

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 1733 of 2026

IN THE MATTER OF:

Ritesh Prakash Adatiya

...Appellant(s)

Versus

Insolvency and Bankruptcy Board of India

...Respondent(s)

Present:

For Appellant : Mr. Krishnendu Dutta, Sr. Advocate with Ms. Charu Bansal and Mr. Yash Tandon, Advocates.

For Respondents : Ms. Madhavi Divan, Sr. Advocate with Ms. Amrita Singh, Mr. Prasang Sharma and Mr. Sanket Khandelwal, Advocates for IBBI.

O R D E R
(Hybrid Mode)

[Per: Ajai Das Mehrotra, Member (Technical)]

The present appeal is filed under Section 220(7) of the Insolvency and Bankruptcy Code, 2016 (“**IBC, 2016**”) by Mr. Ritesh Prakash Adatiya (the Appellant) seeking to challenge the order dated 20.07.2026 being No. IBBI/IPA-001/IP-P01334/2018-2019/12013 passed by the Disciplinary Committee (“**DC**”) of the Insolvency and Bankruptcy Board of India (“**IBBI**”) whereby the registration of the Appellant as an insolvency professional has been cancelled and he is declared ineligible to continue his existing assignments.

2. The Appellant/Applicant has filed an I.A. No. 6581 of 2026 in the present case seeking following reliefs:

“i. Allow the present application and pass an order granting ex-parte ad-interim stay on the operation, implementation and effect of the order dated 20 July 2026 bearing No. IBBI/DC/334/2026

(“Impugned Order”) passed by the Insolvency and Bankruptcy Board of India being the Respondent (“IBBI /Respondent”) through the Disciplinary Committee (“DC”) during the pendency of the present appeal, whereby the registration of the Appellant as an Insolvency Professional has been cancelled and the Appellant has been declared ineligible to continue his existing assignments by operation of Section 206 of the Code; and/or

ii. Pending the hearing and final disposal of the captioned Appeal, direct that the Appellant shall be permitted to continue his existing assignments as an Insolvency Professional, including all ongoing CIRPs and liquidation processes.

iii. Pass such other and further order(s) as this Hon’ble Tribunal may deem fit and proper in the facts and circumstances of the case.

3. The present order is restricted to disposal of I.A. No. 6581 of 2026.

4. The brief facts of this case are as under:

i. The Appellant was the Interim Resolution Professional (“**IRP**”)/Resolution Professional (“**RP**”) in 3 Corporate Insolvency Resolution Processes (“**CIRPs**”) of Anil Dhirubhai Ambani Group (“**ADAG**”). The 3 Corporate Debtors (“**CDs**”) viz M/s Medybiz Private Limited (CD-1), M/s Summit Ceminfra Private Limited (CD-2) and M/s Replenish Realty Private Limited (CD-3).

ii. The IBBI formed a prima facie view that Appellant had violated the provisions of IBC, 2016 and the Regulation made thereunder and issued Show Cause Notice (“**SCN**”) to him on 27.03.2026.

iii. The Appellant submitted his reply to the SCN on 10.04.2026.
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iv. After considering the SCN and its response, the DC accorded opportunity of personal hearing on 19.06.2026 wherein the Appellant appeared through VC and made his oral submissions.

v. The DC identified following contraventions:

- Contravention-I: Failure to conduct independent due diligence and identify avoidance transactions despite significant red flags and indicators.
- Contravention-II: Failure to file requisite CIRP Forms with the Board in the matter of CD-1, CD-2 and CD-3.
- Contravention-III: Failure to file requisite cost and relationship disclosures with the concerned Insolvency Professional Agency (“IPA”) in the matter of CD-1, CD-2 and CD-3.

vi. After analysing the submissions of the Appellant, the DC ordered as under:

“3. Order

3.1. In view of the foregoing discussion, the DC finds that Shri Ritesh Prakash Adatiya, as RP and Chairman of CoC failed to act as a fiduciary for stakeholders by ignoring his statutory duty under Section 25(2)G) and Regulation 35A of the CIRP Regulations to identify the transactions that eroded the value of the Corporate Debtors. Despite SEBI order dated 22.08.2024 which reflected the corporate debtors as being conduit for fraudulent fund diversion, Shri Ritesh Prakash Adatiya failed to fulfil his statutory obligations to initiate proceedings under Sections 43, 45, 50, and 66 of the Code. Further, the Shri Ritesh Prakash Adatiya also violated Regulation 36(2)(h) by failing to disclose the SEBI order

and the associated Rs. 25 Crore penalty in the Information Memorandum. This omission prevented the Committee of Creditors and potential Resolution Applicants from accurately assessing the financial health and legal risks of the CD. The DC finds that Shri Ritesh Prakash Adatiya has failed to exercise his professional diligence in the conduct of CIRP of the CDs.

