIRP cost:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. It has been observed that pre-CIRP dues were paid by the IP during CIRP.</li> <li>ii. It has been observed that due to delay in receipt of order of admission, suspended Board paid the CIRP dues, and no steps were taken by IP against the act.</li> <li>iii. Appointment of professionals was done by CoC, however, the cost of such professionals was made part of the CIRP cost.</li> <li>iv. Amount not ratified yet made part of the CIRP cost.</li> <li>v. It is generally observed that the costs disclosed in Form II, Form III, CIRP2 and CIRP5 are mismatched with respect to the costs appearing in the minutes of the meetings of the CoC.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 31A, 33, 34 and 34A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 read with the Circular No. IBBI/IP/ 013 dated 12th June, 2018</li> </ul>	<ul style="list-style-type: none"> <li>i. Firstly, instances where pre-CIRP dues are paid during CIRP raises questions regarding payment approvals and oversight in case paid by the suspended board of directors after ICD but before IP took control and custody, may have <b><u>substantive</u></b> impact the objectivity and the scheme of IBC.</li> <li>ii. <b><u>Procedural</u></b> lapses, like failing to seek CoC approval for regulatory fee ratification, etc., however the same was either obtained from FC/SRA and deposited by IP to IBBI. The incorporation CIRP expenses without proper Approval in every COC may amount to <b><u>Substantive</u></b> lapse.</li> </ul>



<ul style="list-style-type: none"> <li>vi. In the event of withdrawal under section 12 A of the Code before the constitution of CoC it has been observed that the IPs did not submit cost details as required by Form II to be submitted with IIIPI.</li> <li>vii. The operational cost of the CD never placed nor apprised to the CD and the same is not disclosed in any of the Disclosure/ Compliance form II/ III, CIRP2/5.</li> <li>viii. The regulatory fee not placed before the CoC for ratification.</li> <li>ix. Pre-CIRP cost towards the appointment of professionals made by COC forming part of the CIRP cost which is in violation of the circular dated 12<sup>th</sup> June 2018.</li> <li>x. No approval from COC for interim funding by SRA</li> <li>xi. Keyman Insurance cover cost of the Suspended Board of Directors forming part of CIRP cost, Insurance was obtained from one of the COC (FC) members. This may be questionable.</li> <li>xii. Huge expenditure on venue conducting regular COC meeting outside the premises of CD/COC/RP/IPE.</li> <li>xiii. It has been observed that AA directed the IP to publish a Public Announcement in a specific newspaper, however, IP did not comply with the directions and later again published the public</li> </ul>		<ul style="list-style-type: none"> <li>iii. Discrepancies, coupled with mismatches between disclosed costs and CoC meeting minutes, suggest <u>substantive</u> lapse in financial transparency and accountability.</li> <li>iv. The IP has to ensure all pre CIRP cost shall be considered and admitted through Claims only.</li> <li>v. The pre CIRP cost towards appointment of professionals shall not form of the CIRP cost.</li> <li>vi. The appointment of professionals by COC shall not form part of the CIRP cost.</li> <li>vii. The IP shall ensure to place all CIRP and operational cost before the COC for its approval in every meeting.</li> <li>viii. The IP shall present all agenda items in the subsequent meeting immediately after any decision of cost or cost is incurred, without delay.</li> <li>ix. The IP as a best practice shall ensure that the CD shall not be burdened with unnecessary/exorbitant costs and shall endeavour to avoid costs on a venue for conducting COC meetings, if possible. The RP may prefer COC meeting in CD or his own office.</li> </ul>
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announcement in newspaper as directed by AA leading to an unnecessary increase in cost.		<p>x. The IP shall ensure that the Fees have been paid through the banking channel in the name of the professional appointed including valuer.</p> <p>xi. The IP shall include the fees Under Regulation 31A under CIRP and must intimate to the COC for the same.</p> <p>xii. It is advisable to consider the circular dated 12<sup>th</sup> June 2018 of IBBI for details regarding guidance on CIRP cost inclusion, exclusion and factors to be considered for reasonable fees.</p> <p>xiii. IPs must prioritize procedural diligence, promptly seeking AA intervention when face with uncharted circumstances.</p>
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#### 1.12 Observations related to Valuation:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that non-registered valuers-entity was appointed in the first place, and later on replaced with Registered valuers which leads to delay in the appointment of valuers.</p> <p>ii. It has been observed that IPs have issued engagement letters in the name of firms/ LLPs/</p>	<ul style="list-style-type: none"> <li>Regulation 27 of IBBI (CIRP) regulations 2016.</li> <li>CIRCULAR No. IBBI/RV/019/ 2018 dated 17th October 2018</li> <li>Circular No. IBBI/RV/022/ 2019 dated 13th August 2019</li> </ul>	<p>i. IP to be vigilant while analysing the financial statements and record available as to which all categories of assets required appointment of valuers. <b><u>It is the duty of the IP to appoint valuers and cost needs to be ratified by the COC.</u></b> IPs must issue written</p>

<p>Companies which are not IBBI registered valuer/ registered valuer entities and later on have disclosed the relationship disclosures on the website of the IPA in the name of individual registered valuer registered with IBBI, being partners of the firms so appointed by the IPs.</p> <p>iii. Common engagement letter issued to registered valuers not belonging to a registered valuation entity with a total fee to be paid. It reflects the conflict of interest as the lumpsum fee is mentioned.</p> <p>iv. It has been observed that there was a delay in the appointment of registered valuers.</p> <p>v. It has been observed that a non-registered entity was appointed, however, the valuation report was signed by the registered valuer. The written contemporaneous records did not uniformly capture the details of the Registered Valuers.</p> <p>vi. The written contemporaneous records demonstrating the fact that IRP/RP made the appointment for the valuers after considering the reasonableness of fees, arm-length basis and no conflict of interest disclosure, were maintained by the IRP/RP .</p> <p>vii. The third valuer was appointed on the request of the COC and the cost is included in the CIRP cost.</p> <p>viii. The name of the valuers was suggested by the COC.</p>		<p>engagement letters to IBBI Registered Valuers or Registered Valuers Entities, detailing essential information such as name, Registration number, class of asset, scope of work, fees, and timelines.</p> <p>ii. As a best practice IP should call for quotations and records reasons to selecting the valuers. The IP should obtain the no relation/conflict of interest undertaking from the valuers so appointed and preserved in its records. <b><u>Substantively</u></b>, ensuring consistency in disclosing valuer details in CoC minutes, IIIPI disclosures, and IBBI forms enhances transparency and accountability. No appointment of Registered Valuer/ valuation conducted by a non-registered valuer may also have a <b><u>substantive</u></b> impact.</p> <p>iii. IP are advised to be guided by Circular No. IBBI/RV/019/ 2018 dated 17th October 2018 and Circular No. IBBI/RV/022/ 2019 dated 13th August 2019 issued by IBBI on Registered valuer.</p> <p>iv. The IP shall ensure that the Fees has been paid through banking channel in</p>
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<p>ix. Non-appointment of valuers for all categories of Assets like Land &amp; Building, Plant and Machinery, Securities and Financial Assets, Intellectual Property Rights/Brands in the name of the CD, a shortfall in analysing the balance sheets and other records available with IRP/RP, especially wrt Securities and financial assets</p> <p>x. Appointment of a single Valuer for each class of asset.</p>		the name of professional appointed including valuer.
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#### 1.13 Observations related to Managing the operations of the CD:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the admission order of CIRP was received late by the IP and during that time suspended board of management made bank transactions. It reflects that the operations were still being managed by the suspended board of management.</p> <p>ii. It has been observed that in the absence of any detailed scope provided/maintained for the responsibilities of the CEO continuing during the CIRP period on a salary basis, it appears the role of the CEO during CIRP was the same as before Pre- CIRP without changing the authority to himself. It seems there is dereliction of duty by RP in managing the affairs of the CD.</p>	<ul style="list-style-type: none"> <li>Section 14, 17(1) and Section 19(1) of the Code</li> </ul>	<p>i. Insolvency professionals (IPs) shoulder significant responsibilities during the moratorium. Cooperation from the suspended Directors and Key Managerial Personnel (KMP) is essential for managing the operations and maintaining the going concern status of the Corporate Debtor (CD). The IP is tasked with assuming control of assets and operations as mandated by the Code.</p> <p>ii. The IP shall present the operational status in every Committee of Creditors (CoC) meeting and place an agenda for the approval of operational costs before</p>

