

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 1495 of 2026

IN THE MATTER OF:

Rohit Ramesh Mehra

...Appellant(s)

Versus

Insolvency and Bankruptcy Board of India & Ors.

...Respondent(s)

Present:

For Appellant : Mr. Krishnendu Dutta, Sr. Advocate with Ms. Pooja Mahajan and Ms. Alina Mathew, Advocates.

For Respondents : Ms. Madhavi Divan, Sr. Advocate with Ms. Amrita Singh, Mr. Prasang Sharma and Mr. Sanket Khandelwal, Advocates for R-1.
Mr. Gaurav Mitra, Sr. Advocate with Ms. Suchitra Valjee, Mr. Kartik Nagarkatti, Ms. Palak Damani and Mr. Shravan Petha, Advocates for R-3.
Ms. Prachi Wazalwar, Advocate.

O R D E R
(Hybrid Mode)

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

The present appeal is filed by Mr. Rohit Ramesh Mehra, Insolvency Professional **(IP)** under Section 220 of the Insolvency and Bankruptcy Code, 2016 **(IBC,2016)** against Order No. IBBI/DC/338/2026 dated 06.08.2026 passed by the Disciplinary Committee of Insolvency and Bankruptcy Board of India **(IBBI)**. By way of the impugned order, the IBBI has cancelled the Appellant's registration as an IP.

2. The Appellant/Applicant has filed an I.A. No. 5744 of 2026 in the present case seeking following reliefs:

- “(a) allow the present application and stay the Impugned Order No. IBBI/DC/338/2026 dated 06 August 2026;*
(b) Pass such other order as this Hon’ble Tribunal may deem fit and proper in the facts of the present case.”

3. The present order is restricted to disposal of I.A. No. 5744 of 2026.

4. The brief facts of the present case are as under:

4.1 The Appellant was Resolution Professional (**RP**) for two companies, part of the Anil Dhirubhai Ambani Group (**ADAG**), namely, Reliance Big Private Limited (**RBPL**) and Reliance Infrastructure Consulting and Engineers Private Limited (**RICEPL**). RBPL and RICEPL were admitted into Corporate Insolvency Resolution Process (**CIRP**) vide Ld. NCLT orders dated 18.08.2023 and 08.09.2023. The Appellant was initially appointed as the Interim Resolution Professional (**IRP**) and was subsequently, confirmed as the Resolution Professional (**RP**) of both the Corporate Debtors. The Appellant as RP conducted both the CIRPs and the Ld. NCLT approved the resolution plan of RBPL on 18.02.2025 and of RICEPL on 11.03.2025.

4.2 One year later on 27.03.2026, the IBBI issued a Show Cause Notice (**SCN**) to the Appellant calling upon him to show cause as to why suitable actions under Section 220(2) of the Code, read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 ("Inspection Regulations"), should not be taken against him for alleged violation of Sections 18(a), 19(2), 25(2)(j), 29, 65(1), 208(2)(a) and (c) of the Code, Regulations 35A, 36(2)(h) and 40B of the CIRP Regulations, and Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 5, 13 and 14 of the Code of Conduct. The show cause notice dated 27.03.2026 is issued by the Assistant General Manager of IBBI. The major allegations against the Appellant as per the said show cause notice were as under:

i. The CIRPs have been carried out in the case of RBPL and RICEPL in the manner suggestive of a pre-determined outcome, wherein the process seems

to have been used as a mechanism for closure rather than as a genuine effort towards resolution of the CDs.

ii. The RP failed to take steps despite availability of significant information pointing towards syndicated fraudulent/malicious initiation of proceedings in the matter of RBPL and RICEPL. The RP failed to notice that composition of COC in both the CIRPs are identical, and the SRA in both cases is the same individual, namely, Mr. Manoj Kumar Upadhyay and the CIRP has been initiated by the same original applicant, namely, Axis Trustee Services Limited.

iii. The Information Memorandum (**IM**) prepared by the Appellant indicated significant long terms capital losses amounting to Rs. 122.15 crore and unabsorbed depreciation of Rs. 3.29 crore, which could potentially translate into material tax benefits for the resolution applicant. However, valuation or the subsequent approval of the resolution plan, do not appear to factor in or adequately account for the potential tax benefits arising from the aforesaid long term capital losses and unabsorbed depreciation.

iv. The audited financial statements warranted closer scrutiny, since the erstwhile management of the CD did not provide any information/documents, and the transaction auditor relied upon bank statements. No application under Section 19 of the Code was filed. The transaction auditor submitted a report stating that no preferential, undervalued, extortionate or fraudulent transaction were identified during the audit. It is apparent that the transaction audit report was prepared on the basis of limited information and therefore remained inconclusive.

v. On perusal of the information available in Accumn database, it is noted that Mr. Manoj Kumar Upadhyay (SRA in both the CDs) is holding Company Appeal (AT) (Insolvency) No. 1495 of 2026

directorship in an entity namely, E Complex Private Limited. The information available on record shows that various Reliance entities i.e. Reliance Infrastructure Limited, Reliance Naval and Engineering Limited, Reliance Technologies and Systems Private Limited etc. are related parties of E Complex Private Limited. These significant similarities suggest a syndicated course of action by stakeholders involved.

vi. The Enforcement Directorate (**ED**) shared certain information with the Board u/s 66(2) of the Prevention of Money Laundering Act, 2002 (PMLA), in respect of corporate debtors (CDs), forming part of Reliance Anil Ambani Group and Associates, including RBPL and RICEPL. As per the information provided, during the course of search operations conducted by the ED, certain digital devices were seized. Upon analysis of the data contained therein, it is revealed that IBC process is being misused as a tool of tax avoidance, corporate restructuring with malafide objects, money laundering etc.

vii. The CIRPs of RBPL and RICEPL exhibit striking structural and procedural similarities. In such circumstances it was incumbent upon the RP to exercise higher degree of professional diligence and independence and to examine whether the process was part of a coordinated framework designed to achieve a pre-determined outcome.

viii. The CIRPs resulted in extremely low realisations for the creditors i.e. less than 1%. No opinion was formed on avoidance transactions. The IBBI's prima facie view is that RP contravened the provisions of Section 18(a), 19(2), 25(2)(j) and 65(1) of the Code, Regulation 35(A) of CIRP Regulations and Clauses 1, 3, 5 and 14 of the Code of Conduct specified in IP Regulations.