3.2.The DC finds that the conduct of Shri Ritesh Prakash Adatiya is in violation of Clause 1 of the Code of Conduct, which mandates that an insolvency professional shall maintain integrity by being honest, straightforward and forthright in all professional relationships. The extent of the pattern across multiple CIRPs cannot be regarded as random coincidence and rather it indicates a structured, coordinated framework designed with a pre-determined outcome of rapid corporate closure rather than a bonafide rescue or valuation maximizing exercise. The Code is designed to maximize asset value and rescue viable corporate entities. The RP cannot protect himself under the pretext of a "procedural" label when his passive conduct permitted an insolvency framework to be used as an tool to dispose the assets of the CD(s) and compromise creditor claims, leading to a blatant misuse of the IBC framework. By deliberately suppressing material facts regarding potential abuse of the insolvency process and failing to report these findings to the Adjudicating Authority, he has breached his fundamental obligation to act with honesty, and forthrightness. This failure to exercise independent professional judgment, despite having sufficient information to recognize a coordinated misuse of the insolvency framework across CIRPs, constitutes gross negligence in the performance of his statutory duties.

3.3.Furthermore, the DC also holds that Shri Ritesh Prakash Adatiya has violated Clause 14 of the Code of Conduct, which mandates that an insolvency professional shall neither act with malafide nor be negligent while performing his functions and

duties under the Code. The DC observes that IP should act as an impartial officer of the court and a custodian of the corporate estate. However, Shri Ritesh Prakash Adatiya, despite being Chairman of the CoC, effectively acted as a facilitator for a compromised CoC and a common Resolution Applicant. The DC underscored that Code is an economic legislation intended to maximize asset value and protect stakeholder interests. It cannot be permitted to serve as a tool for collusive debt extinguishment, strategic corporate burial, or the shielding of fraudulent transactions. Such actions undermine the institutional trust placed in an Insolvency Professional and are entirely contrary to the objectives and spirit of the Code.

3.4. In view of these findings, the DC finds that Shri Ritesh Prakash Adatiya is in violation of multiple statutory provisions and regulatory requirements. Specifically, he has contravened Sections 25(2)(j), 29, 65(1), 208(2)(a), and 208(2)(e) of the Code, as well as Regulations 35A, 36(2)(h), and 40B of the CIRP Regulations, and Regulations 7(2)(a) and (h) of the IP Regulations. These violations are further compounded by his failure to adhere to the Code of Conduct for Insolvency Professionals, specifically Clauses 1, 8B, 8C, 13, 14, and 16.

3.5. In view of the foregoing discussion, the DC in exercise of the powers conferred under Section 220 of the Code read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby cancels the registration of Shri Ritesh Prakash Adatiya (Registration No. IBBI/IPA-001/IP-P01334/2018-2019/12013). Further, in terms of Section 206 of the Code, Shri Ritesh Prakash Adatiya shall not be eligible to continue his existing assignments.

3.6. This Order shall come into force on expiry of 30 days from the date of its issue.”

5. In his oral and written submissions and during course of arguments and rejoinder, the Ld. Sr. Counsel Mr. Krishnendu Dutta, Sr. Advocate assisted by Ms. Charu Bansal, Advocate for the Appellant stated that there are serious deficiencies in the procedure adopted by the Disciplinary Committee (“DC”).

5.2 It is argued that as no investigation or inspection was carried out, as required under Section 218 of the IBC, 2016, the issue of SCN under Section 219 is without any basis. Section 219, as it existed at the time of issue of SCN states as under:

“Section 219: The Board may, upon completion of an inspection or investigation under section 218, issue a show cause notice to such insolvency professional agency or insolvency professional or information utility, and carry out inspection of such insolvency professional agency or insolvency professional or information utility in such manner, giving such time for giving reply, as may be specified by regulations.”