<ul style="list-style-type: none"> <li>iii. No change in signatory of accounts to IRP/RP himself and allowing the previous Management/KMP to remain the signatory</li> <li>iv. Authorizing IRP/RP'S team member to be one of the signatory for bank transactions on his behalf without obtaining any delegation of Authority U/S 28 from COC.</li> <li>v. Non placement of the agenda on operational status of the CD , Non placement of Reports, cash flow etc for the operations of the CD</li> <li>vi. IP was not continuing till order of withdrawal/ settlement.</li> </ul>		<p>the CoC at each meeting. Additionally, the IP shall record the minutes, providing a summary of the decisions made with the approval of the CoC, especially those regarding major items mentioned in Section 28. The IP must always be able to demonstrate, through written contemporaneous records, all decisions taken, the reasons for those decisions, and the supporting information and evidence.</p> <p>iii. Instances where the IP delegates authority for pivotal tasks, such as managing the affairs by the KMPs, <b><u>substantially</u></b> raise concerns of outsourcing, thereby compromising the IP's crucial role. Secondly, the continuity of KMP tasks in the same capacity as before the initiation of Corporate Insolvency Resolution Process (CIRP) without documented evidence of IP oversight risks diluting decision-making authority. This not only signifies a dereliction of duty but also raises <b><u>substantive</u></b> concerns regarding the management of the corporate debtor's affairs.</p>
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#### 1.14 Observations related to Model Timelines:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the IPs do not adhere with the timelines prescribed under the Code and regulations. For example: publication of public announcement, circulation of notices, minutes, invitation for expression of interest by prospective resolution applicants, appointment of valuers, determination of preferential, undervalued, fraudulent, and extortionate transactions, preparation and submission of IM to CoC etc. are largely being delayed by the IPs.</p> <p>ii. It has been observed that IP calculate the timelines from the date of receipt of order, however the same is to be calculated from the date of order i.e. ICD.</p> <p>iii. It has been observed timelines for filing CIRP-1 to CIRP-6 were not met or not filed.</p> <p>iv. CIRP-7 is not filed for activities defined in Regulation 40B(1A) of IBBI (CIRP) Regulations, 2016 and in cases where it is filed, all events are not captured or filing in every 30 days till completion of Activity is not done.</p> <p>v. It has been observed that CIRP-8 is not filed by the IPs.</p> <p>vi. It has been observed that the disclosures are not filed on timely basis or disclosed with wrong or incomplete information. While submitting</p>	<ul style="list-style-type: none"> <li>Regulation 40A, 40B of IBBI (Insolvency (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</li> <li>Clause 8A, 8B &amp; 8C of Schedule I of IBBI (IP) Regulations, 2016</li> <li>Circular No. IBBI/IP/ 013 dated 12th June, 2018</li> </ul>	<p>i. <u>Delays in Model timelines may have substantive impact on the conclusion of the assignments as IBC envisage a timebound process</u></p> <p>ii. IPs must timely and correctly file the disclosures adhering to regulatory requirements. Time is the essence of IBC, therefore, IP must ensure the timelines mentioned under the Code and Regulations.</p>

relationship disclosures for registered valuers, disclosures are made in the joint names of valuers appointed, it is required to file disclosure for each valuer separately. While filing relationship disclosure of CoC, name of the creditors is not mentioned.		
vii. Failure to inform the COC about the various timelines and to present the appropriate agenda as prescribed. Additionally, the reasons for any deviations are not documented in the minutes with supporting documents		

#### 1.15. Observations related to filing of Application with Adjudicating Authorities:

Observations	Relevant Provisions of Law	Remarks
i. It has been observed that instead of filing list of creditors, report certifying constitution of committee with Adjudicating Authority, appointment of RP the same was sent over an email to NCLT. ii. Delay in filing of application for withdrawal before AA was observed. iii. It has been observed that IP faces non-cooperation from CD but did not prefer timely application before AA under Section 19(2) to seek directions, cases are there iv. Delay in filing of application by IP for seeking an extension from AA.	<ul style="list-style-type: none"> <li>Section 12, 19(2) and 60(2) of the Code.</li> <li>Regulation 13(2)(d), 17 (1) and 30A of IBBI (CIRP) Regulations 2016</li> </ul>	i. <b><u>Procedurally</u></b> , deviations such as intimating the crucial information/documents via email only to NCLT instead of formal filing raise concerns about adherence to statutory protocols. ii. Delays in filing withdrawal applications, seeking necessary directions in cases of non-cooperation, or obtaining extensions signify a failure to navigate legal frameworks effectively and may have a <b><u>substantive impact</u></b> .

v. It has been observed that wherever IP faced circumstances not defined in law, IP did not approach AA to seek necessary directions.		iii. IPs must prioritize procedural diligence, promptly seeking AA intervention when faced with uncharted circumstances.
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#### 1.16 Observations related to Appointment of Professionals- Independence/Arm Length/Reasonableness of Fees.

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that IP delegated his authority to professional to take custody of an asset at another location, considering it a non-engagement/ appointment. nor any relationship disclosure was filed by the IP. Therefore, the independence of IP and arms-length basis could not be ascertained.</p> <p>ii. It has been observed that an engagement letter was not issued/maintained by the IP for the appointment of professionals.</p> <p>iii. It has been observed that combine fee is payable to professionals appointed like registered valuers. Also, the same is also not bifurcated in the engagement letter issued.</p> <p>iv. It has been observed that no quotation was sought for the appointment of a professional, therefore arm's length basis and reasonableness of fee cannot be ascertained.</p>	<ul style="list-style-type: none"> <li>Regulation 27 of IBBI (CIRP) Regulations.</li> <li>Clause 8B &amp; 8C of Schedule I of IBBI (IP) Regulations 2016.</li> </ul>	<p>i. Appointment of professionals may have critical lapses with both procedural and substantive implications, casting doubt on the independence and integrity of the insolvency professional (IP).</p> <p>ii. <b><u>Procedurally</u></b>, failures to issue engagement letters, seek quotations, and maintain relationship disclosures undermine transparency and regulatory compliance. Additionally, delegating authority without proper appointments or disclosures raises concerns about procedural oversight and independence.</p> <p>iii. Combining various non-compliances issues such as combined fees, overlapping scopes, and exorbitant payments to professionals without justification compromise the arm's</p>



<p>v. Relationship disclosure for appointment of professional is either not filed, or incorrectly filed.</p> <p>vi. It has been observed that IP appointed IPE at 18 times more fee than IP, the reasonableness of the fee cannot be ascertained as IPE only provided support services to IP.</p> <p>vii. It has been observed that the appointment of professionals was done by CoC during the CIRP instead of IP. As a result, the independence of the IP cannot be ensured.</p> <p><i>For example, if the CoC directly hires a valuation expert or legal advisor without the involvement of the IP, it raises concerns about the impartiality of the process, as the IP's independence in overseeing and managing the CIRP may be compromised.</i></p> <p>viii. It has been observed that invoice raised by professional appointed is in name of another company/ nonregistered entity. Therefore, the arm's length basis and independence of IP may take a hit.</p> <p>ix. It has been observed that IP had appointed two professionals with overlapping of scope of work.</p> <p>iv. It is observed that the scope specified in the engagement letter issued by the insolvency professional to the professionals appointed contains the scope of work which reflects the</p>		<p>length basis and reasonableness of expenditures may have a <b><u>substantive impact.</u></b></p>
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<p>delegation of duties rather than assistance wherein the Independence of IP cannot be ascertained. For example : The appointed professional carries out their work independently, with no feedback loop to the IP, and the IP adopts the Professional's findings without any documented independent review. This situation could be considered outsourcing, as there's no proof that the IP remained in control of the process.</p> <p>x. It has been observed that IP appointed various law firms and advocates by paying them exorbitant fees when a law firm was already appointed for legal assistance at exorbitant cost.</p>		
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#### 1.17 Observations related to IPs responsibilities related to PUF Transactions:

Observations	Relevant Provisions of Law	Remarks
<p>i. Delay in the determination of PUF transactions.</p> <p>ii. Undue delay in filing application with AA after the same was apprised in the COC meeting to all members.</p> <p>iii. Non-filing of CIRP-8 on the IBBI website for intimating details of his opinion and determination under Regulation 35A.</p>	<ul style="list-style-type: none"> <li>• Section 25(2)(j) of the Code</li> <li>• Regulation 35A, 40A and 40B of IBBI (CIRP) Regulations</li> </ul>	<p>i. Firstly, delays in filing and determining Preferential Undervalued or Fraudulent Transactions (PUF) hinder timely resolution and may jeopardize creditor interests.</p> <p>ii. Secondly, the non-filing of CIRP-8 on the IBBI website deprives stakeholders of crucial information regarding the IP's</p>

iv. Non reviewing the report submitted by professional appointed for determine the application and after approval of resolution plan by COC filing additional transactions with AA by explaining the reasons that the IP was occupied by other activities that did not review the report and on review subsequent transactions were observed by the RP. v. Non-determination of transactions in the absence of non-ratification of fees for the professional to be appointed for determine such transactions vi. Appointing the related party as a professional to determine the transaction Undue delay in filing application with AA after discussion made with COC.		opinions and determinations, undermining transparency and regulatory compliance.  iii. These <b><u>procedural lapses</u></b> may impede the efficient functioning of the insolvency process.
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#### 1.18 Observations related to fees:

Observations	Relevant Provisions of Law	Remarks
i. It has been observed that IP had jointly charged fees for IP and IPE both appointed and mentioned the % of sharing in the minutes of the COC meeting. ii. IP have charged an unreasonable fee from the operational creditor, the fee charged by the IP was more than the amount claimed by the OC.	<ul style="list-style-type: none"> <li>Regulation 33, 34 and 34A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</li> <li>Clause 25, 26 and 26A of Schedule I of IBBI (IP) Regulations 2016</li> </ul>	i. Firstly, the charging of fees jointly for both the insolvency professional (IP) and the Insolvency Professional Entity (IPE) raises procedural questions about transparency and fair allocation. Subsequently, charging unreasonable fees from operational creditors, exceeding the amounts claimed by them,

iii. Regulatory fees- Calculated wrongly/not ratified by the Coc. iv. Minimum fees not claimed by IP. v. IPE fees for support services are many times more than IP and no assessment of fees wrt team size and work done by IPE was recorded. vi. Withdrawal of IRP fees from the CD account without the same being approved by the COC.	<ul style="list-style-type: none"> <li>• Circular No. IBBI/IP/ 013 dated 12th June 2018</li> </ul>	suggests <b><u>substantive issues</u></b> regarding fairness and regulatory compliance. ii. Additionally, miscalculations or non-ratification of regulatory fees by the Committee of Creditors (CoC) signify <b><u>procedural lapses</u></b> , undermining regulatory compliance. iii. Furthermore, failure to claim minimum fees and excessive IPE fees for support services without proper assessment highlight both <b><u>procedural irregularities and substantive discrepancies</u></b> , warranting immediate attention to ensure fairness and transparency in fee structures within the insolvency framework.
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#### 1.19 Observation wrt non-adherence/non- compliance to directions from AA:

Observations	Relevant Provisions of Law	Remarks
i. It has been observed that the IP have failed to comply with the directions of the AA specifically mentioned in the order eg: to provide consent, Public Announcement is a specific newspaper, to follow the process of withdrawal as per Regulations, stay on the	<ul style="list-style-type: none"> <li>• Directions are given by the AA/NCLT under Rule 11 of NCLT Rules as well as based on the Principle of Natural Justice and /or in the interest of justice for achieving the intent of the Code</li> </ul>	i. Given the judicial nature of proceedings before the AA, its directives carry the weight of court orders. Failure to adhere to these directives constitutes contempt of court, underscoring the seriousness of compliance obligations.

constitution of COC, uplifting the stay and directed to constitute COC etc.		<p>ii. Disregarding the order of AA, may lead to jeopardize the CIRP and consequently impact the interests of stakeholders.</p> <p>iii. Compliance with AA directives is imperative not only to facilitate the smooth conduct of CIRP but also to uphold the integrity and authority of the judicial process.</p>
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#### 1.20 Observations related to Preservation of Records

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the IP failed to comply with the timeline's requirement for the preservation of the record</p> <p>ii. The IP confirmed the preservation of the record, however when documents were called for inspection unable to retrieve the same for the service provider</p> <p>iii. It has been observed that IP did not provide the documents for Inspections</p> <p>iv. The IP did not maintain the written contemporaneous records for all his decisions, communication with stakeholders</p>	<ul style="list-style-type: none"> <li>• Regulation 39A of IBBI (CIRP) Regulations 2016</li> <li>• Clause 16 of Schedule I of IBBI (IP) Regulations 2016</li> </ul>	<p>i. Failure to provide records upon request by the IPA/IBBI constitutes a substantial lapse. Similarly, preserving records but being unable to retrieve them is considered non-preservation of records.</p> <p>ii. The IP must ensure the preservation of all records as per the list suggested in the Regulations</p>

### 1.21 Suggested List of Documents requisite at the time of Inspection of CIRP Assignments.

S. No.	Particulars
Admission related Documents	
1	Copy of written consent given by IP to act as IRP / RP (Proof of submission of IP-1)
2	Application filed with the AA.
3	AA order admitting the application.
4	AA order appointing the Interim Resolution Professional.
5	Form A (Public Announcement) under CIRP Regulations, 2016.
6	Form AB (Written consent to act as AR) under CIRP Regulations, 2016.
7	Cost and relationship disclosure made to IPA.
8	Form FA (Application for withdrawal of CIRP) under CIRP Regulations, 2016, if any.
9	Intimation sent to commencement of CIRP to financial institutions and statutory authorities as applicable and circulation mails and receiving thereof.
Constitution of CoC related Documents	
1	List of creditors along with the details of the claims submitted with the AA.
2	Copy of claim forms and related documents submitted by creditors (like working sheet for claim verification and supporting documents for the working sheet)

3.	Copy of the communication records stating the delay provided by the Creditors who submitted claim after 90 days from the insolvency commencement date.  (As per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023)).
4.	Application to AA for condonation of delay and adjudication of such claims (As per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023)).
5.	Report certifying constitution of the committee of creditors.
6	Latest Audited financial statements of CD.
7	Copy of mails sent to the creditors for acceptance/rejection of the claim submitted.
8	Zip Folder of each CoC meeting containing:  A: Notice of COC Meeting  B: Circulation mail of notice of meeting  C: Annexes of relevant documents sent along with notice  D: Minutes of COC Meeting  E: Circulation mail of Minutes of meeting  F: Annexes of relevant documents sent along with Minutes  G: Attendance Register  H: Voting Register

	I: E-Voting Summary and its circulation mail
9	AA's order for Section 19(2) application, if any.
10	AA's order for application under Regulation 30, if any.
11	AA order for replacement of IRP by RP or confirmation of RP, if any.
12	All the applications filed & orders passed by AA, if any.
13	Progress Reports filed to Adjudicating Authority by the IRP.
14	Cost Sheet prepared by IRP. Invoices for the expenses incurred.
15	Cost and relationship disclosure made to IPA.
Information Memorandum Related Documents	
1	Latest Audited Financial Statements.
2	List of records and assets prepared by the IP, sent to the CD for handover, if not readily available (as per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023))
3	Copy of Notice of Requisition sent to the CD personnel in case the documents were not handed over. (as per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023))
4	Provisional Financial Statements for the current year.
5	Provisional Financial Statement as at Insolvency Commencement Date.
6	Information Memorandum.
7	Declaration/Undertaking by the COC Members/ PRAs before sharing the IM.



8	Engagement Letters of the other Professionals appointed by the RP along with their scope of work
9	Invoices raised by all the professionals
10	Appeal / application filed before AA / NCLAT / High court / Supreme Court / Others.
11	Orders of AA / NCLAT / High court / Supreme Court / Others.
12	Progress Reports filed to AA by the RP.
13	Cost Sheet prepared by RP.
14	Cost and relationship disclosure made to IPA
15	Circulation mail of IM to COC and PRA
Valuation Related Documents	
1	Engagement Letters of Valuers appointed for all asset class.
2	Copy of Final Signed Valuation Report submitted by the Valuers.
3	Disclosures obtained from valuers appointed.
4	Disclosure of Relationship made to IPA.
5	Declaration/Undertaking by the COC Members/ PRAs before sharing the Fair & Liquidation value.
6	Circulation mail for sharing of valuation figures to CoC
Evaluation Matrix and RFRP related Documents	
1	Form G (Publication Copy(s))

2	Detailed Invitation for Expression of interest(s)
3	Evaluation Matrix including modified, if any.
4	Request for resolution plan including modified, re-issued, if any.
5	Minutes of the Meetings of COC approving the RFRP.
6	Circulation mail for sharing RFRP and EM with the PRA(s)
Resolution Plan & other documents	
1	Provisional List of PRAs by RP and its correspondences
2	Objections to Provisional List and its correspondences
3	Final List of PRAs by RP and its correspondences
4	Copy of Resolution Plan/s. and its correspondences
5	Copy of the Suggested modifications, by the Authorized Representative, to the resolution plan as per the requirements of the creditors in class, if any.  (as per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023)).
6	Disclosure of cost and relationship made to IPA.
7	Copy of the minutes of the CoC where resolution for approval of Resolution Plan was approved by CoC.
8	All the applications filed before AA & orders passed thereof
9	Compliance Certificate – Form H.

10	Progress/status Reports filed to Adjudicating Authority by the RP.
11	Any other attachment related to resolution process (say Process document, Bid documents etc.).
12	Cost Sheets prepared by RP.
Documents related to PUF transactions	
1	Determination of preferential / undervalued / extortionate / fraudulent transaction intimated to the IPA & Board.
2	Copy of Engagement Letter of the professionals appointed as Transaction Auditor/Forensic auditor.
3	Where CoC member has submitted a proposal for audit giving its scope, objective, estimate of costs, proposed auditor. Provide the Voting sheet of the meeting where the same was approved by the CoC. (As per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023)).
4	Copy of the report by the said auditor with comments of IRP/RP (as per Notification No. IBBI/2023-24/GN/REG106, dated 18th September 2023 (w.e.f 18-09-2023)).
5	Copy of forensic audit report, if any.
6	Copy of transaction audit report, if any.
7	Application filed with the Adjudicating Authority.
8	Order passed by the Adjudicating Authority.
9	Order passed by other courts.
Documents related to Pre-mature Closure	

1	Copy of the minutes of the CoC where resolution for withdrawal of application was approved by CoC.
2	Copy of the minutes of the CoC where liquidation was considered.
3	Form FA submitted to the resolution professional by the Applicant.
4	Order passed by AA / NCLAT / HC / Supreme Court.
5	Order passed by AA / NCLAT / HC / Supreme Court.
6	Any other attachment.
Documents related to Non-implementation of Resolution Plan	
1	Copy of the Application filed with the AA.
2	Order passed by AA.
3	Any other relevant document.
Documents related to Secretarial/Other Statutory compliances	
1	Forms relating to filing under Companies Act.
2	Forms relating to filing under Income Tax Act, Goods and Service Tax and other statutory compliances applicable to CD.
Other documents preserved under Regulation 39A of IBBI(CIRP) Regulations, 2016	
1	Any other relevant document

**PART II (Liquidation)**

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## 2.1 Observations related to Public Announcements:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Delay in Public announcement was observed.</li> <li>ii. Despite direction from AA to publish public announcement in specific newspaper, IP published in some other newspaper.</li> <li>iii. Public announcement not made in two newspapers.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 12 of IBBI (Liquidation) Regulations 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. Delays in making public announcements and disregarding directives from the Adjudicating Authority (AA) regarding publication hold both procedural and substantive implications.</li> <li>ii. <b><u>Substantively</u></b>, delayed public announcements undermine transparency and hinder creditors' ability to assert their claims promptly, thus jeopardizing their recovery prospects. Moreover, prolonged uncertainty may deter potential investors or buyers, further complicating the liquidation process.</li> <li>iii. IP should ensure timely public announcement. The IP should publish corrigendum in case any correction is required in the Public Announcement as the incomplete public announcement leads to substantial lapse.</li> </ul>

