

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

DC. No. - IIIPI/DC/234/2025-26

ORDER

In the matter of Mr. Rakesh Kumar Tulsyan (Respondent) under Clause 15(1) 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 21-11-2025 issued to the respondent Mr. Rakesh Kumar Tulsyan, B-4, Vinay Tower, Kranti Nagar, Lokhandwala, Kandivali East, Mumbai, Maharashtra ,400101. 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-P01144/2018-19/11970. 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 Pai Khot Infra Private Limited** (Corporate Debtor/CD).
- 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 25-03-2026 by the DC. The respondent chooses to be represented through his counsel, Mr. Ashish Makhija 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-** In the CIRP of M/s Pai Khot Infra Private Limited, it is noted that the CIRP of the CD commenced vide NCLT order dated 27-10-2023 and CoC in its 1st meeting dated 28-11-2023 had resolved to replace respondent and to appoint Mr. Sunil Kumar Agarwal as the Resolution Professional (RP) of the CD. Accordingly, NCLT vide its order dated 19-04-2024 appointed Mr. Sunil as the RP.

In this regard, it is noted that despite the order of NCLT appointing Mr. Sunil as RP of the CD, respondent continued to act as deemed RP till the commencement of liquidation of the CD i.e., 19-08-2024. In this connection, respondent in his response to GRC, submitted that he was unaware of the order of NCLT and CoC which comprised of only one OC had not informed him about the said order thus in anticipation he continued to act as deemed RP. Based on information available on record, the action of the respondent prima facie, reflects lack of active communication and due diligence while obtaining updated information in respect of his replacement. Also, continuing for a period of 4(four) months as RP i.e. from 19-04-2024 to 19-08-2024, raises question/doubt on the conduct of the respondent to be Bonafide, in terms of securing fee as RP.

In view of the above, the DC held the *prime facie* view that respondent has contravened Section 208 (2) (a) and (e) of the Code, Regulation 7(2) (a) and (h) of the IBBI (Insolvency Professional) Regulations 2016 read with clause 1, 2, 3, 14 and 15 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 obtaining information in respect of his replacement.

4.0 Submissions by Respondent – In response to the allegation, respondent submitted that the SCN proceeds on the premise that the Respondent continued to act as Interim Resolution Professional (“IRP”)/Deemed Resolution Professional (“RP”) despite the passing of the National Company Law Tribunal (“NCLT”) order dated 19 April 2024, which allegedly appointed another RP. This foundational assumption is factually incorrect and legally unsustainable because the said order was never communicated to the Respondent by the NCLT”, the Committee of Creditors (“CoC”), the incoming RP, the advocate representing the CoC, or any other stakeholder until 12th May 2025 i.e., more than a year after the date on which the order was passed. Consequently, at all times prior to communication of the order, the Respondent continued to act under lawful authority and in compliance with the Code and Regulations.

4.1 Respondent further submitted that he would like to apprise the historical background of Corporate Insolvency Resolution Process (CIRP) of Pai Khot Infra Private Limited (in short ‘*Corporate Debtor*’) to substantiate that while discharging his duties as Interim Resolution Professional, the Respondent faced numerous challenges during the Corporate Insolvency Resolution Process of the Corporate Debtor. Details of some of which together with the chronology of events are as under:

The Hon’ble National Company Law Tribunal, Mumbai Bench-I (in short ‘*NCLT*’) on 27.10.2023 initiated CIRP of Pai Khot Infra Private Limited by admitting an application filed under section 9 of the Insolvency & Bankruptcy Code, 2016 (in short ‘*Code*’) and appointed the Respondent as Interim Resolution Professional (IRP) from the panel of IBBI. The important timelines of the CIRP of Corporate Debtor is provided hereunder for the ready reference: -

Date	Event
27-10-2023	Date of Initiation of CIRP
29-10-2023	Copy of the NCLT order received by the IRP, in the evening.
31-10-2023	Date of Publication of Public Announcement
14-11-2023	Last date for creditors to file their claims, as per the newspaper published Form A.
22-11-2023	Date of Constitution of CoC
28-11-2023	Date of First Meeting of CoC