It is argued that as no investigation or inspection was done, the issue of SCN is void *ab initio*.

5.3 The second objection raised by the Ld. Sr. Counsel for the Appellant is the conflict of interest regarding impartiality of the Member of the DC, Mr. Bhushan Kumar Sinha, Whole Time Member (WTM) of IBBI. It is argued that as per the duty chart of IBBI, Mr. B.K. Sinha, WTM is in charge of investigation and inspection. The duty chart of IBBI is given at page 2079 of the Appeal Paper Book (APB).

5.4 It is argued that the said member acted as judge in his own cause against judicial principle of *Nemo judex in causa sua*.

5.5 It is argued that the Hon'ble High Court of Gujarat vide order dated 13.08.2026 in R/Special Civil Application No. 10872 of 2026 in the case of *Mohit Bipinchandra Adatiya v. Insolvency and Bankruptcy Board of India (IBBI)* has considered this issue while granting *ad interim* relief to the Appellant therein on similar facts.

5.6 Next objection raised by Ld. Sr. Counsel is that as per provisions of Regulation 2(1)(c) of IBBI (Inspection and Investigation) Regulations, 2017, the DC is to be constituted by the WTM of IBBI. The said sub-regulation is reproduced below:

"2. Definitions

(1) In these regulations, unless the context otherwise requires-

.....

(c) "Disciplinary Committee" means a committee of whole time member(s) constituted by the Board under sub-section (1) of section 220 of the Code:

Provided that the whole time members(s) in the Disciplinary Committee shall not be associated with the investigation or inspection."

5.7 It is argued that the DC in this case was comprised of the Chairperson IBBI and WTM, IBBI. It is argued that Chairperson is a separate and distinct person. The constitution of the Board (IBBI) is defined in Section 189 of the IBC, 2016 wherein Chairperson is shown as a distinct person in clause 1(a) while the WTM members are separately referred to in clause 1(b), (c) and (d).

5.8 It is argued that this issue has been noticed by the Hon'ble High Court of Calcutta at Kolkata in the case of *Sashi Agarwal v. Union of India and Others* **Company Appeal (AT) (Insolvency) No. 1733 of 2026**

reported in 2026 SCC OnLine Cal 10067 wherein the Hon'ble High Court noted the provisions of Section 189 in para 16 and noted that the Chairperson falls under separate category in the Board in para 17 and has held as under in para 18 of the said judgment:

“18. Here too, the Chairperson and Whole Time Members are treated as two categories of entities comprising the Board. Thus, when the statute provides that the Disciplinary Committee shall consist of Whole Time Members only, emphasis has to be laid on the expression “only”. Thus, none other than Whole Time Members can constitute the Disciplinary Committee, irrespective of whether the Chairperson is also a Whole Time Member or not. The provisions do not state that the Chairperson shall be a Whole Time Member. The law is well settled that when a statute requires a thing to be done in a particular way, it should be done in that way or not at all. Reference is made to the following decision”

5.9 It is argued that participation of the Chairperson in the DC is against the Regulation 2(1)(c) and vitiates the order.

5.10 The Ld. Sr. Counsel also referred to the judgment of Hon'ble High Court of Bombay in the case of *Poonam Basak v. Union of India and Others* reported in 2023 SCC OnLine Bom 3239 wherein in para 10 and 11, the Hon'ble High Court has noted as under:

“10. Once this is the case, we are of the view, at least prima facie, that the 'Chairperson' is a separate and distinct category from a 'Whole -Time Member'. Admittedly the present impugned order has not been passed by a Whole-Time Member but by the Chairperson.

11. In these circumstances, prima facie, we are of the view that the Order impugned in the present Petition, was passed by an Authority which lacked jurisdiction. In these circumstances,

until the admission of the above Writ Petition, there will be ad interim relief in terms of prayer clause (c) which reads thus:

"c. Pending the hearing and final disposal of this Writ Petition, this Hon'ble Court be pleased to issue an order of injunction thereby restraining and injuncting the Respondents from in any manner acting upon or giving effect to or implementing the impugned Order dated 11.08.2023 and Show Cause Notice dated 08.05.2023 and stay the operation, effect and implementation thereof."

