

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

DC. No. - IIIPI/DC/226/2025-26

ORDER

In the matter of Mr. Rajendra Kumar Aggarwal (Respondent) under Clause 15 of the Disciplinary Policy of IIIPI read with Clause 24(1)(c) 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. Rajendra Kumar Aggarwal, Diamond Arcade, 3rd Floor, Suite No- 301A, 68 Jessore Road Kolkata FD71, West Bengal- 700055. Respondent is a professional member of the Indian Institute of Insolvency Professionals of ICAI and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (Board) with Registration No. IBBI/IPA-001/IP-P00324/2017-2018/10594.
- 2.0** The Disciplinary Committee of IIIPI (DC) issued SCN to respondent, based on the reference received from the Monitoring Committee of IIIPI including the findings in the Inspection report of Inspection Authority (IA) through email dated 25-01-2024, pertaining to multiple assignments handled by you as IRP/RP, **(A) City Bzr Fashions and Retail Limited (IRP and RP) (CD1), (B) Phyto Biotech Private Limited (IRP)(CD2), (C) RHD Enterprise Private Limited (IRP)(CD3), (D) M.R. Nirman Private Limited (IRP)(CD4), (E) QTR Labs Private Limited (IRP)(CD5)**. The SCN alleged the contravention of the 208(2) (a) and (e) of the Insolvency and Bankruptcy Code, 2016, Regulation 6(1), 19, 27, 30(A) (3) and 40B of the Insolvency Resolution Process for Corporate Persons, Regulation 2016, Regulation 7(2)(a)(h) and (i) of Insolvency Professional Regulation, 2016 read with clauses 13, 14, 16, 19 and 27 of the Code of Conduct for Insolvency Professionals, specified under First Schedule of Insolvency Professionals Regulations, 2016, Circular No. IP/005/2018 dated 16-01-2018, Circular IBBI/IP/013/2018 dated 12-06-2018 and Circular No. IBBI/CIRP/023/2019 dated 14-08-2019.
- 3.0** 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 for personal virtual hearing was provided to the respondent on 21-07-2025 which got adjourned due to paucity of time. Given the circumstances respondent matter was adjourned to 25-03-2026. Accordingly, on date respondent appeared before the DC, wherein the respondent reiterated the submissions made in the written reply and also made few additional submissions.
- A. City Bzr Fashions and Retail Limited (IRP and RP) - (CD1)**
- 4.0** **Contravention:** Since the alleged contravention with respect to Regulation 27 of Insolvency Resolution Process for Corporate Persons Regulation 2016 for non-appointment of registered

valuer during the CIRP process is common in CD1 and CD3, therefore have been addressed collectively by the DC with the common allegations mentioned at **para 11.0** onwards.

- 5.0 Contravention:** IBBI Circular No. IBBI/IP/013/2018 dated 12th June 2018 requires an IP to disclose fee and other expenses in the relevant Form provided in Annexure C of the said circular to the Insolvency Professional Agency of which he is a member. (a) for all concluded CIRPS by 15th July,2018, and (b) for ongoing and subsequent CIRPs within the time as specified in the relevant Form. However, it is noted that Form III was required to be filed within 7 days of demitting the office as RP which was due on 11-03-2019, whereas the same was filed on 22-03-2019 which is a delay of 11days than the prescribed time.
- 5.1 Submissions by Mr. Rajendra Kumar Aggarwal:** The respondent submitted that there is often a time lag between the date on which an order is passed by the Hon'ble Adjudicating Authority (AA) and the date on which it is made available or uploaded on the official portal of the National Company Law Tribunal (NCLT). There is no prescribed statutory timeline within which the AA is mandated to upload or serve its orders. In the present case, although the order is dated 04-03-2019, the respondent did not receive the order on the same date. The delay, if any, arises from this discrepancy between the date of the order and the date of actual receipt, which is entirely beyond the control of the IP. This represents a technical gap in the regulatory framework, where compliance timelines are not clearly aligned with the actual receipt of judicial orders. It is a settled legal position that the effective date for demitting office or taking any compliance action is the date of actual receipt of the relevant order by the concerned professional. Accordingly, upon receipt of the order, the IP promptly proceeded to file Form III in compliance with the applicable requirements.
- 5.1.1** Respondent further submitted that in light of the above, the filing was done within a reasonable time after receipt of the order, and therefore, the alleged delay of 11 days does not constitute a violation or non-compliance on part of the IP. The delay, if perceived as such, is merely technical and procedural in nature and devoid of any willful default or negligence.
- 5.1.2** Respondent further submitted that the NCLT portal does not provide any specific feature or mechanism that explicitly displays the "date of uploading" of an order. It is further pertinent to note that, prior to the COVID-19 pandemic, most of the procedural requirements were carried out manually, and the NCLT portal was in its nascent stages of development. The system was undergoing continuous upgrades and was often impacted by various technical issues, which affected accessibility and functionality.
- 5.1.3** Respondent further submitted that the process for downloading order copies from the portal is common knowledge among legal professionals and the regulatory authorities. Even today, orders are not uploaded on the same day as the date of pronouncement. Notwithstanding the above, in the absence of a definitive record or data on the portal indicating the date of uploading, the question arises as to what can reasonably be produced as proof of such date.

- 5.2 Analysis and Findings:** - Para 6 of IBBI Circular No. IBBI/IP/013/2018 dated 12th June 2018 requires that the IP shall disclose fees and other expenses in Form III within seven days of demitting office. This requirement is designed to ensure transparency in the disclosure of costs and expenses incurred during the corporate insolvency resolution process.
- 5.2.1** DC notes that in City Bzr Fashions and Retail Limited, Form III was required to be filed by 11-03-2019 (seven days from the order dated 04-03-2019), but was filed on 22-03-2019, resulting in a delay of 11 days.
- 5.2.2** DC notes the submission of the respondent that although the order was dated 04-03-2019, the IP did not receive the order on the same date and thus the filing was done within a reasonable time after receipt of the order.
- 5.2.3** In view of the foregoing, DC accepts the submissions of the respondent.
- 6.0 Contravention** - Para (3) of IBBI Circular No. IP/005/2018 dated 16th January,2018, requires that an insolvency professional shall disclose his relationship, if any, with (i) the Corporate Debtor, (ii) other Professional(s) engaged by him, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within three days from the event. However, following delays are noted:
- (a) Disclosure in respect of IRP to be made by 17-09-2018 however the same was made on 22-03-2019, delay of 186 days.
 - (b) Relationship disclosure in respect of financial Creditors was required to be filed latest by 11-11-2018. However, the same was filed on 06-05-2019, delay of 176 days is noted.
 - (c) Relationship disclosure in respect of Resolution Professional to be made by 17-11-2018 however the same was not filed with the IPA.
- 6.1 Submissions of the respondent** - In this regard, the respondent submitted that the requirement to file a relationship disclosure was introduced vide Paragraph (3) of the Insolvency and Bankruptcy Board of India (IBBI) Circular No. IP/005/2018 dated 16th January 2018, during the same year in which the Corporate Insolvency Resolution Process (CIRP) in the present matter was initiated. The said circular mandated that such disclosures be submitted separately through the designated portal of the concerned Insolvency Professional Agency (IPA).
- 6.1.1** Respondent further submitted that, the delay in submission of the disclosure was solely the result of a technical and inadvertent error, arising due to the recent introduction of the compliance requirement at that time. The lapse was entirely unintentional and devoid of any mala fide intent, concealment, or negligence on part of the Insolvency Professional (IP).
- 6.1.2** Respondent further submitted that, it may be noted that an email communication dated 22.03.2019 was received from the Indian Institute of Insolvency Professionals of ICAI (IIPI), requesting the said disclosure. The IP promptly responded on the same day via email, explaining

the reason for the delay and seeking condonation thereof, citing it as a one-time, unintentional lapse. It is submitted that the matter was duly acknowledged and treated as closed thereafter.