## 2.2 Observations related to Claim Verification & Distribution u/s 53 of the Code:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Claims not verified within timeline.</li> <li>ii. IP did not intimate the reasons in writing for rejection or partial admission of claim amount to the claimants.</li> <li>iii. List of stakeholders not filed on the IBBI website.</li> <li>iv. Non-maintenance of calculation/verification sheets of claims admitted.</li> <li>v. Verification of claim without verification of security interest.</li> <li>vi. No Intimation received on the decision for relinquishment of security interest within 30 days of the Liquidation Commencement date. Also, the same was not considered as part of the Liquidation estate by the Liquidator.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 40(2) of the Code</li> <li>• Regulation 31 of IBBI (Liquidation) Regulations, 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. <b><u>Procedurally</u></b>, delays in verifying claims within the mandated timeline create uncertainty and delays the entire process. Furthermore, wherein the insolvency professionals (IPs) did not provide written reasons for rejecting or partially admitting claims undermines transparency and procedural fairness, potentially leading to disputes and litigation. The non-filing of stakeholder lists on the Insolvency and Bankruptcy Board of India (IBBI) website exacerbates transparency concerns, impeding Stakeholders' ability to access critical information.</li> <li>ii. <b><u>Substantively</u></b>, the absence of calculation/verification sheets for admitted claims and the verification of claims without verifying security interests compromise the accuracy and integrity of the liquidation process, jeopardizing creditor recovery.</li> <li>iii. The IP is expected to verify the claim and maintain transparency in the process by intimating/ communicating with the</li> </ul>

		<p>claimant along with reasons for non/partial admission of claim and maintain contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.</p> <p>iv. IP shall maintain all documents wrt verification of all claims.</p>
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### 2.3 Observations related to Stakeholders Consultation Committee:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. SCC not formed within the timeline stipulated.</li> <li>ii. The procedure and gaps in notices for SCC meetings and sharing of minutes are like as highlighted in observations under CIRP Point 1.5 of this document.</li> <li>iii. The Liquidator did not seek advice from the SCC on matters related to the Auction process, Reserve Price and acceptance of EOI after the last date.</li> <li>iv. Liquidator did not seek a confidential undertaking before sharing the progress reports with the members of the Stakeholders' Consultation Committee (SCC).</li> <li>v. Liquidator did not maintain proper written contemporaneous records reflecting the reason</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 5(3)(c), 31A of IBBI (Liquidation) Regulations 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. <b><u>Procedurally</u></b>, the failure to adhere to stipulated timelines and procedures undermines the efficiency and transparency of stakeholder engagement, potentially hindering timely decision-making and resolution progress. <b><u>Substantively</u></b>, the Liquidator's disregard for seeking advice from the SCC on critical matters such as the auction process and reserve price compromises the integrity and fairness of the liquidation proceedings, raising concerns about equitable treatment of stakeholders and optimal asset realization. Moreover, the absence of a confidential undertaking before sharing progress reports</li> </ul>



<p>for liquidator taking a decision different than the advice of SCC.</p>		<p>diminishes confidentiality protections, impacting stakeholder trust and potentially exposing sensitive information.</p> <p>ii. The IP shall present all agenda items in the subsequent SCC meeting immediately after any decision is made, appointment is made, or cost is incurred, without delay.</p> <p>iii. The first meeting of SCC shall be conducted with the same COC members as were there in CIRP process within 7 days of LCD till the time formation of SCC in place. The liquidator shall convene subsequent meetings within thirty days of the previous meeting, unless the consultation committee has extended the period between such meetings. Provided further that there shall be at least one meeting in each quarter. IP shall report differences in decisions to IBBI/AA as per the mandate and the format provided.</p> <p>iv. Mandatorily, in every SCC meeting, the liquidator shall present to the consultation committee: (a) the actual liquidation cost along with reasons for exceeding the estimated cost, if any; (b) the consolidated status of all the legal</p>
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		proceedings; and (c) the progress made in the process.
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#### 2.4 Observations related to Appointment and Fee of Liquidator:

Observations	Relevant Provisions of Law	Remarks
<p>i. The fee of the liquidator calculated not in line with Regulation 4(2) of IBBI (Liquidation) Regulations, 2016 in terms of realisation. Overcharging of fees.</p> <p>ii. Liquidation cost was not deducted from the sale proceeds.</p> <p>iii. Detail of fee of the liquidator was not disclosed in progress reports.</p> <p>iv. The fees of the Liquidator were not placed before the SCC for its approval if already not placed and approved u/r 39D of CIRP regulations at the time of approving the Liquidation by the COC</p>	<ul style="list-style-type: none"> <li>Regulation 4 of IBBI (Liquidation) Regulations 2016</li> <li>Regulation 39D of IBBI (CIRP) Regulations 2016</li> <li>IBBI Circular No. IBBI/LIQ/61/2023 dated 28<sup>th</sup> September, 2023</li> <li>IBBI CIRCULAR No. IBBI/LIQ/71/2024 dated 18th April, 2024</li> </ul>	<p>i. <b><u>Procedurally</u></b>, the observed discrepancies in the calculation of liquidator fees, the omission of liquidation costs from sale proceeds, and the arbitrary exclusion of time periods for fee computation reflect systemic shortcomings in adherence to regulatory protocols. These procedural lapses undermine the integrity and fairness of insolvency proceedings, potentially affecting the distribution of assets and creditor satisfaction.</p> <p>ii. Collective procedural lapses, lack of transparency regarding fee disclosure in progress reports and the absence of requisite approvals for fee determinations indicate substantive deficiencies in oversight and accountability may create a <b><u>substantive lapse</u></b>.</p>

		iii. The RP should continue to function till the order for the appointment of a Liquidator is passed by NCLT. iv. The fee of the liquidator calculated should be in line with Regulation 4(2) of IBBI (Liquidation) Regulations 2016
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## 2.5 Observations related to the Appointment of professionals:

Observations	Relevant Provisions of Law	Remarks
i. For gaps in the appointment of professionals and guidance Please refer to Point 1.16(similar to CIRP) ii. Details of appointment, tenure of appointment and cessation of appointment was not mentioned in the Progress Report. iii. The Professionals continuing from the CIRP period were not reappointed with a detailed scope of work	• Regulation 15 of IBBI (Liquidation) Regulations 2016	i. <b><u>Procedurally</u></b> , the gaps in the appointment of professionals and the absence of guidance create ambiguity and potential inconsistencies in the insolvency process. Furthermore, the failure to detail appointments, tenures, and cessations in progress reports adds to procedural uncertainties, hindering effective oversight and accountability. ii. <b><u>Substantively</u></b> , the continuation of professionals from the CIRP period without clear reappointments and defined scopes of work raises substantive concerns regarding expertise utilization and potential conflicts of interest. iii. IP shall be able to always demonstrate in cases where assistance has been taken by IP by the professionals

		appointed, through written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.
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## 2.6 Observations related to Valuation:

Observations	Relevant Provisions of Law	Remarks
<p>i. There was a substantial time gap between the valuation reports conducted during the CIRP and liquidation commencement date. Despite this, the Liquidator proceeded with the same valuation reports without consulting the Stakeholders Consultation Committee (as required under Regulation 31A) to consider fresh valuations.</p> <p>ii. For gaps in appointment of valuers Please refer to 1.12 of this document (similar to CIRP).</p> <p>iii. The valuers were not appointed by the Liquidator because the IRP/RP did not appoint the Valuers during CIRP, despite of the fact that assets were appearing in the balance sheet specifically for securities and financial assets.</p>	<ul style="list-style-type: none"> <li>Regulation 15 &amp; 35 of IBBI (Liquidation) Regulations 2016</li> </ul>	<p>i. <b><u>A procedural</u></b> gap of approximately 12 months between the commencement of the liquidation process and the date of valuation reports, especially during the COVID-19 period, may have a <b><u>substantive impact</u></b> on asset valuations in the real estate sector. The pandemic's effects on market conditions could have caused significant fluctuations in property values, affecting the accuracy and fairness of the valuations. Additionally, any procedural discrepancies in the appointment of valuers, as referenced in section 1.12 of the relevant document, must be addressed to ensure compliance.</p> <p>ii. The liquidator shall convene SCC meeting to discuss the methodology of</p>

		the valuers before arriving at the estimated Values. and in case difference in valuation reports of two valuers are more than 25% than the Liquidator shall appoint third valuer as mandated. Also, wherein the valuation of the asset is not conducted during CIRP, the liquidator in consultation with SCC may form an opinion to conduct fresh valuation within 7 days of the Liquidation Commencement Date.
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## 2.7 Observations related to Sale of Assets, Auction and eligibility of 29A:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. Calculation of 90 days from the Letter of Intent for payment to be made by the bidder as per clause 12 of Schedule 1 of the Liquidation Regulations.</li> <li>ii. Delay in issuance of sale certificate</li> <li>iii. The liquidator did not check eligibility u/s 29A for selling any asset of the corporate debtor to anyone who is ineligible to present resolution plan in line with Section 35(1)(f) of the Code.</li> <li>iv. The Auction notice did not provide a reasonable time to bidder to submit the Bid</li> </ul>	<ul style="list-style-type: none"> <li>• Clause 11 and 12 of Schedule 1 of the Liquidation Regulations.</li> <li>• section 35(1)(f) of the IBC</li> </ul>	<ul style="list-style-type: none"> <li>i. <b><u>Procedurally</u></b>, the identified issues highlight significant deviations from established protocols within the insolvency framework. The miscalculation of payment timelines, delays in issuing sale certificates, and inadequacies in auction notices demonstrate a lack of adherence to prescribed procedures, leading to potential inconsistencies and inefficiencies in the resolution process.</li> </ul>