08-12-2023	COC filed application for Replacement of IRP; not discussed in any COC meeting;
12-12-2023	Date of Second Meeting of CoC
22-12-2023	Third CoC Meeting held, Form G approved and published on 25-12-2023
29-01-2024	Forth CoC Meeting held, 2nd Form G approved and published on 01-02-2024
01-02-2024	Second Form G Published
13-03-2024	5th CoC meeting held
18-04-2024	6th CoC meeting held. CoC passed a resolution for the liquidation of the CD, as the time period was nearing its end and no resolution plan had been received.
19-04-2024	Order of appointment of RP passed by NCLT. Communicated to Respondent on 12-5-2025 vide the IA 1789/2024
23-04-2024	Liquidation application filed vide IA(IBC)(LIQ.)/73/2024
30-04-2024	7th CoC meeting held;
25-06-2024	Pufe application filed against the complainant and other Respondents before NCLT
19-08-2024	Liquidation commenced by NCLT. Order communicated to IRP by CS Nithish Bangera on 23-08-2024 and he handover to liquidator on 07-09-2024 who was also named as RP by NCLT vide order dated 19.04.2024.
12-05-2025	Copy of order dated 19.04.2024 sent by NCLT to Respondent.

4.1.1 Respondent further submitted that the decision to replace the Respondent and appoint another Resolution Professional was recorded in the first meeting of the Committee of Creditors held on 28 November 2023. In accordance with Section 22(3) of the Code, it was the obligation of the CoC to place this decision before the Hon'ble NCLT, and accordingly, the CoC filed an application before the Adjudicating Authority seeking such replacement. Notwithstanding the filing of the said application, several subsequent CoC meetings were convened and conducted on 12 December 2023, 22 December 2023, 29 January 2024, 1 February 2024, 13 March 2024 and 18 April 2024, during which the Respondent continued to discharge his functions transparently and diligently as IRP/Deemed RP. At all such meetings, the Respondent's role and authority were expressly recognised by the CoC and the suspended management, who actively participated in the proceedings. The CoC, with full knowledge of the Respondent's position, approved Form G on two occasions and issued further directions concerning the conduct of the CIRP, thereby unequivocally acknowledging the Respondent's continuing mandate.

4.1.2 Respondent further submitted that on 19th April 2024, the Hon'ble NCLT is stated to have passed an order replacing the Respondent with another Resolution Professional. However, the said order was never communicated to the Respondent at any point in time during the year 2024 by the NCLT or by any stakeholder. In the absence of any such communication, the Respondent continued to discharge his duties diligently and transparently, and all actions were undertaken in full view and knowledge of the stakeholders. The liquidation application had already been filed on 23rd April 2024, and the liquidation order was subsequently passed on 19th August 2024. The advocates provided only the liquidation order to the Respondent, pursuant to which the Respondent duly

handed over the records to the appointed liquidator. It is pertinent to note that the liquidator was also the incoming RP appointed vide order dated 19.04.2024 yet, even at the time of handover, he did not disclose or indicate the existence of any prior order replacing the Respondent as IRP/RP.