5.11 The Sr. Counsel submitted that the Appellant had moved the Writ Petition (L) Nos. 24771 and 25549 of 2026 before the Hon'ble High Court of Bombay against the SCN issued wherein the Hon'ble High Court of Bombay vide order dated 19.08.2026 in para 7 (d), (e) and (f) directed as under:

"7.

d. We hope and trust that when the petitioner moves the NCLAT for urgent listing, the fact that we have directed the effect of impugned order being kept irf abeyance only for six weeks, is taken into account by the NCLAT while giving listing to the petitioner;

e. During the aforesaid period of the impugned order being kept in abeyance for a further period of six weeks, the petitioner shall not take any fresh assignment as a resolution professional;

f. It would be in the interest of justice that NCLAT takes into consideration the time-period consumed by the petitioner while pursuing these writ petitions before this Court for the purpose of calculating limitation;"

5.12 It is submitted that the period of 6 weeks from the order dated 19.08.2026, expires on 30.09.2026 and there is urgency regarding extension of interim relief granted by the Hon'ble High Court.

5.13 On merits, it is argued that there are factual errors in the order of the IBBI. Much before the insolvency commencement date, the Reliance Commercial Finance Limited was taken over by Authum Investment under directions from RBI and after obtaining No-Objection Certificate (NOC) from RBI. It was Authum Investment, which was the Applicant-financial creditor in the insolvency of CD-1 (Medybiz) and CD-2 (Summit). Further the CIRP in CD-3 (Replenish) was initiated by the liquidator of RMOL Engineering and Offshore Ltd. as the said company was under liquidation.

5.14 It is argued that that the allegations that the insolvencies were initiated on applications under Section 7 filed by the entities of ADAG group is not borne out by the records. The application under Section 7 in the case of CD-1 was filed on 08.11.2023 and for CD-2 on 29.11.2023 by RCFL which was earlier taken over by Authum Investment and Infra Structure Ltd. and was under the management of the said company as per the approval/NOC given by the RBI. Similarly, for CD-3, the application under Section 7 was filed on 30.09.2023 wherein the applicant was liquidator of RMOL Engineering and Offshore Ltd. The said company is in liquidation since 2019 and was managed by the liquidator. It is argued in all three cases, the CIRP was not initiated by any entity of ADAG group. It is argued the finding that Reliance Commercial Finance Limited (“RCFL”) was common financial creditor is also factually incorrect.

5.15 The next observation of IBBI regarding common SRA was also challenged by stating that West End Investment and Finance Consultancy Pvt. Ltd. was the SRA in both CD-1 and CD-3 whereas SRA in CD-2 was Micro Capital Pvt. Ltd. It is argued that RP in the CIRP of CD-1 proposed the

reissuance of Form-G to CoC given low plan value but the CoC rejected the proposal for issue of fresh Form-G and approved the resolution plan in exercise of its commercial wisdom.

5.16 It is argued IBBI had relied upon the SEBI order dated 22.08.2024 ignoring that the order is passed in respect of CD-1 only and not in respect to CD-2 and CD-3. Even in case of CD-1, the Information Memorandum (“IM”) was published on 11.08.2024 that is 12 days before the passing of SEBI order dated 22.08.2024.

5.17 On the allegations of not identifying PUFEE transactions, it is submitted that independent professionals were appointed as transactional auditor for PUFEE transactions in CD-1, who submitted report on 24.10.2024 and did not find any PUFEE transactions.

5.18 It is argued that documents “Project Help” recovered during the search operations by the ED is dated 04.04.2025 and is prepared much after completion of all CIRP events in all the three CIRPs. RP had no knowledge of any such document or strategy during the CIRP.

5.19 It is argued that DC relied on extraneous sources including DC order dated 03.07.2026 in the case of Mr. C.P. Jain, IP and ED investigations but these records were never provided/served on the Appellant.