ix. The RP failed to discuss material litigations in the information memorandum and his conduct was in contravention of provisions of Section Company Appeal (AT) (Insolvency) No. 1495 of 2026

29 of the Code, Regulation 36(2)(h) of CIRP Regulations and Clauses 2 and 14 of Code of Conduct specified in IP Regulations. Though the CIRP of RBPL was completed in February 2025 and RICEPL was completed in March 2025, the RP failed to file Form CIRP 4 and Form CIRP 5 in respect of completion of CIRPs and thus violated Regulation 40B of the CIRP Regulations, and Clauses 13 and 14 of the Code of Conduct specified in IP Regulations.

x. In view of the above, the IBBI was of prima facie view that the RP's conduct and actions have contravened the provisions of Sections 18(a), 19(2), 25(2)U), 29, 65(I), 208(2)(a) and (c) or the Code, Regulation 35A, 36(2)(h) and 40B of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 5, 13 and 14 of Code of Conduct specified in IP Regulations.

4.3 Subsequently, through order dated 06.08.2026, the Disciplinary Committee (**DC**) consisting of Chairperson and full time member of IBBI, after examining the reply of the Appellant, made the following order:

“4. Conclusion

4.1. *Mr. Rohit Ramesh Mehra, acting as the RP, failed to leverage his unique vantage point and privileged access, which provided him comprehensive visibility across all CDs undergoing these synchronized processes. He neglected the professional competence and diligence required of his office by failing to bring this apparent misuse of the IBC framework to the attention of the AA. Rather than acting to thwart such procedural abuse, Mr. Mehra remained a passive spectator and, in his capacity as Chairperson of the CoC, facilitated rather than questioned or resisted the continuation of these tainted proceedings. Such behavior directly violates the core standards of independence and professional diligence mandated under the Code.*

4.2. *The DC is of the view that Mr. Rohit Ramesh Mehra has committed a clear breach of Clause 1 of the Code of Conduct, which explicitly mandates that an insolvency professional maintain absolute integrity by remaining honest,*

straightforward, and forthright across all professional relationships. By not disclosing, critical operational anomalies and omitting to place these before the AA, he compromised the foundational transparency expected of an officer of the court. Furthermore, the DC holds that Mr. Rohit Ramesh Mehra has violated Clause 3 of the Code of Conduct, which mandates an insolvency professional to exercise strict objectivity and ensure that all professional decisions remain entirely free from bias, conflicts of interest, coercion, or external influence. The striking operational patterns across the CIRPs characterized by the recurring presence of identical stakeholders, a single repeating resolution applicant, and consistently negligible realizations demanded an immediate, independent, and rigorous assessment of the proceedings' legitimacy. Mr. Mehra's failure to independently evaluate these glaring red flags or seek appropriate judicial guidance demonstrates a profound and unacceptable lack of professional objectivity.

4.3. The conduct of Mr. Rohit Ramesh Mehra further violates Clause 5 of the Code of Conduct, which requires an insolvency professional to maintain complete independence in professional relationships and conduct the resolution process free from external influence. By failing to act, Mr. Mehra deprived the AA of the critical opportunity to examine the malicious initiation of the proceedings and pass appropriate remedial orders. Such suppression of material facts is fundamentally inconsistent with the standards of independence expected of an insolvency professional, thereby breaching Clause 5. Accordingly, Mr. Mehra's conduct amounts to a gross violation of his duties as an officer of the Court, as he failed to maintain independence and withheld vital facts necessary for the AA to effectively exercise its statutory jurisdiction.

4.4. The DC also holds that Mr. Rohit Ramesh Mehra has violated Clause 14 of the Code of Conduct, which dictates that an insolvency professional shall neither act with malafide nor exhibit negligence while performing statutory functions and duties. His failure to identify, investigate, and report material circumstances indicating a coordinated misuse of the insolvency framework despite having sufficient information within his possession constitutes actionable negligence in the discharge of his duties. This critical lapse compromises the integrity of the regulatory framework and directly violates the fundamental spirit of the Code.

4.5. *Mr. Rohit Ramesh Mehra failed to ensure complete and updated disclosure of material litigation affecting the business and operations of the CD-2 in the Information Memorandum as mandated under Section 29 of the Code read with Regulation 36(2)(h) of the CIRP Regulations. Further, Mr. Rohit Ramesh Mehra failed to file Forms CIRP-4 and CIRP-5 for both the CDs within the timelines mandated by Regulation 40B of the CIRP Regulations.*

4.6. *Consequently, the DC concludes that Mr. Rohit Ramesh Mehra's cumulative failures, ranging from the suppression of material facts to a total collapse of independence and objectivity, resulted in a systemic perversion of the CIRPs. The statutory design of the IBC centres on corporate revival and value maximization. A Resolution Professional is expected to be an uncompromised officer of the Court and an independent custodian of the corporate estate, not a compliant agent executing the will of a tainted CoC and a resolution applicant. Because the Code is a vital economic instrument meant to balance stakeholder interests and promote entrepreneurship, it can never be allowed to serve as a tool for fraudulent debt write-offs, strategic corporate burial, or the protection of delinquent promoters from the reach of the law.*

5. Order.

5.1. *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 Mr. Rohit Ramesh Mehra (Registration No. IBBI/IPA-001/IP-P00799/2017-18/11374). Further, in terms of Section 206 of the Code, Mr. Rohit Ramesh Mehra shall not be eligible to continue his existing assignments.*

5.2. *This order shall come into force after 30 days from the date of issuance of this order."*

5. The Ld. Sr. Counsel for the Appellant Mr. Krishnendu Datta assisted by Learned Counsel Ms. Pooja Mahajan in their written and oral submissions stated that the Ld. IBBI has erred in issuing show cause notice (SCN) directly.

5.1 It is argued that as per the procedure prescribed in Section 218 of IBC, 2016, the IBBI was first required to give an order in writing directing any

person/s to act as an investigating authority to conduct inspection or investigation of the IP. The relevant provision is extracted below:

“Section 218:

(1) Where the Board, on receipt of a complaint under section 217 or has reasonable grounds to believe that any insolvency professional agency or insolvency professional or an information utility has contravened any of the provisions of the Code or the rules or regulations made or directions issued by the Board thereunder, it may, at any time by an order in writing, direct any person or persons to act as an investigating authority to conduct an inspection or investigation of the insolvency professional agency or insolvency professional or an information utility.”