- 4.1.3** Respondent further submitted that on 12th May 2025, the Hon'ble NCLT communicated the replacement order to the Respondent for the first time since its passing on 19th April 2024. This communication constituted the first official intimation ever received by the Respondent regarding the said order. At no point prior to this communication did the CoC raise any concern or objection, suggesting that the Respondent had acted without authority or had continued to function after being replaced. The sequence of events clearly demonstrates that until 12th May 2025, neither the Respondent nor any other stakeholder had knowledge of the replacement order. Accordingly, all actions undertaken by the Respondent during the intervening period were performed under a bona fide belief, and under the legally subsisting authority, that the Respondent continued to hold office as IRP/Deemed RP.
- 4.1.4** Respondent further submitted that it is submitted that the order dated 19.04.2024 was not even uploaded on the NCLT website, and the same is still not uploaded as on 05.12.2025. When an order is neither communicated by the Tribunal nor made available on its official portal, an Insolvency Professional has no means to ascertain its existence. If the CoC itself did not inform the Respondent, and the incoming RP also failed to communicate or assert his appointment, then there was no circumstance that could have put the Respondent on notice regarding the passing of the order.
- 4.1.5** Respondent further submitted that an Insolvency Professional is entirely dependent on (i) formal communication from the NCLT, (ii) uploading of orders on the NCLT website, or (iii) communication from the party seeking replacement. None of these occurred. Therefore, the Respondent cannot be faulted for not acting upon an order that was neither communicated, nor uploaded, nor disclosed by any stakeholder. In such a situation, no amount of additional diligence could have revealed an uncommunicated and unavailable order, and the Respondent cannot be expected to undertake speculative efforts beyond what the Code, Regulations, and established practice require. Accordingly, there is no lapse, no negligence, and no violation whatsoever attributable to the Respondent.
- 4.1.6** That the Respondent respectfully submits that all actions undertaken by the Respondent during the period from 19th April 2024 to 19th August 2024 were carried out under a bona fide and reasonable belief that he continued to hold office as the IRP/Deemed RP. This belief was not merely subjective but was reinforced by the conduct of every stakeholder involved in the CIRP. The CoC continued to participate in meetings convened by the Respondent, the suspended management corresponded and engaged with the Respondent without objection, the advocates provided documents and instructions without raising concerns regarding authority, and the incoming RP/liquidator himself

accepted handover from the Respondent without indicating the existence of any earlier replacement order. These circumstances collectively demonstrate that the Respondent had no cause or reason to suspect that any order replacing him had been passed or communicated.

- 4.1.7** Respondent further submitted that the Respondent at all times acted in good faith, with utmost diligence, and in a manner consistent with the responsibilities cast upon an Insolvency Professional under the Insolvency and Bankruptcy Code, 2016. Every action undertaken by the Respondent ranging from conducting CoC meetings, issuing statutory notices, publishing Form G twice, examining claims, filing applications including the liquidation application, and subsequently handing over records to the liquidator was performed transparently, with full participation of the stakeholders, and strictly within the framework of the authority that was believed to be in force. The Respondent neither acted surreptitiously nor exceeded the scope of his duties at any stage of the CIRP.
- 4.1.8** Respondent further submitted that his conduct throughout the CIRP was *bona fide* and without any element of mala fide intent or personal gain. The Respondent continued to function solely because no order of replacement was ever communicated to him by the NCLT, the CoC, the suspended management, or the incoming RP. In such circumstances, the Respondent was legally justified in assuming that his appointment subsisted. The Respondent's actions were consistent with the knowledge available to all stakeholders at that time, none of whom ever intimated or alleged that he lacked authority. This collective conduct of all parties clearly demonstrates that the Respondent's belief regarding the continuation of his mandate was both reasonable and *bona fide*
- 4.1.9** Respondent further submitted that in the absence of any formal intimation from the NCLT or from the party seeking replacement, the Respondent was not required, nor was there any statutory obligation, to make speculative inquiries regarding the status of applications pending before the adjudicating authority. The Code and the Regulations stipulate no duty upon an Insolvency Professional to constantly monitor the Tribunal's website for orders. It is a settled principle that orders of replacement must be communicated to the IRP/RP to take effect, as an Insolvency Professional cannot be expected to abdicate his statutory duties based on assumptions or unverified information. Hence, the Respondent's continuation in office was not only *bona fide* but also consistent with the legal and procedural framework of the IBC. Moreover, the Hon'ble NCLT eventually communicated the order on 12 May 2025, more than one year after its passing, which demonstrates that the delay in communication was entirely attributable to the Tribunal and the parties who sought the replacement. Until such time, the Respondent was legally justified in continuing to carry out all functions necessary for the conduct of the CIRP, and his *bona fide* belief regarding his authority is therefore unimpeachable.
- 4.1.10** Respondent further submitted that his conduct was guided entirely by the principles of good faith, transparency, and professional integrity expected of an Insolvency Professional. There is no

material to suggest that the Respondent acted with negligence, mala fide intent, or ulterior motive. On the contrary, the record shows that the Respondent acted diligently and in the interests of the stakeholders throughout the CIRP, and that no stakeholder has suffered any detriment as a result of the Respondent's actions. Accordingly, no adverse inference may be drawn against the Respondent on this count.