5.20 The Ld. Sr. Counsel referred to the minutes of the 5th meeting of CoC dated 06.04.2026 where in item No. 2 the following issue was discussed to show that Resolution Professional had sought clarification regarding status of Authum Investment & Infra Ltd., the financial creditor who had filed Section 7 petition against CD-1 and CD-2.

“Whether Authum Investment & Infrastructure Ltd. forms part of any larger group or whether it is linked with the RCFL and RHFL.”

In response, Ms. Sweta Narvekar, Legal Manager of Authum submitted that there is no such relation or linkage.

5.21 It is clarified that the RP in all the CDs was NPV Insolvency Professionals Private Limited (IPE) of which the Appellant was the authorised signatory.

5.22 The Ld. Sr. Counsel summarised his arguments, as under:

“a) Non-Compliance with Investigation Provision:

i. The SCN dated 27 March 2026 was issued without any prior inspection or investigation under Section 218 of the Code and without furnishing any inspection or investigation report to the Appellant. The mandatory statutory framework under Sections 218 and 219 of the Code was therefore bypassed. Prior to the 2026 amendment, as per the Section 219 the completion of an inspection or investigation was a condition precedent to issuance of the SCN. The SCN and the consequential Impugned Order are consequently prima facie without jurisdiction.

*ii. The Hon'ble Supreme Court in **Anshul Gupta v. IBBI** (Civil Appeal No. 12985 of 2026, paras 1-4) has emphasized the requirement of appointment of investigating authority and perusal of investigation report before a penalty under Section 220(2) of the Code is imposed. Based on this, the Hon'ble Supreme Court granted interim stay to the Appellant on materially identical facts.*

*iii. Reliance is placed on **Savan Godiawala v. IBBI** (W.P.(C) 13317/2022, order dated 11 January 2024, Delhi HC) and **Manish Kumar Gupta v. DC, IBBI & Anr.** (W.P.(C) 8205/2021 with W.P.(C) 9545/2022, order dated 10 April 2024, Delhi HC), wherein the Delhi High Court remanded matters back to IBBI for*

rehearing on account of non-disclosure of investigation reports under Regulation 12(5).

b) DC Order was signed by two members, one of whom is the Chairperson:

iv. The Impugned Order in the present case was signed by Shri Bhushan Kumar Sinha, Whole-Time Member, and Shri Ravi Mittal, Chairperson. The proviso to Section 220(1) of the Code, as applicable to proceedings initiated by way of the SCN dated 27 March 2026 (i.e., prior to the IBC Amendment Act, 2026 coming into force on 27 May 2026), required the DC to consist only of Whole Time Members. The participation of the Chairperson in the proceedings therefore renders the constitution of the DC ultra vires and the Impugned Order a nullity.

*v. The Bombay High Court in **Poonam Basak v. Union of India** (WP (L) No. 23016 of 2023, order dated 31 August 2023, paras 9-10) held that the Chairperson is a separate and distinct category from a Whole Time Member, and any DC order passed with the Chairperson as a member violates the proviso to section 220 (1). The Calcutta High Court in **Sashi Agarawal Vs Union Of India & Ors.** (2026 SCC OnLine Cal 10067, paras 18, 24-25, 30) held that "when the statute provides that the DC shall consist of Whole Time Members only, none other than Whole Time Members can constitute the DC, irrespective of whether the Chairperson is also a Whole Time Member."*

c) The Member overseeing the investigation cannot be part of the DC:

vi. The procedural and structural defect of the proceedings is further compounded because the organisational chart places the Whole-Time Member in this case on the vertical of overseeing Inspection and Investigation. Regulation 2(1)(c) of the Investigation Regulations expressly provides that a person constituting part of the DC shall not be associated with the investigation or inspection.

The Chairperson cannot be part of the DC where inspection and

investigation remain under the Chairperson's overall charge, and that a Whole-Time Member who oversees the Inspection and Investigation vertical cannot adjudicate the resulting disciplinary matter.

vii. Dr. Bhushan Kumar Sinha, who was a member of the DC that passed the Impugned Order, is also placed by the IBBI in its organisational structure overseeing the functions of Inspection and Investigation.. (Ref. Annex-14, @Pg. 2079, Vol. IX) This gives rise to the rule against a person being judge in his own cause (nemo judex in causa sua) and a reasonable apprehension of institutional bias.

