

**Indian Institute of Insolvency Professionals of ICAI
(Disciplinary Committee)**

DC. No. - IIIPI/DC/212/2025-26

ORDER

In the matter of Mr. Vishnu Kant Kabra (Respondent) under Clause 15(2) of the Disciplinary Policy of IIIPI read with Clause 24(1)(c) and 24 (2)(d) of Byelaws of Indian Institute of Insolvency Professionals of ICAI (IIIPI).

- 1.0** This order disposes of the Show Cause Notice (SCN) dated 29-04-2025 issued to the respondent Mr. Vishnu Kant Kabra, 903, Mayfair Greens, S.V. Road, Kandivali, West Mumbai City, Maharashtra-400067. Respondent is a professional member of the Indian Institute of Insolvency Professionals of ICAI (IIIPI) and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (Board) with Registration No IBBI/IPA-001/IP-P02178/2021-2022/13747. The Disciplinary Committee of IIIPI (DC) issued SCN to the respondent, based on the reference received from the Grievance Redressal Committee of IIIPI (GRC) pertaining to assignment handled by him as Interim Resolution Professional (IRP)/ Resolution Professional (RP) in the matter of **M/s Shree Sai Oto Tube Mills Limited** (Corporate Debtor) (CD). The Respondent submitted his preliminary reply to the SCN vide email dated 02-06-2025 and final reply on 17-06-2025.
- 2.0** The DC referred to the SCN, written/oral submissions of the respondent and other material available on record for disposal of the SCN in accordance with the Code and Regulations made thereunder. An opportunity of personal virtual hearing was provided to the respondent on 21-07-2025 by the DC. The respondent chose to be represented through his counsel Mr. Yash Badkur before the DC of IIIPI. Accordingly, on date respondent appeared before the DC virtually, along with his counsel, wherein the respondent counsel reiterated the submissions made in the written reply and made few additional submissions.
- 3.0 Contravention-**The DC observed that post initiation of the CIRP of the CD on 08-04-2022, Canara Bank submitted its claim amounting to Rs. 130.59 crores, however, the respondent had not admitted the entire claim submitted by Canara Bank and only admitted the claim of Rs 22.62 cr. against the total claim of Rs. 130.59 cr. The Canara Bank, being aggrieved by the partial/limited admission of their claim, challenged the same before Adjudicating Authority (AA) and filed an interlocutory application under section 60(5) of the Insolvency and Bankruptcy Code 2016. AA vide its order dated 02-03-2023 directed the respondent to admit the original claim of the Bank as per the claim form or as per the books of accounts of the CD and made the following adverse observations:

“...The learned RP has miserably failed to notice the above legal position and exceeded his jurisdiction in restricting the claim of the bank only to the extent of OTS amount. It is not the case of the RP that the books of accounts of the Corporate Debtor does not reflect the original outstanding other than the OTS amount. When once the books of accounts of the Corporate

Debtor reflects the total outstanding of the bank, the RP has no business nor power to play the role of Adjudicating Authority and restrict the claim of the bank. The above action of the RP would certainly amount to exceeding his role under the Code.

6. For the aforesaid reasons this tribunal is of the considered opinion that the RP has committed grave error in restricting the claim of the applicant and the said action of the RP needs to be set aside....”

In view of the above, the DC held the *prime facie* view that respondent has contravened Section 208(2) (a) of the Code, Regulation 13 and 14 of the Insolvency Resolution Process for Corporate Persons Regulation 2016, Regulation 7(2)(a) and (h) of the IBBI (Insolvency Professional) Regulations 2016 read with clause 14 of the Code of Conduct for Insolvency Professionals, specified under First Schedule of IBBI (Insolvency Professionals) Regulations, 2016, as respondent has not exercised due diligence and was negligent while verifying claim, as required under the Code.

3.1 Submissions by Respondent - Respondent in this regard submitted that the Corporate Insolvency Resolution Process (CIRP) of M/s Shree Sai Oto Tubes Mills Ltd. (“Corporate Debtor”) was initiated by the Hon’ble NCLT, Mumbai Bench, on 08.04.2022 in CP No. 289/IBC/MB/2022 filed by Glamour India Private Limited and he was appointed as the Interim Resolution Professional and subsequently confirmed as Resolution Professional.