4.1.11 That the Respondent further submitted that no stakeholder, including the CoC, the suspended management, the incoming RP, or the Corporate Debtor, has suffered any loss, prejudice, or detriment due to the Respondent's continuation in office during the period in question. All statutory timelines were adhered to, all CoC meetings were duly convened, Form G was issued twice, progress was consistently communicated, and the liquidation process was initiated and subsequently handed over without obstruction. There is no allegation nor can any allegation be substantiated that the Respondent undertook any action that adversely affected the CIRP or prejudiced any stakeholder that the incoming RP, who later assumed charge as the liquidator, raised no objection at any time regarding the Respondent's authority, either before or after accepting the handover in August 2024. Had the incoming RP believed that the Respondent was acting without authority, he would not have accepted handover nor allowed the Respondent to continue to supervise the process. Likewise, the CoC, consisting of an Operational Creditor represented by an experienced advocate, participated in all meetings and directed important decisions during this period without raising any objection. Their conduct unequivocally confirms that the Respondent's actions were neither prejudicial nor unauthorised. In light of the above, the allegation of prejudice or unauthorised exercise of authority is inherently baseless. The Respondent has consistently acted in accordance with the interests of the stakeholders and the objectives of the Code, and no stakeholder can claim to have suffered any detriment on account of the Respondent's bona fide discharge of duties.

4.1.12 Respondent further submitted that it is a well-established principle of natural justice that a person cannot be penalised for an act done under a *bona fide* belief of legality, especially when such belief is induced by the conduct of the parties and the absence of communication from the adjudicating authority. The doctrine of *actus curiae neminem gravabit* (that an act of the court shall prejudice no one) is also squarely attracted in the present case, as it was the unexplained delay of the Tribunal in communicating the replacement order that created the very situation forming the basis of the present allegations. The Respondent cannot be burdened with consequences arising from a failure attributable to the Tribunal itself. Additionally, the principle that disciplinary liability must be based on deliberate or negligent misconduct, not on technical or procedural lapses beyond the control of the professional, applies with full force. Here, the Respondent's conduct reveals no mala fides, negligence, or dereliction. Instead, the Respondent displayed transparency, diligence, and consistent compliance with statutory requirements. In such circumstances, imposing any liability upon the Respondent would not only be unjust but would also have a distressing effect on Insolvency Professionals who act in good faith and rely on formal communications from

stakeholders. Therefore, both on facts and on settled legal principles, the Respondent's conduct stands justified, and no contravention of the Code or Regulations can be said to have occurred.

4.1.13 Respondent further submitted that the Respondent had meticulously followed the entire steps involved in the successful completion of the Corporate Insolvency Resolution Process of the Corporate Debtor and complied all the rules and regulations in the best possible manner. It is a settled position of law that the disciplinary enquiry cases relating to professional misconduct are quasi criminal in nature in as much as such proceedings may affect the professional's right to practice the profession. In other words, being quasi criminal cases, such cases **ought to be proved beyond reasonable doubt** (Emphasis given) and the onus to prove lies on the complainant. The evidence should be of a character which should leave no reasonable doubt about the guilt of the Respondent. In this connection reliance is placed on the judgment of the three-judge bench of Hon'ble Supreme Court in *H.V. Panchaksharappa Vs. K.G. Eshwar* (AIR 2000 SC 3344). The relevant portion is reproduced hereunder:-