6.1.3 Respondent further submitted that even if the disclosure had been submitted within the stipulated timeline, it would not have had any material impact on the conduct, integrity, or outcome of the CIRP in the present case. The IP unequivocally confirms that no relationship—direct or indirect—existed with any stakeholder, financial or operational creditor, or any other person as covered under the relationship disclosure provisions laid down under the IBC and the relevant circulars. Furthermore, all required disclosures have since been duly submitted and are already on record with the concerned IPA, in compliance with the regulatory framework.

6.2 **Analysis and findings:** An insolvency professional is bestowed with myriad duties. An insolvency professional is expected to exercise due diligence while performing his duties. His diligence should be reflected not only during the corporate insolvency resolution process but also while fulfilling any obligation as a professional member under the Code.

6.2.1 The DC notes that the delay/non filing, as mentioned above, is significant to be adduced as inadvertent omission. An IP is obliged under the Code to take reasonable care and diligence while performing their duties, including making timely disclosures to ensure transparency and accountability. Hence, by failing to make timely relationship disclosure, a doubt is casted on the transparent conduct of processes under the Code.

6.2.2 An Insolvency Professional is entrusted with a wide spectrum of statutory, fiduciary, and ethical responsibilities under the Insolvency and Bankruptcy Code, 2016 (“the Code”). The framework of the Code envisages that an Insolvency Professional acts as a key pillar in the insolvency ecosystem and, therefore, imposes a high standard of care, diligence, integrity, and transparency upon such professionals. The obligation to exercise due diligence is not limited to the conduct of the corporate insolvency resolution process or liquidation proceedings alone, but extends equally to the discharge of all obligations cast upon an Insolvency Professional as a regulated professional member, including compliance with disclosure requirements prescribed under the Code, regulations, and the bye-laws of the Insolvency Professional Agency.

6.2.3 The Disciplinary Committee notes that the delay/non-filing of the disclosure, as discussed hereinabove, is of such magnitude that it cannot be brushed aside as a mere inadvertent or technical omission. Timely disclosure of relationships and other material information is a foundational requirement under the regulatory framework, intended to ensure transparency, address potential conflicts of interest, and uphold the confidence of stakeholders in the insolvency process. An Insolvency Professional is expected to act with reasonable care and diligence at all times, which necessarily includes making complete and timely disclosures in the manner and within the timelines prescribed.

6.2.4 The failure to make the required relationship disclosure within the stipulated period reflects a lack of due diligence and regulatory alertness on the part of the respondent. Such omission, even if subsequently cured, undermines the objective of contemporaneous transparency and accountability envisaged under the Code. The Committee is of the considered view that disclosures made belatedly do not serve the same purpose as disclosures made in a timely manner, as

stakeholders are deprived of relevant information at the stage when it is most material for ensuring fairness and neutrality in the conduct of proceedings.

- 6.2.5** Accordingly, the DC is of the view that the non-compliance in the present case is not procedural in nature but goes to the root of the professional obligations of an Insolvency Professional. The failure to make timely relationship disclosures casts a serious doubt on the transparent conduct of processes under the Code and is inconsistent with the standards of diligence and professionalism expected from an Insolvency Professional regulated under the Code.

B. & D. Phyto Biotech Private Limited (IRP) (CD2) & M.R. Nirman Private Limited (IRP) (CD4)

The allegations specified in the Show Cause Notice pertaining to the Corporate Insolvency Resolution Processes of Phyto Biotech Private Limited (IRP) (CD2) and M.R. Nirman Private Limited (IRP) (CD4) are common and therefore have been addressed together with the common allegations mentioned at para **11.0 onwards**

C. RHD Enterprise Private Limited (IRP) - (CD3)

- 7.0** Since the alleged contravention with respect to Regulation 27 of Insolvency Resolution Process for Corporate Persons Regulation 2016 for non-appointment of registered valuer during the CIRP process is common in CD1 and CD3, therefore have been addressed collectively by the DC with the common allegations mentioned at **para 11.0 onwards**

- 8.0** **Contravention:** Regulation 19 of the Insolvency Resolution Process for Corporate Persons, 2016 provides that “(1) *Subject to this regulation a meeting of the committee shall be called by not giving less than seven days’ notice in writing to every participant, at the address it has provided to the resolution professional and such notice may be sent by hand delivery, or by post but in any event, be served on every participant by electronic means in accordance with Regulation 20.*”

(2). The committee may reduce the notice period from seven days to such other period of not less than twenty-four hour, as deems fit...”

In view of the foregoing provision, it is noted that a meeting of the committee shall be called by giving not less than seven days’ notice. However, it is noted that the notice of the 1st CoC meeting was circulated on 10-11-2017 and the meeting was held on 14-11-2017, without obtaining approval from the CoC to convene the meeting at shorter notice.

- 8.1** **Submissions by Mr. Rajendra Kumar Aggarwal:** The respondent submitted that observation made by the Disciplinary Committee does not take into account the actual facts and the express consent of the CoC which has already been placed by the IP before IA. In the present case, the Committee of Creditors consisted of a single (lone) financial creditor, who, due to personal scheduling constraints, requested the Interim Resolution Professional (IRP) to convene the first

meeting on shorter notice, telephonically. The notice for the meeting was, therefore, issued in accordance with the said request.

- 8.1.1** Respondent further submitted that, given that there was only one member in the CoC, the request itself constituted 100% consent to the shortened notice period. The meeting was attended by the said creditor, and the reduced notice period was subsequently ratified and recorded in the minutes of the meeting.
- 8.1.2** Respondent further submitted that in line with Regulation 19(2) of the IBBI (CIRP) Regulations, 2016, which permits a reduced notice period with the consent of at least 51% of voting share, the reduction in notice period in this case where 100% consent was obtained was fully compliant with the regulation.
- 8.1.3** Respondent further submitted that it is also pertinent to note that the Corporate Insolvency Resolution Process (CIRP) is a time-bound procedure under the Insolvency and Bankruptcy Code, 2016, and timely convening of the first meeting of the Committee of Creditors (CoC) was essential to ensure the expeditious conduct of the proceedings. Given that the sole CoC member had informed the Interim Resolution Professional (IRP) of their unavailability due to travel commitments for over a week, any delay in accommodating such request would have resulted in non-compliance with the prescribed timelines under the Code. Accordingly, the IRP, acting in the spirit and intent of the Code, scheduled the meeting in a manner that ensured the participation of the CoC member, thereby preserving the integrity and continuity of the CIRP. This action was taken with the full knowledge and express approval of the CoC member and was aimed at upholding the objectives of the Code by avoiding procedural lapses and ensuring effective stakeholder participation.
- 8.1.4** Respondent further submitted that in this instant case, there was only one CoC member, and the applicable timelines were well known to the said member and its authorized representatives including lawyers representing before the Honourable NCLT. The sole CoC member had informed the IRP telephonically of his unavailability on the originally scheduled date for the first CoC meeting due to prior travel commitments. In the absence of the sole CoC member, the meeting could not have been validly held, which would have adversely impacted on the already constrained Corporate Insolvency Resolution Process (CIRP). In light of these circumstances, and to ensure compliance with the Code and avoid unnecessary delays, the IRP was left with no other option but to convene the meeting on shorter notice. It is further submitted that had this exigency not arisen at the instance of the CoC member, the first CoC meeting would have been convened on its originally scheduled date. The subsequent presence of the CoC member in the meeting, and his validation by signing the minutes thereof, constitutes conclusive evidence of ratification and acceptance of the shorter notice. There has never been any intent other than to facilitate the smooth conduct of the CIRP in accordance with the Code, and to ensure prospective compliance with all applicable requirements.