3.1.1 Respondent further submitted that Shree Sai Oto Tube Mills Ltd (Corporate Debtor) received OTS offer from Canara Bank, which was accepted by Shree Sai Oto, for a full and final settlement for an amount of Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only). As per the said OTS letter, it was agreed that the Sai Oto would make an upfront payment of Rs. 3,75,00,000/- (Rupees Three Crores Seventy-Five Lakh only) and the balance amount of Rs. 21,25,00,000/- (Rupees Twenty-One Crores Twenty-Five Lakh only) was to be made by the Corporate Debtor on or before 16th November, 2021. The Shree Sai Oto made payments in several tranches with regard to an amount Rs. 3,75,00,000/- (Rupees Three Crores Seventy-Five Lakh only). The last instalment for the upfront amount of Rs. 3,75,00,000/- (Rupees Three Crores Seventy-Five Lakh only) was made on 20th October, 2021. With regards to the remaining amount, it is observed that the Canara Bank extended the OTS several times from the date of sanction of the said OTS until after the initiation of CIRP against the Corporate Debtor. The following are the details of email communications from Canara Bank to the Shree Sai Oto with regards to OTS extension and payment receipt confirmation:

Sr.no.	Email dated	Contents of email
1.	28 th August, 2021	OTS was extended and the Shree Sai Oto was directed to pay Rs. 3.75 Crores on or before 30 th August 2021.
2.	18 th October, 2021	Rs. 3.20 Crores paid by SHREE SAI OTO, remaining amount of Rs. 55 Lakhs was to be paid immediately.
3.	20 th December, 2021	Confirmation of receipt of Rs. 3.75 crores paid by SHREE SAI OTO.

4.	03 rd March, 2022	Request to remit the Balance OTS amount to Canara Bank at the earliest, otherwise they would recall / cancel the OTS.
5.	08 th April, 2022	CIRP initiated against the Corporate Debtor
6.	22 nd April, 2022	Clarity sought to balance amount and current outstanding with regards to the OTS by the Corporate Debtor from Canara Bank as on date.
7.	25 th April, 2022	Extending OTS and seeking remittance of OTS amount along with payment of interest for the delayed period.
8.	24 th May, 2022	Claim filed by the Canara Bank for the entire amount.
9.	25 th May, 2022	Canara Bank withdrew the OTS.

3.1.2 Respondent further submitted that in the meanwhile, the GLAMOUR INDIA PRIVATE LIMITED had filed a company petition bearing no. 289 of 2022, under the provisions of Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter as Rules) read with the provisions of Section 7 of the Insolvency and Bankruptcy Code (hereinafter as Code) against the Shree Sai Oto Tube Mills Limited before Ld. NCLT, Mumbai Bench, for a default committed by the Shree Sai Oto for a sum of Rs. 1,55,09,90,382/- (Rupees One Hundred Fifty-Five Crore Nine Lakh Ninety Thousand Three Eighty-Two Only).

3.1.3 Respondent further submitted that based on the above table, reference is drawn to an email dated 22nd April 2022, wherein the Shree Sai Oto sought clarity from Canara Bank on payment on the balance amount and current outstanding with regards to the OTS. In response to the said email, Canara Bank had confirmed the existence of the said OTS vide their reply dated 25th April 2022, wherein, Canara Bank provided calculation of the interest component for delayed payment.

3.1.4 Respondent further submitted that it is clear that, OTS was extended by Canara Bank and the same was valid and subsisting as on the date of initiation of CIRP as admitted vide emails dated 03rd March, 2022 and 25th April 2022, sent by the Canara Bank, wherein, the Canara Bank not only admitted the existence of OTS, but also extended the same. Therefore, as on the date of initiation of CIRP i.e., 08th April 2022, claim amount of Canara Bank could not be more than the balance amount of Rs. 21,25,00,000/- (Rupees Twenty One Crores Twenty Five Lakh only).