“6. A charge of professional misconduct is in the nature of a quasi- criminal charge. Such a charge requires to be proved in the manner of proving a criminal charge and the nature of proof required to prove it, is that of beyond a reasonable doubt. Both, the State Bar Council as also the Bar Council of India, on the basis of material on the record, found that charge against the respondent has not been proved. In our opinion the findings recorded by both, the State Bar Council and the Bar Council of India, are on correct and proper appreciation of evidence available on the record. The findings do not suffer from any infirmity. Even if we were to overlook the assertions made on behalf of the respondent regarding conduct of the appellant as disclosed in the counter-affidavit filed by him in this Court on 14.10.1997, to which the appellant has filed no rejoinder, we find that the appellant has miserably failed to establish that the respondent committed any professional misconduct. We are not persuaded to accept the submission made by learned counsel for the appellant that application and the affidavit filed in Miscellaneous Application No. 105/1990 had not been signed and verified by the appellant. The submission is without any basis. The documentary evidence belies the submission. According to the appellant, some conversation had taken place in the office of the respondent when the appellant along with his friend Shri Nagaraja and Shri Jayanna had gone to make enquiries about the Miscellaneous Application No. 105/1990 when the respondent admitted filing of the miscellaneous application without instructions using signatures obtained on blank papers. In the complaint it was stated that the conversation was recorded on a tape and the same will be produced, but none was in fact produced. The withholding of the tape recorded conversation is a serious lacuna. The Bar Council took a serious note of it, and in our opinion, rightly. Learned Counsel for the appellant has failed to point out any infirmity in the impugned order.”

- 4.1.14** Respondent further submitted that the present complaint is not a *bona fide* grievance arising out of the conduct of the CIRP but is a retaliatory measure initiated by the suspended director of the Corporate Debtor with a clear and calculated intent to obstruct, frustrate, and derail the PUFÉ proceedings initiated by the Respondent in due discharge of his statutory duties. The complainant, who is a suspended member of the Board of Directors of the Corporate Debtor, is arrayed as a respondent in the PUFÉ application filed before the Hon'ble NCLT. His direct personal exposure under that application creates an obvious conflict and supplies a strong motive for attempting to discredit and harass the Respondent through multiple vexatious proceedings. The timing of the complaint, therefore, is not coincidental but a deliberate act of retaliation intended to pressurize and arm-twist the Respondent from pursuing serious transactions involving potential misconduct on the part of the Complainant.
- 4.1.15** Respondent further submitted that it is pertinent to highlight that at no stage during the CIRP spanning from October 2023 to August 2024, the complainant raise any allegation that the Respondent was acting without authority, had failed in his duties, or had in any manner prejudiced the interests of the Corporate Debtor. These allegations surfaced for the very first time only after the Respondent, in compliance with the mandate under Sections 43 to 66 of the IBC, conducted a PUFÉ analysis and filed an application identifying several questionable transactions executed under the watch of the complainant. The timing of the complaint is, therefore, highly telling it was lodged immediately after the PUFÉ application, clearly demonstrating retaliatory intent.
- 4.1.16** Respondent further submitted that it is a matter of record that Insolvency Professionals are increasingly being targeted with frivolous, baseless and vindictive complaints by persons who seek to divert attention from their own statutory violations, breaches of fiduciary duties, or questionable transactions under investigation. The present complaint falls squarely in this category. It has been filed not with the objective of redressing any genuine grievance, but solely to obstruct, intimidate and create a defence shield against the PUFÉ proceedings initiated for the benefit of creditors.
- 4.1.17** Respondent further submitted that the Complainant, instead of responding to the allegations of preferential and fraudulent transactions levelled against him, has chosen to attack the process by filing a complaint against the Respondent, evidently to derail the due course of law. Such conduct amounts to misuse of the regulatory complaint mechanism and is intended to cause unwarranted pressure and hindrance in effective discharge of duties by the undersigned under the Code and the Regulations. In view of the above facts and the demonstrable malice behind the filing, the present complaint is liable to be dismissed at the threshold as an abuse of process and a classic example of a motivated, retaliatory and arm-twisting proceeding.
- 4.1.18** Respondent further submitted that the complainant's ulterior motive is further demonstrated by his failure to raise these allegations at any earlier stage. Throughout the CIRP, including during the seven CoC meetings, the complainant actively participated, attended proceedings, and never

objected to the Respondent's role or actions. In fact, even after the liquidation order was passed, the complainant did not raise any issue. It was only when the PUFÉ application targeted transactions under his control that he initiated this complaint as a counterblast. Such conduct reveals that the complaint is not driven by concerns regarding process irregularity but is meant to shield the complainant from accountability for his own acts.