5.2 It is argued that first detailed report of inspection or investigation was required to be submitted to IBBI by the investigating authority as per sub-section (6) of Section 218 of the Code which is extracted below:

“(6) A detailed report of inspection or investigation shall be submitted to the Board by the Investigating Authority.”

It is only after completion of inspection or investigation that the show cause notice was to be issued. The relevant provisions contained in Section 219 of IBC, 2016 is extracted below:

“Section 219. Show cause notice to insolvency professional agency or its member or information utility—*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.”*

5.3 It is argued that the said procedure was not followed prior to issue of show cause notice. It is argued that the Hon’ble Calcutta High Court in the case of Sashi Agarwal v. Union of India reported in 2026 SCC OnLine Cal

10067 had set aside the impugned order passed in similar circumstances. The relevant portion of the said judgment, is extracted below:

“33. *The IBBI committed an error of law. The order also suffers from gross illegality and procedural irregularity. The lack of jurisdiction and failure to comply with the provisions of Section 218 and 219 are adequate reasons for interference by the writ court. The order impugned is set aside, as a whole. Although statutory infractions had been pointed out by the respondent No. 4, the said respondent did not point out what were the options available to the RP, to continue with the CIRP process in the facts and circumstances of the case. It has also not been stated whether the decision of the COC could be avoided or disregarded by the RP.”*

5.4 It is argued that IBBI had relied upon “Project Help” presentation and digital record seized by ED, but this material was not shared with the Appellant. No independent inspection or investigation was done by IBBI. The Ld. Counsel referred to the “Project Help” presentation given and stated that name of the RP/Appellant does not appear in the presentation. Only the name of the RBPL and RICEPL appeared at Sl. No. 24 and 25 and there also it has been noted that mode of closure of petition is under Section 7 and that the resolution plans have been approved by the Ld. NCLT on 18.02.2025 and 11.03.2025. No adverse remark is made against the CDs or the RP in this case. The common resolution applicant identified in the presentation is Market Capital Private Limited whereas in the present case in both the CDs (RBPL and RICEPL) the successful resolution applicant is Mr. Manoj Kumar Upadhyay.

5.5 It is argued that both Franklin Templeton and Axis Trustee, who were applicants in section 7 petition are large independent financial creditors and Company Appeal (AT) (Insolvency) No. 1495 of 2026

are in no way linked to the ADAG group. Franklin Templeton is the largest mutual fund and Axis Trustee is the subsidiary of Axis Bank.

5.6 It is argued that both the CIRPs have been initiated after due vetting and detailed orders by the Ld. NCLT. The RBPL and RICEPL are investment companies with small physical asset base and they are largely the holding company of R. Com. They had taken loans from Franklin Templeton against which NCDs were issued. The Axis Trustee were debenture trustee of the said MCDs. The shares were pledged with the debenture trustee. Some payments were made from 2015 onwards, however, ADAG group suffered financial stress and insolvency was initiated in number of companies of ADAG group and the value of the shares fell. The Axis Trustee called event of default, recalling the loan and invoking the pledge, sold shares and recovery of about 40% of the dues was made. They started arbitration proceedings and also filed petition under Section 7 of the IBC, 2016 against RBPL and RICEPL. Section 7 petition was admitted in the case of RBPL on 18.08.2023 and RICEPL on 08.09.2023. Both the petitions went to separate NCLT benches which examined them on the issue of “debt” and “default” and passed detailed order.

5.7 Regarding failure of invocation of provisions of Section 65 by the RP in case of fraudulent or malicious initiation of CIRP, the IBBI has recently issued a discussion paper on 14.08.2026 on which comments have been asked by 24.08.2026 and a draft circular has been issued along with discussion paper. As yet there are no written guidelines to RP regarding initiation of proceedings under Section 65 of the IBC, 2016 in case of malicious or fraudulent initiation of CIRP. The issue of show cause notice and penalising of RP in absence of

any written guideline or procedure for filing application under Section 65 of the IBC, 2016 is harsh and untenable under law.

5.8 On initiation of CIRP the Appellant was appointed initially as IRP and later was confirmed as RP and he successfully ran the CIRP, undertook valuation and caused transaction audit and worked under supervision of CoC which comprised of Axis Trustee which had replaced Franklin Templeton and JC Flower. The resolution plan of Manoj Kumar Upadhyay, who is from the ACME group, which is a reputed renewable energy group, was accepted by the CoC and Ld. NCLT approved the resolution plans of RBPL on 18.02.2025 and RICEPL on 11.03.2025. Both the approvals became final and no appeal was filed. After one year, the show cause notice was issued by IBBI, without any investigation or inspection as per the laid down procedure in Sections 218 and 219 and judgment of the Kolkata High Court (supra).

5.9 The Ld. Sr. Counsel referred to para 2.1 of the IBBI order dated 06.08.2026 wherein the IBBI had noted the objections of the Appellant regarding lack of prior notice of inspection or investigation under Section 218 of IBC, 2016 and the objection that no investigating authority was appointed, no inspection report was shared and no opportunity was given to the Appellant to respond before SCN was issued. The DC of IBBI brushed aside the objections stating that the SCN under Section 219 of the Code read with Regulation 11(2) of the Inspection and Investigation Regulations empowers Board to issue SCN on the basis of material available on record.

5.10 It is argued that first contravention identified by IBBI is failure of RP to take steps despite availability of significant information pointing towards syndicated fraudulent/malicious initiation of proceedings in the matter of CD-
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1 and CD-2. The paragraph 3.1.1 of IBBI order was referred to show that nothing specifically was identified as fraudulent or malicious. The IBBI had quoted Regulation 35(A)(1), 35(A)(2) and 35(A)(3) of CIRP Regulations which deals with initiation of applications for recovery of money lost and PUFÉ transactions. This nowhere relates to main matter given in the heading of failure to file Section 65 application.

5.11 Regarding non-filing of application for recovery of PUFÉ transactions, it is submitted that transaction audit was done and transaction auditor's report was discussed in the 7th CoC meeting held on 02.04.2024.