8.2 Analysis and findings: The Disciplinary Committee (DC) has examined the issue relating to the convening of the first meeting of the Committee of Creditors (CoC) at a shorter notice period without obtaining formal prior approval of the CoC, in the light of the applicable legal framework and the submissions made by the respondent. In this regard, the DC refers to Regulation 19 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which stipulates the notice requirements for meetings of the Committee of Creditors. Regulation 19 provides as follows

“(1) Subject to this Regulation, a meeting of the committee shall be called by giving not less than seven days’ notice in writing to every participant, at the address it has provided to the resolution professional, and such notice may be sent by hand delivery, or by post but in any event, be served on every participant by electronic means in accordance with Regulation 20.”

“(2) The committee may reduce the notice period from seven days to such other period of not less than twenty-four hours, as it deems fit.”

DC also refers clause 16 of the Code of Conduct specified in the First Schedule to the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016, which mandates that *“An insolvency professional must ensure that he maintains written contemporaneous records for any decision taken, the reasons for taking the decision, and the information and evidence in support of such decision. This shall be maintained so as to sufficiently enable a reasonable person to take a view on the appropriateness of his decisions and actions.”*

8.2.1 The DC notes the submission of the respondent that the Committee of Creditors in the instant CIRP comprised a single financial creditor. It has been submitted that the said financial creditor, due to personal scheduling constraints and prior travel commitments, had informed the respondent telephonically about his unavailability on the originally scheduled date of the first CoC meeting and had requested that the meeting be convened on shorter notice. According to the respondent, the notice of the first CoC meeting was issued in accordance with such request.

8.2.2 The respondent has further submitted that since there was only one member in the CoC, the request of the sole financial creditor constituted 100% consent of the Committee for reduction of the notice period. It has also been submitted that the said creditor attended the meeting as convened.

8.2.3 The DC further notes the submission of the respondent that the CIRP is a time-bound process under the Insolvency and Bankruptcy Code, 2016, and that timely convening of the first meeting of the CoC was essential to ensure expeditious conduct of the process. It has been contended that, under the circumstances, the respondent was left with no other option but to convene the meeting on shorter notice in order to avoid delay in the CIRP. It has also been submitted that, had such exigency not arisen at the instance of the sole CoC member, the meeting would have been convened on the originally scheduled date.

8.2.4 The respondent has additionally submitted that the subsequent attendance of the CoC member at the meeting and his signing of the minutes thereof constituted conclusive evidence of ratification and acceptance of the shortened notice period. The respondent has asserted that there was no intent

other than to facilitate the smooth conduct of the CIRP in accordance with the Code and the Regulations, and to ensure compliance with all applicable requirements.

8.2.5 The DC has carefully considered the submissions of the respondent. The DC recognizes the respondent's contention that the sole CoC member had informed him telephonically about his unavailability on the originally scheduled date of the first CoC meeting and that, at the request of the said creditor, the meeting was convened on shorter notice.

8.2.6 However, at the same time, the DC notes that clause 16 of the Code of Conduct specifically requires an insolvency professional to maintain contemporaneous written records for every decision taken, including the reasons for such decision and the evidence supporting it. In the facts of the present case, while the respondent has relied upon an oral request allegedly made by the sole CoC member, there is no documentary evidence on record to substantiate the contention that such request was made.

8.2.7 The DC is of the view that the respondent ought to have ensured compliance with the Code of Conduct by at least requesting the financial creditor to communicate his request for rescheduling the meeting and reduction of the notice period through written communication, such as email, so as to maintain a contemporaneous record of the same. The absence of any such written record renders the respondent's contention unverifiable.

8.2.8 As regards the submission of the respondent that the reduced notice period was subsequently ratified and recorded in the minutes of the first CoC meeting, the DC has perused the relevant extracts of the minutes of the first CoC meeting. The relevant portion of the minutes reads as under:

“Reduction in the time of calling notice from 7 days to 2 days

The chairman proposed that since the committee size is small, the time in calling of notice for committee meeting may be reduced from 7 days to 2 days as permitted under regulation 19 of the CIRP.

RESOLVED THAT notice to be served for calling meeting of the committee of creditors as per regulation 19 of CIRP is reduced from 7 days to 2 days”

8.2.9 The DC notes that the notice for the first CoC meeting was circulated on 10-11-2017 and the meeting was held on 14-11-2017. Thus, the first CoC meeting was convened with four days' notice. The agenda item extracted above merely approves reduction of the notice period from seven days to two days for future meetings. It does not provide for ratification of the reduced notice period for the first CoC meeting already convened, nor does it record any ex-post approval or consent for deviation from the statutory notice requirement in respect of the first CoC meeting.

8.2.10 While the DC also notes that the meeting was attended by the sole CoC member, that no prejudice was caused to any stakeholder, and that no adverse harm was ultimately caused to the CIRP of the corporate debtor, the fact remains that the respondent failed to maintain contemporaneous written records as required under clause 16 of the Code of Conduct.

- 8.2.11** In view of the above, the DC concludes that although the respondent may have acted in the interest of timely conduct of the CIRP and no substantive prejudice has been demonstrated, the respondent failed to adhere to the mandatory requirement of maintaining contemporaneous written records evidencing the decision and the basis for convening the first CoC meeting at a reduced notice period.
- 9.0** **Contravention:** Section 208 (2) (a) of the Code requires that an Insolvency Professional (IP) “*to take reasonable care and diligence while performing his duties.*” It is noted that respondent filed Form II on 18-12-2017. The said form requires to be submitted by the IRP within 7 days of his demitting the office as IRP on or before 18-12-2017 whereas NCLT relieved respondent from his duties as IRP vide order dated 11-01-2018. It appears that respondent did not make any efforts to keep the Corporate Debtor as going concern.
- 9.1** **Submissions by Mr. Rajendra Kumar Aggarwal:** The respondent submitted the observation made by the DC is respectfully submitted to be factually incorrect, professionally unfair, and inconsistent with the legal and practical realities prevailing at the relevant time. Primarily, it is important to note that from the inception of CIRP till the time of liquidation eventually, the CD was never functional as Going Concern. Maintaining the Corporate Debtor as a going concern during CIRP is indeed a central tenet of the Insolvency and Bankruptcy Code, 2016. However, the responsibility for achieving this objective is not vested solely in the Resolution Professional, but is a collective obligation involving all key stakeholders—the Committee of Creditors (CoC), the suspended Board of Directors, employees, suppliers, and the Adjudicating Authority (AA).
- 9.1.1** Respondent further submitted that from the very outset, the CD was non-cooperative, failed to provide access to records, did not support the IRP’s efforts, and remained uncommunicative despite repeated attempts and formal directions from the IRP. The sole financial creditor forming the CoC was unwilling to either provide interim finance or take steps to replace the IRP. Their explicit unwillingness to proceed with the CIRP—due to funding constraints and other commercial reasons which was documented and regularly reported to the Hon’ble Adjudicating Authority.
- 9.1.2** Respondent further submitted that despite the above, the IRP took several steps in good faith and in compliance with the Code Made public announcements and collated claims, Constituted the CoC and convened meetings, filed interim and progress reports with the Hon’ble AA, Continued trying to possibly manage affairs using limited available resources, under significant constraints, Filing of status and progress reports with the Hon’ble Adjudicating Authority, Attempting to take control of the CD’s operations, despite no access or cooperation., Regularly apprising the IPA of key developments.
- 9.1.3** Respondent further submitted that upon being apprised of the CoC's inaction, the Hon’ble NCLT directed the IRP specifically to reconvene a second CoC meeting to pass a resolution for replacement. When this again failed, since the COC member was unwilling to appoint or re-appoint or take the CIRP process further, the Hon’ble Tribunal itself passed an order of

replacement of the IRP on 11-01-2018, upon being appraised of such noncompliance of the directive by COC.