4.1.19 Respondent further submitted that the complaint lacks bona fide, is actuated by malice, and constitutes a colourable exercise intended solely to intimidate the Respondent and derail statutory proceedings against the complainant. It is respectfully prayed that this Hon'ble Committee recognise the ulterior purpose behind the complaint and discard it as an abuse of the disciplinary process.

4.1.20 Respondent further submitted that the complainant has indulged in blatant forum shopping with the singular objective of maligning the Respondent and obstructing the PUFÉ proceedings initiated against him. The complainant has simultaneously instituted and pursued multiple proceedings before different forums including the Hon'ble NCLT, the IIPICAI, the IBBI, and even a civil court arising from the same set of facts and directed solely against the Respondent. That such parallel litigation, instituted in quick succession and on overlapping issues, demonstrates a clear attempt to harass, intimidate, and exert undue pressure upon the Respondent, who was merely discharging his statutory obligations under the Insolvency and Bankruptcy Code. The timing and pattern of these proceedings each of which was initiated only after the filing of the PUFÉ application establish beyond doubt that the complainant is misusing the judicial and regulatory mechanisms to derail the statutory action initiated against him. This conduct mounts to a classic case of forum shopping and is recognized in law as an abuse of process, intended not to vindicate any legitimate grievance but to arm-twist the Respondent and undermine the due course of justice. Consequently, the complaint before this Hon'ble Committee is demonstrably mala fide, vexatious, and devoid of any bona fide basis.

4.1.21 Respondent further submitted that he categorically denies having levied, claimed, or received any fee for any period during which he was not legally acting in office. The Respondent has billed only for six months of CIRP activity, of which he has received payment for only five months i.e. from November 2023-March 2024. The sixth month's fee (April, 2024). The sixth month's fee (April, 2024) remains unpaid. Furthermore, the fee reporting made by the Respondent to the IBBI fully reflects the actual fee received, and there is no discrepancy or attempt at misrepresentation.

4.1.22 Respondent further submitted that the allegation that the Respondent attempted to "secure unauthorised fee" wholly ignores the critical fact that the Respondent had no knowledge whatsoever of the replacement order during the entire period in question. The Respondent continued to act under a bona fide and reasonable belief that he remained the IRP/Deemed RP, as no order to the contrary had been communicated either by the Tribunal or by any stakeholder.

Every action performed during this period including issuance of notices, publication of Form G, filing of liquidation-related documents, and eventual handover to the liquidator was undertaken openly, transparently, and with the full knowledge and participation of the CoC and the suspended management. Had any stakeholder been aware of the replacement order, even a single objection would have been raised; however, no such objection was made at any stage by any party.

4.1.23 The allegation also fails on the ground that no party has suffered any financial loss. The Respondent neither demanded nor received any fee beyond what was legitimately due for the period prior to liquidation. It is also pertinent to mention that at the time of CIRP admission, the Hon'ble NCLT directed the Applicant to make a payment of Rs. 5,00,000/- (Rupees Five Lac Only) to the Respondent for the purpose of CIRP cost, however, the said amount was never paid. Far from seeking unauthorised fees, the Respondent has been deprived of legitimate dues. The Respondent submits that, having discharged his duties diligently, transparently, and in good faith until 19th August 2024, he would in fact be entitled in law and equity to fees for work actually performed during this period. However, in order to demonstrate that his professional integrity and adherence to statutory duties are paramount and far outweigh any personal financial interest, the Respondent willingly foregoes any such claim. This unequivocally reinforces that the Respondent's conduct has been bona fide throughout and that no adverse inference can be drawn against him.