*Ref: **Sashi Agarwal . Union of India & Ors.**, (20226 SCC OnLine Cal 10067, paras 30,32); (**Mohit Adatiya v. IBBI**, SCA No. 10872oo 026, order dt 13 Aug 2026, paras 3,4,6;)"*

6. The Ld. Sr. Counsel Ms. Madhavi Divan assisted by Ms. Amrita Singh, Advocate appearing for Respondent No. 1/IBBI in oral and written submissions opposing the prayer for interim relief submitted as under:

i. On the issue of absence of inspection and investigation report, it is argued that Show Cause Notice (SCN) was issued under Section 219 read with Section 218, read with Regulation 11(2) of the IBBI (Inspection and Investigation) Regulations, 2017. The Regulation 11(2) of the said regulation permits issuance of SCN based on “material available on record”. This regulation is in force since 2022 and has never been challenged. Further, the amendment to Section 219, which was brought in w.e.f. 26.05.2026, is clarificatory and applies retrospectively. Reference was made to select committee report dated 17.12.2025 wherein in para 61.3 it is clearly stated that amendment in Section 219 of the Code is to clarify the existing provision and thus is retrospective in operation, as was held by the Hon’ble Supreme

Court in *Sree Sankaracharya University of Sanskrit v. Dr. Manu*, (2023) 19 SCC 30.

ii. It is argued that as material was already available before the IBBI, any further inspection or investigation would have only delayed the process. In any case, it is argued that full opportunity was granted to the Appellant, including a personal hearing.

iii. On the participation of the Chairperson in the DC, it is argued that the personal hearing was held on 19.06.2026 and the impugned order is dated 20.07.2026, both the events are later than the amendment in Section 220(1), which was amended w.e.f. 26.05.2026 to expressly provide that the DC may consist of the Chairperson besides other member/s. The SCN was issued by the Deputy General Manager of the board and not by the DC. It is also argued that the amendment in Section 220(1) is procedural and retrospective in nature.

iv. Regarding association of Whole Time Member (WTM), Dr. B.K. Sinha, it is argued that it is Appellant's own case that there was no investigation or inspection and thus no prejudice can be shown. The SCN was issued by Mr. Keshav Kumar Giridhari, Dy. General Manager and there is no record to show any association of Dr. B.K. Sinha with the process of issue of SCN.

v. It is argued that there is no procedural irregularity in the conduct of the DC.

vi. On merits, it is argued that the Resolution Professional failed to notice several red flags in the insolvency on CD-1, CD-2 and CD-3. It is argued that Enforcement Directorate (ED) discovered and seized a document from ADAG group indicating a systematic attempt by the group to siphon away money

taken from the public financial institutions, using insolvency as a tool for pre-determined object of extinguishment of debts.

vii. It is argued that SEBI in its order dated 22.08.2024 has identified CD-1 noticee No. 15, and the holding company of CD-2, namely Crest Logistic and Engineers Pvt. Ltd. (later known as CLE Pvt. Ltd.) noticee No. 20 for “siphoning” funds received from Reliance Home Financial Limited (RHFL). The funds were received from RHFL on the date of application of loan itself and were transferred immediately on the same date to the promoter companies of ADAG group. SEBI imposed a penalty of Rs. 25 crores on CD-1 and CLE and also imposed 5 years market restriction. There are on-going investigations against ADAG group by CBI and ED and the PPT “Project Help” has been noticed by the Hon’ble Supreme Court in the case of *EAS Sharma v. UOI*, WP(C) No. 1217/2025 wherein in order dated 23.03.2026 in para 2, the Hon’ble Supreme Court has recorded as under:

“2. The ED in its report has pointed out that a Special Investigation Team (SIT) has been constituted on 12.02.2026 to investigate the cases connected to the Reliance Anil Ambani Group (RAAG). The SIT comprises an Additional Director, two Deputy Directors, and four Assistant Directors/Investigating Officers of the ED. Some forensic analysts and two staff members of the Bank of Baroda have also been taken as a part of the SIT. It is pointed out that investigations/inquiries into eight cases have commenced, and some documents have been seized. It is not necessary for us to refer to the nature of the documents that are said to have been seized. In addition, a purported ‘Project Help’ has been uncovered, whereunder insolvency proceedings were deliberately started through unrelated lenders. According to the report, all funding for IBC acquisitions was arranged through a group of

eight NBFCs. It is noted that claims totalling approximately Rs. 2,983 crores were settled for Rs. 26 crores.”