- 9.1.4** Respondent further submitted that Form II (demitting office) was filed within the prescribed time of demitting office by IRP considering Date of Second Meeting of COC as date of non-appointment or replacement of IRP. Since the second CoC meeting were held on the specific directions of the AA and did not resolve to continue or replace the IRP, and in the absence of any conclusive action from the CoC, the IRP's status was effectively in suspension until the AA formally re-appointed the IRP via order dated 11-01-2018. Accordingly, if 11-01-2018 is taken or considered as the operative date of appointment or replacement, then Form II was not required earlier and instead should have been filed within 7 days from 11-01-2018.
- 9.1.5** Further, as specifically directed by the honourable AA, all the events up to date of second meetings were already duly submitted and appraised through filing of Progress Report dated 18-12-2018, establishing continuity in good faith.
- 9.1.6** Respondent further submitted that as evident that the Corporate Debtor (CD) was never a going concern at any point during the Corporate Insolvency Resolution Process (CIRP), from its commencement up to the stage of liquidation under the succeeding Resolution Professional (RP). The company remained non-operational throughout the period.
- 9.1.7** Respondent further submitted that all documents and records that were either retrieved or generated by the Interim Resolution Professional (IRP) during the CIRP were duly preserved, safeguarded, and handed over to the incoming RP in an orderly manner. The IRP, even after demitting office in accordance with the directions of the Adjudicating Authority, continued to act diligently and in good faith to ensure proper transition. It is further submitted that the IRP discharged all responsibilities with due care and in compliance with the provisions of the Code. Beyond the point of handover, there remained no further actionable obligations on part of the IRP. Moreover, given the persistent non-cooperation of the suspended Board of Directors and the fact that the CD was already a non-operational entity with no business continuity, neither the IRP nor any other professional could have, in practical or legal terms, revived or operated the company as a going concern." Hence, to allege that the IP failed to maintain the CD as a going concern is unjustified and contrary to the principle of fairness. Maintaining a company as a going concern during CIRP is not a unilateral obligation of the IP but a shared statutory responsibility. The IP objects to this unfair inference drawn by the DC and requests that this observation be reviewed in light of the actual sequence of events, documentary record, and the collective responsibility under the Code. "Keeping a company as a going concern during insolvency is not just the duty of the professional but the collective responsibility of all stakeholders – to preserve value, protect jobs, and revive business."
- 9.2 Findings and Observations-** DC notes the allegation that the respondent did not maintain RHD Enterprise Private Limited as a going concern. The allegation was based on the observation of IA

that Form II was filed on 18-12-2017, whereas the NCLT relieved the respondent from his duties as IRP vide order dated 11-01-2018.

- 9.2.1** DC notes and accepts the submission of the respondent and cannot hold responsible/liable of the contravention, as alleged in the SCN.

E. QRT Labs Private Limited (IRP) – (CD5)

- 10.0 Contravention:** Para 9 of IBBI Circular no. IBBI/CIRP/023/2019 dated 14-08-2019 which directed that *the IP shall file electronically-*

- (a) the Forms along with relevant information and records, which have become due on or before 15th September 2019 in respect of all CIRP, both closed and ongoing, conducted by him, by 30th September 2019; and*
- (b) the Forms with relevant information and records which will become due after 16th September 2019 in respect of CIRP by him, by the timeline as specified in the Table under Para 7 of the said circular.*

Further, para 10 of the circular clarifies that –

- (a) an IP shall be liable to action permissible under this circular read with the applicable provision of the Code and the Regulations made thereunder for:*
 - (i) failure to file a Form along with relevant information and records,*
 - (ii) inaccurate and incomplete information and/or records filed in or along with a Form, and*
 - (iii) delay in filing;*
- (b) the action under (a) includes refusal to issue or renew authorization for assignment; and*
- (c) timely filing of complete and accurate information along with information and records is the sole responsibility of the IP.”*

Further **Regulation 40(B) of the Insolvency Resolution Process for Corporate Debtor, Regulations** provides that IRP or RP shall file the Forms, along with enclosures thereto, on an electronic platform of the Board as per timelines stipulated against each Form.

In view of the above it is noted that in the CIRP of QRT Labs Private Limited. respondent failed to file CIRP 7 & 8 with in the stipulated timelines and requirements, as applicable.

- 10.1 Submissions by Mr. Rajendra Kumar Aggarwal:** The respondent submitted that the observation of the Disciplinary Committee is respectfully denied as factually incorrect and not aligned with the actual compliance status. The applicable Form CIRP-7 has been duly filed within the prescribed timeline. The submission is available in the records of the Board and can be verified accordingly.

- 10.1.1** Respondent further submitted that with respect to Form CIRP-8, it is submitted that the form was not applicable in this case, considering the stage and nature of the CIRP proceedings. As a result, the option to file CIRP-8 was not available on the IBBI portal, as no filing link appeared on the

IP's dashboard. This clearly indicates the system itself did not identify the case as one requiring CIRP-8 submission.

10.1.2 Respondent further submitted that as per IBBI's e-governance mechanism, filing links for each form are dynamically enabled based on the progression and applicability of the CIRP. Where a form is not applicable, it is not possible to file the same manually. Accordingly, there is no non-compliance or lapse on part of the IP. All applicable forms have been filed, as per the Code and regulations.

10.2 Findings and Observations- The Disciplinary Committee (DC) has carefully examined the allegation that the Respondent failed to file Form CIRP-7 and Form CIRP-8 in the manner and within the timelines prescribed under the Insolvency and Bankruptcy Code, 2016 and the regulations framed thereunder.

10.2.1 In this regard, the DC has taken note of the submissions made by the Respondent, wherein it has been contended that Form CIRP-7 was duly filed, and that Form CIRP-8 was not applicable in the facts and circumstances of the present case, having regard to the stage and nature of the CIRP proceedings. The Respondent has further submitted that the option to file Form CIRP-8 was not available on the IBBI portal, as no such filing link appeared on the dashboard of the Insolvency Professional (IP), which, according to the Respondent, indicated that the system itself did not recognise the requirement of filing Form CIRP-8 in the instant case.

10.2.2 The DC notes that Regulation 40B(1A) of the CIRP Regulations provides that where any activity specified in column (2) of the relevant table remains incomplete by the date specified therein, the Interim Resolution Professional (IRP) or Resolution Professional (RP), as the case may be, is required to file Form CIRP-7 within three days of such date and thereafter continue to file the said Form every 30 days until the activity is completed. The activities requiring such filing, inter alia, include situations where:

- 1) Public announcement is not made within T+3 days;
- 2) Appointment of RP is not completed within T+30 days;
- 3) Information Memorandum is not issued within 51 days from the date of public announcement;
- 4) Request for Resolution Plans (RFRP) is not issued within the prescribed timeline; and
- 5) The CIRP is not completed within 180 days.

10.2.3 On a combined reading of the above provision, the DC observes that in cases where the CIRP is not concluded within 180 days, the Resolution Professional is under a continuing obligation to:

- File Form CIRP-7 within three days of the expiry of 180 days; and
- Continue filing the said Form at 30-day intervals until the CIRP is concluded.

10.2.4 In the present case, the DC notes that the CIRP of the Corporate Debtor was not concluded within the statutory period of 180 days. Further, records indicate that the Respondent handled the CIRP process for a total duration of 306 days.