5.12 It is argued that the entire basis of the charge sheet of the SCN is low recovery of the CIRP of the CDs whereas this fact was placed before the 7th CoC meeting dated 02.04.2024 by the RP himself and is thoroughly discussed in the meeting. It was noted by the CoC that the value of investments dropped from Rs. 1640 crores in the financial year 2018 to Rs. 10 crores in the financial year 2020 due to overall financial stress of the group. It was duly noted that though there are claims of more than 1000 crores from 2 financial creditors against valuation of one wind mill, small parcel of land, receivables and bank balance that overall recovery is miniscule compared to the claims received. The CoC took note of the report made by the transaction auditor. It is argued that till date no person has filed Section 65 application. It is stated that it is nowhere mentioned that it is duty of the RP to file application under Section 65 for wrongful initiation of CIRP.

5.13 It is argued CIRP was initiated by the Axis Trustee Services Ltd. for a financial debt of Rs. 424.76 crores. The impugned order notes the record of

default issued by NeSL and various OTS letters given by the Corporate Debtor and the OTS rejection letter dated 30.12.2023 issued by Franklin Templeton.

5.14 The Ld. Sr. Counsel argued that in para 3 of the impugned order, the Ld. NCLT has recorded that CD had opposed the admission of the CD in CIRP on various grounds. It is argued that no party has challenged the final order of admission made by the Ld. NCLT.

5.15 The Ld. NCLT also noted in para 3(d) of the admission order the CD is a solvent company and arbitration proceedings were going on.

5.16 Regarding allegations of non-filing of applications for PUFEE transaction it is argued that independent transaction auditor had examined the accounts of the bank and had given opinion that there are no PUFEE transaction. This report was placed before the CoC. The CoC comprised of reputed financial institutions like Franklin Templeton and JC Flower. The CoC noted the report of the transaction auditor without any adverse comment. It is argued that the IBBI is not an expert body on accountancy and has no authority to state that certain transactions were covered by Sections 43, 45, 50 and 66. The findings were placed before the CoC in the professional judgment of the RP along with transaction audit report and CoC in its commercial wisdom had not asked RP to initiate any application for PUFEE transactions. Incidentally, no PUFEE transaction has been identified either in the SCN or in the order of the IBBI. The charges contained in para 3.1.1 of the impugned order regarding non-filing of applications under Sections 43, 45, 50 and 66 are thus not established.

5.17 It is argued in SCN the Ld. IBBI has noted as under:

“3.1.11 Further, the Enforcement Directorate (ED) had shared certain information with the Board under Section 66(2) of the Prevention of Money Laundering Act, 2002 (PMLA), in respect of corporate debtors (CDs), forming part of Reliance Anil Ambani Group and Associates (RAAGA), including CD-1 and CD-2. As per the information provided, during the course of search operations conducted by the ED, certain digital devices were seized. Upon analysis of the data contained therein, it was revealed that IBC process was being misused as a tool of tax avoidance, corporate restructuring with mala fide objects, money laundering etc.”

It is argued that as per sub-regulation 5 of Regulation 12, the SCN should enclose copy of relevant documents and extract relevant portion from the report of inspection or investigation or other records. It is stated that no such records, that is the digital devices, data, etc. were shared with the Appellant by the IBBI.

5.18 It is argued that the RP had even engaged reputed firm Ernest and Young (EY) to assist in the CIRP and their Director and Sr. Associates were present in the 7th CoC meeting where RP has clearly presented before the CoC that there is likelihood of minuscule recovery in the CIRP of CD-1 and CD-2 in view of the low value of assets. The RP had pointed out the value of investment have dropped from Rs. 1640 crores in the financial year 2018 to Rs. 572 crores in the financial year 2019 and approximately Rs. 10 crores in financial year 2020. Despite complete disclosure, the CoC had accepted the resolution plan and the RP cannot be faulted for low recovery.

5.19 The Ld. Counsel argued that the RP had complied with all the provisions relating to disclosure of long capital term losses and unabsorbed depreciation in the information memorandum. In this context, reference was made to

teaser/presentation given to the Prospective Resolution Applicants (PRA). The tax losses are duly disclosed in the teaser. Reference was made to Regulation 36(2)(j) and 36(4) wherein it has been mentioned that the RP is required to disclose brought forward losses in the information memorandum and the information memorandum shall be shared with members of the CoC after obtaining undertaking regarding confidentiality. It is argued that the RP had duly fulfilled this requirement. It is argued that there is no substance in the charge that potential tax benefit was not duly disclosed and there was a gap in the discharge of duty by the RP. Reference was made to Circular of IBBI No. IBBI/CIRP/83/2025 dated 17.03.2025, issued after the resolution plan was approved in the present case where still no separate mention is made of requirement to apprise the CoC of the tax attributes, including brought forward losses and unabsorbed depreciation.

5.20 It is argued that in the case of CIRPs presided by this RP, the CDs were financed by a Private Mutual Fund and not by PSU banks and the SRA is from the reputed ACME group this case is different from other cases of ADAG groups wherein similar action of cancellation of registration of RP has been taken.

5.21 The Ld. Counsels referred to following judgments in their favour:

i. *Elegna Co-Op. Housing and Commercial Society Ltd. v. Edelweiss Asset Reconstruction Company Limited & Anr., C.A. No. 10261 of 2025* wherein in para 12.11 and 12.12 of the judgment, the Hon'ble Supreme Court has held as under:

“12.1. The Corporate Debtor contends that the initiation of CIRP by the respondent – EARCL lacked bona fides and was
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intended to operate as a recovery mechanism rather than a resolution process. It is urged that the Corporate Debtor was a going concern; that the real estate project was substantially completed; and that adequate receivables from unsold inventory were available to service the debt. The default, according to the Corporate Debtor, was not wilful but occurred due to EARCL's refusal to issue provisional No Objection Certificate, which allegedly frustrated further sale of remaining units. Such conduct, it is contended, disentitles EARCL from invoking Section 7 of the Code.

12.2. Per contra, EARCL submits that admission under Section 7 is governed exclusively by the existence of a financial debt and the occurrence of default. Once these twin conditions are satisfied, admission is mandatory. Considerations such as project viability, stage of completion, alleged conduct of the creditor, or perceived prejudice to homebuyers are wholly irrelevant at the admission stage."