Further, in para 4 of the said judgment, the Hon’ble Supreme Court noted as under:

“4. Since the preliminary facts speak for themselves, it is a situation where senior officials of the investigating agencies must collaborate and make a strong effort to uncover any irregularities, illegal acts, or collusion and connivance of public officials, especially those in the financial institutions, if any, in granting undue benefits to the management of RAAG. While we do not express any opinion on the merits of the allegations, all that we wish to observe is that it is imperative upon the CBI and the ED to complete the investigation in a most dispassionate, fair, transparent, and independent manner and take the ongoing investigation to its logical conclusion in a time-bound manner.”

viii. It is argued that the RP had ignored the significant red-flags like CD-1 was not in business and had no employees yet it had borrowed Rs. 320 crores and put Rs. 339.63 crores into group debentures which were written down 100% by 31.03.2024. The statutory auditor had repeatedly in the audit reports of CD-1 for financial years ending March 2021, 2022 and 2023 given qualified reports identifying management weakness in internal finance control as also the investments exceeding Rs. 339 crores in debentures of companies whose net worth is negative and releasability of debt is questionable.

ix. It is argued that transaction auditor was not provided complete documents, neither any application under Section 19(2) of IBC, 2016 was filed for obtaining the documents from ex-management. The transaction auditor

has highlighted the shortcomings and, in the conclusion, stated that the matter calls for further investigation (Page 1549-50 of the APB). The Appellant took no steps in this regard, nor did raise any alarm regarding this. The Appellant also failed to disclose in the Information Memorandum (IM) that the SEBI proceedings were pending though he was aware of the SEBI order. The Resolution Professional instead of being alert in discharging his statutory responsibilities has acted as conduit, and facilitator in the abuse of the CIRP process to achieve extinguishment of debts.

7. Heard and perused the records with the able assistance of the Ld. Counsels.

8. This order is confined to the request for interim relief.

9. Part -IV of the IBC, 2016 deals with Regulation of Insolvency Professionals, Agencies and Information Utilities. Section 196 confers power on the IBBI to register Insolvency Professional (IP) as also the power to renew, withdraw, suspend or cancel such registration. Section 206 of IBC 2016 states that no person shall render his services as IP without being enrolled as a member of an IP agency and registered with the board. The registration of IP is governed by Section 207 of IBC, 2016.

9.2 We note that an IP is registered under the Code, and the registration is not assignment specific. While the IBBI has authority to register the IP, it also is empowered to suspend or cancel such registration. The registration once cancelled makes the person ineligible to act as RP under the IBC, 2016. Any person gets the eligibility to perform as an IP only during continuation of registration with IBBI.

9.3 The grant of interim stay of an order is governed by the tripartite test laid down by the Hon'ble Supreme Court in the case of *Dalpat Kumar v. Prahlad Singh* (1992) 1 SCC 719 which is namely, (a) whether there is a “prima facie case” in favour of the appellant, (b) whether a non-interference by the Court would result in “irreparable injury” to the party seeking relief and that there is no other remedy available to the party except one to grant injunction and (c) whether “the balance of convenience” is in favour of granting injunction. The grant of interim stay of an order suspending/cancelling the registration of regulated professional needs to be tested on these three tests, while considering the added caution of appropriateness of the disciplinary order made in public interest.

9.4 In *Apex Heights Pvt. Ltd. v. Ram Kishore Arora & Another*, CA No. 2626/2025 it is observed that a suspended IP needs to distance himself from on-going assignments pending exoneration. In *Anand Rao Korada v. IBBI*, WPA No. 19016 of 2023 (Calcutta HC) the interim relief was declined on the ground that RP can be replaced in any CIRP at any time and there is no irreversible prejudice to stakeholders should the challenge ultimately fail.