- 10.2.5** However, it is observed that the Respondent filed Form CIRP-7 only once, despite the continuing obligation to file the same at periodic intervals of 30 days until completion of the CIRP. The failure to comply with the recurring filing requirement demonstrates non-adherence to the mandate of Regulation 40B(1A).
- 10.2.6** With respect to Form CIRP-8, the DC notes that Regulation 40B(1B) mandates that the Resolution Professional shall file Form CIRP-8 intimating details of opinion and determination under Regulation 35A, on or before the 140th day from the insolvency commencement date.
- 10.2.7** Further, the DC notes that as per Regulation 40B (2) and (3) of CIRP Regulations the Board is empowered to make Forms available on the electronic platform and modify them from time to time; and the Insolvency Professional is duty-bound to ensure that all Forms filed under the regulation are accurate and complete.
- 10.2.8** The DC also takes cognizance of IBBI Circular No. IBBI/CIRP/42/2021 dated 20th July, 2021, which explicitly provides that:
- Form CIRP-8 is required to be filed for all CIRP processes which were ongoing or commenced on or after 14th July 2021; and
 - The Form is to be filed by the Resolution Professional by the 140th day from the insolvency commencement date.
- 10.2.9** In view of the above regulatory framework, the DC finds that the requirement to file Form CIRP-8 is mandatory and universally applicable to all eligible CIRP processes falling within the said period.
- 10.2.10** In the instant matter, it is observed that the CIRP of the CD commenced vide NCLT order dated 24th February 2022 and Respondent handled the CIRP for a duration of 306 days, which clearly extended well beyond the 140th day, thereby triggering the obligation to file Form CIRP-8. However, the Respondent has admittedly not filed Form CIRP-8. The contention that the Form was not applicable, or that the filing option was not available on the portal, is not supported by the regulatory framework governing such filings
- 10.2.11** The DC is of the considered view that the Respondent's interpretation regarding non-applicability of Form CIRP-8 is erroneous and untenable and reflects a lack of proper understanding of the applicable legal provisions.
- 10.2.12** The Disciplinary Committee observes that compliance with CIRP Forms 7 and 8 assumes significant importance in the conduct of the corporate insolvency resolution process, as these forms serve as critical disclosures regarding the progress of the CIRP and the determination of avoidance transactions. Timely and accurate filing of CIRP 7 ensures transparency in reporting key milestones and adherence to statutory timelines, while CIRP 8 reflects the Resolution Professional's due diligence in examining preferential, undervalued, fraudulent, or extortionate transactions. Any delay, omission, or perfunctory filing of these forms undermines the integrity of

the CIRP, impairs stakeholder confidence, and is inconsistent with the duties cast upon the Insolvency Professional to act with due care, diligence, and accountability under the Code and the applicable regulations.

10.2.13 In view of the foregoing, the DC holds that the Respondent has failed to comply with the periodic filing requirement of Form CIRP-7 as mandated under Regulation 40B(1A); and CIRP-8, despite the same being mandatorily applicable under Regulation 40B(1B) read with the relevant Circular. Accordingly, the DC concludes that the conduct of the Respondent reflects non-compliance with the provisions of the CIRP Regulations and indicates inadequate appreciation of the statutory obligations cast upon an Insolvency Professional.

11.0 Common issues/ contraventions among the CIRPs: -

(A) City Bzr Fashions and Retail Limited (IRP and RP) (CD-1)

(B) Phyto Biotech Private Limited (IRP) (CD-2)

(C) RHD Enterprise Private Limited (IRP) (CD-3)

(D) M.R. Nirman Private Limited (IRP) (CD-4)

Violation of Regulation 27 of the Insolvency Resolution Process for Corporate Persons Regulation 2016

12.0 Regulation 27 of the Insolvency Resolution Process for Corporate Persons Regulation 2016. Regulation 27 of the Insolvency Resolution Process for Corporate Persons Regulation 2016 requires that *“the resolution professional shall within seven days of appointment, but not later than forty-seventh day from the insolvency commencement date appoint two registered valuers to determine the fair value and the liquidation value of the corporate debtor in accordance with regulation 35.”*.

In this regard it is noted that in the CIRP of **City Bzr Fashions and Retail Limited (IRP and RP) (CD-1)** and **RHD Enterprise Private Limited (IRP) (CD-3)**, respondent did not appoint valuers, as specified under the code, despite the fact that he handled the CIRP of the Corporate Debtors for 140 and 143 days respectively. Upon seeking clarification, from the Respondent by IA in this regard, for **CD1** respondent submitted that the management did not cooperate in providing access to the records of the Corporate Debtor. The Respondent also submitted that the Corporate Debtor was trying to settle the matter under Section 12A of the Code and it was eventually settled at a later stage. In the CIRP of **CD3** respondent submitted that he did not have access to the records of Corporate Debtor and there was an absence of co-operation from the Corporate Debtor and the suspended management.

In view of the foregoing, SCN alleged that respondent being an IP, should have appointed registered valuer in such time and manner as may be required/ specified under the Code and in case of receiving non-co-operation from any personnel of the corporate debtor or promoters he

should have approached Adjudicating Authority / NCLT, under section 19 of the Code, for necessary directions.

12.1 Submissions by Mr. Rajendra Kumar Aggarwal: The Respondent in his reply submitted that in the case of **City BZR Fashion and Retail Private Limited (CD-1)**, he was unable to appoint registered valuer at that stage due to non-cooperation from the Corporate Debtor (CD), including complete denial of access to the books of accounts and other essential records, despite multiple formal attempts and follow-ups. This lack of access and cooperation was duly reported to the Hon'ble Adjudicating Authority through the submission of Progress Reports filed during the CIRP.

12.1.1 Respondent further submitted that it is critical to understand that, in the absence of financial records or necessary documentation, appointing a registered valuer would have been impractical and procedurally flawed. Without access to requisite data:

- It was not possible to define the scope of work for the registered valuers.
- The terms of engagement, including deliverables, timelines, and compensation, could not be framed.
- Any such appointment would have lacked legal, factual, and financial basis.

12.1.2 Respondent further submitted that, DC should note that in the First Meeting of the Committee of Creditors (CoC), held on 14th November 2018, these limitations and restraints in CIRP process were duly discussed. This reinforces the fact that not only was there a lack of cooperation or absence of any information, records or documents, but also no financial capacity existed to engage any professionals, including registered valuers.

12.1.3 Respondent further submitted that while Regulation 27 mandates the appointment of valuers, non-appointment of Registered Valuer was solely based on the practical limitation, prevailing restraints and the application of principle of prudence and in alignment with the ground realities which felt justified under those circumstances.

12.1.4 Respondent further submitted that, in the absence of available cash flows or approval of a fee structure; no registered valuer would have accepted such an assignment. Equally, the IRP because of limitations and situation as stated could not legally commit to define scope of work or approve any valuation fee without funds or CoC-approved financial support. Consequently, it clearly signifies the absence of the essential preconditions for a valid appointment under Regulation 27. Conclusively, as evidenced by the final settlement subsequently reached, the appointment of a registered valuer would have served no substantive purpose and would have amounted to a purely perfunctory exercise, given the absence of any realizable value.

12.1.5 Respondent further submitted that he contemplated for filing of non-cooperation petition u/s 19(2) of the IBC Code, 2016 due to the continued non-cooperation of the suspended Board of Directors of the Corporate Debtor (CD), in consultation with COC, however the CoC subsequently requested against such action. This decision of COC was made in light of a recent communication made by

the suspended director, pleading to settle the matter imminently and sought short time for arrangement of funds to facilitate such withdrawal.