- ii. *Sanjay Pandurang Kalate v. Vistra ITCL (India) Ltd., CA (AT) (Ins.) No. 742 of 2023* wherein this Tribunal in para 17 has held as under:

"17. We are inclined to agree with the reasoning of the Adjudicating Authority in dismissing the IA. It is a settled proposition of law that to prove any transaction to be collusive and fraudulent in nature, the degree of proof and evidence required should be of unimpeachable nature and beyond reasonable doubt. In a matter as serious as this where an imputation of fraud is being made by the Appellant on behalf of the Corporate Debtor against the Respondents, the Adjudicating Authority has rightly held that allowing such an application, without approval of the Board would suffer from impropriety and hence dismissed it as a frivolous and vexatious. While we prima-facie agree that a collusive Section 7 petition can be rejected as has been laid down in the Hytone (supra) ratio, we must hasten

to add the inapplicability of that judgment since in that case the Corporate Debtor was trying to escape its liability as a corporate guarantor in collusion with the Financial Creditor, thereby making the facts distinguishable. We do not countenance this approach of the Appellant of attempting to take undue benefit of the mercies of law by seeking invocation of Section 65 of the IBC. We are also cognizant that given the statutory construct of IBC, the scope and jurisdiction of the Adjudicating Authority being summary in nature, it is distinctly not as extensive as that of a civil court to enquire into disputes arising out of MoUs and related specific performance which have been agitated in the IA. Allowing such meritless and unscrupulous litigation would logically entail derailing the insolvency resolution process which goes against the twin objectives of the IBC of maximization of the value of assets and time-bound insolvency resolution.”

iii. *Rakesh Arora and Anr. v. Acute Daily Media Private Limited, CA(AT) (Ins.)*

No. 1606 of 2024 wherein this Tribunal in para 10 has held as under:

“10. Section 65 of the IBC being a penal statute, it is required to be strictly construed and as observed above even a literal reading of Section 65 which is a golden rule of construction of statutory statute, no interpretation can be put on the provisions of Section 65 that penalty can be imposed on any other person except those who have initiated insolvency resolution process fraudulently or maliciously. We, thus, do not accept the submission of the appellant that in exercise of jurisdiction under Section 65, promoters are also need to be penalised.”

iv. *New Era Propcon Private Limited & Anr. v. SREI Equipment Finance Limited & Anr., CA (AT) (Ins.) No. 246 of 2024 wherein in para 8, this Tribunal has held as under:*

“8. The submission of the Appellant is that the transaction which is sham or collusive can only create an illusion that money

has been disbursed to a borrower. The present is a case where there is no dispute raised that money has not been disbursed. The disbursement of money is not an issue raised. The filing of Section 7 application by the Administrator of SEFL was on the basis that loan was sanctioned and in pursuance of the loan amount was disbursed. Copy of the Statement of Account was also filed along with the Section 7 application which also indicate that amount was disbursed. The observation made by the Hon'ble Supreme Court in Para 48 of the judgment in "Phoenix ARC Private Limited vs. Spade Financial Services Limited & Ors." that where a transaction is sham or collusive, it would only create an illusion that money has been disbursed to a borrower is not applicable in the present case. Present is a case where disbursement is not an issue. The question whether the loan transaction is fraudulent transaction within the meaning of Section 66 is engaging attention of the Adjudicating Authority in a separate application filed by Administrator of SEFL which needs no consideration or observation in the present proceeding."

6. The Ld. Sr. Counsel Ms. Madhavi Divan assisted by Ld. Counsel Ms. Amrita Singh for the Respondent IBBI stated that they had not filed affidavit in reply, which they wish to file before final hearing on merits. It is submitted that present arguments are only regarding the issue of grant of interim relief.

6.1 It is argued that there is serious non-disclosure of orders by the Appellant. It is submitted that in the disciplinary proceedings the strict proof required in criminal law is not applicable and the rule for evidence is on the basis of "preponderance of probability". The issue in this case is whether an RP whose conduct has not been correct in one CIRP should be allowed to continue in other CIRPs. It is argued that IBBI being an expert body having institutional expertise to deal with the matters relating to the registration and regulation of work of RPs should be given due professional weightage. As per Company Appeal (AT) (Insolvency) No. 1495 of 2026

provisions of Section 196 of IBC, 2016, IBBI is responsible for registration of IPs, for renewal, withdrawal, suspension and cancellation of the registration, for laying down the minimum eligibility requirements, as also the framing of regulations and standards governing the RP. The IBBI is an expert in supervisory and regulatory functions relating to RP and their actions should be given due professional regard.

6.2 It is argued that test here is not whether ADAG Group has committed a fraud, for which investigations are going on by several agencies but the test here is whether RP has consciously, with integrity, acted within the standards and procedures prescribed in IBC, 2016 and the regulations framed by the IBBI, whether he has taken steps, he was required to take and whether his inaction warrants a disciplinary action.

6.3 It is argued that the RP is guardian, watchdog and the trustee of CIRP process and he should have perceived the alarms and indicators if anything is wrong in the CIRP. It is argued that even if the RP was so naïve not to see wrongful conduct being committed by the CD and CoC, then all the more he is “not fit” to be RP. As a professional Chartered Accountant, he should have asked how the lenders were lending to CD without asking any question and how CoC is also not making any queries regarding leakage of funds from the company. As the RP has not acted in conformity of duties entrusted to him, it is either a case of extreme negligence or of collusion.

6.4 The Ld. Sr. Counsel referred to following judgments to enforce her submissions that the RP whose licence is suspended/cancelled cannot be allowed to continue in any other CIRP:

- i. In *S. Muthuraju, RP of Mr. Shakthinath Mariappan (Personal Guarantor)*
v. Arunachalam Tenzing (2024 SCCC OnLine NCLAT 1507) this Tribunal held
 as under:

“He contends to plead that the Order of Suspension dated 12th April 2023, will have prospective operation and will not apply to the Proceedings of CIRP, in which the Appellant has already been appointed as an IRP and thus he was supposed to be permitted to continue with the CIRP proceedings despite the order dated 12.04.2023, suspending him as IRP, passed by the IBBI. As far as the contention of the Learned Counsel for the Appellant is concerned with regards his authority to function as IRP, in the CIRP Proceedings which has already been initiated prior to the order dated 12th April 2023, owing to the fact that the said Order of Suspension of his Authority to function as IRP by exercising the powers under Section 220(2) of the Code, would operate prospectively. The contention raised by the Counsel for the Appellant is not accepted by this Tribunal for the reason being that by an Order dated 12th April 2023 his Licence to function as an IRP before this Tribunal, it was as issued in his favour by the IBBI was suspended. We are of the view that the suspension will relegate back to the date on which the Registration was granted and as soon as the said Order of suspension as IRP was passed on 12th April 2023, he will lack an authority to still to function as an IRP even in the pending Proceedings or any Proceeding which is to be carried henceforth, since having held to be ineligible to function as such, his incapacity, would be his incapacity right from the date he was registered by IBBI. The argument extended by the Appellant of not being Heard prior to passing of the order is not acceptable by this Tribunal, for the reason being that the legal corollary of passing of the Order dated 12th April 2023, which remain unchallenged, will have its automatic legal consequences of incapacitating the Appellant to function as an IRP, after his suspension on 12th April, 2023. Hence, no prejudice as such would be caused to the Appellant because of the alleged plea of not being Heard for the reason being that there was Legal Discrepancy of his capacity to function as IRP, which was faced by the Appellant owing to the reason which was assigned by the IBBI in its order of 12th April 2023, while suspending his Licence. Coupled with the fact that on the grounds which has been taken by the Learned Counsel for the Appellant under the given peculiar circumstances of the instant Appeal, will not be attracted and in view of the fact; that when the very genesis of his right to function