<p>v. The Bidders bid accepted after the last date without any approval/apprise to the SCC.</p> <p>vi. The same bidder was declared as the highest bidder in the 2<sup>nd</sup> round of auction without apprising to the SCC about the fact that the same Bidder had not submitted the EMD in the previous round of auction.</p>		<p>ii. <b><u>Substantively</u></b>, the failure to verify bidder eligibility under Section 29A and the lack of transparency in bid acceptance procedures raise fundamental concerns regarding fairness and integrity. By allowing bids to be accepted without requisite approvals and neglecting to disclose critical information to stakeholders, the substantive integrity of the process is compromised, potentially resulting in outcomes that are not in the best interest of creditors or the corporate debtor.</p>
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## 2.8 Observations related to Model Timelines:

Observations	Relevant Provisions of Law	Remarks
<p>i. Delay in filing of reports/applications before AA.</p> <p>ii. Completion of Liquidation process within timelines.</p> <p>iii. Liquidator do not file application to AA wherein Liquidation is not completed within one year.</p> <p>iv. In addition to above, delay in all other model timelines were observed which ultimately</p>	<ul style="list-style-type: none"> <li>Regulation 47 of IBBI (Liquidation) Regulations 2016</li> </ul>	<p>i. <b><u>Procedurally</u></b>, the observed delays in filing reports and applications before the Adjudicating Authority (AA) disrupt the smooth flow of the liquidation process.</p> <p>ii. <b><u>Substantively</u></b>, these delays undermine the substantive objectives of the insolvency framework by impeding the</p>

impact the overall timelines for completion of Liquidation process.		<p>timely distribution of assets to creditors. Additionally, the systemic impact of delays in meeting the model timelines exacerbates the challenges faced in liquidation proceedings, eroding trust in the effectiveness of the process.</p> <p>iii. Time is the essence of IBC, IP to ensure the timelines prescribed under the Code &amp; Regulations for the smooth process.</p>
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## 2.9 Observations related to preservation of Records

Observations	Relevant Provisions of Law	Remarks
<p>i. In the event of replacement, the Liquidator hand over the records to the newly appointed liquidator and did not maintain a copy of the liquidation process records for his purposes</p> <p>ii. The liquidator do not preserve records in line with Regulation 45A(2) of Liquidation Regulations.</p> <p>iii. The liquidator did not maintain Registers as mandated in the Regulations</p> <p>iv. The Receipt and payment accounts do not have supportings in Invoices for the payments</p>	<ul style="list-style-type: none"> <li>Regulation 45A of IBBI (Liquidation) Regulations, 2016</li> <li>Regulation 7(2)(g) of IBBI (IP) Regulations, 2016</li> </ul>	<p>i. <b><u>Procedurally</u></b>, the lack of record preservation by the liquidator, particularly in the event of replacement, raises concerns regarding the continuity and accessibility of crucial information throughout the liquidation process.</p> <p>ii. <b><u>Substantively</u></b>, the failure to preserve records in accordance with Regulation 45A (2) of the Liquidation Regulations undermines the transparency and accountability of the liquidation</p>

<p>v. The Liquidator was unable to retrieve the documents preserved while seeking records during Inspection by IPA.</p> <p>vi. The Liquidator did not maintain the written contemporaneous records of all his decisions as mandated in the code of conduct</p>		<p>process. This lack of record-keeping jeopardizes the integrity of the proceedings and may impede the fair distribution of assets to creditors.</p> <p>iii. Failure to provide records upon request by the IPA/IBBI constitutes a substantial lapse. Similarly, preserving records but being unable to retrieve them is considered non-preservation of records.</p> <p>iv. The IP must ensure the preservation of all records as per the list suggested in the Regulations</p>
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## 2.10 Observations related to Liquidation Estate

Observations	Relevant Provisions of Law	Remarks
<p>i. Liquidation estate not formed by the IP in line with Section 36.</p> <p>ii. Liquidator did not presume that the assets covered under the security interest as a part of liquidation estate as secured creditor did not intimate its decision within thirty days from the liquidation commencement date.</p> <p>iii. Liquidator considered asset as liquidation estate wherein the corporate debtor had given possession to an allottee in a real estate project and such asset was neither considered for</p>	<ul style="list-style-type: none"> <li>Section 36 of the Code and Regulation 21A of IBBI (Liquidation) Regulations 2016</li> </ul>	<p>i. <b><u>Procedurally</u></b>, the liquidation estate as mandated by Section 36 raises significant concerns regarding the proper initiation and management of the liquidation process. Additionally, the liquidator's omission to include assets covered under security interests in the liquidation estate due to the secured creditor's non-response within the specified timeframe highlights procedural lapses that could impede the fair and transparent distribution of assets.</p>



valuation nor formed part of the liquidation estate of the corporate debtor. It reflects ambiguity in the approach of Liquidator.		ii. <b><u>Substantively</u></b> , the liquidator's decision to exclude assets from the liquidation estate based on the possession granted to an allottee in a real estate project may have substantive implications on creditor rights and the overall distribution.
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## 2.11 Observations related to filing of Application/Reports with Adjudicating Authorities:

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. The Liquidator did not file any application to AA to explain reasons for delay beyond 1 year.</li> <li>ii. The liquidator did not submit a compliance certificate along with the final report before dissolution to AA</li> <li>iii. The liquidator did not submit Progress Reports to AA/IBBI within fifteen days after the end of every quarter.</li> <li>iv. The liquidator did file a preliminary report within the stipulated timeline under the Liquidation Regulations.</li> <li>v. The Progress Report did not contain all relevant details as mentioned in the Regulations</li> <li>vi. Delay in filing list of stakeholders before AA.</li> <li>vii. Liquidator did not file final report to the AA in case of Sale as going concern during Liquidation was approved by AA.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 13, 15 44,45 of IBBI (Liquidation) Regulations 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. <b><u>Procedurally</u></b>, the liquidator did not adhere to statutory requirements, such as filing applications to the Adjudicating Authority (AA) to explain delays in liquidation timeline beyond one year and submitting progress reports to the AA/IBBI within stipulated timelines, raises concerns regarding procedural compliance and transparency in the liquidation process. Moreover, the delays in filing the list of stakeholders before the AA.</li> <li>ii. Further compounding these procedural shortcomings, potentially leading to disruptions and inefficiencies, the absence of compliance certificates along with the final report and the incomplete details in progress reports undermine the</li> </ul>

		<p><b><u>substantive</u></b> integrity and accountability of the process.</p> <p>iii. The Progress report may be filed by way of any other documents/application as per the standard practice of the concerned AA. with AA within the timelines provided in the Regulations and in case required by the AA by way of an application.</p>
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## 2.12 Observations related to the duties of the liquidator & managing the bank account during Liquidation:

Observations	Relevant Provisions of Law	Remarks
<p>i. The Liquidator did not open a separate bank account in the name of CD.</p> <p>ii. The liquidator did not complete/maintain books of accounts of the CD.</p> <p>iii. The liquidator did not prepare/submit preliminary report, asset memorandum, progress reports, sale report, minutes of the SCC meeting, and final report prior to dissolution in the manner specified before the AA.</p> <p>iv. Undertaking from the stakeholder not sought before sharing preliminary report, asset memorandum, progress reports, sale report, minutes of SCC meeting, and final report prior to dissolution.</p>	<p>• Regulation 6, 41 of the IBBI (Liquidation) Regulations 2016.</p>	<p>i. <b><u>The procedural lapses by the liquidator may have substantive impacts on the liquidation process.</u></b> Firstly, the failure to open a separate bank account in the name of the Corporate Debtor (CD) affects financial integrity and transparency requirements.</p> <p>ii. Secondly, not completing or maintaining the books of accounts of the CD undermines accurate financial reporting and accountability. Thirdly, the liquidator's omission to prepare and submit crucial reports—such as the preliminary report, asset memorandum, progress reports, sale report, minutes of</p>

<p>v. Liquidator did not make any application before AA to seek co-operation from the personnel of the CD, whenever required.</p> <p>vi. The liquidator did not file relationship disclosure of the professional appointed.</p>		<p>the Stakeholders Consultation Committee (SCC) meeting, and the final report—compromises the thoroughness and compliance of the liquidation process. Additionally, not seeking undertakings from stakeholders before sharing these reports disregards confidentiality protocols.</p> <p>iii. The liquidator shall comply and file a refund to the statutory Authorities before the dissolution of the CD.</p>
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## 2.13 Observations related to PUF Transactions

Observations	Relevant Provisions of Law	Remarks
<p>i. Liquidator did not determine PUF transactions considering the fact that IRP/RP did not make an opinion on the same despite the fact that he had reasons to form an opinion on the same</p> <p>ii. Undue delay in filing application for PUF transactions to AA</p> <p>iii. Undue delay in dissolution of the CD considering pending application for PUF transaction with AA</p> <p>iv. Non-filing of Sec 19(2) application for not receiving the books of accounts from the Suspended Board of Directors</p>	<ul style="list-style-type: none"> <li>Regulation 31A of IBBI (Liquidation) Regulations, 2016.</li> <li>Sections 43 to 51 and Section 66 of the Code</li> </ul>	<p>i. <b><u>The Liquidator may seek from SCC to decide</u></b> the manner in which proceedings in respect of preferential transactions, undervalued transactions, extortionate credit transactions or fraudulent or wrongful trading, if any, shall be pursued after the closure of liquidation proceedings and the manner in which the proceeds, if any, from these proceedings shall be distributed.</p>