4.1.24 Respondent further submitted that his conduct throughout the CIRP was marked by diligence, transparency, and an unwavering adherence to the statutory framework. At no stage did the Respondent attempt to derive any undue financial benefit or act in a manner inconsistent with the responsibilities of an Insolvency Professional. On the contrary, despite being legally and equitably entitled to remuneration for the period during which he continued to discharge duties in good faith and with the full knowledge of all stakeholders, the Respondent has voluntarily elected to forego any such claim, solely to reaffirm that his commitment to the insolvency framework and to the office he holds is far more important than any remuneration. This act alone demonstrates that the Respondent neither acted with mala fide intent nor sought any wrongful gain. The allegations made in the present proceedings, therefore, lack factual foundation, legal merit, and moral justification. The Respondent accordingly prays that this Hon'ble Committee may be pleased to exonerate him of allegations and uphold his conduct as befitting the standards expected of an Insolvency Professional.

5.0 Analysis & Findings- The Disciplinary Committee (DC) notes that effective and timely communication is fundamental to the successful conduct of the insolvency resolution process. An Insolvency Professional (IP), while managing the affairs of the corporate debtor (CD), is expected to exercise due diligence, vigilance and care in obtaining information as well as in making communications to all stakeholders. Even in the absence of an explicit statutory mandate for every eventuality, an IP is required to invest best professional efforts to avoid communication gaps that

may affect the sanctity and timelines of the process under the Insolvency and Bankruptcy Code, 2016 (the Code).

5.1 In this context, clause 15 of the Code of Conduct prescribed under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 mandates that an insolvency professional shall make reasonable efforts to ensure that all communications to stakeholders whether in the form of notices, reports, updates, directions or clarifications are made sufficiently in advance and in a manner that is simple, clear and easily comprehensible.

5.1.1 In the present matter, the DC notes that the Corporate Insolvency Resolution Process (CIRP) of the CD was initiated vide order of the Hon'ble National Company Law Tribunal (NCLT) dated 27.10.2023, whereby the respondent was appointed as Interim Resolution Professional (IRP).

5.1.2 The DC further notes that in the first meeting of the Committee of Creditors (CoC) held on 28.11.2023, wherein the CoC comprised a sole operational creditor i.e., (M/s Sonal Enterprises Pvt. Ltd.), the CoC resolved to replace the respondent as IRP and appoint Mr. Sunil Kumar Agarwal as Resolution Professional (RP). The CoC filed the necessary application before the Hon'ble NCLT. The relevant extracts from the minutes of the first CoC meeting are as under:

“To replace Interim Resolution Professional Mr. Rakesh Kumar Tulsyan with Mr. Sunil Kumar Agrawal as Resolution Professional (RP) and fix the fees and expenses.”

“FURTHER RESOLVED THAT the CoC member M/s Sonal Enterprises Pvt. Ltd. Authorised Representative be and is hereby authorized to submit necessary application/documents before Hon'ble NCLT.”

5.1.3 Pursuant to the aforesaid resolution and in accordance with section 22(3) of the Code, an application seeking replacement of the respondent as IRP was filed before the Hon'ble NCLT on 08.12.2023. The respondent during personal hearing has submitted that he was not informed of the filing of the said application.

5.1.4 The DC notes that the Hon'ble NCLT passed an order dated 19.04.2024 appointing Mr. Sunil Kumar Agarwal as RP in place of the respondent. It is an admitted position that the said order was neither uploaded on the website of the Hon'ble NCLT at the relevant time nor communicated to the respondent by any stakeholder. The order came to be uploaded on the NCLT website only on 07.05.2025.

5.1.5 Meanwhile, notwithstanding the filing of the replacement application, the respondent continued to convene and conduct CoC meetings. In the sixth CoC meeting held on 18.04.2024, the CoC resolved to liquidate the CD. Accordingly, the respondent filed a liquidation application before the Hon'ble NCLT on 23.04.2024, and a liquidation order was passed on 19.08.2024. The respondent

received communication of the liquidation order on 23.08.2024 and handed over charge to the Liquidator on 07.09.2024.