as an IRP has been laid to rest and suspended by the IBBI the Registering Body, authorising the Appellant to function as an IRP. He would be rendered incapacitated to function in the said capacity and so far as action taken by the Order dated 12th April 2023 by the IBBI, was after taking due recourse to the Code of Conduct as contemplated in the IBBI (Insolvency Professional) Regulations, 2016 and thus, since he lacked his authority to further function as an IRP in the CIRP Proceedings which was initiated as a consequence of order dated 14th June 2019 passed in the instant proceeding of Liquidation, consequent to order under Section 10. The Tribunal finds that, in any manner, whatsoever in passing the Order of removing the present Appellant and substituting him with the new IRP Mr. S. Hari Karthik to take over as an IRP, as such the Impugned Order does not call for any interference in the exercise of the Appellate jurisdiction under Section 61 of the I&B Code. Thus, the appeal lacks merits and the same is accordingly dismissed.”

- ii. In *Arunava Sikdar v. Insolvency and bankruptcy Board of India through its Disciplinary Committee in Company Appeal (AT) (Ins.) No. 1384 of 2026* this Tribunal held as under:

“43. It is further submitted that, keeping in view the nature of the duties and powers entrusted to the Resolution Professional, it has been provided under Section 7(5)(a) and 9(5) (e) of the Code that a resolution professional against whom even any disciplinary proceeding is pending could not be appointed as an IRP or RP. It is vehemently submitted that when a Resolution Professional against whom merely a disciplinary inquiry is pending may not be allowed to work, as such, how a Resolution Professional who, after due inquiry and by adopting a procedure, has been found guilty of misconduct, may be allowed to perform the duties of Resolution Professional in other CIRPs.

.....

47. We have considered the rival submissions and perused the record and at the outset, we would like to state that the question whether a Resolution Professional, whose registration has been suspended in relation to one assignment, ought to be granted interim protection from the consequences of that suspension qua his other, unconnected assignments, is not amenable to a straitjacket formula, and must depend on the facts and circumstances of each case, including the nature and gravity of

the misconduct found, and the strength of the case made out against the impugned order at the interim stage.

48. However, we are unable to accept the submission of the Appellant as discussed earlier especially logic for granting him the interim protection, pending final disposal of the appeal. We are of the view registration under the Code is not assignment-specific; it is the gateway to rendering services as an insolvency professional in any insolvency process under the Code, as is evident from a conjoint reading of Sections 206 to 208 of the Code. The suspension of the registration, of the Insolvency Professional once ordered after due process, operates in praesenti upon the professional's eligibility to act and does not depend upon whether the CIRP in which the lapses are found to have occurred is itself still pending or has since concluded. Indeed, consequence of a stay would be to permit the Appellant to continue in assignments wholly unconnected with the findings under challenge, a circumstance which, in our view, dilutes rather than strengthens the case for interim protection, since no prejudice to any live insolvency process is shown to flow from declining the stay.

49. The grant of interim stay of an order suspending a regulated professional's registration is governed by the ordinary tri-partite test i.e., prima facie case, balance of convenience and irreparable injury applied with the added caution appropriate to a regulatory/disciplinary order made in the public interest. The IBBI has relied, in this behalf, on Apex Heights Pvt. Ltd. v. Ram Kishor Arora & Anr., C.A. No. 2626/2025, for the proposition that propriety requires a suspended IP to distance himself from ongoing assignments pending exoneration, and on Ananda Rao Korada v. IBBI, WPA No. 19016 of 2023 (Calcutta HC), where interim relief was declined on the ground that an RP can be replaced in any CIRP at any time and that permitting continuation pending final adjudication risks irreversible prejudice to stakeholders should the challenge ultimately fail. These considerations counsel restraint in interim interference with disciplinary suspensions save where a strong prima facie case is shown, and are applied accordingly."

6.5 The Ld. Sr. Counsel distinguished present case from the case of CP Jain wherein interim relief was granted on 30.07.2026 by this Tribunal stating that the arguments in that case were not complete. It is pointed out that the said

interim order was restricted to the facts of that case vide clarificatory order of this Tribunal dated 10.08.2026.

6.6 It is argued that when the RP cannot be appointed as the RP during the pendency of the Disciplinary Proceedings (DP) as per provisions of Section 7(5)(a) and Section 9(5)(e) of IBC, 2016, how can the RP be allowed to function when the DP has concluded after affording an opportunity to the RP and final order for suspension/cancellation of licence has been made.

6.7 It is argued the Appellant had not made out any grounds for urgency. Further, there are allegations of misconduct in the other CIRP proceedings where the Appellant is the RP/liquidator. A SCN has been issued to the Appellant in the case of Siti Networks Ltd. on 29.06.2026. It is stated that adverse observations were made against the RP by the Ld. NCLT which were not expunged by this Tribunal. The major allegations in the said SCN are that while the order under Section 7 was stayed, the RP wrongfully handed back the company to the promoters without permission of the Ld. NCLT and secondly, RP made out of turn payments to certain financial creditors.