## 2.14 Suggested List of Documents requisite at the time of Inspection of Liquidation Assignments

Sl. No.	List of Documents
1	Copy of the Application/Petition filed with the Adjudicating Authority for a liquidation order as referred to in section 33(1)(b) (i), (ii) and (iii).
2	Copy of Liquidation Order passed by the AA. (Interim/ Final)
3	Copy of the written consent to act as liquidator.
	Copy of the Order for appointment of liquidator.
4	Copy of the application(s) filed by the Liquidator in the event of non-cooperation (if any).
	Copy of the order passed by NCLT in the matter.
5	a. Minutes of the meeting of the Committee of creditors where fee of the liquidator was decided. b. Invoices pertaining to Liquidator's fee along with Bank Statements of Liquidation period
6	Fee Register
7	Declaration certifying the eligibility of IP for appointment as Liquidator./ Declaration certifying that IP is independent of the Corporate Debtor/ Declaration certifying that director or partner (each partner or director of IPE) is independent of the Corporate Debtor.
8	Copy of the Disclosure of personal or pecuniary relationship with the Corporate Debtor by the Liquidator, made to the Board or Adjudicating Authority or IPA

	Copy of the Disclosure of personal or pecuniary relationship with the stakeholder by the Liquidator, made to the Board or Adjudicating Authority or IPA
<b>9</b>	Declaration certifying that the IPE of which liquidator is partner or director or any other partner or director of such IPE does not represent any other stakeholder in the same liquidation process.
<b>10</b>	Copy of the application and other documents pertaining to the suit or legal proceeding instituted by the Liquidator.
	Copy of the approval sought from the AA for institution of the suit or initiate a legal proceeding.
<b>11</b>	Copy of the negotiable instruments drawn, accepted, made or endorsed
<b>12</b>	Copy of the records pertaining to the institution or defending of any suit, prosecution or other legal proceedings civil or criminal.
	Order, if any, passed by the Appropriate Authority
<b>13</b>	<p>Copy of -</p> <ul style="list-style-type: none"> <li>a. Preliminary Report,</li> <li>b. Asset Memorandum,</li> <li>c. Progress report(s),</li> <li>d. sale report(s),</li> <li>e. minutes of consultation with stakeholders (Form A of Schedule II)</li> <li>f. final report prior to dissolution submitted to the AA along with the filing proofs</li> </ul>

<b>14</b>	<p>Records with respect to the request made by the stakeholders to make the reports and minutes of consultation available:</p> <p>Application made by the stakeholder to the Liquidator  Cost incurred by the Liquidator for fulfilling the request. Amount paid by the stakeholder. Payment Proof.  Copy of the Confidentiality undertaking send by the stakeholder making request.</p>
<b>15</b>	<ul style="list-style-type: none"> <li>a. Registers and Books</li> <li>b. Cash Book;</li> <li>c. Ledger;</li> <li>d. Bank Ledger;</li> <li>e. Register of Fixed Assets and Inventories;</li> <li>f. Securities and Investment Register;</li> <li>g. Register of Book Debts and Outstanding Debts;</li> <li>h. Tenants Ledger;</li> <li>i. Suits Register;</li> <li>j. Decree Register;</li> <li>k. Register of Claims and Dividends;</li> <li>l. Contributories Ledger;</li> <li>m. Distributions Register;</li> <li>n. Fee Register;</li> <li>o. Suspense Register;</li> <li>p. Documents Register;</li> <li>q. Books Register;</li> <li>r. Register of unclaimed dividends and undistributed properties deposited in accordance with Regulation 45; and</li> <li>s. such other books or registers as may be necessary to account for transactions entered into by him in relation to the corporate debtor.</li> </ul>
<b>16</b>	Receipts of all payments and expenses incurred by the Liquidator.
<b>17</b>	<p>Engagement letter appointing the professionals and fee agreement along with the invoices</p> <ul style="list-style-type: none"> <li>a. Declaration, from the professionals appointed, stating that he/she/it is not a related party to the Corporate debtor</li> <li>b. he/she/it has not served as an auditor to the corporate debtor in the 5 years preceding the liquidation commencement date.</li> <li>c. Copy of the disclosure(s) of the existence of any pecuniary or personal relationship with any of the stakeholder or the concerned corporate debtor.</li> </ul>
<b>18</b>	Copy of the application made to the adjudicating authority for seeking cooperation.

	Copy of the Final Order/ Interim Order, if any, passed by the adjudicating authority.
<b>19</b>	Copy of the application made to the adjudicating authority to disclaim the property or contract. Copy of the Final Order/ Interim Order, if any, passed by the Adjudicating Authority.
<b>20</b>	Copy of the inquiries received pursuant to regulation 10(2). Copy of the responses sent, if any, pursuant to regulation 10(2).
<b>21</b>	Copy of the Notices served to the interested party before making an application for disclaimer to the adjudicating authority.
<b>22</b>	List of deemed creditors pursuant to the disclaimer order by the Adjudicating Authority.
<b>23</b>	Copy of the application for avoidance of extortionate credit transactions.
<b>24</b>	Copy of the Order passed by the Adjudicating Authority in respect of extortionate credit transaction.
<b>25</b>	Copy of Public Announcement (Form B) Details of the newspaper and copy of the Public Announcement published in the english newspaper and regional newspaper or other newspaper, if any. Proof of the Copy of the Public Announcement published on the website of the Corporate Debtor and on the website designated by the Board.
<b>26</b>	Where Corporate Debtor is sold as a going Concern <ul style="list-style-type: none"> <li>a. Copy of Acquisition plan duly submitted by the highest Bidder</li> <li>b. Letter of intent issued by the Liquidator</li> </ul>
<b>27</b>	Documents w.r.t each auctions conducted for the Corporate Debtor <ul style="list-style-type: none"> <li>a. Public announcement wrt invitation for each auction along with publishing copy</li> <li>b. Auction process document</li> <li>c. Email communication done with the prospective bidders</li> </ul>
<b>28</b>	a. Application to the adjudicating authority for early dissolution of the Corporate Debtor. b. Order/ Direction, if any, passed by the adjudicating authority.
<b>29</b>	a. All the copies of Form C, D, E, F, G (Proof of Claims), and additional evidence submitted for substantiation of claim. b. Proof of existence of security interest, if any, submitted by the secured creditor. c. Bill of exchange, note, instrument or security, as the case produced to prove a debt. d. Application(s) requesting withdrawal of claims, if any.

	<ul style="list-style-type: none"> <li>e. Application(s) requesting variation in the quantum of claims, if any along with the proof substantiating variation.</li> <li>f. Copy of the communication or the correspondence between the creditor and the liquidator.</li> <li>g. Proof of Claim in respect of the Debt payable at future time.</li> </ul>
<b>30</b>	<ul style="list-style-type: none"> <li>a. List of stakeholders/ modified list of stakeholders, category-wise, on the basis of proofs of claims submitted with the Adjudicating Authority.</li> <li>b. Application filed with Adjudicating Authority for submission of list of stakeholders.</li> <li>c. Application filed with the Adjudicating Authority for modification of the entry in the list of the stakeholders.</li> <li>d. Order, if any passed by the Adjudicating Authority under regulation 31(1), (3) and (4).</li> <li>e. Details of the newspapers and copy of the list of stakeholders published in the English newspaper and regional newspaper or other newspaper, if any.</li> <li>f. Proof of the copy of the list of the stakeholders published on the website of the Corporate Debtor and on the website designated by the Board.</li> <li>g. Minutes of the Stakeholders' consultation committee</li> <li>h. Whether any decision taken by stakeholder different from committee recorded in writing and reported to AA and Board within 5 days.</li> </ul>
<b>31</b>	Copy of the communication indicating decision of admission or rejection of claims sent to the respective creditor. Correspondence between the creditor and the liquidator, if any.
<b>32</b>	Records pertaining to the appeal filed against the decision of the Liquidator.
<b>33</b>	Receipts of the costs incurred by the liquidator for verification and determination of claim. Details and records pertaining to cost recovered from the claimants, where claim or part of claim was found to be false.
<b>34</b>	Working Papers for determining the quantum of claim.
<b>35</b>	Copy of Claims received in Foreign Currency Document proving official exchange rate as on the liquidation commencement date.
<b>36</b>	Receipts evidencing periodical payments on the Liquidation Commencement Date
<b>37</b>	Entitlement of creditors, at the time of distribution, whose debt are payable at the future time i.e. was not yet due on the liquidation commencement date.
<b>38</b>	Details of mutual credits and set-off made and proof indicating the quantum of set off.
<b>39</b>	Liquidation Estate
<b>40</b>	Sale Report(s) for auction sale and private sale
	Application to the adjudicating authority seeking permission to sell the assets by way of private sale to:



	<ul style="list-style-type: none"> <li>a. Related party of the Corporate Debtor</li> <li>b. Related party of the liquidator</li> <li>c. Any professional appointed by the liquidator.</li> <li>d. Application to the adjudicating authorities seeking appropriate orders against the colluding parties.</li> <li>e. Orders, if any, passed by the adjudicating authority.</li> </ul>
<b>41</b>	Valuation Report prepared under regulation 35 of the CIRP regulations.
<b>42</b>	Copy of engagement letter appointing Registered Valuers and Fee agreement along with copy of invoices Declaration by registered valuer certifying the eligibility of appointment.
<b>43</b>	Copy of the Valuation Reports
<b>44</b>	<ul style="list-style-type: none"> <li>a. List of creditors, along with nature and amount of claim, indicating who has intimated to realise the security and who has intimated to relinquish the security interest.</li> <li>b. Copy of the communication by the secured creditor informing the liquidator to realise the security interest and the assets identified to for such security interest to be realised.</li> <li>c. Working Papers for verification of the security interest proposed to be realised by the secured creditor.</li> </ul>
	Copy of the application made to the adjudicating authority by the secured creditor seeking facilitation for realising the security interest.
	Order, if any passed by the Adjudicating Authority.
<b>45</b>	<ul style="list-style-type: none"> <li>a. Intimation of the price proposed for realisation of the secured asset by the secured creditor.</li> <li>b. Copy of the communication with the said secured creditor.</li> <li>c. Details of the sale of secured asset by the secured creditor if any under regulation 37(3) or 37(4), as the case may be.</li> <li>d. Receipts pertaining to the cost of identification of the buyer under regulation 37(5) or 37(6), as the case may be.</li> </ul>
<b>46</b>	Details of secured creditors who have enforced their security interest under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 or the Recovery of Debts and Bankruptcy Act, 1933.
<b>47</b>	<ul style="list-style-type: none"> <li>a. Details of the assets that cannot be readily or advantageously sold.</li> <li>b. Application to the adjudicating authority seeking permission to distribute the assets that cannot be readily or advantageously sold.</li> <li>c. Order passed by the Adjudicating Authority, if any.</li> </ul>

<b>48</b>	Application filed for avoidance of transaction covered under section 43, 45, 50 and 60.
<b>49</b>	Copy of the Order of NCLT passed in the matter for avoidance of transaction covered under section 43, 45, 50 and 60.
<b>50</b>	<ul style="list-style-type: none"> <li>a. Agreement, if any, instituting charge or encumbrance on the uncalled capital of the corporate debtor.</li> <li>b. Records indicating any amount due from any contributory to the Corporate Debtor.</li> <li>c. Copy of the Notice sent to the contributories requesting payments for uncalled and unpaid capital.</li> <li>d. Receipts of the money realised pursuant to the request of payments against uncalled or unpaid capital, as the case may be.</li> </ul>
<b>51</b>	Letter of relinquishment/realisation of Security Interest from the Secured Stakeholders.
<b>52</b>	<ul style="list-style-type: none"> <li>a. List of stakeholders indicating type of creditor, distribution entitlement and actual distribution made.</li> <li>b. Break-up insolvency resolution process cost and liquidation cost along with the proof of payments made, fee agreement if any.</li> <li>c. Proceeds of distribution to the stakeholders, Proof of payment to the stakeholders.</li> <li>d. Distributions register.</li> <li>e. Detail of return of monies by the stakeholder of which he was not entitled to.</li> </ul>
<b>53</b>	Application to the Adjudicating Authority seeking permission to continue liquidation. Order, if any passed by the Adjudicating Authority.
<b>54</b>	<ul style="list-style-type: none"> <li>a. Application to the adjudicating authority seeking order to pay any unclaimed proceeds of liquidation or undistributed assets or any other balance payable to the stakeholders into the Companies Liquidation Account in the Public Account of India.</li> <li>b. Order, if any passed by the Adjudicating Authority.</li> <li>c. Records pertaining to the interest or penalty, if any, paid by the liquidator for retention of the unclaimed proceeds.</li> <li>d. Statement setting forth the nature of the sums included, the names and last known addresses of the stakeholders entitled to participate therein, entitled amount and nature of their claim.</li> <li>e. Receipt issued by RBI proving that the money has been paid to the Company Liquidation Account.</li> </ul>
<b>55</b>	Copy of the application made to the Adjudicating Authority for dissolution of the Company
<b>56</b>	Copy of the Dissolution Order passed by the AA
<b>57</b>	Proof that the copy of the Order was forwarded to the AA to which the CD was registered.

<b>58</b>	written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision
<b>59</b>	<ul style="list-style-type: none"> <li>a. Any other application filed with the adjudicating authority.</li> <li>b. Any Order/Directions passed in the matter concerned by IBBI/NCLT/NCLAT/High Court/Supreme Court or any other Authority</li> </ul>
<b>60</b>	Mails with respect to Compliances w.r.t Sec 208(2)(d)
<b>61</b>	<p>Documents related to Secretarial/Other Statutory Compliance</p> <ul style="list-style-type: none"> <li>a. Forms relating to filing under Companies Act.</li> <li>b. Forms relating to filing under Income Tax Act, Goods and Service Tax etc.</li> <li>c. Financial statements and allied documents prepared during the course of Liquidation on closure of Financial year</li> </ul>

**Part III (IP REGULATIONS & FILING COMPLIANCES/ REPORTING TO IIP AND IBBI)**

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### 3.1 Observation related to conflict of interest involving with IPs including appointment of related/relative during the CIRP.

Observations	Relevant Provisions of Law	Remarks
<p>i. IP engaged professionals during the CIRP that related/known to him. Also, no remuneration was paid, no appointment letter was issued, it may reflect that there might be a conflict of interest in the absence of any procedure followed for appointment as defined under the Code &amp; Regulations.</p> <p>ii. The copyright mark on the IM indicates that IPE is the owner of all the intellectual property rights associated with the IM document leading to a conflict of interest.</p> <p>iii. Common engagement letter issued to registered valuers not belonging to a registered valuation entity with a total fee to be paid. It reflects the conflict of interest as the lumpsum fee is mentioned.</p> <p>iv. It has been observed that relationship disclosure is not filed wherein delegation of authority is sought u/s 28 for specific task. Delegation of specific task is an engagement of other person with/without separate fees, which requires independence and should not inherit risk of any conflict of interest.</p>	<ul style="list-style-type: none"> <li>Clause 3, 3A and 22-24 of Schedule I of IBBI (IP) Regulations 2016</li> </ul>	<p>i. <b><u>Procedurally</u></b>, the engagement of professionals by the Insolvency Professional (IP) during the Corporate Insolvency Resolution Process (CIRP) without issuing appointment letters or providing remuneration raises concerns about procedural transparency and potential conflicts of interest. Additionally, the absence of individual engagement letters for registered valuers, coupled with lump-sum fee mentions, further underscores procedural irregularities and potential conflicts of interest, as outlined in Schedule I of the IBBI (IP) Regulations 2016.</p> <p>ii. <b><u>Substantively</u></b>, issues related to the appointment of professionals collectively, and the indication of copyright ownership by the Insolvency Professional Entity (IPE) on the Information Memorandum (IM) suggests a substantive conflict of interest.</p> <p>iii. IP professionals must ensure impartiality, disclose any conflicts of interest promptly, maintain confidentiality, and refrain from dual representation during IBC proceedings.</p>

		<p>iv. IP should maintain written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.</p> <p>v. An insolvency professional shall not provide any service for or in connection with the assignment which is being undertaken by any of his relatives or related parties.</p> <p>vi. An insolvency professional must not conduct business which in the opinion of the Board is inconsistent with the reputation of the profession.</p> <p>vii. Where an insolvency professional has conducted a corporate insolvency resolution process, he and his relatives shall not accept any employment, other than an employment secured through open competitive recruitment, with, or render professional services, other than services under the Code, to a creditor having more than ten percent voting power, the successful resolution applicant, the corporate debtor or any of their related parties, until a period of one year has elapsed from the date of his cessation from such process.</p>
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### 3.2 Observation related to filing of Relationship Disclosures.

Observations	Relevant Provisions of Law	Remarks
<p>i. Relationship disclosure not filed wherein delegation of authority is sought.</p> <p>ii. Timely disclosures are not filed.</p> <p>iii. Incorrect filing of Relationship disclosures. While submitting relationship disclosures for registered valuers, disclosures are made in the joint names of valuers appointed, it is required to file disclosure for each valuer separately. While filing relationship disclosure of the CoC, name of the creditors is not mentioned.</p>	<ul style="list-style-type: none"> <li>Clause 8A, 8B, 8C &amp; 8D of Schedule I of IBBI (IP) Regulations, 2016</li> </ul>	<p>i. Procedurally, the non-filing of relationship disclosures when seeking delegation of authority and the lack of timely disclosures raise concerns about procedural compliance and transparency within the insolvency process. Additionally, the incorrect filing of relationship disclosures, such as submitting disclosures for registered valuers jointly rather than individually and omitting creditor names in the Committee of Creditors (CoC) disclosures, highlights procedural irregularities that may compromise the integrity of the insolvency proceedings.</p> <p>ii. <b><u>Substantively</u></b>, these issues undermine the substantive transparency and fairness of the insolvency framework. Providing non-accurate and comprehensive relationship disclosures may conceal potential conflicts of interest or biases, impacting the decision-making process.</p> <p>iii. IP must ensure impartiality, disclose any conflicts of interest promptly, maintain confidentiality, and refrain from dual representation during IBC proceedings.</p> <p>iv. Also, IP should maintain written contemporaneous records for all decisions</p>

		taken, the reason for taking the decision, and the information and evidence in support of such decisions.
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### 3.3 Observation related to taking up assignments without valid AFA.