3.1.5 Respondent further submitted that the Ld. NCLT, Mumbai Bench, vide its order dated 08th April, 2022 (“CIRP initiation date”), initiated Corporate Insolvency Resolution Process against the Shree Sai Oto and appointed Vishnu kant Kabra as Resolution Professional. Accordingly, the Glamour India Ltd herein had filed their claim on 18th May, 2022, for an amount of Rs. 1,55,09,90,382/- (Rupees One Hundred Fifty-Five Crore Nine Lakh Ninety Thousand Three Eighty-Two Only), and the said claim was accepted by the Resolution Professional. Similarly, the Canara Bank on 24th May 2022 filed their claim with the RP. However, on 25th May 2022, Canara Bank issued a letter withdrawing the OTS which was earlier sanctioned by them. After this, it appears that since there were admittedly several mistakes in the claim form filed by the Canara Bank, the Canara bank thereafter filed their revised claims on 02nd June, 2022 and 09th June, 2022. As per Canara

Bank's latest claim, i.e., 09th June 2022, they made a claim of Rs. 130,59,00,000/- (Rupees One Hundred Thirty Crores Fifty Nine Lakh only).

3.1.6 Respondent further submitted that he as Resolution Professional in compliance with the provisions of the Code constituted the Committee of Creditors ("CoC"). Thereafter, during the first CoC meeting which was held on 09th June 2022, the GLAMOUR INDIA PRIVATE LIMITED got to know that Canara Bank who had filed their claim was kept under verification. In response the latest claim filed on 13th June 2022, the RP, partially admitted Canara Bank's claim vide their letter dated 30th June 2022. As a result of the partial rejection of the Canara Bank's claim, they filed an Interlocutory Application No. 1961 of 2022 before the Ld. NCLT Mumbai Bench. The Canara Bank vide the said Application sought for complete admission of their claim to the tune of Rs. 130,59,00,000/- (Rupees One Hundred Thirty Crores Fifty Nine Lakh only).

3.1.7 Respondent further submitted that the said Interlocutory Application was listed on 23rd August 2022, during which the RP was directed to file their reply within two weeks, by Ld. NCLT Mumbai Bench. Copies of orders dated 23rd August 2022 and 13th September 2022. Post the Order Pronounced by Hon'ble NCLT respondent admitted the claim of Canara Bank fully to the tune of Rs. 13,05,900,000/-.

3.1.8 Respondent further submitted that it is important to note that the claim of the Financial Creditor must be calculated as it stands, as on the date of the commencement of CIRP against the Corporate Debtor. Which in this case is 08th April 2022, and since, the Canara Bank by their own admission vide email dated 25th April, 2022 have confirmed the existence and validity of the said OTS, seeking payment of the balance OTS amount, they could not have claimed any amount higher than what was agreed to in the OTS in the Form C.

3.2 Findings- The duty cast upon an IRP in terms of regulation 13(1) and 14 of the CIRP Regulations read with section 18(1)(b) to collate and verify the claims against the CD, is one of the many duties entrusted on the IP to ensure effective outcomes under the Code. It is essential to understand that verification of claims under the Insolvency and Bankruptcy Code (IBC) is crucial because it ensures that only legitimate claims are considered during the insolvency resolution process, facilitating a fair distribution of assets among creditors, and maintaining transparency by scrutinizing the validity of each claim submitted by creditors, ultimately contributing to a smooth and efficient resolution process.

3.2.1 DC notes that initially Canara Bank submitted its claim of Rs. 105.53 Crores which was received by the respondent on 24-05-2022. Canara Bank submitted revised claims of Rs. 130.59 Crores on 02-06-2022 to the respondent in Form C. The 1st CoC meeting was conducted on 09-06-2022 with one Financial Creditor i.e., Glamour India Private Limited (100% voting share), whereas the claim of another Financial Creditor i.e., Canara Bank was kept under verification by the respondent. The respondent informed the Canara Bank on 30-06-2022 that its claim has been admitted to the extent of unpaid OTS (Rs. 22.62 cr. with 12.74% voting share) against original claim of Rs. 130.59 cr. Aggrieved from the decision of the respondent, Canara Bank filed an IA before AA seeking

directions upon respondent to admit full amount and to not conduct any CoC meetings till such time. During the pendency of the IA filed by the Canara Bank the respondent convened 2nd, 3rd, 4th and 5th CoC meeting on 20-07-2022, 15-09-2022, 11-10-2022 and 31-10-2022 respectively. In the meantime, AA vide order dated 02-03-2023 allowed the IA filed by the Canara Bank and accordingly the 6th CoC meeting was conducted on 13-03-2023 with the revised voting percentage of 45.71% of Canara Bank. Thereafter no CoC meetings were conducted, and the liquidation of the CD commenced vide NCLT order dated 08-01-2025.