- 12.1.6** Respondent further submitted that the suspended director submitted that further progression of the Corporate Insolvency Resolution Process (CIRP) would not only aggravate the situation but also result in greater hardship, both financially and operationally, particularly considering that the company was already non-operational and suffering from negative cash flows. It was also submitted that further escalation would adversely affect family members who were involved as directors, thereby adding to the complexity and cost of the proceedings—costs that would ultimately burden the CIRP.
- 12.1.7** Respondent further submitted that after due deliberation and in view of the prevailing circumstances, including the persistent unavailability and non-cooperation of the suspended Board, the CoC, based on the assurances provided and considering the potential for recovery through settlement—otherwise deemed practically improbable under the circumstances—advised the IRP not to proceed with filing a petition under Section 19(2) at that juncture. The CoC reasoned that such proceedings would only escalate the costs of the CIRP without yielding any tangible benefit to the process.
- 12.1.8** Respondent further submitted that subsequently, as evident the matter was successfully resolved and withdrawn under Section 12A of the IBC, which retrospectively validates the approach adopted. The course of action prevented unnecessary expenditure and procedural formalities that, in this specific context, would not have advanced the objectives of the CIRP. Hence, quite apparently and conclusively, there has been no violation on part of IP for the reasons as stated.
- 12.1.9** In the case of **RHD Enterprise Private Limited (CD-3) (IRP)**, the respondent submitted that the CIRP was conducted in 2017, during the formative phase of the Insolvency and Bankruptcy Code, 2016, when both the regulatory environment and operational practices were still developing. Practical challenges in implementation were common, especially for professionals from non-legal backgrounds, such as Chartered Accountants, who were adapting to court driven procedures for the first time under the new Code.
- 12.1.10** Respondent further submitted that in the present case, the Corporate Debtor (CD) were absconding outrightly and consistently failed to cooperate or provide any information, records or documents including books of accounts for functioning of CIRP. Despite repeated follow-ups, the IRP was not provided with access to the financial records, statutory documents, or books of accounts. The registered office of the CD was even found to be locked and inaccessible, further hampering the conduct of CIRP.
- 12.1.11** Respondent further submitted that these serious impediments were duly reported to the Hon'ble Adjudicating Authority through the Interim Status Report being filed by the IP and were also raised during various physical hearings. The same issues were also being communicated to the Insolvency Professional Agency (IPA) via email updates.

- 12.1.12** Respondent further submitted that upon appraisal of the facts made by IP and despite specific directions from the Hon'ble Adjudicating Authority in such regard, the CD remained non-compliant, and there was no material improvement in the situation. As a result, the CIRP was effectively stalled due to reasons entirely outside the control of the IRP.
- 12.1.13** Respondent further submitted that in the absence of cooperation and records, it was neither practical nor legally tenable to appoint registered valuers for the following reasons:
- There was no data on which a fair valuation exercise could be based.
 - The IRP could not define the scope of work or establish reasonable terms of engagement for the valuers.
 - Without a baseline or context, any valuation would have been speculative and meaningless.
 - No registered valuer would accept such an assignment without access to documents or assurance of cooperation and compensation.
- 12.1.14** Respondent further submitted that while Regulation 27 mandates the appointment of valuers, non-appointment of Registered Valuer was solely based on the practical limitation, prevailing restraints and the application of principle of prudence and in alignment with the ground realities and possibilities under those circumstances.
- 12.1.15** Respondent further submitted that the requirement under Regulation 27 is not absolute, but necessarily subject to the availability of essential records and cooperation from the Corporate Debtor including presence of essential pre- conditions required for carrying out such appointment process. In the instant case, appointment of registered valuer lacked both feasibility and purpose along with absence of basic preconditions of the prescribed regulations thereunder.
- 12.1.16** Respondent further submitted that as evident from the ultimate outcome of the Corporate Insolvency Resolution Process (CIRP), wherein the company proceeded into liquidation and got liquidated by the incoming RP, which establishes that even the conduct of a valuation exercise would have been merely cosmetic and devoid of any substantive purpose with derivable value from such process.
- 12.1.17** Respondent further submitted that this was among the earliest cases during the formative years following the enactment of the Insolvency and Bankruptcy Code, 2016, a period during which the processes, procedures, and execution mechanisms under the Code were still being comprehended. In this context, an application citing non-cooperation from the CD, dated 25 October 2017, was filed by way of urgent mentioning before the Hon'ble National Company Law Tribunal (NCLT). The Hon'ble NCLT had taken immediate cognizance of the matter and passed an order dated 2 November 2017, on the said issue.

12.2 Findings and Observations- The Disciplinary Committee (DC) notes that the role of an Insolvency Professional (IP) is pivotal to the effective implementation of the Insolvency and Bankruptcy Code, 2016 (the Code). An IP is expected to discharge the functions assigned under

the Code with complete independence, integrity, fairness, and transparency, with the overarching objective of maximizing value of assets and facilitating a time-bound insolvency resolution process. Compliance with statutory provisions and regulations framed thereunder is fundamental to maintain the sanctity of the insolvency framework.

- 12.2.1** In the present matter, an allegation has been made against the respondent concerning non-appointment of registered valuers, as required under Regulation 27 of the Insolvency Resolution Process for Corporate Persons Regulations, 2016 (CIRP Regulations), in respect of two Corporate Debtors, namely, City Bzr Fashions and Retail Limited (**CD-1**), where the respondent acted as Interim Resolution Professional (IRP) and Resolution Professional (RP), and RHD Enterprise Private Limited (**CD-3**), where the respondent functioned as IRP. It is observed that the respondent handled the CIRP of CD-1 and CD-3 for approximately 140 days and 143 days respectively, during which registered valuers were not appointed.
- 12.2.2** The DC observes that the insolvency resolution process under the Code pertains to distressed assets, and the statutory scheme casts significant responsibilities upon the RP to conduct the CIRP effectively. At the same time, the legislative framework also recognizes situations where the RP may face impediments in discharge of duties due to lack of cooperation from the personnel of the Corporate Debtor. In such circumstances, the Code provides remedial mechanisms. Section 19 of the Code mandates cooperation by the personnel of the Corporate Debtor, and sub-section (2) thereof enables the RP to seek appropriate directions from the Adjudicating Authority (AA) in case of non-cooperation. Further, Section 60(5) of the Code confers residuary jurisdiction upon the AA to entertain or dispose of any question of law or fact arising out of or in relation to the CIRP.
- 12.2.3** With regard to CD-1, the DC notes the submission of the respondent that appointment of registered valuers could not be undertaken at the relevant stage due to persistent non-cooperation from the suspended directors, including complete denial of access to the books of accounts and essential financial and statutory records of the Corporate Debtor, despite multiple formal communications and follow-ups.
- 12.2.4** The DC further notes that the respondent had brought these constraints to the knowledge of the Committee of Creditors (CoC) in the First Meeting of the CoC held on 14 November 2018, wherein the lack of information and access necessary for conduct of CIRP, was duly discussed and recorded.
- 12.2.5** The DC also takes note of the submission of the respondent that, in view of continued non-cooperation from the suspended Board of Directors, he had contemplated filing an application under Section 19(2) of the Code seeking directions from the Adjudicating Authority. However, upon consultation with the CoC, and in light of representations made by one of the suspended directors to the CoC expressing intent to settle the matter and seek withdrawal of the CIRP under Section 12A of the Code, the CoC advised the respondent not to initiate proceedings under Section 19(2) at that stage.