6.8 The Ld. Sr. Counsel referred to the order of the Hon'ble Supreme Court dated 23.03.2026 and 04.02.2026 wherein the Hon'ble Supreme Court has noticed that the purported "Project Help" has been uncovered by the enforcement agencies whereunder insolvency proceedings were deliberately started through "un-related lenders". In this case also, Franklin Templeton is an "un-related lender". Reference was made to para 8 of the aforesaid order dated 04.02.2026 wherein the Hon'ble Supreme Court has held that it is imperative of the CBI to investigate the conduct of the bank authorities to determine whether financial assistance was released in collusion and

Company Appeal (AT) (Insolvency) No. 1495 of 2026

connivance with the management of the defaulter company. It is argued that the case is being investigated by the SIT, CBI and ED to un-cover the larger scam. It is argued that the RP did not cause any investigation into the fund flow trail as to where the money received from the lenders were used.

6.9 It is submitted that notes on behalf of the Respondent filed on 07.09.2026 give background of this case and highlights that the RP failed to identify the red flags and recognise signs of PUFEE transactions, and that specifically in the present case, he failed to carryout following three actions:

(i) did not file application under Section 19(2) in the face of non-cooperation by the suspended management

(ii) failed to form an opinion as mandated under Section 35A of CIRP Regulations, 2016 and failed to file application under Section 25(2)(j).

(iii) failed to file the requisite forms, namely, CIRP Forms 4 and 5 as mandated under Regulation 40B of the CIRP Regulations, 2016.

6.10 The Ld. Sr. Counsel submitted that the failure of the RP to be vigilant should also be seen in the light of SEBI order dated 07.06.2021 wherein the cases of the CD-1 and CD-2 were discussed and action was taken against Franklin Templeton. Relevant portion of the said SEBI order is as under:

“vi. Reliance Big Private Limited ("Reliance Big") and Reliance Infrastructure Consulting & Engineers Private Limited ("RICE") ("Reliance ADAG");

a. The Noticee failed to seek mandatory prepayment and invoke collateral in February 2019 or in April 2019.

b. The Noticee had not produced any documents indicating that the decision to not invoke pledge was deliberated by the investment team and further, the Noticee had failed to exercise due diligence in taking such decision.

C. The Noticee should have disclosed such decision to unitholders.

<i>ISSUER</i>	<i>NOTICEE'S RESPONSE</i>	<i>AUDITOR'S ANALYSIS</i>
<i>Reliance ADAG</i>	<i>There is no breach of any regulation. The decision of whether or not to enforce on a pledge is an investment decision involving the exercise of subjective business judgment including an assessment of often competing considerations) by the portfolio management team. So long as the decision was taken by reference to relevant considerations and in the best interests of unitholders, it ought not to be questioned in hindsight. The decision not to invoke collateral was a considered business decision taken in the best interests of unitholders, since invocation would have resulted in under-recovery. No obligation under regulation to disclose such decision (all relevant material events with respect to the issuers/securities that were needed to be disclosed such as valuation revisions, defaults and recoveries, were disclosed). A deed dated May 22, 2019 was signed by the Reliance ADAG undertaking to use part of the promoter owned assets to monetize certain assets and reduce the Noticee's exposure. The Noticee took active recovery efforts (in</i>	<i>The Noticee failed to seek mandatory prepayment in terms of the agreement for securities even after ADA Group had failed on their commitments. Neither the existing terms of investments were complied with nor were the discussions and decisions taken by senior management reflected in the formal agreement between the Issuer and the Noticee. The Noticee has decided not to invoke pledged shares and had not produced any document projecting that the decisions was deliberated and recorded by investment team. The decision of not invoking the pledge despite fall in share coverage ratio has substantial bearing on the investment and hence, should have been disclosed to the investors. Accordingly, the Noticee failed to disclose the decisions taken based on commitments by Issuer, which were not even documented as a formal agreement. This is certainly not in line with the terms of investment between the Noticee and Issuer entered into for the protection of unit holders. The Noticee had failed to exercise due diligence &</i>

	tracking collateral cover, engaging with the issuers' management, securing prepayments, invoking share pledge, etc.). As an outcome of the meetings with the Issuers' management, the Noticee was able to secure additional collateral, prepayments and prepayment undertakings. The Noticee subsequently did invoke the share pledge as well, when the issuer defaulted. It is submitted that SEBI regulations do not provide a list of events that are required to be disclosed to unitholders. In the present facts, no disclosure was made in February or April 2019 since there was no payment default by the issuer. Instead, there was only a reduction in the security cover. In fact, the Noticee did disclose relevant events with respect to the exposure of the Schemes to the Reliance ADA Group including on fair valuation, defaults and recovery of defaulted exposures.	care in the aforesaid investment decisions and failed to protect the interest of investors. Findings: Combined with Essel Infracore hereunder.
Essel Infra Project		Findings: It appears that the Noticee has had some external arrangements (standstill) with the Issuers based on which it was decided not to invoke the pledge. However, changes in the financial position of the Issuer and the reason for not invoking the pledge despite

		<i>such changes, are material issues relating to the schemes which needs to be documented and presented to the investors. I find that the explanation of the Noticee in this respect, is not acceptable.</i>
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5.5.3.3 Upon a consideration of paragraphs 5.5.3.1-5.5.3.2, I find that the Noticee had failed to exercise due diligence and had not ensured that critical investment parameters were analysed for individual Issuers (and not only at group level), all investment parameters mentioned in IPN are analysed in detail, adequate documentations are maintained/obtained, terms of investments (covenant) are enforced, all material information about terms of investments having a bearing on the investments are timely disseminated to unit holders. I find that the aforementioned lapses in due diligence constitute violation of the provisions of Regulations 25(1), 25(2), 25(3), 25(6A), 25(6B), 25(16), Clauses (2), (6), (8) and (9) of the Code of Conduct as specified in Fifth Schedule of the Mutual Fund Regulations and the SEBI Circular dated July 27, 2000.

.....

6.2.5.3 As the Noticee had failed to follow the Categorization Circulars w.e.f. June 4, 2018, I find it appropriate to disgorge the investment management and advisory fee from such date and direct the same to be refunded to the debt schemes inspected which have suffered losses due to such mismanagement. Further, I also find it reasonable and necessary to levy an interest on the disgorgement amount at the rate of 12% simple interest per annum from April 24, 2020 till the date of this Order.”

Finally, SEBI held Franklin Templeton guilty and it was prohibited from launching any new debt schemes for two years from the date of the order as also monetary penalty of Rs. 5 crore was imposed on it.