9.5 On the issue of “prima facie case”, we note the Appellant has raised many contentions touching the merits of the impugned order, which have been duly rebutted by the Respondent. The Respondent has argued that the Appellant failed to notice several red-flags of CD-1, CD-2 and CD-3 and as per the documents seized by ED, namely “Project Help”, there was a systematic attempt by the ADAG group to siphon away money taken from the public financial institutions, using insolvency as a tool for pre-determined object of extinguishment of debts. It is argued by the Respondent that the Applicant

failed to take cognizance of ongoing proceedings before SEBI and failed to notice that the CDs having no or minimal business were granted huge loans which were immediately transferred to the other entities of promoters. It is argued by the Respondent that despite qualified reports by the auditor and despite conclusion of need for further investigation by the transaction auditor, no steps were taken by the Applicant for corrective measures. It is argued that transaction auditor has pointed out that crucial documents have not been furnished, yet Applicant failed to file application under Section 19(2) before the Ld. NCLT. However, at this stage of interim relief, we are required only to examine and assess whether they lead to conclusion of a prima facie case in favour of the Appellant. Each of the submissions made by the Appellant on merits has been rebutted by the Respondent, hence considering the facts we do not find a prima facie case existing in favour of the Appellant for grant of interim reliefs sought in the present IA.

9.6 Regarding issue of “irreparable injury”, we have to see and balance out both consequences, namely, injury to the Appellant and injury to the process of CIRP under IBC, 2016. The integrity of the CIRP relies on the fairness, impartiality and professional conduct of the RP. Larger damage is likely to occur if a RP whose registration is cancelled after due process by IBBI is allowed to carry forward the CIRP involving high financial stakes.

9.7 The RP does not have a vested right to continue as such and his continuation is subject to the procedure established by the IBC, 2016, the Regulations thereunder, and the binding directions issued by the regulatory authority. Allowing a RP whose licence has been cancelled to continue in other

insolvency resolutions is likely to cause larger damage and will make the authority of IBBI in regulating the conduct of RPs ineffective.

9.8 Since the suspension/cancellation of registration is not assignment specific, any stay granted viz-a-viz other insolvencies would defeat the process of regulation of conduct of the RP.

9.9 In the facts and circumstances of this case, we are unable to hold that the balance of convenience lies in favour of the Appellant for grant of interim relief. We also note that as per Section 7(5)(a) and Section 9(5)(e), an IP against whom disciplinary proceedings are pending cannot be appointed as an IRP or RP. When the legislative intent is not to have an IP whose conduct is being questioned and proceedings are pending, as RP, grant of interim relief in a case where RP is found guilty of misconduct after due service of show cause notice and personal hearing by DC of IBBI, goes against the legislative intent.

9.10. It is to be noted that a similar view has been taken by the co-ordinate bench of this Tribunal in the case of *Arunava Sikdar v. Insolvency and Bankruptcy Board of India Through its Disciplinary Committee, Company Appeal (AT) (Insolvency) No. 1384 of 2026*. The said order was challenged before the Hon'ble Supreme Court and the Hon'ble Supreme Court in *Civil Appeal No. 12811/2026* vide order dated 21.09.2026 has held as under:

“1. We are not inclined to entertain this appeal filed against an interim order passed by the National Company Law Appellate Tribunal, Principal Bench, New Delhi, in *Company Appeal (AT) (Insolvency) No. 1384/2026*.

2. The appeal is, accordingly, dismissed.”

9.11 For the aforesaid reasons, we hold that there is no case of grant of *ad-interim* reliefs sought in the present IA. We clarify that nothing stated in this **Company Appeal (AT) (Insolvency) No. 1733 of 2026**

order shall prejudice the rights and contentions of the Appellant in the main appeal, which shall be examined on its merits on final hearing. The Respondent (IBBI) may file Reply to the main appeal within four weeks from today with advance copy to the Appellant, who may file a Rejoinder, if any, within four weeks thereafter. List the Appeal on **09.12.2026**.

I.A. No. 6581 of 2026 is disposed of accordingly. No order as to costs.

**[Justice Yogesh Khanna]
Officiating Chairperson**

**[Mr. Barun Mitra]
Member (Technical)**

**[Mr. Ajai Das Mehrotra]
Member (Technical)**

Place: New Delhi

Dated: 05.10.2026

Ram N.