12.2.6 The DC notes that the above position is corroborated by the minutes of the First CoC meeting, relevant extracts of which are reproduced below:

“.... Though no response has been received against any of the emails sent to CD and all its Directors on multiple occasions, Mr. Amar Shukla one of the directors have kept in touch with the IRP intermittently but despite repeated assurances and promises he has still failed to provide most of the information and complete access to CD Records. Mr. Amar Shukla is present in this meeting and he has promised to comply with all statutory requirements and based on his fresh assurances and his keenness to get the CIRP Petition withdrawn under Section 12A the committee have advised IRP not to file any petition u/s 19(2) against the CD for the time being and wait for him to arrange necessary funds to facilitate withdrawal of petition under section 12A.”

12.2.7 The DC observes that the CIRP of CD-1 subsequently culminated in settlement and withdrawal under Section 12A of the Code. In the given factual matrix, where access to records was denied and the process itself was poised for withdrawal at the request of the CoC, the appointment of registered valuers would not have served any substantive purpose and would, in effect, have been rendered an exercise in futility.

12.2.8 With regard to CD-3, the DC notes the submission of the respondent that the Corporate Debtor had remained completely non-cooperative and unavailable during the CIRP. The promoters and personnel of the Corporate Debtor had absconded and consistently failed to provide any information, records, or documents, including books of accounts, despite repeated follow-ups by the respondent.

12.2.9 The DC further notes that the respondent was denied access to the registered office of the Corporate Debtor, which was found to be locked and inaccessible, thereby materially impeding the conduct of the CIRP and rendering it impossible to undertake essential processes, including appointment of registered valuers.

12.2.10 The DC also takes note of the submission that the respondent filed an application dated 25th October 2017 before the Hon’ble National Company Law Tribunal citing non-cooperation by the Corporate Debtor. The said application was urgently mentioned, and the Hon’ble NCLT took prompt cognizance of the matter and passed an order dated 2nd November 2017 addressing the issue of non-cooperation.

12.2.11 Upon a holistic appreciation of the submissions made by the respondent, the material placed on record, and the circumstances prevailing during the CIRP of both Corporate Debtors, the DC finds that the respondent has been able to provide satisfactory and reasonable justification for non-appointment of registered valuers in both cases.

- 12.2.12** The DC notes that the non-appointment of valuers was not on account of any deliberate omission or negligence on part of the respondent but was attributable to severe and persistent non-cooperation by the suspended directors, coupled with the factual developments during CIRP, including settlement and withdrawal under Section 12A of the Code in one case.
- 12.2.13** Accordingly, in the facts and circumstances of the present matter, the DC is of the considered view that the respondent cannot be held liable for non-appointment of registered valuers during the CIRP of City Bzr Fashions and Retail Limited and RHD Enterprise Private Limited.
- 13.0 Contravention:** Regulation 6(1) of the Insolvency Resolution Process for Corporate Persons Regulation 2016 provides that “*an insolvency professional shall make a public announcement within three days from the date of his appointment*”. However, in the CIRP of **Phyto Biotech Private Limited (CD-2)** and **M.R. Nirman Private Limited (CD-4)** following is noted:
- Phyto Biotech Private Limited (CD-2):** It is noted that CIRP of the Corporate Debtor was initiated vide NCLT order dated 04-02-2020, whereas the public announcement was made on 09-02-2020. Thus, delay of 2 days in making public announcement.
- M.R. Nirman Private Limited (CD-4) :** It is noted that the CIRP of the Corporate Debtor was initiated vide NCLT order dated 07-01-2022 whereas the public announcement was made on 11-01-2022. Thus, delay of 1 day in making public announcement.
- 13.1 Submissions by Mr. Rajendra Kumar Aggarwal:** The Respondent in his reply submitted that in the case of **Phyto Biotech Private Limited (CD-2)** the date referred to by the DC 04-02-2020 is the date of pronouncement of the order by the Hon’ble Adjudicating Authority (AA). As per the official copy of the order, the date of the communicating such order is clearly recorded as 06-02-2020. The said order was received by the IP on 07.02.2020 and accordingly the public announcement was made within the prescribed three-day period from the date of receipt, i.e., on 09.02.2020.
- 13.1.1** Respondent further submitted that in accordance with settled regulatory and legal practice, the timelines under the Corporate Insolvency Resolution Process (CIRP) commence from the date of receipt of the certified copy of the order by the IRP, and not the date of pronouncement in open court. This position is consistent with principles of natural justice and due process, particularly where the effective trigger for compliance is actual knowledge and receipt of the judicial order.
- 13.1.2** Similarly in the case of **M.R. Nirman Private Limited (CD4)**, the order of NCLT dated 07-01-2022 was received by the respondent on 08-01-2022, and accordingly on 11-01-2022 the public announcement was made. Thus, it is also within the stipulated timeline.
- 13.2 Findings and Observations-** The DC notes that the Insolvency and Bankruptcy Code, 2016 (the Code) has been enacted with the primary objective of ensuring time-bound resolution of stressed

assets so as to maximise value for all stakeholders. Section 12 of the Code mandates completion of the corporate insolvency resolution process (CIRP) within a period of one hundred and eighty days from the insolvency commencement date, which may be extended only once by the Adjudicating Authority (AA) for a further period not exceeding ninety days, subject to fulfilment of the conditions stipulated therein.

- 13.2.1** The DC further observes that, in order to operationalise the aforesaid objective, the Code read with the regulations framed thereunder prescribes specific timelines for each critical activity forming part of the CIRP. These timelines are not merely directory in nature but are integral to the scheme of the Code and are required to be strictly adhered to by the insolvency professional entrusted with the conduct of the process
- 13.2.2** In this context, the DC takes note of the submissions made by the Respondent with regard to the alleged delay in making public announcements in the two CIRPs referred to in the show cause notice.
- 13.2.3** In respect of Phyto Biotech Private Limited (CD-3), the Respondent has submitted that although the order dated 04.08.2019 admitting the corporate debtor into CIRP was passed by the Adjudicating Authority, the said order was received by the Respondent only on 07.02.2020. Upon receipt of the order, the Respondent made the public announcement on 09.02.2020, i.e., within three days thereof, in compliance with the requirement under the Code and the applicable regulations.
- 13.2.4** Similarly, in the case of M.R. Nirman Private Limited (CD-4), the DC notes the submission of the Respondent that the order dated 07.01.2022 passed by the Hon'ble NCLT commencing CIRP was received on 08.01.2022, and the public announcement was accordingly made on 11.01.2022, which is within the prescribed timeline.
- 13.2.5** Upon examination of the submissions and the material placed on record, the DC finds that the Respondent has demonstrated that the public announcements in both cases were made within the period of three days from the date of receipt of the respective orders of the Adjudicating Authority.
- 13.2.6** Accordingly, the DC accepts the submissions of the Respondent in respect of both the Corporate Debtors.
- 14.0 Contravention:** Regulation 30A (3) of the (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 requires that
- “(1) An application for withdrawal under section 12A may be made to the Adjudicating Authority –*
- (a) before the constitution of the committee, by the applicant through the interim resolution professional;*

(b) after the constitution of the committee, by the applicant through the interim resolution professional or the resolution professional, as the case may be:

Provided that where the application is made under clause (b) after the issue of invitation for expression of interest under regulation 36A, the applicant shall state the reasons justifying withdrawal after issue of such invitation.

(2) The application under sub-regulation (1) shall be made in Form FA of the Schedule accompanied by a bank guarantee-

(a) towards estimated expenses incurred on or by the interim resolution professional for purposes of regulation 33, till the date of filing of the application under clause (a) of sub regulation (1); or

(b) towards estimated expenses incurred for purposes of clauses (aa), (ab), (c) and (d) of regulation 31, till the date of filing of the application under clause (b) of sub-regulation (1).