6.11 The Ld. Sr. Counsel for IBBI submitted that the Appellant had filed the transaction report for the first time along with affidavit. It is submitted that Company Appeal (AT) (Insolvency) No. 1495 of 2026

chapter 8 of the report at page 23 and 24 is regarding limitation of information for the purpose of transaction audit. The transaction auditor has noted that data/documents regarding fund utilization, trade receivables, depreciation policy of wind mill, loan applications by RBPL to other body corporates for unsecured loans, fund flow statement for utilisation of amount received from unsecured loans for issue of NCD's etc. were not received by the transaction auditor while preparing the Transaction Audit Report (TAR).

Similarly, at page 30, the transaction auditor has noted as under:

“1. Reliance Big Private Limited had issued 5,750 Secured Unlisted Redeemable Non-Convertible Debentures (‘NCD’s) of Rs. 10 lacs each to Franklin Templeton Asset Management (India) Private Limited for Franklin Templeton Mutual Fund.

.....

However, considering the said facility was outstanding as on the Insolvency Commencement date, we are unable to check and comment on the end utilization of the said funds due to non-availability of fund flow and end utilization certificate from the management.”

On page 32, the auditor has noted as under:

“2. Further, during the course of assignment, we have not been provided with end utilization certificate by corporate debtor certified by CA.”

On page 34, the auditor has noted as under:

“1. Reliance Big Private Limited and
i. Reliance Communication Enterprise Private Limited,
ii. Reliance Inceptum Private Limited,
iii. Reliance Infrastructure Consulting & Engineers Pvt. Limited,

- iv. Reliance Project Ventures & Management Private Limited,*
- v. Reliance Wind Turbine Installators Industries Private Limited and*
- vi. Zapak Digital Entertainment Limited*

had entered into an inter corporate facility agreement. We are unable to comment on rate of interest, date of loan, repayment terms, principal amount of loan and signing authority/ CFO of loan agreement because copy loan agreement and loan application was not provided by the management except for one operational creditor Global Winds Infra Services Pvt. Ltd. (GWISPL).”

6.12 It is argued that TAR of CD-2 (RICE) also has similar observations and the list of documents not received by Auditor is given at page 62 and 63 of the APB.

7. The Ld. Sr. Counsel Mr. Gaurav Mitra appearing for Franklin Templeton, Respondent No. 3 submitted that these proceedings are between IBBI and RP and there should not be any aspersion on Respondent No. 3. It is argued that the SEBI order dated 07.06.2021 was placed without giving up to date status regarding further proceedings before Security Appellate Tribunal (SAT) and the Hon’ble Supreme Court. Subsequently, Respondent No. 3 rendered another deed with promoters and had taken additional collateral, including asset monetization. The SEBI’s allegation was regarding non-invocation of shares pledged but pledge was invoked subsequently. Further, he submitted that the SEBI order was challenged before the SAT which gave stay subject to deposit of Rs. 250 crores.

8. In the rejoinder, the Appellant argued that arguments advanced by the Respondents are mainly extraneous to the impugned order. The Respondents are trying to improve their case, which is not permissible as per ratio laid down Company Appeal (AT) (Insolvency) No. 1495 of 2026

in the case of *Mohinder Singh Gill v. Chief Election Commissioner*, (1978) 1 SCC 405, wherein the Hon'ble High Court had held that the administrative orders cannot be expanded and improved and rather should be tested on principles of the natural justice.

8.1 Reference was made by Appellant/Applicant to the rejoinder note wherein it is submitted that Ld. IBBI is trying to justify its allegations of syndicated/fraudulent/malicious initiation of CIRPs relying on the following documents; (i) Project Help Presentation, (ii) Supreme Court Order in *Eas Sarma v. Union of India*, W.P. (C) No. 1217 of 2025, and (iii) SEBI Order dated 7th June 2021 in WTM/GM/08/2021-22 in the Matter of *Inspection of Six Debt Schemes of Franklin Templeton Mutual Fund*. It is submitted that only the "Project Help" presentation was part of the SCN and the other two documents were not part of the SCN. The PPT presentation titled "Project Help" is dated 04.04.2025 whereas the petition under Section 7 was filed in 2022 and the CIRP was closed in February 2025. This document is clearly later than the conclusion of CIRP. Similarly, the Respondents have relied upon the SEBI order, which is not part of the SCN.

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

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

11. 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 IBBI. The registration of IP is governed by Section 207 of IBC, 2016.

11.1 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.

11.2 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.

11.3 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.

11.4 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 in the CIRPs of RBPL and RICEPL. Both the CDs were part of the ADAG group and their holding company was Reliance Innoventures Pvt. Ltd. Large sums of money were advanced to RBPL and RICEPL by Franklin Templeton Asset Management (India) Private Limited which were utilised by the promoter group. The money was circulated within the group and was completely wiped out. The total value of the investment fell from Rs. 1640 crores in Financial Year 2018 to Rs. 2.2 crores in Financial Year 2023. The amounts were transferred to RHFL by CD-2, which was the subject matter of SEBI order dated 22.08.2024, which shows that monies were funneled out eventually into promoter-owned/controlled entities. The CDs were in power generation business and had “small assets” and received the lent monies far in excess to their financial standing. The total claims in CD-1 were Rs.1000 crores against which plan value was only Rs. 3.61 crores and CD-2, the total admitted claims were 1051 crores against which plan value of was only Rs. 4.28 crores. The CoC was common in both the CIRPs. The statutory auditors of both CDs expressed concern regarding the huge loans and the realisability of the investments made by the CDs. The document “Project Help” seized by Enforcement Directorate (ED) shows that there was 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. The Respondent argued that the Appellant/Applicant failed to take cognizance of ongoing proceedings before SEBI and failed to notice that the CDs, having no or minimal business, were Company Appeal (AT) (Insolvency) No. 1495 of 2026

granted huge loans which were immediately transferred to the other entities of promoters. It is argued by the Respondents that the transaction auditor has noted that data/documents regarding fund utilization, trade receivables, fund flow statement, data of utilization of amount received as secured loans were not received by the transaction auditor while preparing the transaction audit report. Despite this, the Appellant/Applicant failed to file application under Section 19(2) of IBC, 2016, before the Ld. NCLT to procure missing data/documents from ex-management. However, at this stage of interim relief, we are required only to examine and assess whether the facts of the case 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.

11.5 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.

11.6 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.

11.7 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.

11.8 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.

11.9 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.”

11.10 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 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 *Company Appeal (AT) (Insolvency) No. 1495 of 2026*

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 **15.12.2026**.

I.A. No. 5744 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: 13.10.2026

Ram N.