- 3.2.2** DC finds that the respondent has made similar submissions before AA/ GRC or even DC of IIPI during personal hearing, justifying his action contending that the Canara Bank had sanctioned OTS to the CD vide their sanction letter dated 17.08.2021 which was subsequently extended by them from time to time. Further, the OTS was withdrawn by the Canara Bank after commencement of the moratorium and therefore the Canara Bank could not claim the original amount contrary to the OTS settlement. During personal hearing, the counsel of the respondent submitted that it was a mistake on the part of the respondent and not misconduct or deliberate attempt to withhold the Canara Bank from their voting rights, and thus the action taken by the respondent may not be construed as misconduct or mala-fide on the part of the respondent. DC notes that the moot issue involved in the matter, i.e., whether the action of the respondent in respect of restricting the claim amount of Canara Bank is in accordance with law and whether the respondent as RP has such jurisdiction, has already been decided by AA vide its order dated 02-03-2023 with the following adverse remarks:

“...The learned RP has miserably failed to notice the above legal position and exceeded his jurisdiction in restricting the claim of the bank only to the extent of OTS amount. It is not the case of the RP that the books of accounts of the Corporate Debtor does not reflect the original outstanding other than the OTS amount. When once the books of accounts of the Corporate Debtor reflects the total outstanding of the bank, the RP has no business nor power to play the role of Adjudicating Authority and restrict the claim of the bank. The above action of the RP would certainly amount to exceeding his role under the Code.

.....For the aforesaid reasons this tribunal is of the considered opinion that the RP has committed grave error in restricting the claim of the applicant and the said action of the RP needs to be set aside....”

- 3.2.3** DC also takes note of the fact that against the order of AA dated 02-03-2023, an appeal was filed before the NCLAT by Glamour India Private Limited (*who filed the application for initiation of CIRP of the CD/Applicant*), which was dismissed by the NCLAT vide order dated 09-01-2024, by upholding the order of AA and thus DC is not inclined to comment further upon it.
- 3.2.4** DC further notes that section 5(28) of the Code provides that “*Voting share*” means the share of voting rights of a single financial creditor in the committee of creditors which is based on the proportion of the financial debt owed to such financial creditor in relation to the financial debt owed by the corporate debtor.”

3.2.5 In view of the foregoing, DC notes that under the code it is the right of the FCs that their voting share should be in proportion to the debt owed to such FC by the CD whereas, in the instant case due to error committed by the respondent, Canara Bank has been deprived from exercising their legitimate voting rights in five (5) CoC meetings. DC notes the submission of respondent that there was no mala fide intention, and he admitted the entire claim of Canara Bank post directions issued to respondent by AA. However, in the given circumstances it cannot be said that there was no harm caused to CIRP as the voting rights of the Canara Bank had been infringed due to error by the respondent. Also, by simply admitting the full claim of Canara Bank post AA's direction, the violation could not be cured ex-ante.

Order

4.0 Keeping in view the nature of contravention as detailed above, in exercise of the powers conferred under Clause 24(1) (c) and 24 (2) (d) of Byelaws of Indian Institute of Insolvency Professionals of ICAI (IIPI) read with clause 15(2) of the Disciplinary Policy of IIPI, DC hereby advises the respondent to perform his duties and functions with utmost care and caution and decides to impose a penalty of Rupees One Lakh (Rs. 1,00,000/-) on the respondent, to be deposited by way of demand draft payable in favour of the Indian Institute of Insolvency Professionals of ICAI (IIPI) within 30 days of the issue of this order. IIPI shall in turn deposit the said penalty amount in the Insolvency and Bankruptcy Fund. Accordingly, the show cause notice is disposed of.

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

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

Date: 17-10-2025

Place: New Delhi

CERTIFIED TRUE COPY

Sd/-

Mr. Sunil Pant, (Chairman)

CA Charanjot Singh Nanda, (Member)

Mr. Rajvir Singh, (Member)

CA Rahul Madan, (Member)

Copy to:

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