- 5.1.6** Considering the foregoing factual background, the DC notes and accepts the respondent's submission that the order of the Hon'ble NCLT dated 19.04.2024 appointing a new RP was not available on the NCLT website and that none of the stakeholders had knowledge of the said order during the relevant period. The respondent has thus been able to satisfactorily establish that he had no actual knowledge of the said order.
- 5.1.7** The DC observes that the central defence of the respondent is premised on absence of knowledge of the NCLT order and his bona fide belief that he continued to act as the deemed RP. While the DC finds merit in the submission that the order was neither uploaded nor communicated, it also notes that the minutes of the first CoC meeting signed by the respondent himself recorded a clear resolution for his replacement.
- 5.1.8** In such circumstances, the DC finds that there is no material on record to demonstrate that the respondent undertook any proactive steps or made reasonable enquiries to ascertain the outcome of the replacement resolution passed by the CoC. Despite the time-bound nature of the insolvency process and the clarity of the CoC's decision, the respondent appears to have waited passively without seeking any confirmation from the authorised CoC representative or the Adjudicating Authority regarding the status of the application.
- 5.1.9** The respondent has argued that section 22(3)(b) of the Code casts the obligation of filing the application for appointment of the RP on the CoC and that the respondent had no statutory role in pursuing the outcome of such application. The DC finds this defence unpersuasive. While section 22(3) indeed pertains to the filing of the application which was duly complied with, it does not absolve an insolvency professional from exercising reasonable diligence to remain informed about decisions directly impacting his authority and role. The absence of an explicit statutory obligation does not bar an IP from seeking or verifying such information, particularly in a framework where timeliness is critical.
- 5.1.10** The DC reiterates that insolvency professionals are expected to adhere to high standards of promptness, clarity, diligence and responsiveness. A proactive approach in seeking information, especially where the IP's continuation in office is in question, is consistent with the professional responsibilities cast upon them.
- 5.1.11** At the same time, the DC takes note that this is not a case where the respondent willfully disobeyed or consciously ignored an order of the Hon'ble NCLT. The failure of the order dated 19.04.2024 to be uploaded on the NCLT website, coupled with the absence of knowledge of the said order

among stakeholders, materially contributed to the situation. In these circumstances, the respondent cannot be held entirely responsible for the lapse.

5.1.12 As regards the allegation of securing fees in an unauthorised manner, the DC accepts the respondent's submission that he has billed only for six months of CIRP activity, of which he has received payment for only five months i.e. from November 2023-March 2024. The sixth month's fee (April, 2024). The sixth month's fee (April, 2024) remains unpaid.

5.1.13 The DC further notes the respondent's submission that, despite being lawfully entitled to claim fees for work performed up to 19.08.2024, he has voluntarily forgone such claim to demonstrate that professional integrity and statutory compliance outweigh any personal financial interest. The DC finds that this conduct reinforces the bona fide nature of the respondent's actions and does not warrant any adverse inference.

5.1.14 In view of the above, the DC notes the absence of mala fide intent on the part of the respondent and also finds that the respondent's actions did not cause any demonstrable adverse impact on the CIRP of the CD. Accordingly, considering the totality of facts and circumstances, the DC is inclined to take a lenient view in the matter.

6.0 Order

6.1 Accordingly, in exercise of the powers conferred under Clause 24(1)(c) of the Bye-laws of the Indian Institute of Insolvency Professionals of ICAI, read with clause 15(1) of the Disciplinary Policy of IIIPI, the Disciplinary Committee hereby disposes of the Show Cause Notice without imposing any adverse directions upon the respondent.

6.1.1 However, the DC advises the respondent to exercise enhanced diligence, vigilance and reasonable care in future, particularly while obtaining information, engaging with stakeholders, and performing duties under the Code, so as to avoid any communication gaps in the conduct of insolvency processes.

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

8.0 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)