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. It has been observed that IP had undertaken assignments without having an AFA which is in contravention of the provisions of law.</li> <li>ii. IP did not disclose the details of the Validity of AFA while communicating with the stakeholders</li> <li>iii. IP did not provide Consent in the relevant format/Form before accepting/proposing his name as RP/Liquidator</li> </ul>	<ul style="list-style-type: none"> <li>• Regulation 7A of the IBBI (Insolvency Professionals) Regulations, 2016 read with clause 23 of Schedule I of IBBI (IP) Regulations 2016.</li> </ul>	<ul style="list-style-type: none"> <li>i. IP shall not accept or undertake any assignment, including CIRP in the capacity as IRP/RP/Liquidator unless he holds an authorization for assignment (AFA) on the date of such consent/acceptance or commencement of such assignment.</li> <li>ii. Further, IP shall ensure to mention the validity of AFA in all his communications.</li> <li>iii. The IP shall ensure the surrender of AFA before accepting any employment.</li> </ul>

### 3.4 Observation related to Fee.

Observations	Relevant Provisions of Law	Remarks
<ul style="list-style-type: none"> <li>i. No quotation was sought for the appointment of a professional, therefore arm's length basis and reasonableness of fee cannot be ascertained.</li> </ul>	<ul style="list-style-type: none"> <li>• Clause 25, 25A, 25B, 25C &amp; 26A of Schedule I of IBBI (IP) Regulations, 2016</li> </ul>	<ul style="list-style-type: none"> <li>i. <u><b>Procedurally</b></u>, the absence of quotations sought for the appointment of professionals raises concerns regarding the transparency of</li> </ul>



<p>ii. Wherein IP and IPE both were appointed in CIRP, the fee of IPE (for providing support services) at certain instances was approx. 18 times more than the IP fees, and in the absence of written contemporaneous records, the reasonableness of the fee cannot be ascertained.</p> <p>iii. It has been observed from the engagement letter that the fee for IP &amp; IPE was mentioned as a consolidated amount.</p> <p>iv. Invoices not raised in the name of the professional appointed.</p>		<p>fee arrangements and the adherence to arm's length principles. Furthermore, in instances where both an Insolvency Professional (IP) and an Insolvency Professional Entity (IPE) were appointed during the Corporate Insolvency Resolution Process (CIRP), the significant disparity in fees between them without written contemporaneous records undermines the ability to assess the reasonableness of the charges. Additionally, jointly charging fees for both the IP and IPE further complicates fee assessment and transparency.</p> <p>ii. <b><u>Substantively</u></b>, the lack of invoices raised in the name of the appointed professionals exacerbates the challenges in verifying the appropriateness of fees and the services rendered.</p>
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### 3.5 Observation related to written contemporaneous records and preservation of records.

Observations	Relevant Provisions of Law	Remarks
<p>i. At various instances IP did not maintain written contemporaneous records like engagement letters, quotations sought, reports received, communication mails, posts received etc to</p>	<ul style="list-style-type: none"> <li>Clause 16 of Schedule I of IBBI (IP) Regulations, 2016</li> </ul>	<p>i. <b><u>Procedurally</u></b>, non-maintenance of written contemporaneous records, such as engagement letters, quotations sought, reports received, and communication mails,</p>

<p>reflect as evidence in support of each decision taken by the IP and, reason for taking such decisions.</p> <p>ii. IP did not maintain copy of records related to process for his records before handing over the same to the successor IP/Liquidator</p> <p>iii. IP were unable to retrieve the records from the portal preserved and did not provide the same while inspections conducted by IPA</p>		<p>undermines the transparency and accountability of the insolvency process. Without these records as evidence, it becomes challenging to assess the rationale behind the decisions taken by the IP, potentially raising concerns about procedural fairness and compliance with regulatory requirements.</p>
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### 3.6 Observation related to non-filing/incomplete filing of CIRP forms.

Observations	Relevant Provisions of Law	Remarks
<p>i. CIRP-7 not filed/ or not filed in every 30 days till activity is completed.</p> <p>ii. CIRP-6 not filed for events like filing of an application before the AA for an extension of the CIRP period, and exclusion of time etc.</p> <p>iii. CIRP-8 not filed for determination under Regulation 35A of IBBI (CIRP) Regulations, 2016</p> <p>iv. IP-1 is not filed by IP for consent.</p> <p>v. Delay in filing of CIRP forms.</p> <p>vi. CIRP-2 &amp; CIRP-3 are not filed whenever applicable, however, CIRP-7 is also not filed for delay in activities.</p> <p>vii. IP's fill the CIRP forms and fail to submit it successfully, which reflects incomplete forms on</p>	<ul style="list-style-type: none"> <li>Regulation 40A &amp; 40B of IBBI (CIRP) Regulations 2016</li> </ul>	<p>i. <b><u>Procedural</u></b> shortcomings identified in the filing of various Corporate Insolvency Resolution Process (CIRP) forms highlight significant challenges within the insolvency framework.</p> <p>ii. The delays in filing CIRP forms, coupled with instances of incomplete submissions leading to late fees, exacerbate the challenges in maintaining accurate records and timely reporting.</p>

the website and also results to non-filing attracting late fee.		
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### 3.7 Observation related to non- filing of List of creditors /SCC on the website of IBBI.

Observations	Relevant Provisions of Law	Remarks
i. The list of creditors/stakeholders and updated list of creditors/stakeholders is not filed on the website of IBBI.	<ul style="list-style-type: none"> <li>Regulation 31(5)(d) of IBBI (Liquidation) Regulations 2016 &amp; regulation 13(2) (ca) of IBBI (CIRP) Regulations 2016.</li> </ul>	i. <b><u>Procedurally</u></b> , non-filing and updating these lists hinders stakeholders' ability to engage effectively in the process, potentially impeding the efficiency and fairness.

### 3.8 Observation related to non-filing/wrong filing of Cost Disclosures.

Observations	Relevant Provisions of Law	Remarks
i. IP continues as deemed RP however no form III is filed with the IPA/IIPI ii. The cost disclosed by IP in CIRP-2 & CIRP-5 is at times different than the cost disclosed at Form II and Form III of IPA. iii. Operational Expenses during CIRP are not/wrongly filed.	<ul style="list-style-type: none"> <li>Regulation 40B of IBBI (CIRP) Regulations, 2016</li> <li>Clause 25A of Schedule I of IBBI (IP) Regulations 2016</li> </ul>	i. <b><u>Procedurally</u></b> , the non-compliance with procedural protocols undermines the transparency and legitimacy of the resolution process. ii. <b><u>Substantively</u></b> , discrepancies in cost disclosure across different documents and inaccurate reporting of operational expenses during the Corporate Insolvency Resolution Process (CIRP) indicate systemic shortcomings. These

		discrepancies erode confidence in the reliability and accuracy of financial information.
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### 3.9 Observation related to statutory compliances to be made by IP.

Observations	Relevant Provisions of Law	Remarks
i. Statutory Compliances filing have not been made by the IP wherever required during CIRP/Liquidation	<ul style="list-style-type: none"> <li>• Circular No. 8/2020 dated March 06, 2020. <i>(issued by MCA)</i></li> <li>• <i>GST circular dated March 2020</i></li> <li>• <i>Relevant amendments made in the Income Tax Act related to IBC.</i></li> </ul>	i. IRP/RP/Liquidator shall be responsible for filing all the e-forms in the MCA portal and sign the Form in the capacity of Chief Executive Officer in order to meet filing protocol in the existing Forms architecture. However, this shall in no way affect his legal status as IRP/RP/Liquidator. All the filings of e-forms including Form AOC 4 and Form MGT 7 shall be filed through e-form GNL 2 by way of attachment till the Company is under CIRP/Liquidation

### 3.10 Observation related to fee paid to counsel appointed to appear before IBBI.

Observations	Relevant Provisions of Law	Remarks
i. It has been observed that IP included a fee payable to counsel appointed on behalf of IP for IBBI proceedings against IP as CIRP cost.	<ul style="list-style-type: none"> <li>• Circular No. IBBI/IP/013 dated 12th June, 2018</li> <li>• Regulation 27B of the code of conduct</li> </ul>	<p>i. It necessitates careful evaluation to ensure alignment with the overarching objectives of the Insolvency and Bankruptcy Code (IBC) and to maintain transparency and efficiency in the resolution process.</p> <p>ii. An insolvency professional shall not include any amount towards any loss, including penalty, if any, in the insolvency resolution process cost or liquidation cost, incurred on account of non-compliance of any provision of the laws applicable on the corporate person while conducting the insolvency resolution process, fast track insolvency resolution process, liquidation process or voluntary liquidation process, under the Code</p>

### 3.11 Observations related to outsourcing of duties of IP:

Observations	Relevant Provisions of Law	Remarks
<p>i. It has been observed that the IP had appointed professionals to perform the duties of IP as specified under Sections 18 &amp; 25.</p> <p>ii. It has been observed that no delegation of authority was sought by the IP for the professional appointed/engaged to perform certain duties of the IP.</p>	<ul style="list-style-type: none"> <li>• Section 18, 25 and 28(h) of the Code</li> <li>• Regulation 7(2) (bb) of IBBI (IP) Regulations, 2016</li> <li>• Clause 23B of Schedule I of IBBI (IP) Regulations, 2016</li> </ul>	<p>i. Firstly, instances where delegation of authority lacks formal acknowledgement by the insolvency professional (IP) for pivotal tasks like chairing CoC meetings may substantially raise concerns about outsourcing, compromising the IP's pivotal role.</p> <p>ii. Secondly, appointments of professionals for crucial tasks without documented evidence of IP oversight risk diluting decision-making authority, <u>substantially</u> may be considered as outsourcing.</p> <p>iii. Additionally, failure to disclose relationships when seeking delegation of authority undermines <u>procedural</u> transparency.</p> <p>iv. Unclear delegation terms or unsanctioned professionals may pose <u>procedural and substantive</u> risks both.</p> <p>v. IP shall ensure Delegation of authority shall not amount to outsourcing and shall maintain complete independence without any conflict of interest.</p>

		vi. IP shall be able to always demonstrate in cases where assistance have been taken by IP, through written contemporaneous records for all decisions taken, the reason for taking the decision, and the information and evidence in support of such decisions.
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