(3) Where an application for withdrawal is under clause (a) of sub-regulation (1), the interim resolution professional shall submit the application to the Adjudicating Authority on behalf of the applicant, within three days of its receipt....”

Further Clause 16 of the Code of Conduct provides that “*an insolvency professional must ensure that he maintains written contemporaneous records for decision taken the reason for decision. This shall be maintained so sufficiently enable a reasonable person to take a view on the appropriateness of the decisions and actions.*”

Based on the above provisions, in the CIRP of **Phyto Biotech Private Limited (CD-2)** it is noted that the date mentioned in Form-FA is 20-01-2020 and the application was filed before the Adjudicating Authority on 24-01-2020 thus delay of 1 day in filing application. In the CIRP of **M.R. Nirman Private Limited (CD-4)**, it is noted that the date mentioned in Form-FA is 24-01-2022 whereas the application was filed before the Adjudicating Authority on 31-01-2022, leaving a delay of 4 days than the prescribed timeline. Upon seeking clarification from the Respondent by IA in this regard, respondent submitted that in case of **CD-2** Form FA dated 20-01-2020 was received by him on 21-01-2020 and accordingly he filed the withdrawal application on 24-01-2020 within three days of receipt. In the CIRP of **CD-4** respondent submitted that Form FA dated 24-01-2022 was received by him on 29-01-2022 and accordingly filed withdrawal application on 31-01-2022.

In view of the above, the DC held *prime facie* view that respondent has contravened Section 208(2)(a) & (e) of the Code, Regulation 30 A (3), of the Insolvency Resolution Process for Corporate Persons Regulation 2016, Regulation 7(2) (a), (h) & (i) of IBBI (Insolvency Professional) Regulation, 2016 read with clause 13, 14 and 16 of the Code of Conduct for Insolvency Professionals, specified under First Schedule of IBBI (Insolvency Professionals)

Regulations, 2016, as respondent has failed to provide contemporaneous records to substantiate his submissions.

14.1 Submissions by Mr. Rajendra Kumar Aggarwal: In respect of **CD-2**, respondent submitted that Withdrawal application under Section 12A of the IBC, along with Form FA, was duly submitted before the Hon'ble Adjudicating Authority and is already part of the official record both with the Board and the NCLT. Prior to its submission, the application was duly served upon all stakeholders, in compliance with procedural requirements, and supported by an Affidavit of Service attesting to the relevant facts, timeline of events, and delivery of documents.

14.1.1 Respondent further submitted that contemporaneous record regarding the receipt of Form FA by the IP is clearly documented and stated in Point No. 8 of the withdrawal application itself, which reads as follows:

“The original copy of Form FA dated 20.02.2020 along with the Memorandum of Settlement, duly notarised, was received by the IRP on 21.02.2020 and is being submitted with this Application to the Hon'ble Bench. The same is being marked as Annexure-4.”

14.1.2 Respondent further submitted that the statement forms part of the verified application submitted before the Hon'ble NCLT. As a matter of standard judicial process, such facts are subject to examination and scrutiny by the Adjudicating Authority prior to passing any final order. The order dated 27.02.2020, allowing withdrawal of the CIRP, thereby affirms the authenticity and sufficiency of the information and documentation provided. Accordingly, the submission that there was no written contemporaneous record is factually incorrect, as the required information was explicitly recorded in a formally submitted legal pleading, verified through affidavit, and accepted by the Hon'ble Tribunal.

14.1.3 In case of **CD-4**, the respondent submitted that the observation of the Disciplinary Committee is respectfully factually incorrect and therefore not sustainable. The correct sequence of events is as follows:

- The Memorandum of Settlement (MoS) was executed on 20.01.2022.
- Based on the MoS, Form FA was duly executed by the applicant on 24.01.2022.
- As per the provisions of the Insolvency and Bankruptcy Code, 2016, Form FA must be submitted through the IRP. In this case, IRP through email dated 28-01-2022 had intimated CD about non receipt of Form FA in prescribed form along with non-payment of CIRP dues till date of this application.
- Subsequent to such email, the form was physically hand delivered to the IRP on 29.01.2022 post execution by the applicant, along with proof of payment of CIRP costs. Such payment has been made on the date of hand over of such form i.e. 29-01-2022. The copies of which are already annexed with withdrawal petition filed.
- Consequently, the IP submitted the application for withdrawal under Section 12A to the Hon'ble Adjudicating Authority on 31.01.2022, which is within the prescribed timeline of three days from receipt of Form FA, as required under the regulations.

- 14.1.4** Respondent further submitted that it is crucial to note that the timeline for compliance begins from the date the IRP receives Form FA, not from the date of execution by the applicant. This is also consistent with the principle that responsibility to act arises upon receipt.
- 14.1.5** Respondent further submitted that the Affidavit of Service and proof of CIRP cost payment, both of which form part of the withdrawal petition, clearly demonstrate this sequence. The entire application was properly submitted, and no delay occurred from the IRP's end.
- 14.2 Analysis and Findings** - The Disciplinary Committee (DC) notes that Regulation 30A(3) of the Insolvency Resolution Process for Corporate Persons Regulations, 2016 mandates that where an application for withdrawal is made under clause (a) of sub-regulation (1), the Interim Resolution Professional (IRP) shall submit such application to the Adjudicating Authority within three days of its receipt. The provision is intended to ensure timely disposal of withdrawal requests and to avoid unnecessary continuation of the Corporate Insolvency Resolution Process (CIRP), thereby preserving the sanctity and efficiency of the insolvency framework.
- 14.2.1** The DC further observes that adherence to prescribed timelines under the Code and the Regulations is of paramount importance. Timely actions by insolvency professionals ensure certainty, protect stakeholder interests, and prevent procedural delays that may otherwise undermine the objectives of value maximisation and time-bound resolution envisaged under the Code.
- 14.2.2** The DC notes that the allegation in the Show Cause Notice (SCN) is premised on the observation of the Inspecting Authority (IA) that the Respondent failed to provide contemporaneous records in support of his submissions regarding compliance with Regulation 30A (3).
- 14.2.3** The DC notes that the primary basis of the contravention alleged in the SCN was the absence of contemporaneous documentary evidence substantiating the timelines claimed by the Respondent at the stage of inspection.
- 14.2.4** The DC, however, takes into consideration the submissions made by the Respondent during the course of proceedings, wherein he has now placed on record sufficient contemporaneous documentary evidence corroborating the dates of receipt of Form FA and the subsequent filing of withdrawal applications before the Adjudicating Authority.
- 14.2.5** Upon perusal of the material placed on record, the DC is satisfied that in both instances, the withdrawal applications were filed within three days from the date of receipt of Form FA, in compliance with the requirement stipulated under Regulation 30A(3) of the CIRP Regulations, 2016.
- 14.2.6** In view of the above, the DC holds that the allegation of contravention, as set out in the SCN, is not substantiated.

Order

- 15.0** In view of the submissions made by respondent, and materials available on record, DC notes that respondent has conducted the CIRPs of the CDs in a manner which is not satisfactory and compliant with the code and the regulations. Keeping in view the nature of contraventions as detailed above, in exercise of the powers conferred under Clause 24(1) (c) and 24(2) (d) of the Bye-Laws 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 Fifty Thousand (Rs. 50,000/-) on the respondent, to be deposited by way of demand draft payable in favor 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.
- 16.0** This order shall come into force from the date of its issue.
- 17.0** A copy of this order shall be forwarded to the Insolvency and Bankruptcy Board of India.

Date: 02-06-2026

CERTIFIED TRUE COPY

Sd/-

Mr. Sunil Pant, (Chairman)

CA. Charanjot Singh Nanda (Member)

Mr. Sanjay Kumar, (Member)

CA. Rahul Madan, (Member)